



# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –  
Departmentwide Implementation of the Improper  
Payments Information Act (IPIA) of 2002  
Project Number: 08F3012F000

Date: May 20, 2008

From: Rebecca C. Leng  
Assistant Inspector General for Financial  
and Information Technology Audits

Reply to  
Attn. of: JA-20

To: Phyllis F. Scheinberg  
Assistant Secretary for Budget and Programs/  
Chief Financial Officer

We are initiating a follow-up audit of the Departmentwide implementation of the Improper Payments Information Act (IPIA) of 2002. During our audit of the Fiscal Year (FY) 2007 DOT Consolidated Financial Statements, we could not determine if the sampling plan used by the Department and its consultant was statistically valid.

The elimination of improper payments has been a major focus of the President's Management Agenda (PMA) since 2005. By dedicating a separate PMA initiative to improper payments that closely mirrors the IPIA, the Administration is ensuring that agency managers are held accountable for meeting the goals of the IPIA.

Our audit objective will be to determine if the Department's FY 2008 statistical sampling plans meet OMB Circular A-123, Appendix C requirements in: (1) calculating sample size and selecting sample items and (2) projecting sample results. We will focus on the development and execution of the sampling plans used by the Department to test for improper payments in the Airport Improvement Program, the Federal-Aid Highway Program, and the Federal Transit Administration Formula Grant and Capital Investment Grant Programs.

We plan to begin the audit the week of May 26, 2008 and will contact your audit liaison to schedule an entrance conference. We will conduct the audit at DOT

Headquarters. The Program Director for this audit is Earl Hedges; the Project Manager is Mark Rielly. They will be assisted by the OIG statistician, Petra Swartzlander. Should you have any questions, please call me at (202) 366-1496 or contact Earl Hedges at (410) 962-3612.

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cc: Chief Financial Officer, Federal Aviation Administration  
Chief Financial Officer, Federal Highway Administration  
Chief Financial Officer, Federal Transit Administration  
Martin Gertel, M-1