Memorandum

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

Subject: INFORMATION: Audit Announcement – DOT Controls Over Collection of Delinquent Debt
Department of Transportation
Project No. 13F3016F000

Date: September 30, 2013

From: Louis C. King
Assistant Inspector General for Financial and Information Technology Audits

Reply to Attn. of: JA-20

To: Assistant Secretary for Administration

In fiscal year 2012, the Department of Transportation (DOT) reported $733.1 million in delinquent debt and collected only $9.6 million, or 1.31 percent, of that debt. In response to increasing amounts of delinquent non-tax debt across government, and concerns that Federal agencies were not taking all possible actions to collect delinquent debt, Congress passed the Debt Collection Improvement Act of 1996 (DCIA).\(^1\) Under the Act, if agencies cannot collect debts within 180 days after delinquency, they must transfer the debt\(^2\) to the Department of Treasury’s Financial Management Services for further collection action.

We initiated this audit to evaluate DOT’s delinquent debt collections practices. Our audit objectives are to determine whether DOT (1) takes comprehensive action to collect delinquent debts, and (2) refers eligible delinquent debts to the Department of Treasury for collection. We will begin the audit in October and conduct our review at DOT and FAA Headquarters in Washington, DC, and the Enterprise Services Center in Oklahoma City. We will coordinate with your audit liaison to schedule an entrance conference. If you have any questions, please contact me at (202) 366-1407, or Joann Adam, Program Director, at (202) 366-1488.

cc: DOT Audit Liaison, M-1

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\(^1\) Pub.L. No. 104-134.
\(^2\) Certain types of non-tax debt are ineligible for referral to Treasury, including those that are subject of litigation and appeal, forbearance agreement, foreclosure, and bankruptcy, and those owed by foreign countries.