




Memorandum

Date: October 20, 2022

Subject: INFORMATION: Audit Announcement | DOT's Capitalized Equipment |
Project No. 22F3014F000
Department of Transportation

From: Dormayne "Dory" Dillard-Christian 
Assistant Inspector General for Financial Audits

To: Assistant Secretary for Administration

The Department of Transportation (DOT) Order 2700.13, *Financial Management Control of Property*, defines personal property as any tangible property not classifiable as real property, including equipment, capital leases of equipment, and internal use software. In fiscal year 2021, DOT reported \$12.7 billion, net value, in capitalized general property, plant, and equipment, which included \$4.6 billion in equipment with a service life of 5 to 15 years.¹

In 2019, the Office of Inspector General reported that DOT lacked sufficient internal controls to account for laptops.² According to the General Services Administration, personal property management helps Federal agencies mitigate waste, fraud, and loss of assets. Furthermore, each agency is responsible for establishing internal controls to reduce risk and promote the efficient use of personal property. Accordingly, we are initiating this audit to assess DOT's internal controls for managing capitalized equipment.

We plan to begin this audit immediately and will contact your audit liaison to schedule an entrance conference. We will conduct this audit at DOT Headquarters and selected Operating Administrations' headquarters in Washington, DC, excluding the Federal Aviation Administration. If you have any questions, please contact me or Lisa Williams, Program Director.

cc: DOT Audit Liaison, M-1

¹ U.S. Department of Transportation Annual Financial Report for Fiscal Year 2021.

² *Gaps in Internal Controls Impede the Department's Management of Working Capital Fund Laptops* (OIG Report No. ZA2020006) November 4, 2019.