



# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

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Subject: Management's Responsibilities for Proper Financial Stewardship over Federal Funding

From: Victoria B. Wassmer  
Deputy Assistant Secretary for Finance and Budget

To: Heads of Operating Administrations

Strong systems of enterprise risk management and internal controls are necessary to ensure that checks and balances are built into our programs and financial systems to manage risk, maximize effectiveness, and provide transparency. This includes standard best practices for internal controls over all Federal funding for awarding, managing, and reporting on contracts; grants; loans; and other forms of assistance. These practices create an effective control environment that provides reliable information to assist all levels of the Department of Transportation (DOT) in decision-making, program execution, and project management.

As we anticipate the forthcoming Office of Management and Budget's (OMB) implementation guidance for the Bipartisan Infrastructure Law (BIL), I want to ensure DOT's leadership understands their responsibility for creating and maintaining effective controls for managing risks and executing effective programs. In meeting our mission, goals, and objectives, effective internal control systems protect resources against fraud, waste, abuse, unauthorized use, misappropriation, and mismanagement. As a result, internal controls are integral to the plans, methods, and procedures DOT resources use to perform and manage financial and business operations. Additionally, internal controls help ensure the accuracy and reliability of data and compliance with federal laws and regulations.

Implementation of the BIL requires us to carefully coordinate and ensure effective processes are in place at every level of decision making and to reaffirm our commitment to use DOT's established programs for enterprise risk management and internal controls. OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, states that each Federal employee is responsible for:

- safeguarding Federal assets and the efficient delivery of services to the public;
- establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations;
- managing both expected and unexpected or unanticipated events;
- establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance; and

- implementing management practices that identify, assess, respond, and report on risks.

Risk management practices must be forward-looking and designed to help leaders make better decisions, alleviate threats and to identify previously unknown opportunities to improve the efficiency and effectiveness of government operations. Management must consistently apply these internal control standards to meet the internal control principles and to assess and report on internal control effectiveness at least annually.

Together, as we look to the exciting investments in our nation's infrastructure on the horizon, we will remain a constant force in support of BIL implementation by ensuring critical resources are provided to the nation's transportation systems, transportation employees, and public citizens in a timely fashion. DOT will prioritize the remediation of identified issues or deficiencies within the financial management environment by aggressively correcting known issues while identifying opportunities for improvement. Doing so will continue to improve the financial reporting processes and allow the DOT to maintain its clean audit opinion and the public's confidence in our financial management and reporting.

When DOT receives OMB's implementation guidance, I will provide more detailed instructions. In the meantime, please make sure you connect with your Chief Financial Officers, Budget Officers, Chiefs of Contracting Officers and Offices of the Chief Counsel to ensure you are taking the necessary steps to address the core principles addressed in OMB memorandum M-21-20, "Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources".