



SEMIANNUAL
REPORT TO
CONGRESS

April 1, 2018 –
September 30, 2018

Celebrating DOT OIG's 40th year of
promoting safety and integrity in
America's transportation system



Highlights

Second Half FY 2018

Investigative accomplishments



102/103

investigations
closed/opened



34/117

convictions/indictments

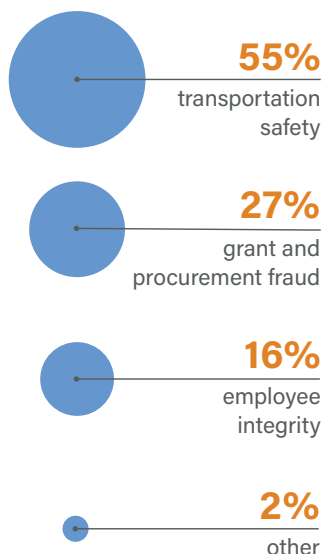


\$4.82m

financial impact of
DOT OIG investigations

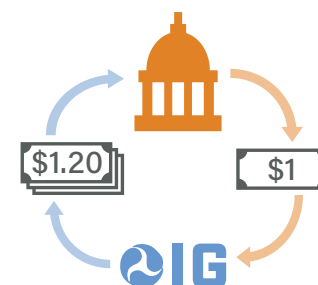
Second Half FY 2018

Investigations opened, by priority area



FY 2018

Return on investment



“ In FY 2018, DOT OIG returned \$1.20 for every appropriated dollar—achieving its return on investment with just a fraction of the Department’s total workforce and budget.”

Audit accomplishments



67

audit reports issued



154

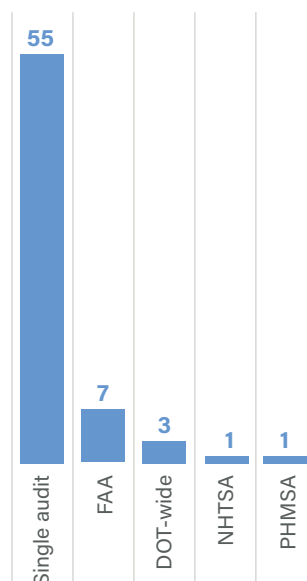
recommendations



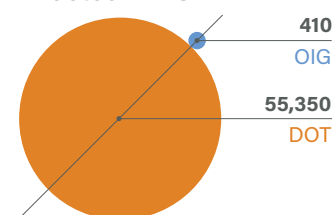
\$71.1m

financial impact of
DOT OIG audit reports

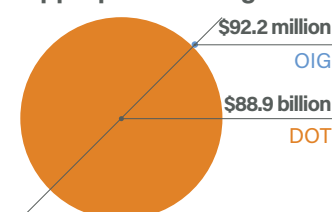
Audit reports issued



Enacted FTEs



Appropriated budget



Note: Return on investment compares the cost for DOT OIG to do business to the revenue and other savings generated through fines, restitution, recoveries of improper payments, recommended cost savings, and recommendations for funds put to better use.

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Investigations

Investigations

Summary of Performance

We investigate allegations of fraud, waste, abuse, and other violations of law by DOT employees, contractors, grantees, and regulated entities. Some of the most significant issues we investigated during this reporting period include:

- Aviation safety.** As a result of our investigation, a South Florida man was sentenced to 7 years in prison for multiple fraud schemes against FAA, including flying a commercial carrier without an airman's certificate.
- Grant and procurement.** The Texas A&M Research Foundation agreed to pay \$750,000 to settle allegations that it submitted improper charges to Federal grants, including those from DOT.
- Amtrak.** A former Amtrak contracting officer plead guilty to a \$7.6-million bribery scheme in which he steered contracts and provided pricing information to a company for about \$20,000 in bribes and other valuable items, including trips to the beach.
- DBE fraud.** Our special agents brought a Pennsylvania bridge painting contractor and project manager to justice for their involvement in a \$4.5-million DBE fraud scheme.

Investigative accomplishments



2,446

hotline contacts received



102/103

investigations closed/opened



155

investigations referred for criminal prosecution



34/117

convictions/indictments



175.3

total years of incarceration, probation, and supervised release



\$4.82 million

financial impact of DOT OIG investigations

Investigations Statistical Data

Financial impact of DOT OIG investigations



\$4,824,667

total financial impact

\$450,114

finest and special assessments

\$821,883

recoveries

\$1,423,807

forfeitures

\$2,128,863

restitution

Types of criminal monetary impositions

Forfeitures include the seizure of assets that represent the proceeds of, or were used to facilitate, Federal crimes.

Fines are criminal or civil monetary penalties.

Special assessments are part of the sentence for offenders of Federal crimes, applied on a per-count basis. The money is placed in the Crime Victims Fund to recompense victims of offenses against Federal law.

Restitution is a criminal or civil award to a victim for harm caused by the offender's wrongful acts.

Recoveries include funds returned to the Government resulting from criminal and civil judgments, pleas, and settlements.

