

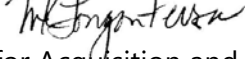


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## Memorandum

Date: May 2, 2018

Subject: INFORMATION: Audit Announcement | DOT's Efforts to Promote Efficient Use of Office Space | Project No: 18Z3003Z000  
Department of Transportation

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

To: Assistant Secretary for Administration

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The Department of Transportation (DOT)—excluding the Federal Aviation Administration (FAA)—maintains approximately 300 office properties across the country, comprising over 3 million square feet. Since 2003, the Government Accountability Office (GAO) has identified Federal real property management as a high-risk area, citing long-standing management challenges—including maintaining too much excess and underutilized property. These concerns, among others, have prompted widespread attention and reform efforts across the Federal Government.

DOT owns its properties, leases them directly, or occupies them through an agreement with another agency, primarily the General Services Administration. In recent years, the Office of Management and Budget (OMB) has undertaken several initiatives and issued guidance to improve Federal real property management, specifically targeting office space. As part of its effort to reduce the Federal real property footprint, OMB required that by March 25, 2016, each agency set in policy a utilization standard for its owned and leased office space, including occupancy agreements.

In April 2018, our audit of FAA's office and warehouse leases found that the Agency's office leases were significantly over its utilization standard.<sup>1</sup> This resulted in FAA paying, at times, above average market rates to lease under-

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<sup>1</sup> *FAA's Management and Oversight Are Inadequate To Secure Timely and Cost-Efficient Agency-Leased Offices and Warehouses* (OIG Report ZA2018040), April 11, 2018. OIG reports and testimonies are available on our website: <http://www.oig.dot.gov>.

utilized space. Given the results of that audit, GAO's high-risk designation, sustained Governmentwide focus on reform in this area, and the potential to improve the efficiency of departmental expenditures, our audit objective is to assess DOT's utilization of its office space. We will exclude FAA from this audit given our recent, related audit coverage.

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 Darren Murphy, Program Director, at 206-255-1929.

cc: DOT Audit Liaison, M-1