

## DOT OIG FY 2010 Recovery Act Plan

<b>OIG Name:</b>	<b>U.S. Department of Transportation, Office of Inspector General</b>
<b>OIG Broad Recovery Act Goals:</b>	Conduct timely oversight of DOT ARRA funds while focusing on three major challenges facing the Department: (1) ensuring that DOT's grantees properly spend ARRA funds; (2) implementing new accountability requirements and programs mandated by ARRA; and (3) combating fraud waste, abuse, and mismanagement.
<b>OIG Broad Training and Outreach Recovery Act Goals:</b>	Conduct fraud awareness and prevention activities to alert DOT staff and grantees, including contractors, at all levels of government on how to recognize, prevent, and report suspected fraud.
<b>OIG Recovery Act Risk Assessment Process:</b>	DOT OIG is using a three-phase approach to conduct audit and investigative work by emphasizing high-risk areas and promptly report results: <b>Phase 1</b> --conduct a comprehensive review of prior reports and testimonies to identify major challenges facing DOT with the implementation of ARRA and identify actions DOT should take now to address known challenges--(COMPLETED); <b>Phase 2</b> --conduct a systematic scan of DOT agencies receiving ARRA funding to examine vulnerabilities in program management and planning that could impede DOT's ability to effectively oversee ARRA-funded projects and meet new statutory and OMB requirements--(COMPLETED); and <b>Phase 3</b> --Target for audit and investigation, specific DOT programs and projects, emerging as vulnerable/high-risk areas as a result of the scan completed; proactive investigations initiated; and fraud prevention outreach and training conducted in Phase 2--(ONGOING). We will promptly notify DOT, Congress and the public through ARRA Advisories and reports, of DOT actions needed to achieve ARRA goals.
<b>OIG Staff Dedicated to Recovery Act Oversight:</b>	As of March 31, 2010, DOT OIG had 41 FTE dedicated to ARRA
<b>OIG Recovery Act Funds:</b>	\$20,000,000 (FY 09 -September 30, 2013)
<b>Expiration Date of OIG Recovery Act Funds:</b>	09/30/2013
<b>OIG Recovery Act Funds Allocated to Contracts:</b>	To Be Determined (As of March 31, 2010, DOT OIG has not allocated any ARRA funds to contracts).
<b>Purpose of Recovery Act Contracts:</b>	Not Applicable
<b>Types of Recovery Act Contracts Awarded to Date:</b>	Not Applicable

## DOT OIG Recovery Act Published Products

DOT OIG Recovery Act Audit Reports	
Issued	Title/Link
3/31/2009	<a href="#">American Recovery and Reinvestment Act of 2009: Oversight Challenges Facing the Department of Transportation</a>
10/6/2009	<a href="#">Status of Operating Administrations' Processes to Conduct Limited Quality Reviews of Recovery Act Recipient Data</a>
11/30/2009	<a href="#">Department of Transportation's Implementation of the American Recovery and Reinvestment Act Continued Management Attention is Needed to Address Oversight Vulnerabilities</a>
1/7/2009	<a href="#">Department of Transportation's Suspension and Debarment Program Does Not Safeguard Against Awards to Improper Parties</a>
2/23/2010	<a href="#">Recovery Act Data Quality: Errors in Recipients' Reports Obscure Transparency</a>
DOT OIG Recovery Act Advisories	
Issued	Title/Link
5/18/2009	<a href="#">Department's Suspension and Debarment Program</a>
6/22/2009	<a href="#">Sampling of Improper Payments in Major DOT Grants Programs</a>
8/6/2009	<a href="#">Federal Aviation Administration's Award of the Recovery Act Grant Funds to Airport Improvement Program Projects by August 5, 2009</a>

