




Memorandum

Date: May 18, 2022

Subject: INFORMATION: Audit Announcement—DOT’s Fraud Risk Assessment Processes for Surface Transportation Programs | Project No. 22B3002S000
Office of the Secretary of Transportation, Federal Highway Administration, Federal Motor Carrier Safety Administration, Federal Railroad Administration, Federal Transit Administration, Maritime Administration, National Highway Safety and Traffic Administration, and Pipeline and Hazardous Materials Administration

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: Deputy Assistant Secretary for Finance and Budget
Heads of Department of Transportation Surface Transportation Operating Administrations

The Infrastructure Investment and Jobs Act of 2021 (IIJA) appropriated over \$159 billion to the Department of Transportation (DOT) for new and existing surface transportation programs and authorized approximately \$477 billion in additional funding for all surface transportation programs for the next 5 years. Along with a significant increase in funding, IIJA also made changes to existing surface transportation programs and created new programs to fund surface transportation activities.

Federal programs significantly affected by new or changing laws or that experience unusually rapid growth face an increased risk of fraud.¹ Recognizing this risk, DOT has communicated both to its Operating Administrations and Congress the importance of risk management and internal controls to protect resources against fraud, waste, and abuse as the Department prepares to implement IIJA.²

¹ See, for example, Office of Management and Budget Circular No. A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, M-16-17, July 2016.

² DOT, *Management’s Responsibilities for Proper Financial Stewardship over Federal Funding*, February 2022; and *Department of Transportation Fiscal Year (FY) 2023 Budget Highlights*, March 2022.

To aid the Department in carrying out its IIJA responsibilities and overseeing the funding the law provides, in February 2022 we announced an effort to summarize crosscutting oversight risks and suggestions for mitigating them.³ In addition to that effort, we are initiating this audit to evaluate DOT's fraud risk assessment processes for IIJA-funded surface transportation programs.

We plan to begin this audit immediately and will contact your audit liaison to schedule an entrance conference. The audit will take place at DOT Headquarters in Washington, DC, with Office of the Secretary of Transportation and surface transportation Operating Administration staff responsible for assessing fraud risk and designing internal controls to mitigate identified risks. We will also conduct work with other Operating Administration locations if necessary.

If you have any questions or require additional information, please contact me at (202) 366-5630, or Tiffany Mostert, Program Director, at (202) 366-0625.

cc: DOT Audit Liaison, M-1
FHWA Audit Liaison, HCFB-32
FMCSA Audit Liaison, MCPRS
FRA Audit Liaison, ROA-2
FTA Audit Liaison, TBP-30
MARAD Audit Liaison, MAR-392
NHTSA Audit Liaison, NPO-310
PHMSA Audit Liaison, PHO-10

³ *Memorandum to the Secretary: Supporting DOT's Efforts To Meet IIJA Responsibilities* (OIG Correspondence No. CC2022005), February 17, 2022. OIG reports and correspondence are available on our website at <http://www.oig.dot.gov>.