



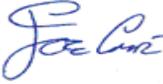
**U.S. Department  
of Transportation**

Office of the Secretary of  
Transportation  
Office of Inspector General

# Memorandum

Subject: **INFORMATION:** Audit Announcement  
Oversight of Federal-aid Highway Projects  
Administered by Local Public Agencies  
Project Number 10U3001M000

Date: October 22, 2009

From: Joseph W. Comé   
Assistant Inspector General  
for Surface and Maritime Program Audits

Reply to JA-40  
Attn. of:

To: Federal Highway Administrator

Local Public Agencies (LPAs) administer a large number of Federal-aid highway projects throughout the United States. A 2006 Federal Highway Administration (FHWA) report on LPA administration of Federal-aid projects found LPAs lacked systematic or comprehensive oversight. Subsequent to the report, FHWA's Division Administrators were tasked to assess state LPA oversight and develop plans to correct any deficiencies identified. FHWA identified state oversight and LPA inexperience in handling Federal-aid projects as major risks in implementing the *American Recovery and Reinvestment Act of 2009* (ARRA), which will increase Federal-aid LPA highway projects by an additional \$8 billion over the next 3 years. Accordingly, the objective of the audit is to assess the effectiveness of FHWA's process to improve state oversight of LPA projects.

We will conduct the audit at FHWA Headquarters and Division Offices and selected state Departments of Transportation and related LPAs. We plan to begin audit field work in October 2009, and will contact your audit liaison to schedule an entrance conference. If I can answer any questions or be of further assistance, please contact me at (202) 366-5630 or David Pouliott, Program Director, at (202) 366-1844.

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cc: Audit Liaison, OST, M-1  
Audit Liaison, FHWA, HAIM-13