Memorandum

Date: April 5, 2021

Subject: INFORMATION: Audit Announcement | DOT’s IT Shared Services Contracts | Project No. 21Z3001Z000
Office of the Secretary of Transportation

From: Mary Kay Langan-Feirson
Assistant Inspector General for Acquisition and Procurement Audits

To: Chief Information Officer

Information technology (IT) services comprise one of the top categories of contract spending in the Federal Government. In fiscal year 2020, Governmentwide IT spending hit an all-time high of $89.3 billion, and that amount is likely to grow in the years to come. The cost of contractor-supplied IT products and services is predicted to reach $116 billion by fiscal year 2024.¹

Recent Office of Management and Budget (OMB) initiatives have encouraged the use of Government- or agency-wide contracts for procuring IT goods and services—as well as other types of acquisitions—to increase efficiency, eliminate duplicate contract actions, and deliver more value and savings.² Furthermore, the fiscal year 2019 President’s Budget reinforced the idea that Federal agencies transition to shared services to help consolidate buying power (generating savings and avoiding administrative costs) and focus attention on modernizing IT systems to improve data quality, security, accountability, and transparency.

The Department of Transportation’s (DOT) Office of the Chief Information Officer (OCIO)—located in the Office of the Secretary—oversees the Department’s annual IT portfolio, which totaled $3.6 billion in fiscal year 2020. Historically, each DOT Operating Administration (OA) managed its own IT contracts. However,

OCIO is transitioning to a number of centralized contract vehicles for shared IT services—totaling over $1.8 billion—to support the Department’s OAs, excluding the Federal Aviation Administration.

Given DOT’s current transition to shared IT services and the high-dollar amounts associated with these contracts, we are initiating this audit. Our objectives will be to assess the Department’s processes for (1) awarding its IT shared services contracts and (2) reviewing contractor charges.

We plan to begin this work immediately and will contact your audit liaison to schedule an entrance conference. If you have any questions or need additional information, please contact me at (202) 366-5225 or Jill Cottonaro, Program Director, at (206) 366-3831.

cc: DOT Audit Liaison, M-1