We are initiating an audit of the National Highway Traffic Safety Administration (NHTSA), Office of Defects Investigation (ODI). Congress passed the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act in October 2000 to establish early warning reporting requirements for manufacturers, which makes NHTSA aware of potential defects as early as possible. The TREAD Act required NHTSA to complete rulemakings and imposed statutory deadlines for the completion of rulemakings. A January 2002 Office of Inspector General report made recommendations to ensure the timely completion of the TREAD Act requirements and improvement of ODI processes for identifying and investigating potential defects.

The objectives of this audit will be to evaluate the progress NHTSA has made in implementing prior audit recommendations. Specifically, we will examine:

- the status of NHTSA’s implementation of TREAD Act required rulemakings,
- processes established to ensure consistency in recommending and opening defect investigations and ensuring highest priority cases are investigated,
- progress made by NHTSA towards ensuring ODI has the appropriate information system infrastructure and processes in place to promptly identify potential defects as intended by the TREAD Act.

We will conduct the audit at NHTSA Headquarters and the Volpe National Transportation Systems Center. We plan to start the audit the week of January 6, 2003, and will contact your audit liaison to arrange a formal entrance conference. If I can
answer any questions or be of further assistance, please contact me at (202) 366-0687 or Richard Kaplan, Program Director, at (202) 366-1402.