Investigative workload

102

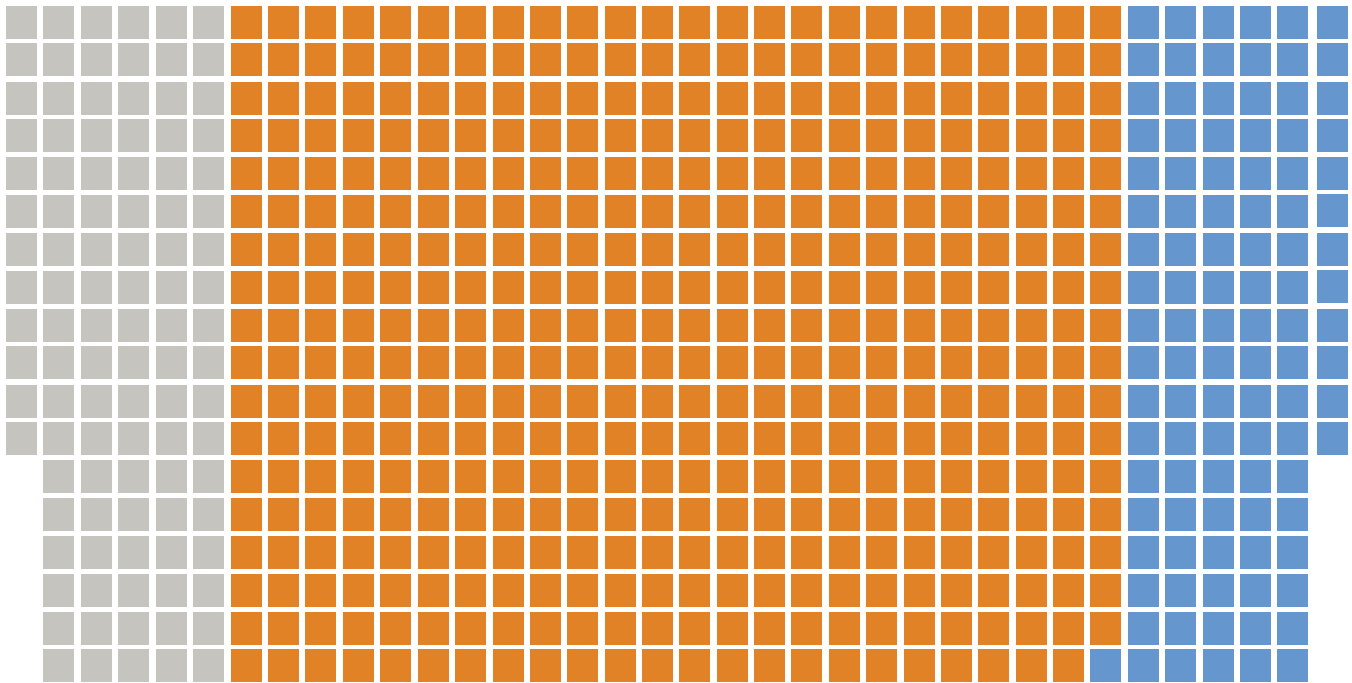
investigations closed
this reporting period

431

ongoing
investigations

103

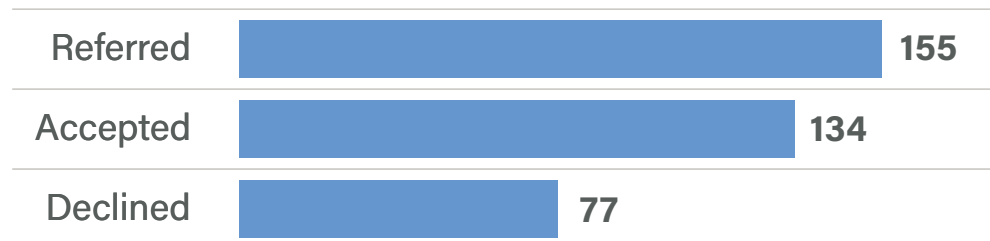
investigations opened
this reporting period



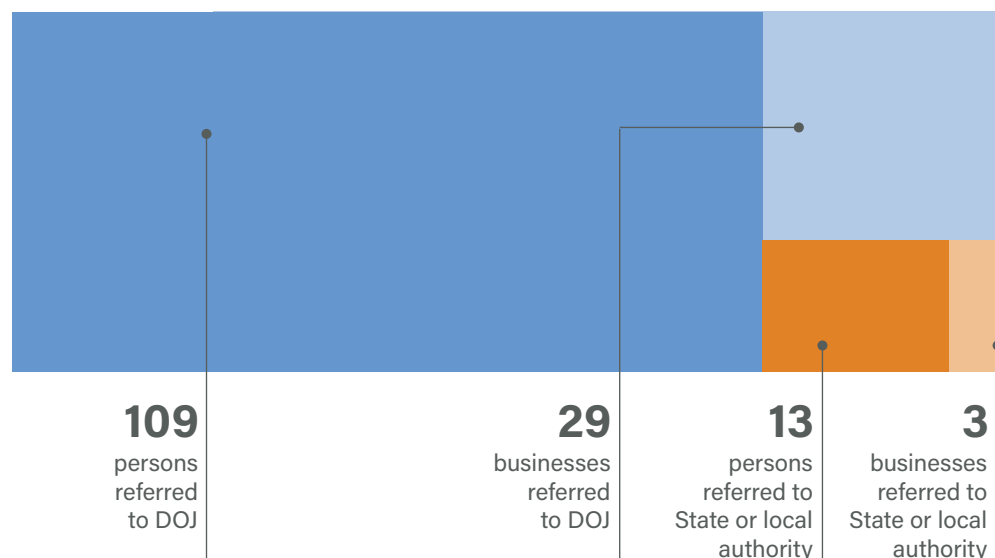
Criminal prosecutions

DOT OIG investigates and refers a variety of matters for criminal prosecution, including cases involving transportation safety, procurement and grant fraud, consumer and workforce fraud, and employee integrity issues.

