Memorandum

We are initiating a follow-up audit of the Federal Motor Carrier Safety Administration’s (FMCSA) implementation of NAFTA’s cross-border trucking provisions. This audit is being performed as a result of the Consolidated Appropriations Act for Fiscal Year (FY) 2004. This Act subjected funds appropriated to the terms and conditions of Section 350 of the FY 2002 Transportation and Related Agencies Appropriations Act. Section 350 directed the Office of Inspector General (OIG) to conduct periodic reviews of United States-Mexico border operations.

On May 16, 2003, we issued our latest report\(^1\) on Section 350 provisions, which require the OIG to verify that FMCSA has hired and trained inspectors, established inspection facilities, and developed safety processes and procedures for Mexican long-haul carriers. We reported that FMCSA had substantially completed the actions necessary to meet Section 350 requirements.

The primary objective of this audit will be to verify whether FMCSA continues to have the staff, facilities, equipment, and procedures in place to comply with Section 350 provisions. As part of this work, we will:

- Determine whether states have adequate authority and procedures in place to take action against a Mexican-domiciled commercial vehicle operating without authority or beyond the scope of its authority. In our June 2002\(^2\) and May 2003 reports we pointed out a serious gap in the ability of state enforcement personnel to take action when they encounter a vehicle operating without authority. FMCSA committed to closing this gap. Our 2002 report noted that only two

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states had enacted legislation authorizing enforcement personnel to take action in this instance and in August 2002 FMCSA issued an interim rule requiring state inspectors to place out of service commercial vehicles operating without authority or beyond the scope of their authority. A survey of 50 states and the District of Columbia, conducted for our 2003 report, showed that 31 states reported adopting the new operating authority rule.

- We will also identify any impediments preventing FMCSA personnel from conducting safety audits and compliance reviews in Mexico as required by Section 350. At the time of our 2003 report, negotiations between Mexico and the United States had been underway to conclude a Memorandum of Understanding or establish other arrangements under which safety audits and compliance reviews would be performed by FMCSA personnel in Mexico.

This follow-up audit will be conducted at FMCSA Headquarters; the border states of Arizona, California, New Mexico, and Texas; and other field locations. We plan to start the audit immediately.

If I can answer any questions or be of further assistance, please contact me at (202) 493-0331 or Program Director, Joe Comé, at (202) 366-0377.

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c: The Secretary
   The Deputy Secretary