August 23, 2010

The Honorable Edolphus Towns  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Towns:

Thank you for your July 26, 2010, letter requesting that the Department of Transportation Office of Inspector General (OIG) provide information on the top three open audit recommendations that, if implemented, would produce the greatest cost savings to the Federal budget. Additionally, you requested our assessment of the Department's progress in implementing these recommendations and a description of any administrative or legislative action needed to bring about these savings.

As of August 4, 2010, we identified 58 open recommendations from 42 audit reports that carry an estimated monetary benefit or cost savings of $1.1 billion. We consider the following to be the top three recommendations that, if implemented, would produce the greatest cost savings to the Department. None of these recommendations require legislative action.

1. In our report of November 16, 2009, Quality Control Review of Audited Consolidated DOT Financial Statements for Fiscal Years 2009 and 2008 (QC-2010-011), Clifton Gunderson (an independent external audit firm under OIG contract and supervision) recommended that the Department monitor quarterly inactive project reviews—particularly on stagnant Highway Trust Fund projects in the Federal Highway Administration (FHWA) and the Federal Transit Administration—to ensure inactive obligations are liquidated in a timely manner throughout the year. Implementing this recommendation would make $800 million available for other uses.

As of June 30, 2010, we estimate that the Department has de-obligated over $400 million of the $800 million identified. Clifton Gunderson will determine how much was de-obligated and made available for other priority projects during the audit.
of the FY 2010 DOT Financial Statements, which will be issued on November 15, 2010.

2. Our report of September 30, 2005, *Audit of the Management of Land Acquired Under Airport Noise Compatibility Programs* (AV-2005-078), includes a recommendation that the Federal Aviation Administration (FAA) direct airport sponsors to develop and implement plans to recover its share from the disposition of 3,608 unneeded noise land acres that were purchased with Airport Improvement Program funds—estimated at $160.6 million.

It is important to note that the land's market value has dropped significantly since the time of our audit. To date, FAA has recovered over $14 million, but much of the land is planned for future disposal when market conditions improve. For this land, FAA provided us a *projected* recovery amount of an additional $62 million. We have contacted FAA for a revised target action date.


To its credit, RITA agreed to de-obligate $48 million—well above the $20 million in our report. RITA estimates this will be completed by September 30, 2010.

We are pleased to note that since our April 2010 response to the Committee regarding the Department's open recommendations, the Office of the Secretary has continued its efforts to ensure that timely and appropriate action is taken on OIG recommendations. The Deputy Secretary has been working with Administrators to enhance awareness and involvement in expeditiously closing OIG recommendations.

Thank you for your inquiry and interest. If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,

Calvin L. Scovel III
Inspector General

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