



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

Memorandum

Subject: INFORMATION: Audit Announcement --
Review of Improper Payment Reporting
Under Executive Order 13520
Project Number: 11F3001F000

Date: November 18, 2010

From:

Earl C. Hedges 
Acting Assistant Inspector General for Financial
and Information Technology Audits

Reply to
Attn. of:

JA-20

To: Assistant Secretary for Budget and Programs/
Chief Financial Officer

On November 20, 2009, the President signed Executive Order (EO) 13520, *Reducing Improper Payments*. The EO incorporates new reporting requirements for agencies and new oversight requirements for Inspectors General for programs with the highest occurrence of improper payments. OMB identified the Federal Highway Administration (FHWA) Federal-Aid Highway Program, with an estimated \$1.4 billion in improper payments, or 3.5 percent of total payments, as a high priority program.

As required by EO 13520, we plan to initiate a review of the *Department of Transportation Fiscal Year 2009 High Dollar Improper Payments* report. Our objectives will be to determine: (1) whether the improper payment amounts presented were accurate; and (2) whether the agency complied with requirements for high priority programs.

We plan to begin this audit immediately and will conduct it at DOT Headquarters in Washington DC. We will contact your audit liaison to establish an entrance conference and discuss this audit.

Should you have any questions or if I can be of further assistance, please contact me at (410) 962-1729, or Mark Rielly, Project Manager at (410) 962-0699.

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cc: Martin Gertel, M-1
Cynthia Thorton, HAIM-13