**DOT OIG  
FY 2010 Recovery Act Audit Plan**

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum or Report
1	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	Intercity Passenger Rail Service Bottlenecks	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	(1) Identify locations where substantial delays consistently occur (i.e. "bottlenecks") on Amtrak routes; (2) identify statistically significant determinants of Amtrak delays; and (3) assess the degree of influence each determinant has on Amtrak delays overall, by route, and at bottlenecks.	Q3 FY 09 (05/05/09)	<a href="#">Audit of Intercity Passenger Rail Service Bottlenecks</a>
2	FAA Grants-in-aid for Airports	FAA's Process for Awarding ARRA Grants to Airport Projects	Our ARRA Advisory issued August 6, 2009, reported that FAA may have selected some projects with questionable economic merit for ARRA funds. Such projects may not comply with ARRA requirements, such as providing long-term benefits.	Review the effectiveness of FAA's selection process for awarding ARRA grants for airport projects.	Q4 FY 09 (09/03/09)	<a href="#">Audit of FAA's Process For Awarding Recovery Act Grants For Airport Projects</a>
3	FHWA Highway Infrastructure Investment	Oversight of Federal-aid Highway Projects Administered by Local Public Agencies Projects (LPA)	FHWA has identified LPA projects as high programmatic risk because many of the state transportation agencies do not provide sufficient oversight over those projects administered by the local units of government. In the case of the ARRA program, FHWA has developed an ARRA oversight plan using National Review Teams and Program Accountability Results reviews designed to review ARRA program spending including LPA projects.	Assess FHWA's oversight of the effectiveness of FHWA's process to improve state oversight of Local Public Agencies.	Q1 FY 10 (10/22/09)	<a href="#">Audit of FHWA and State DOT Oversight of Projects Administered By Local Public Agencies</a>
4	FHWA Highway Infrastructure Investment	FHWA's Oversight of Federal-aid State ARRA Contract Award Practices.	ARRA includes an emphasis on the use of fixed-price contracts and competitive procedures to the maximum extent practicable, which applies to Federal-aid state contracts. FHWA's ARRA risk assessment identified state contract award and administration issues as risk areas. Also, our scan work found that state DOT workforces were often capped or shrinking as workload grows under ARRA.	Assess the adequacy of FHWA's oversight of state Department of Transportation contracting practices for awarding ARRA contracts.	Q1 FY 10 (10/28/09)	<a href="#">Audit of FHWA's Federal-Aid Highway Program Oversight of Procurement Practices For Recovery Act-Funded Contracts At State DOTs</a>

**DOT OIG  
FY 2010 Recovery Act Audit Plan**

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum or Report
5	FHWA Highway Infrastructure Investment	FHWA's National Review Teams	FHWA will utilize National Review Teams as part of its ARRA oversight strategy to conduct independent evaluations of State processes and procedures and assessments of project compliance for high-risk operations. FHWA expects the reviews to provide national consistency, expertise, and knowledge sharing. This is a new approach for FHWA which traditionally relies on its 52 Division offices for project-level oversight.	Evaluate the effectiveness of FHWA's National Review Teams in conducting national oversight of highway funds and mitigating risks posed by the implementation of ARRA.	Q1 FY 10 (11/02/09)	<a href="#">Evaluation of FHWA's National Review Team</a>
6	FTA's Major Projects - Dulles Corridor Metrorail Project - Phase I (the Dulles Project)	FTA's Oversight of the Dulles Corridor Metrorail Project.	In 2007, we issued a baseline report on this project that outlined key concerns related to the project's cost and schedule estimates, funding, and management. The project involves a \$900 million Federal investment and accelerated \$77 million in payments authorized by ARRA.	Evaluate the effectiveness of FTA's oversight of the Dulles Corridor Metrorail Project and assess potential safety concerns.	Q1 FY 10 (11/19/09)	<a href="#">Audit of FTA's Oversight of the Dulles Corridor Metrorail Project</a>
7	FAA Grants-in-aid for Airports and Facilities and Equipment	FAA's Job Creation Under the American Recovery and Reinvestment Act of 2009	ARRA requires DOT grant recipients to periodically report "the number of direct, on-project jobs created or sustained by the Federal funds provided for projects. . . and, to the extent possible, the estimated indirect jobs created or sustained in the associated supplying industries."	Determine whether (1) AIP and F&E projects funded under ARRA are preserving and creating jobs and (2) the reporting of job data satisfies ARRA requirements.	Q1 FY 10 (11/19/09)	<a href="#">Audit of FAA's Job Creation Under the Recovery Act</a>
8	All ARRA-funded programs and projects within FAA, FHWA, FRA, FTA, OST, and MARAD	Security Controls Over ARRA Related Websites	Recently, intruders brought down DOT's principal website, which contains ARRA information. In addition, inadequate configurations may allow for intruders to deface, alter or remove information from DOT's recovery websites.	Determine if (1) DOT's recovery Websites and database systems are properly configured to minimize the risk of cyber attacks, and (2) access to recovery Websites and database systems are adequately controlled to ensure accountability and integrity of ARRA data.	Q1 FY 10 (12/08/09)	<a href="#">Review of Security Controls Over Recovery Act Websites</a>

