




# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: INFORMATION: Audit Announcement –  
FTA's Oversight of the Access to the Region's  
Core Project  
Federal Transit Administration  
Project No. 09M-3002-M000

Date: December 12, 2008

From: Joseph W. Comé   
Assistant Inspector General  
for Highway and Transit Audits

Reply to  
Attn. of: JA-40

To: Federal Transit Administrator

The Office of Inspector General plans to conduct an audit of the major risks facing the New Jersey Transit Corporation's Access to the Region's Core (ARC) Project in Northern New Jersey and the Federal Transit Administration's (FTA) oversight of this capital project, which is now estimated to cost approximately \$9 billion. The project is in preliminary engineering status and is under consideration for a \$3 billion grant through FTA's New Starts program—currently the largest amount slated for any New Starts project.

In the coming months, FTA will be faced with making key decisions about the future of this project. In its Fiscal 2009 Annual Report on New Starts Funding Requirements, FTA identified several concerns with the project that could affect costs, such as an optimistic and aggressive schedule for project implementation, untested vehicle technology, and the need to reach agreements with Amtrak and local utilities.

The objective of this audit is to determine whether FTA's oversight provides reasonable assurance that cost, schedule, funding, and other risks have been identified and strategies are underway to mitigate them.

We plan to begin this audit the week of December 15, 2008. We will conduct our work at FTA Region 2 and other related sites as needed. We will contact your audit liaison to schedule an entrance conference. If I can answer any questions or

be of further assistance, please do not hesitate to contact me at (202) 366-5630 or Tom Yatsco, the Program Director, at (202) 366-1302.

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cc: Audit Liaison, OST, M-1  
Audit Liaison, FTA, TBP-30