



# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION**: Audit Announcement –  
FHWA’s Financial Integrity Review and  
Evaluation (FIRE) Program  
Federal Highway Administration  
Project Number 14M3005M000

Date: July 22, 2014

From: Thomas E. Yatsco   
Assistant Inspector General  
for Surface Transportation Audits

Reply to  
Attn. of: JA-30

To: Federal Highway Administrator

The Federal Highway Administration (FHWA) oversees States’ use of Federal-aid funds provided annually for thousands of highway and bridge projects. FHWA relies on a risk-based approach to ensure States use Federal funds in accordance with Federal regulations and to identify and address vulnerabilities such as inactive obligations. A key component of this approach is the Financial Integrity Review and Evaluation (FIRE) program, which involves annual assessments of State financial oversight and management activities pertaining to Federal highway funds. FHWA implemented FIRE in fiscal year 2005 in response to internal control weaknesses we identified during our audits of FHWA’s inactive obligations.

We are initiating this audit to evaluate whether FHWA’s FIRE reviews (1) comply with Agency policies and procedures and (2) are used effectively to address vulnerabilities. We will contact your audit liaison to schedule an entrance conference. We will conduct our work at FHWA Headquarters and a sample of Division Offices. If you have any questions, please contact me at (202) 366-5630 or Toayoa Aldridge, Program Director, at (202) 366-2081.

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cc: FHWA Audit Liaison, HCFM  
DOT Audit Liaison, M-1