



U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Memorandum

Subject: INFORMATION: Audit Announcement –
Improper Payment Oversight in
FTA ARRA Programs
Project Number: 11U3006F000

Date: April 4, 2011

From: Earl C. Hedges
Acting Assistant Inspector General for
Financial and Information Technology Audits

Reply to
Attn. of: JA-20

To: Federal Transit Administrator

The Office of Inspector General plans to conduct an audit of improper payment oversight in FTA's American Recovery and Reinvestment Act (ARRA) programs. FTA has awarded more than 1,000 grants totaling \$8.8 billion in ARRA funds for transit capital improvements, and has disbursed \$5 billion, or 61 percent.

The Department of Transportation (DOT) has identified FTA's Formula Grant and Capital Investment Grant Programs as susceptible to significant improper payments. The Improper Payments Information Act of 2002 (IPIA) holds Federal agencies accountable for preventing and detecting improper payments within their programs. In addition, IPIA requires agencies to report to Congress the amount and causes of improper payments, and to develop approaches for reducing improper payments. In fiscal years 2009 and 2010, DOT reported a total of \$35.3 million of improper payments in FTA's two grant programs.

Our audit objective will be to evaluate whether FTA has adequate internal controls to prevent and detect improper payments to ARRA grant recipients.

We plan to begin the audit the week of April 4, 2011 and will contact your audit liaison to schedule an entrance conference. We will conduct the review at FTA's Headquarters and regional offices, and at selected local transit authority offices. The Project Manager for this audit is Ingrid Harris. If you have any questions please call me at (410) 962-1729 or Ingrid Harris at (410) 926-9812.

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CC: Martin Gertel, M-1