



# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
Of Transportation

Office of Inspector General

Subject: INFORMATION: Revised Notification of the  
Audit of Federal Highway Administration's Cost  
Recovery Actions  
Project Number: 03M3016M000

Date: March 4, 2004

From: Debra S. Ritt  
Assistant Inspector General  
for Surface and Maritime Programs

Reply to JA-40  
Attn of:

To: Federal Highway Administrator

On October 14, 2003, the Office of Inspector General announced its audit of the Federal Highway Administration's (FHWA) actions to recover costs resulting from design errors and/or omissions on major projects. The objectives were to evaluate FHWA's oversight of states' processes and procedures for controlling, identifying, and tracking errors and/or omissions on major projects; and the progress made by FHWA and the states in recovering costs resulting from design errors and/or omissions. The scope of the audit was limited to major highway projects with an estimated total cost of \$1 billion or more, or projects approaching \$1 billion, with a high level of interest for the public, Congress, or the Administration.

Based on the results of our audit survey, the Office of Inspector General is expanding the audit scope to all Federal-aid highway projects, not just major projects, to increase opportunities for identifying cost recoveries. As stated in the October 14, 2003 announcement memorandum, the audit will not include an assessment of the cost recovery efforts on the Central Artery/Tunnel Project, which will be addressed in the current audit of the 2003 Central Artery/Tunnel Finance Plan.

As discussed at the October 23, 2003 entrance conference with members of your staff, we will conduct the audit at FHWA offices in Washington, D.C., selected division offices, project offices and state highway agencies, and other locations to be determined during the audit.

The Program Director for this audit is Jim H. Crumpacker, and the Project Manager is Lorretta Swanson. If you have any questions or require additional information, please contact me at (202) 493-0331 or Jim at (202) 366-1420.

#

cc: FHWA, Executive Director, HOA-3  
FHWA Audit Liaison, HAIM-13  
OST Audit Liaison, M-1