




Memorandum

U.S. Department of
Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –
FAA’s Management and Oversight of Its Office
and Warehouse Leases
Federal Aviation Administration
Project No: 17Z3002Z000

Date: April 19, 2017

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

Reply to
Attn. of: JA-60

To: Director, Audit and Evaluation

The Federal Aviation Administration’s (FAA) current lease portfolio has a total value of at least \$3 billion.¹ While the General Services Administration (GSA) manages most of the Federal Government’s real property, FAA has been granted the authority to lease space independent of GSA. Using this independent statutory authority, FAA currently leases 337 warehouse and office buildings with a combined annual rent value of \$75 million (\$1.5 billion total value).

The Government Accountability Office (GAO) has identified Federal real property management as a high-risk area since 2003, recently stating² that the Federal Government maintains too much excess and underused property and over-relies on cost-inefficient leasing situations. These concerns and others have prompted widespread attention and reform efforts across the Federal Government. For example, 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 offices and warehouses.

Despite its independent lease authority, as a Federal Real Property Council (FRPC)³ member agency, FAA participates in Governmentwide reform efforts. Given the persistent high-risk designation and sustained Governmentwide focus on reform in this area, as well as the magnitude of taxpayer dollars involved, our audit objective is to assess FAA’s management and oversight of its office and warehouse leases.

¹ Total value was calculated by taking the annual rent value times the number of years of the lease term.

² *High-Risk Series: An Update* (GAO-15-290), GAO, February 2015.

³ Established in 2004 and chaired by OMB, the FRPC is comprised of senior management from various Federal agencies and works to promote the efficient and economical use of Federal real property.

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.

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cc: DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100