




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

Memorandum

Subject: INFORMATION: Quality Control Review
of Property, Plant, and Equipment, FAA
QC-2002-080

Date: February 25, 2002

From: Alexis M. Stefani 
Assistant Inspector General for Auditing

Reply To
Attn. of: Meche:x61496

To: Federal Aviation Administrator

The audit of the Federal Aviation Administration (FAA) Property, Plant, and Equipment as of September 30, 2001, and Real Property as of September 30, 2000, was completed by KPMG LLP of Washington, D.C. We performed a quality control review of the audit work to determine compliance with U.S. generally accepted government auditing standards.

KPMG LLP determined that not all recorded property, plant, and equipment existed or was correctly valued. KPMG LLP recommended that the FAA net book value of property, plant, and equipment be reduced by \$138 million as of September 30, 2001. FAA made the adjustment and KPMG LLP rendered an unqualified opinion on property, plant, and equipment as of September 30, 2001, and on real property as of September 30, 2000. KPMG LLP also cited a material weakness in accounting for property, plant, and equipment; made six recommendations; and reported noncompliance with the Federal Financial Management Improvement Act of 1996.

In our opinion, the audit work performed by KPMG LLP was in accordance with U.S. generally accepted government auditing standards.

We appreciate the cooperation and assistance of FAA and KPMG LLP representatives. If we can answer any questions or be of any further assistance, please feel free to call me at (202) 366-1992, or John Meche at (202) 366-1496.

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