Number of investigations referred, accepted, and declined for criminal prosecution



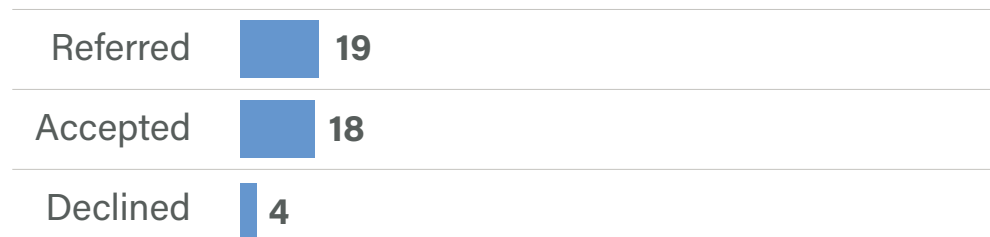
Persons and businesses referred to the U.S. Department of Justice or State/local authorities for criminal prosecution



Civil prosecutions

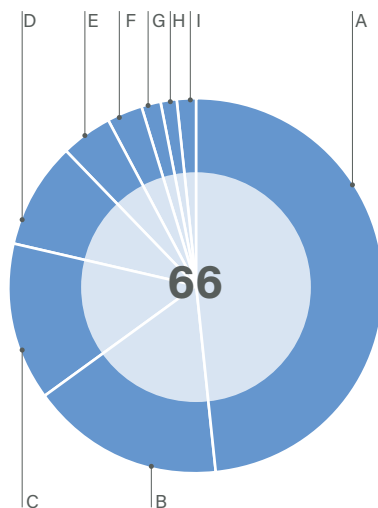
DOT OIG investigates and refers civil matters for prosecution, including False Claims Act cases involving fraud on DOT programs.

Number of investigations referred, accepted, and declined for civil prosecution



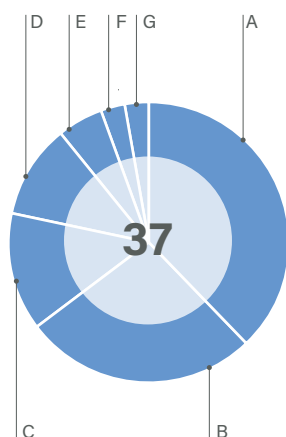
Summary of referrals for criminal and civil prosecution

Grant & procurement



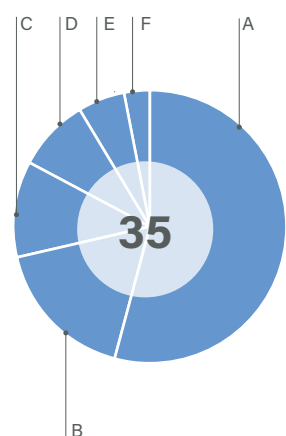
- A** DBE fraud | **32**
- B** false claims | **11**
- C** embezzlement | **9**
- D** product substitution/
substandard work
or materials | **6**
- E** public corruption/
extortion | **3**
- F** kickbacks | **2**
- G** overbilling | **1**
- H** other | **1**
- I** Buy America Act | **1**

Aviation



- A** certificate fraud | **14**
- B** suspected
unapproved
parts | **10**
- C** falsification of
FAA orders/other
documents | **5**
- D** unauthorized
operation of an
aircraft | **4**
- E** aiming a laser
pointer at an
aircraft | **2**
- F** interference/
tampering with
aircraft | **1**
- G** unmanned aircraft
systems | **1**

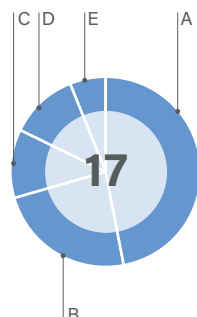
Motor carrier



- A** reincarnated
carriers | **19**
- B** other | **6**
- C** commercial driver's
license | **4**
- D** equipment
inspection, repair,
maintenance | **3**
- E** log books | **2**
- F** attempted bribery | **1**

Summary of referrals for criminal and civil prosecution (cont.)

