



# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

Office of Inspector General

---

Subject: INFORMATION: Notification of Audit of the Federal  
Transit Administration's Oversight of Grants in  
Virginia Department of Rail and Public Transportation  
Project Number: 06M3007M000

Date: May 22, 2006

From: Kurt W. Hyde  
Assistant Inspector General  
for Surface and Maritime Programs

Reply  
to JA-40  
Attn of:

To: Deputy Federal Transit Administrator

The Office of Inspector General is initiating a series of audits focusing on the Federal Transit Administration's (FTA) oversight of grants. Currently, FTA manages 1,135 active grantees with 6,106 active projects, and total funding for these projects amounts to more than \$54 billion.

Our objectives are to determine whether: (1) grant drawdowns are adequately supported and whether grantees are managing grant receipts in accordance with Federal requirements; (2) costs charged to the grants are allowable and accurate; (3) FTA's oversight mechanisms adequately identify issues associated with the grantees' financial and grant management; and (4) required financial status of grants and progress reports accurately reflect grantees' grant activity and are submitted timely.

The first grantee selected to enable us to accomplish our objectives will be the Virginia Department of Rail and Public Transportation (VDRPT). Currently, VDRPT has 24 open grants and total funding for these projects amounts to more than \$142 million. Our field work will consist of:

- reviewing drawdown support/documentation for adequacy and timeliness in accordance with Federal regulations to accomplish our first objective;
- testing a sample of transactions for accuracy of payment and allowability of expenditure in accordance with Federal regulations to accomplish our second objective;

- comparing the results from FTA's oversight mechanisms (Single Audit, Triennial Review, and other FTA-initiated reviews) to our results to accomplish our third objective; and
- reviewing financial status and progress reports for accuracy and timeliness to accomplish our fourth objective.

We will review and analyze our grantee audit reports for trends among findings to determine the effectiveness of FTA's oversight reviews.

We plan to begin the audit immediately and will contact your audit liaison to schedule a formal entrance conference. If you have any questions or require additional information, please contact me at (202) 366-5630 or Jim Corcoran, Program Director, at (202) 366-6248.

#

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