

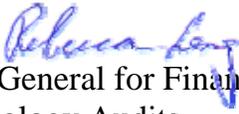


U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation  
Office of Inspector General

# Memorandum

Subject: **INFORMATION:** Audit Announcement -  
Department of Transportation Fiscal Years 2007  
and 2006 Financial Statements  
Project Number: 07F3004F000

Date: February 7, 2007

From: Rebecca C. Leng   
Assistant Inspector General for Financial and  
Information Technology Audits

Reply to  
Attn. of: JA-20

To: See Distribution

The Office of Inspector General (OIG) is initiating its audit of the Department of Transportation (DOT) Fiscal Years (FY) 2007 and 2006 Financial Statements. The audit will be conducted in accordance with Generally Accepted Government Auditing Standards and Office of Management and Budget Bulletin 06-03, "Audit Requirements for Federal Financial Statements."

The Department received a qualified opinion on the FY 2006 consolidated financial statements because the Federal Aviation Administration (FAA) could not provide adequate support to verify the reliability of the reported Construction in Progress balance, totaling \$4.7 billion as of September 30, 2006. FAA is making a concerted effort to correct this deficiency and make appropriate adjustments. If the Department needs to restate the FY 2006 balance in this year's comparative financial statements, OIG and its contract auditors will need to audit the revised balances.

In addition, component statements for FAA, the Highway Trust Fund, and the St. Lawrence Seaway Development Corporation will be audited by independent external auditors, subject to OIG oversight. All other work will be performed by OIG staff.

The audit opinions on the DOT FYs 2007 and 2006 Consolidated Financial Statements are due to the Office of Management and Budget by November 15, 2007. The audit will be conducted at DOT Headquarters in Washington, D.C. and selected field offices. We will contact your audit liaison to establish an entrance

conference in order to discuss the audit. The Program Director for this audit is Earl Hedges; the Project Managers are George Banks, Mark Rielly, and Mary Smothers. If you have any questions or need additional information, please call me at (202) 366-1496 or Earl Hedges, at (410) 962-3612.

Distribution:

Chief Financial Officer, Department of Transportation  
Chief Financial Officer, Federal Aviation Administration  
Chief Financial Officer, Federal Highway Administration  
Chief Financial Officer, Federal Railroad Administration  
Chief Financial Officer, National Highway Traffic Safety Administration  
Chief Financial Officer, Federal Transit Administration  
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Chief Financial Officer, Pipeline and Hazardous Materials Safety Administration  
Chief Financial Officer, Surface Transportation Board  
Director of Finance and Administration, St. Lawrence Seaway Development Corporation

cc: Martin Gertel, M-1