Hazmat



A carriage by motor vehicle/public highway | **8**

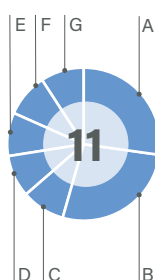
B carriage by vessel | **4**

C carriage by rail | **2**

D PHMSA tank cars | **2**

E PHMSA cylinders and packaging | **1**

Employee integrity



A ethics violation | **3**

B bribery/gratuities | **3**

C assault/threat | **1**

D USMMA student misconduct | **1**

E violation of law, rule, or regulation | **1**

F child pornography | **1**

G drug and alcohol program violation | **1**

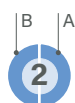
Workforce protection



A household goods/moving companies | **3**

B broker, freight forwarder, carrier registration | **2**

Other



A impersonation of Government official | **1**

B other | **1**

Transportation safety



A falsification of FRA required records | **1**

Investigative reports

DOT OIG distributed 86 investigative reports, including reports of investigation, stakeholder memos, and management implication reports.

Indictments and informations from prior referrals

A total of 50 indictments or criminal informations resulted from previous referrals for prosecution.

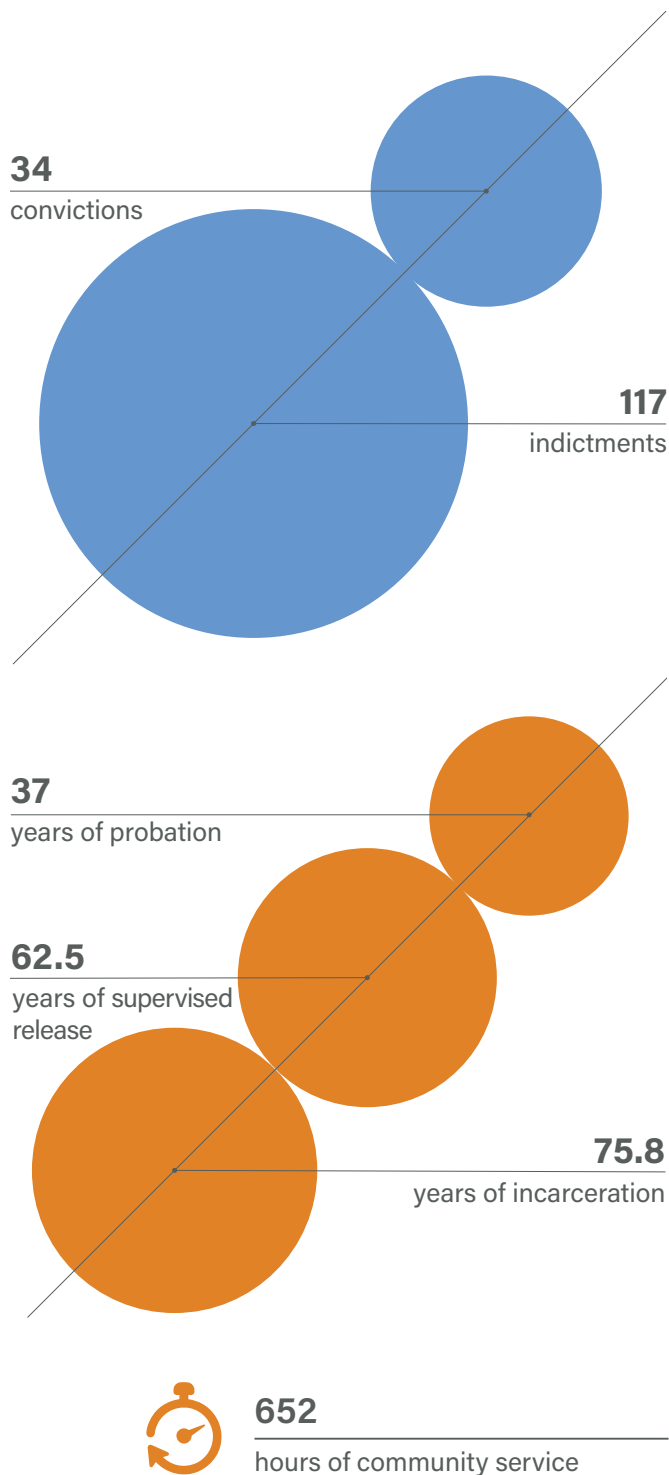
Whistleblower retaliation

DOT OIG did not close any investigations in which a DOT official was found to have engaged in whistleblower retaliation.

Metrics used to develop investigative statistical data

DOT OIG maintains an Investigative Case Management System to track the life of an investigation. It captures hundreds of data points, including dates, significant investigative steps, referrals, and outcomes (criminal, civil, and administrative). It is also the repository for reports of investigation, stakeholder communications, and management implication reports. Each statistic and outcome reported is validated against the appropriate legal documents.

Judicial actions



Types of judicial actions

A **conviction** is the verdict that results when a court of law finds a defendant guilty of a crime.

An **indictment** is an official written statement charging a person with a crime.

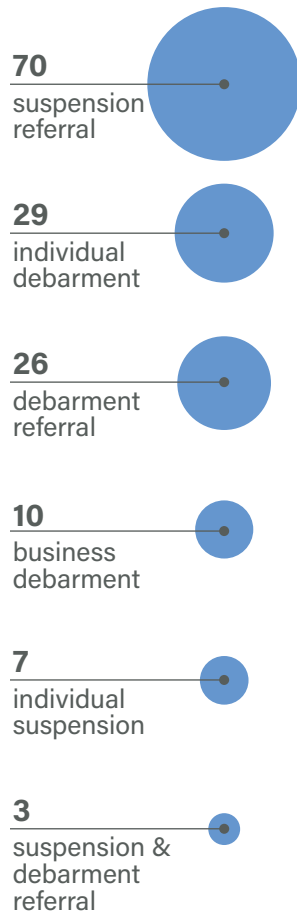
Supervised release is a period of supervision following an offender's release from prison. It is imposed in addition to a sentence of imprisonment.

