

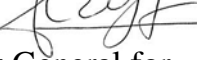


Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement —
Audit of FTA's Oversight of At-Risk Grantees
Federal Transit Administration
Project No. 14M3010M000

Date: August 12, 2014

From: Thomas E. Yatsco 
Assistant Inspector General for
Surface Transportation Audits

Reply to JA-30
Attn of:

To: Federal Transit Administrator

The Federal Transit Administration (FTA) administers multiple grant programs to more than 1,200 State and local grantees, providing more than \$10.6 billion of Federal assistance in 2014 to help plan, build, and operate transit systems nationwide. In the past 4 years, FTA's financial management reviews of transit agencies' internal controls have identified 36 at-risk grantees with significant deficiencies such as unallowable costs, inadequate competition for major procurements, and an inability to reconcile actual costs with allowable budget categories. The deficiencies required FTA to place additional oversight controls on the disbursement of Federal funding to these transit agencies, including restricting agencies' ability to draw down Federal funds and requiring them to take corrective actions before restrictions are lifted.

We are initiating an audit of FTA's oversight of at-risk transit agencies. The objective of this audit is to assess whether FTA has effective oversight procedures to ensure that at-risk transit agencies take corrective actions to address internal control weaknesses identified in financial management reviews.

We plan to begin the audit the week of September 2, 2014, and will contact your audit liaison to schedule an entrance conference. The audit will take place at DOT Headquarters and other sites as needed. If you have any questions or require additional information, please contact me at (202) 366-5630, or Gary Middleton, Program Director, at (202) 366-0625.

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cc: FTA Audit Liaison, TPM-2
DOT Audit Liaison, M-1