



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

Memorandum

Subject: **INFORMATION**: Audit Announcement –
DOT's Implementation of Earned Value
Management System
Department of Transportation
Project Number: 17F3013F001

Date: February 1, 2017

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

Reply to: JA-20
Attn. of:

To: Acting Chief Information Officer

The Department of Transportation (DOT) relies on over 450 information technology (IT) systems, with an annual investment of over \$3 billion—one of the largest IT investments among Federal civilian agencies. The Clinger-Cohen Act of 1996¹ requires Federal agencies to establish effective management structures to govern IT investments and to improve their implementation and management. The Office of Management and Budget (OMB) has developed Federal policy for planning, budgeting, acquiring, and managing IT assets. In addition, OMB directs agencies to use earned value management (EVM)² to calculate cost and schedule variances from the approved baseline for all major IT investments.

Due to the large investment in the Department's IT systems, we are initiating an audit of DOT's adoption and use of an Earned Value Management System to assess DOT's (1) implementation of EVM policies, procedures, and practices for its IT investments, and (2) use of EVM data to plan, monitor, and report the status of its IT investments and related security spending. We have contracted with KPMG LLP, an independent public accounting firm, to conduct this review, subject to OIG's oversight.

KPMG's auditors will begin this review in February 2017, and conduct it at selected DOT Operating Administrations in Washington, DC. We will contact

¹ Clinger-Cohen Act (formerly the Information Technology Management Reform Act), Public Law No. 104-106 (1996); codified at 40 U.S.C. § 11101 *et seq.* (2011).

² Earned value management is a management technique tool that relates resource planning to schedules and to technical, cost, and schedule requirements.

your audit liaison to schedule an entrance conference. If you have questions, please call me at (202) 366-1407, or Kevin Dorsey, Program Director, at (202) 366-1518.

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cc: DOT Audit Liaison, M-1