Probation is a period of supervision over an offender, ordered by a court instead of a sentence of imprisonment.

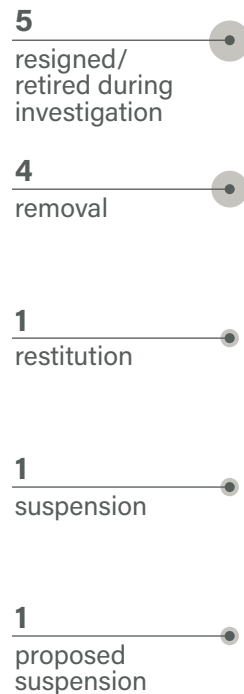
Community service is a sentencing option ordering offenders to perform a number of hours of unpaid work for the benefit of the public.

Administrative actions

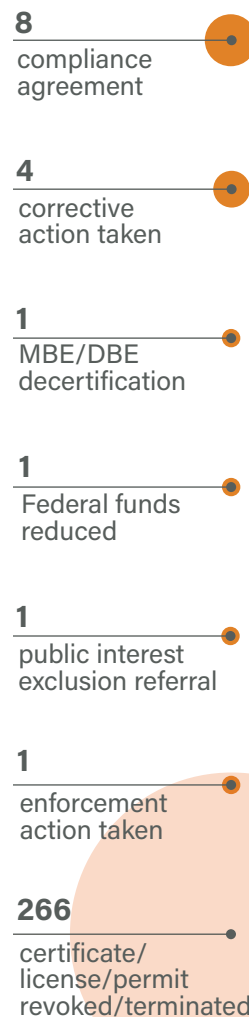
Suspension & debarment actions



Personnel actions



Other actions



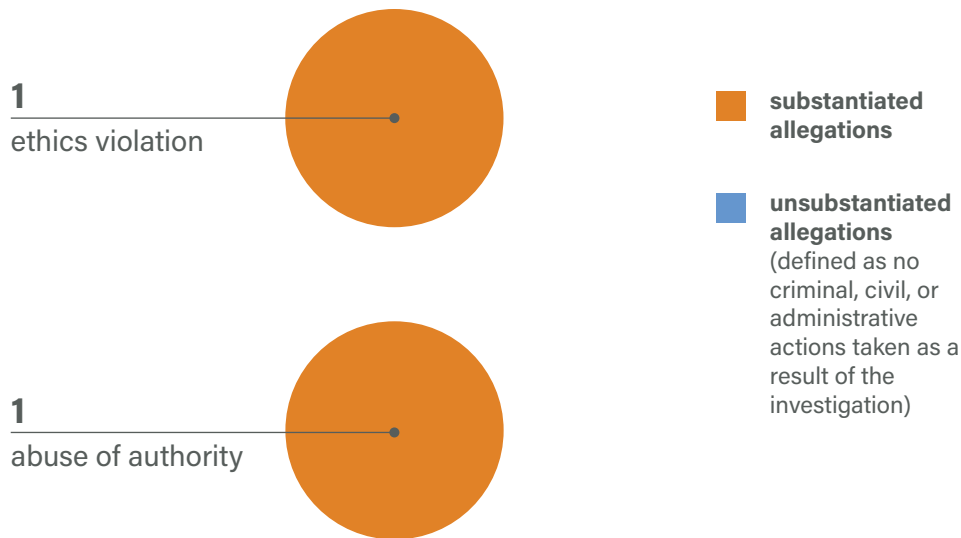
Types of administrative actions

Suspension and debarment excludes an individual or entity from financial and nonfinancial assistance and benefits under Federal programs and activities.

Personnel actions include significant changes in employee duties, responsibilities, or working conditions.

Compliance agreements are voluntary agreements aimed at preventing future wrongdoing by putting safeguards in place to correct past misconduct, and identify and correct any future misconduct.

Investigations involving senior Government employees that were closed but not disclosed to the public



Investigations involving senior Government employees where misconduct was substantiated

Allegation	Referral date	Accepted/ Declined	Disposition
Ethics violation. A senior official in the FAA Office of Finance and Management improperly accepted from a subordinate a gift that appears to have a market value in excess of the \$10 gift limit.	Not referred to DOJ for prosecution.	N/A	Report of Investigation was referred to FAA for appropriate action.
Abuse of authority. A senior official in the FHWA Office of Infrastructure abused his Contracting Officer Representative position when he directed the award of a subcontract to a personal acquaintance.	8/28/2015	Declined 12/21/2015	Resigned from DOT employment.

Hotline Complaint Center

DOT OIG maintains a Hotline Complaint Center for receiving allegations of fraud, waste, abuse, or mismanagement in DOT programs or operations. Allegations may be reported 24 hours a day, 7 days a week by DOT employees, contractors, or the general public.



2,446

total hotline contacts received

90 letters

1200 New Jersey Ave SE, West Bldg, 7th floor, Washington, DC 20590

1,728 telephone calls

1 (800) 424-9071

348 emails

hotline@oig.dot.gov

280 web

oig.dot.gov/hotline

Audits

Audits

Summary of Performance

We conduct independent and objective audits and reviews of DOT programs and activities to ensure they operate economically, efficiently, and effectively. Some of the most significant issues we reviewed during this reporting period include:

- **Referral of criminal activity.** We made recommendations to help DOT and its Operating Administrations help enable prompt referrals of fraud, waste, abuse, or other criminal violations to DOT OIG.
- **FAA's maintenance technicians.** As directed by the House Committee on Appropriations, we assessed FAA's plans for hiring and placing its approximately 6,000 maintenance technicians who play a vital role in repairing, replacing, and certifying air traffic equipment
- **FAA's office and warehouse leases.** FAA's office and warehouse leases represent a potential value of \$1.4 billion. We estimate that FAA could have put \$37.6 million to better use by addressing various weaknesses in its management of leased offices and warehouses.
- **Light passenger vehicle recalls.** Our audit found that NHTSA's management of light passenger vehicle recalls lacks adequate processes for monitoring recalls and verifying recall completion rates.

Audit accomplishments



67

audit reports issued



154

recommendations



\$32,856,323

questioned costs



\$102,323

unsupported costs



\$38,132,728

funds put to better use



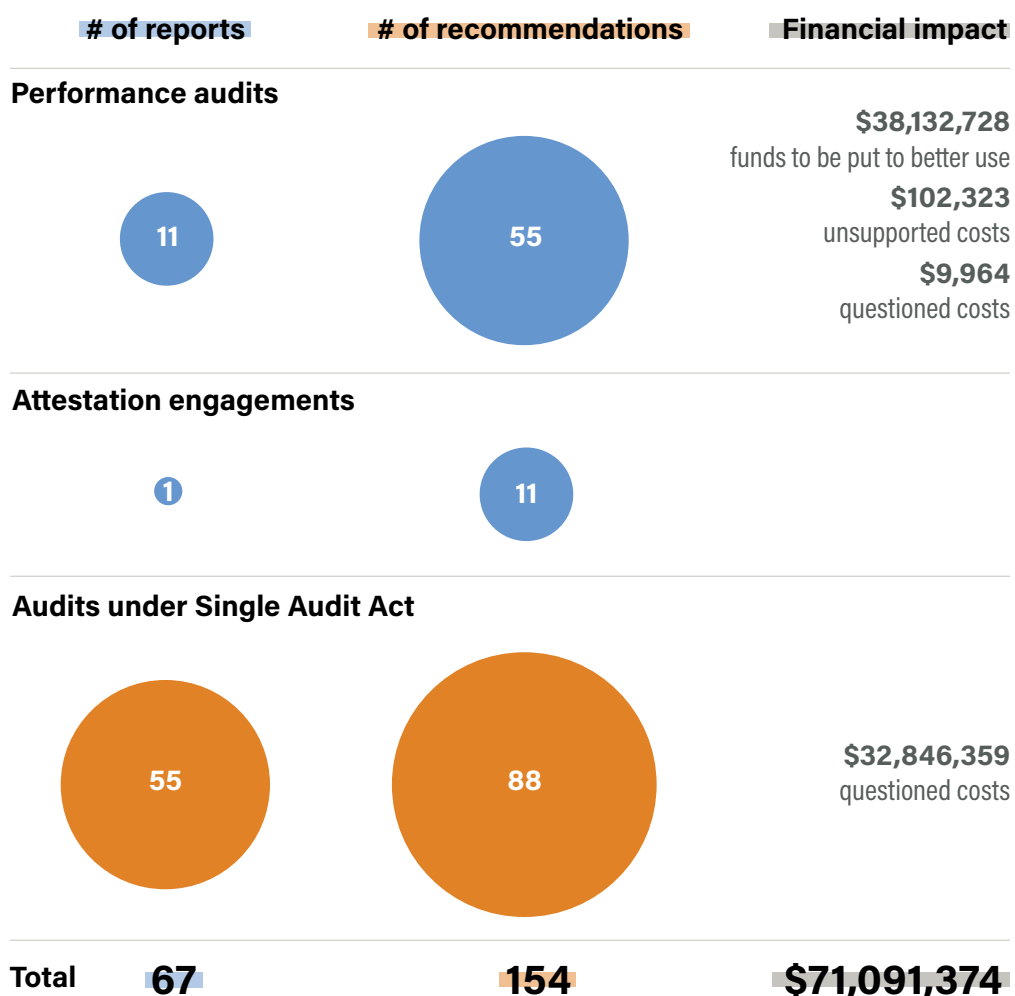
\$71,091,374

total financial impact
of DOT OIG audits

Audits

Statistical Data

Completed audits by type



Types of audits

Performance audits are audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.

Audits under Single Audit Act are examinations of an entity that expends \$750,000 or more of Federal assistance (i.e., Federal funds, grants, or awards) received for its operations.

Attestation engagements are reviews that evaluate the assertions of another party for compliance with agreed-upon standards and procedures.