**DOT OIG  
FY 2010 Recovery Act Audit Plan**

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum or Report
9	ARRA-funded programs and projects within FAA, FHWA, FRA, FTA, OST, and MARAD	DOT's Oversight of Recovery Act Recipient Reporting	Section 1512 of the Recovery Act requires recipients of Recovery Act funds to submit reports on the use of those funds. OMB guidance required each Federal agency to conduct limited quality reviews of recipients data and notify recipients of two key data problems-- material omissions and significant reporting errors.	Assess the Department's oversight of Recovery Act recipient reporting to determine whether, during the first Section 1512 reporting cycle in October 2009, the Department (1) identified inaccurate data or missing recipient reports, (2) identified the cause(s) of the inaccurate data or missing recipient reports, and (3) mitigated the causes/errors.	Q1 FY 10 (12/11/09) <b>Report Issued on 2/23/10</b>	<a href="#">Recovery Act Data Quality: Errors in Recipient Reports Obscure Transparency</a>
10	All ARRA-funded programs and projects within FAA, FHWA, FRA, FTA, OST, and MARAD	Implementing Single Audit Recommendations and Cost Recovery	DOT Modal Administrations are required to render a management decision on Single Audit findings within 6 months of receipt of the audit report according to OMB Circular A-133 section 405 (d).	Determine if (1) questioned costs identified in Single Audits are properly followed up by the DOT Operating Administrations, and (2) internal control problems (material weaknesses and significant deficiencies) are corrected by DOT grantees in a timely manner.	Q1 FY 10 (12/22/09)	<a href="#">Audit of DOT's Implementation of Single Audit Recommendations and Cost Recovery</a>
11	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	High Speed Rail Financial Forecasting Best Practices	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	Determine best practices in preparation of ridership and revenue forecasts, cost estimates, and public benefits' valuations.	Q2 FY 10 (01/04/10)	<a href="#">Review of High Speed Rail and Intercity Passenger Rail Forecasting Practices</a>
12	FHWA Highway Infrastructure Investment	FHWA Oversight of Higher Dollar Value Recovery Act Highway Projects	ARRA required FHWA to ensure states receiving ARRA funds adhere to all Federal-aid highway program requirements. Failure to fully meet key requirements on higher dollar value projects could impact project cost, quality, or timely completion.	Determine whether FHWA's oversight of selected ARRA projects has resulted in project compliance with key Federal-aid highway cost, quality, and completion requirements.	Q2 FY 10 (01/20/10)	<a href="#">FHWA's Oversight of Higher Dollar Recovery Act Highway Projects</a>

**DOT OIG  
FY 2010 Recovery Act Audit Plan**

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum or Report
13	FTA Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and Capital Investment Grants	FTA's Oversight of Major Transit Projects in the New York Region	Several very large transit projects have already received ARRA funding, both New Starts and other funding, including the Fulton Street Transit project. This project has already experienced significant cost overruns and schedule delays, and prior audit work has shown that larger projects are particularly vulnerable to problems.	For select major transit projects receiving ARRA and Lower Manhattan Recovery funds in the New York region (1) evaluate FTA's oversight of the projects and (2) assess whether applicable ARRA goals and requirements are being met.	Q2 FY 10 (03/25/10)	<a href="#">FTA's Oversight of Major Transit Projects in the New York Region</a>
14	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	High-Speed Rail And Intercity Passenger Rail Infrastructure Access Agreements	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	Determine whether the access agreements (1) comply with the requirements set forth in the Passenger Rail Investment and Improvement Act of 2008; and (2) adequately address cost, schedule, and performance goals ensuring that the High-Speed Intercity Passenger Rail grant program benefits are achieved.	Q3 FY 10 (04/12/10)	<a href="#">FRA High-Speed Rail and Intercity Passenger Rail Infrastructure Access Agreements</a>
15	FAA Grants-in-aid for Airports	FAA's Oversight of ARRA Grant Expenditures	Our ARRA Advisory issued August 6, 2009, reported that FAA has awarded grants to sponsors with multi-year histories of grant management problems. This raises concerns regarding FAA's ability to ensure ARRA funds are effectively administered.	Review the effectiveness of FAA's process for overseeing ARRA grant expenditures.	Q3 FY 10	
16	FAA Facilities and Equipment	FAA/ATO's Staffing of ARRA-Related Programs	FAA's 2009 budget request reports a need for additional technical and contracting staff to manage its Airport Traffic Organization projects, however ATO's risk analysis submitted to OST did not identify staffing issues. ATO provides critical enroute, navigation, power, and terminal systems for the National Airspace System (NAS). Without adequate staff, ARRA and non-ARRA projects may not be timely completed.	Review FAA's staffing plans for programs receiving ARRA funds	Q3 FY 10	

**DOT OIG  
FY 2010 Recovery Act Audit Plan**

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum or Report
17	FAA Facilities and Equipment	FAA/ATO's Contracts for ARRA-Related Programs	FAA has modified existing support services contracts, many of which were cost plus, instead of using fixed price contracts as emphasized in ARRA.	Review FAA support services contracts utilized for ARRA-related programs.	Q3 FY 10	
18	FHWA Highway Infrastructure Investment	Improper Payment Oversight at FHWA	The Improper Payments Information Act requires agencies to test for improper payments in those programs deemed susceptible.	Evaluate whether FHWA has adequate internal controls to prevent and detect improper payments to grant recipients.	Q3 FY 10	
19	OST Supplemental Discretionary Grants Program	OST's TIGER Discretionary Grants Program	In addition to increasing funding for existing DOT programs, ARRA created new discretionary grant programs, including \$1.5 billion for surface transportation infrastructure projects to be administered by the Office of the Secretary (OST).	(1) Assess OST's evaluation process to determine whether it adhered to its own policies and applicable laws and regulations in making \$1.5 billion in selections and whether OST fulfilled ARRA requirements; and (2) evaluate OST's strategy for administration and oversight of the selected grants.	Q3 FY 10	
20	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	Capability of States and FRA to Plan and Manage High Speed Rail Projects	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	Assess implementation risks associated with ARRA's Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service Program	Q4 FY 10	
21	FTA Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and Capital Investment Grants	FTA's Oversight of Grantees' ARRA Contract Award and Administration Practices	ARRA includes an emphasis on use of fixed-price contracts and competitive procedures to the maximum extent practicable, which applies to contracts under FTA grants. However, FTA has no mechanism for pre-award reviews of compliance with ARRA and other contracting mandates.	Assess the adequacy of FTA's oversight of state level contracting award practices to ensure compliance with laws and regulations.	Q4 FY 10	

**DOT OIG  
FY 2010 Recovery Act Audit Plan**

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum or Report
22	FHWA Highway Infrastructure Investment	FHWA's Oversight of Federal-aid State ARRA Contract Administration	ARRA provided \$27.5 billion for FHWA infrastructure investments and economic recovery. FHWA's ARRA risk assessment identified State contract award and administration issues as risk areas.	Assess the adequacy of FHWA's oversight of state level contract administration practices to ensure compliance with laws and regulations.	Q4 FY 10	
23	FTA Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and Capital Investment Grants	Improper Payment Oversight at FTA	The Improper Payments Information Act requires agencies to test for improper payments in those programs deemed susceptible.	Evaluate whether FTA has adequate internal controls to prevent and detect improper payments to ARRA grant recipients.	Q4 FY 10 or Q1 FY 11	
24	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	FRA's Oversight of Grantees' ARRA Contract Award and Administration Practices	The High-Speed Rail Program represents a major transformation for FRA--moving from a relatively small agency focused on rail safety, to a grant-making agency responsible for billions of dollars.	Assess the adequacy of FRA's oversight of state level contracting award practices to ensure compliance with laws and regulations.	Q1 FY 11	