Memorandum

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

Subject: INFORMATION: Audit Initiated of the Pipeline and Hazardous Materials Safety Administration’s Special Permits and Approvals Program
Project No. 08A3014A000

Date: June 30, 2008

From: Lou E. Dixon
Assistant Inspector General
for Aviation and Special Program Audits

Reply to
Attn. of: JA-10

To: PHMSA Assistant Administrator
and Chief Safety Officer
FAA Assistant Administrator for Security
and Hazardous Materials
FMCSA Associate Administrator for Enforcement
and Program Delivery
FRA Associate Administrator for Safety

The Office of Inspector General plans to audit the Pipeline and Hazardous Materials Safety Administration’s (PHMSA) Special Permits and Approvals Program. PHMSA’s database contains more than 4,500 special permits and 125,000 approvals. A special permit or approval allows a person\(^1\) to perform a function that is not authorized under the Hazardous Materials Regulation.\(^2\) Therefore, it is important that PHMSA, the Federal Aviation Administration (FAA), the Federal Motor Carrier Administration (FMCSA), and the Federal Railroad Administration (FRA)\(^3\) carefully oversee these authorizations to ensure hazardous materials are safely packaged and transported.

Our audit objectives are to assess the effectiveness of (1) PHMSA’s policies and processes for reviewing and authorizing special permits, approvals, and limited

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\(^1\) “Person” in this definition means an individual, a corporation, or company; an association, a firm, partnership, society, or joint stock company; or a government, an Indian tribe, or authority of a government or a tribe offering a hazardous material for transportation in commerce or transporting a hazardous material to support a commercial enterprise.


\(^3\) FAA, FMCSA, and FRA are responsible for oversight and enforcement of hazardous materials regulations for their respective industries involved in transporting hazardous materials in commerce.
quantity or consumer commodity exceptions; (2) PHMSA’s coordination with the affected Operating Administration before issuing any of these special authorizations; and (3) PHMSA, FAA, FMCSA, and FRA oversight and enforcement of approved parties’ compliance with the terms and conditions of these authorizations.

We will conduct the audit at PHMSA, FAA, FMCSA, and FRA Headquarters, regional, and field offices. We will also visit the offices of selected parties operating under special permits, approvals, and limited quantity or consumer commodity exceptions. We plan to start the audit the week of July 14, 2008, and will contact your audit liaison to schedule an entrance conference. If you have any questions or require additional information, please contact Scott Macey, Program Director, at (415) 744-0434 or Robert Falter, Project Manager, at (202) 366-2004.

cc: FAA Assistant Administrator for Financial Services and Chief Financial Officer
PHMSA Associate Administrator for Hazardous Materials Safety
Martin Gertel, M-I
Gina Christodoulou, RAD-43
Laura Birkhimer, PHA-30
Barbara Braswell, MC-PRS
Anthony Williams, ABU-IOO