**Dollars shown are amounts reported to management. Actual amounts may change during final resolution.*

NOTE: See page 20 for definitions.

Recommendations unresolved by end of reporting period

	Number of reports	Number of recommendations	Questioned costs*	Unsupported costs**	Funds to be put to better use*
Unresolved recommendations at the start of the reporting period					
That questioned costs	15	15	\$3,563,288		
That funds be put to better use	1	1			\$2,200,000
For safety, efficiency, and economy	17	25			
A Total unresolved recommendations at the start of the reporting period		41	\$3,563,288		\$2,200,000
Recommendations made during reporting period					
That questioned costs	19	23	\$32,856,323	\$102,323	
That funds be put to better use	2	4			\$38,132,728
For safety, efficiency, and economy	59	127			
B Total recommendations made during reporting period		154	\$32,856,323	\$102,323	\$38,132,728
Total recommendations to be resolved (A+B)		195	\$36,419,611	\$102,323	\$40,332,728
Recommendations resolved during reporting period					
That questioned costs					
(i) dollar value of recommendations that were agreed to by management (disallowed costs)	20	20	\$4,235,348	\$50,000	
(ii) dollar value of recommendations that were not agreed to by management (allowed costs)	12	14	\$28,082,044	\$52,323	
That funds be put to better use					
(i) dollar value of recommendations that were agreed to by management	1	1			\$509,727
(ii) dollar value of recommendations that were not agreed to by management	1	3			\$37,623,001
For safety, efficiency, and economy	63	123			
C Total resolved at the end of the reporting period		160	\$32,317,392	\$102,323	\$38,132,728
D Total unresolved at the end of the reporting period [(A+B)-C]		35	\$4,152,219		\$2,200,000

*Includes reports and recommendations where costs were both allowed and disallowed. Dollars shown are the amounts reported to management. Actual amounts may change during final resolution.

**Unsupported costs are included in questioned costs. NOTE: See next page for definitions.

Definitions

Resolved/unresolved recommendations

OMB Circular A-50 requires DOT OIG recommendations to be resolved within 6 months. Recommendation resolution refers to whether (a) the agency has provided a management decision that agrees with the recommendation and proposes corrective actions and (b) DOT OIG agrees that the proposed corrective actions are appropriate to address the recommendation.

Resolved recommendation

A recommendation is resolved if the agency agrees with the recommendation and DOT OIG agrees to the agency's proposed corrective actions.

Unresolved recommendation

A recommendation is unresolved if agency management does not agree with the recommendation or DOT OIG does not agree to the agency's proposed corrective actions.

Questioned costs

Costs that are questioned by DOT OIG because of an alleged violation of a provision; costs not supported by adequate documentation (unsupported costs); or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Allowed costs

Dollar value that DOT management has agreed should be charged to the Government.

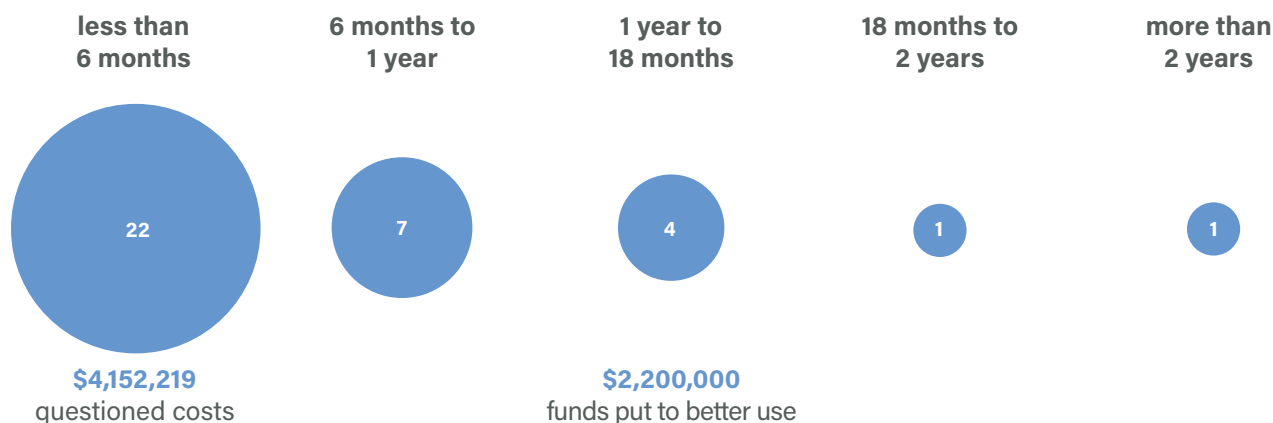
Disallowed costs

Dollar value that DOT management has decided should not be charged to the Government.

Funds put to better use

Funds that could be used more efficiently if management took actions to implement and complete the recommendation. For example, recommendations that funds be put to better use could result in reductions in spending, deobligation of funds, or avoidance of unnecessary spending.

