




Memorandum

Date: February 19, 2021

Subject: INFORMATION: Audit Announcement | FAA's Award and Oversight of CARES Act Funds | Project No. 21C3001A000
Federal Aviation Administration

From: Matthew E. Hampton
Assistant Inspector General for Aviation Audits 

To: Director, Audit and Evaluation

The Coronavirus Aid, Relief, and Economic Security (CARES) Act¹ designated \$10 billion to the Federal Aviation Administration (FAA) to support continuing operations at U.S. airports following the sharp decline in passenger traffic and other airport business due to the COVID-19 public health emergency.² FAA used its Airport Improvement Program (AIP) to quickly award CARES Act Airport Grants to over 3,000 airport sponsors nationwide, based on formulas outlined within the legislation. By the end of fiscal year 2020, FAA had obligated approximately \$9.4 billion in formula grants to airports for such purposes as capital expenditures, operating expenses (including payroll and utilities), and debt payments.

It is critical that FAA effectively manage these grants in support of the Nation's airports. In audits we conducted after Hurricanes Katrina and Rita in 2005³ and the U.S. Economic Recession in 2009,⁴ we identified weaknesses in FAA's oversight of the AIP during the Agency's response to those emergencies. In addition, we have found similar significant deficiencies in numerous audits of the AIP.⁵

¹ Pub. L. No. 116-136, 134 Stat. 281 (2020).

² Subsequent legislation (the 2020 Coronavirus Response and Relief Supplemental Appropriations Act, Pub. L. No. 116-260) gave FAA up to an additional \$2 billion for grants-in-aid to airports impacted by COVID-19.

³ *Oversight of Airport Improvement Program Hurricane Grants* (OIG Report Number AV-2007-014), December 13, 2006.

⁴ *FAA Fulfilled Most ARRA Requirements in Awarding Airport Grants* (OIG Report Number AV-2011-053), February 17, 2011. OIG reports are available on our website: <https://www.oig.dot.gov/>.

⁵ Our most recent AIP related audit report (OIG Report Number AV2021017), February 10, 2021.

The act also provided \$5 million to OIG for conducting oversight of DOT projects and activities supported by CARES Act funds. Given the importance of promoting effective stewardship of the significant funds allocated to FAA in support of the Nation's airports, and in fulfillment of our own responsibilities in this area, we are self-initiating this audit. Our objective is to assess whether FAA's policies and procedures for awarding and overseeing CARES Act grants are sufficient to protect taxpayer interests.

We plan to begin the audit later this month and will contact your audit liaison to schedule an entrance conference. We will conduct our work at FAA Headquarters in Washington, DC, and, when possible, at selected Airport District, Regional and State offices responsible for administering the CARES Act Airport Grants. If you have any questions, please contact me at (202) 366-0500 or Nelda Z. Smith, Program Director, at (202) 366-2140.

cc: DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100