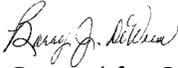




Memorandum

Date: December 11, 2019

Subject: INFORMATION: Risk Assessment of DOT's Grant Closeout Process Mandated by the GONE Act

From: Barry J. DeWeese 
Assistant Inspector General for Surface Transportation Audits

To: Chief Financial Officer and Assistant Secretary for Budget and Programs

Enacted in January 2016, the Grants Oversight and New Efficiency (GONE) Act¹ requires Federal agencies to report to Congress and the Department of Health and Human Services on open Federal grant and cooperative agreement awards with periods of performance that have been expired for over 2 years, and take appropriate action to close them out.² Ensuring that grants are closed out timely is a step towards final accounting of use of Federal funds. The act also requires our office to conduct a risk assessment to determine whether an audit or review of the Department of Transportation's (DOT) grant closeout process is warranted.

This memorandum provides the results of our risk assessment. We did not find a level of risk warranting an audit or review of DOT's grant closeout process at this time. However, our office will continue to monitor this area and may conduct future audits as appropriate.

Our work included a review and analysis of DOT's reported GONE Act data, a risk assessment questionnaire, follow-up on relevant prior audit recommendations, and interviews with DOT officials. We believe that the work we performed provides a reasonable basis for our determination.

Based on the Department's reported data for fiscal years 2017 and 2018, DOT made progress closing out overdue grants subject to the GONE Act. Specifically, DOT reduced the number of overdue grants from approximately 13,000 to about 6,500. Additionally, the majority—almost 80 percent—of these grants had a zero

¹ Pub. Law No. 114-117.

² Closeout is the process by which a Federal awarding agency or pass-through entity determines that all applicable administrative actions and required work on an award have been completed.

balance, which greatly minimizes their risk and effect. Furthermore, the responses to our risk assessment questionnaires to DOT officials indicate the presence of grant closeout internal controls and a low risk level. Finally, at the beginning of our assessment, the Federal Highway Administration (FHWA) had two related open audit recommendations from our 2015 audit report on project closeouts at FHWA.³ However, during our assessment, FHWA worked with us to close these recommendations—further minimizing the risk.

We appreciate the courtesies and cooperation of DOT officials during our risk assessment. If you have any questions, please contact me at 202-366-5630, or Tony Wysocki, Program Director, at 202-493-0223.

cc: DOT Audit Liaison, M-1
FAA Audit Liaison AAE-100
FHWA Audit Liaison, HAIM-13
FMCSA Audit Liaison, MCPRS
FRA Audit Liaison, RAD-43
FTA Audit Liaison, TBP-30
MARAD Audit Liaison, MAR-392
NHTSA Audit Liaison, NPO-310
PHMSA Audit Liaison, PH-3
SLSDC Audit Liaison

³ *Most FHWA ARRA Projects Will Be Closed Out Before Funds Expire, but Weaknesses in the Project Close-Out Process Persist* (OIG Report No. ST-2015-029), March 2, 2015.