



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: INFORMATION: Audit Announcement - Department
of Transportation Fiscal Year 2003 Financial Statements

Date: March 4, 2003

From: John L. Meche
Assistant Inspector General for Financial
and Information Technology Audits

Reply
To: Attn
Of:

To: See Distribution

The Office of Inspector General (OIG) is initiating its audit of the Department of Transportation (DOT) Fiscal Year (FY) 2003 Financial Statements.

Our audit objectives are to determine whether: (1) principal DOT financial statements and accompanying notes are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; (2) DOT has adequate internal controls over financial reporting, including safeguarding assets; (3) DOT has complied with laws and regulations that could have a direct and material effect on the DOT financial statements or that have been specified by the Office of Management and Budget, including the Federal Financial Management Improvement Act; (4) financial information in the Management Discussion and Analysis is materially consistent with the information in the principal DOT financial statements; (5) internal controls ensured the existence and completeness of reported data supporting performance measures; and (6) supplementary and stewardship information is consistent with management representations and the DOT financial statements.

In addition to the FY 2003 DOT Consolidated Financial Statements, component statements for the Federal Aviation Administration, Highway Trust Fund, and Transportation Security Administration (TSA) will be audited by independent external auditors subject to OIG oversight. We also intend to contract out the work on the component statements for the U.S. Coast Guard. All other work will be performed by OIG staff.

The Department is advancing the due dates for audit opinions on the FY 2003 financial statements to early January instead of the Office of Management and Budget (OMB) date of January 30, 2004. To meet this earlier date, special

management attention will be needed to ensure that financial statements are accurately prepared on time.

Under the requirements of the Homeland Security Act of 2002, the U.S. Coast Guard and TSA transitioned to the Department of Homeland Security (DHS) on March 1, 2003. Under OMB guidance, the FY 2003 DOT Consolidated Financial Statements will include Coast Guard and TSA activities through February 28, 2003, and the FY 2003 DHS Financial Statements will include all Coast Guard and TSA assets and liabilities as of September 30, 2003. Although OMB will issue additional implementing guidance, some audit work will be performed on the Coast Guard and TSA financial activities and balances as of February 28, 2003.

Distribution:

- Chief Financial Officer, Department of Transportation
- Chief Financial Officer, United States Coast Guard
- 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
- Chief Financial Officer, Maritime Administration
- Chief Financial Officer, Research and Special Programs Administration
- Chief Financial Officer, Federal Motor Carrier Safety Administration
- Chief Financial Officer, Transportation Security Administration
- Director, Bureau of Transportation Statistics
- Director of Finance and Administration, St. Lawrence Seaway Development Corporation

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