Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: INFORMATION: Audit Announcement – FAA’s Oversight of ARRA Expenditures
Federal Aviation Administration
Project No. 11U3002A000

From: Jeffrey B. Guzzetti
Assistant Inspector General
for Aviation and Special Program Audits

To: Director, Audit and Evaluation

Date: January 19, 2011

On February 17, 2009, the President signed the American Recovery and Reinvestment Act (ARRA) into law, designating $1.1 billion for Airport Improvement Program (AIP) projects. In the 23 months since ARRA’s enactment, the Federal Aviation Administration (FAA) has paid out almost $1 billion of this amount to airports. While ARRA required rapid obligation of funds to achieve economic stimulus, it also emphasized that Federal agencies must hold grantees accountable for their spending. The President further directed agencies to take “unprecedented efforts...to provide public transparency and accountability of [ARRA] expenditures.”

We recently completed an audit of FAA’s 2008 AIP grants and found that the Agency could improve its risk-based oversight. Given this result and the President’s ARRA directive, we plan to examine FAA’s ARRA expenditures from 2009 to the present. Specifically, we will assess whether FAA increased oversight to prevent improper payments and ensured airports used ARRA funds only for authorized purposes.

We plan to start the audit the week of January 31, 2011, and will contact your audit liaison to schedule an entrance conference. If you have any questions, please contact Darren Murphy, Program Director, at (206) 220-6503, or Charles Ward, Project Manager, at 206-220-6499.

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cc: Acting Associate Administrator for Airports
Anthony Williams, AAE-001
Martin Gertel, M-l

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