Age of unresolved recommendations



Recommendations unresolved as of the end of the reporting period

Report	Unresolved Recommendations
More than 2 years	
Long-Term Success of ATSAP Will Require Improvements in Oversight, Accountability, and Transparency AV2012152 7/19/2012	Recommendation 10. Revise ATSAP guidance to exclude accidents from the program.
18 months to 2 years	
Total Costs, Schedules, and Benefits of FAA's NextGen Transformational Programs Remain Uncertain AV2017009 11/10/2016	Recommendation 1. Develop and implement Agency-wide guidance for a uniform approach to segmentation that provides a common format to aid the management of multiple, complex, and interrelated programs needed to achieve NextGen capabilities for transforming the NAS.

Report	Unresolved Recommendations
1 year to 18 months	
Report on the Single Audit of the Metropolitan Transportation Commission, San Francisco, CA SA2017042 4/24/2017	Recommendation 1. Ensure the Commission complies with reporting requirements.
FAA Has Taken Steps To Identify Flight Deck Vulnerabilities But Needs To Enhance Its Mitigation Efforts (SSI) AV2017063 6/26/2017	Recommendation 3. Publish an FAA Notice to inspectors that communicates the existence of AC 120-110 and RTCA Report DO-329, which highlights the blocking methods orchestrated by the Special Committee, and directs inspectors to communicate this information to the carriers they oversee. Recommendation 4. Require air carriers to conduct a Safety Risk Assessment (under FAA's Safety Management System) of their current secondary barrier methods using all information from the 2011 RTCA report on secondary barriers, either as a stand-alone Notice or incorporated into another Notice recommended above.
DOT and FAA Lack Adequate Controls Over Their Use and Management of Other Transaction Agreements ZA2017098 9/20/2017	Recommendation 9. Renegotiate tower leases requiring rent payments to airport sponsors to secure no-cost leases. Implementation of this recommendation could put \$2.2 million in Federal funds to better use.
6 months to 1 year	
FAA Needs to Strengthen Its Management Controls Over the Use and Oversight of NextGen Developmental Funding AV2018030 3/6/2018	Recommendation 2. Develop and implement a quality control checklist with criteria for determining when the use of incremental funding prior to PLA approval is permissible. Recommendation 3. Develop and implement a control for enforcing the PMA limits on the assessment of program management fees for various administrative and contract support specified in the Agency's standard operating procedures. Recommendation 6. Establish and implement a mechanism for providing oversight of developmental funding, to include records of decision regarding selecting, justifying, and measuring the outcomes of PLAs to ensure FAA is funding the highest priority work.

Report	Unresolved Recommendations
<p>Report on Single Audit of the Metropolitan Transportation Commission, San Francisco, CA SA201836 3/13/2018</p>	<p>Recommendation 1. Ensure the Commission complies with reporting requirements.</p>
<p>Report on Single Audit of the Metropolitan Transportation Authority, New York, NY AV2018031 3/13/2018</p>	<p>Recommendation 1. Ensure that the Authority complies with the procurement and suspension and debarment requirements.</p>
<p>FISMA 2017: DOT's Information Security Posture Is Still Not Effective FI2018017 1/24/2018</p>	<p>Recommendation 3. For the COE and FAA, update procedures and practices for monitoring and authorizing common security controls to (a) require supporting documentation for controls continual assessments, (b) complete reauthorization assessments for the controls, (c) finalize guidance for customers' use of controls, and (d) establish communication protocols between authorizing officials and common control providers regarding control status and risks.</p> <p>Recommendation 5. Implement controls to continuously monitor and work with components to ensure network administrators are informed and action is taken to disable system accounts when users no longer require access or have been inactive beyond established thresholds.</p>

Open audit recommendations

As of September 30, 2018, DOT OIG had **576 open recommendations**, which were included in 219 audit reports issued between July 18, 2007, and September 30, 2018. Of these, 16 recommendations (from 16 reports) carry an **estimated monetary benefit or cost savings totaling over \$6,091,372,640**, including funds that could be put to better use and questioned costs.

In 2016, we launched an online Recommendation Dashboard to provide Congress, DOT, and the public with accurate and timely data on the status of DOT OIG's audit recommendations. Please visit our [Recommendation Dashboard](#) for a current list of open DOT OIG audit recommendations, as well as links to audit report summaries.



Open and closed audit recommendations

A recommendation is **opened** on the date the audit report is issued. Once opened, a recommendation is "unresolved" until the Department and DOT OIG agree on the step(s) necessary to address the recommendation. Then the recommendation is considered "resolved" and remains open until the Department completes the corrective action and provides DOT OIG with sufficient supporting evidence of the actions taken.

A recommendation is **closed** after the Department has agreed with the recommendation, takes appropriate corrective action, and provides DOT OIG with sufficient supporting evidence to demonstrate that the action was taken.

Reports with no agency comment within 60 days

We work closely with the Department to ensure timely responses to our draft audit reports. All agency responses were received within 60 calendar days.

Audits closed but not disclosed to the public

It is our practice to post all closed nonsensitive audits and evaluations on our public website. Consequently, we have no previously undisclosed audits and evaluations to report.

Significant revised management decisions

DOT did not revise any significant management decisions.

DOT OIG disagreement with significant management decisions

DOT made no significant management decisions with which DOT OIG disagreed.

Attempts to interfere with DOT OIG independence

We did not encounter any instances where DOT attempted to interfere with DOT OIG independence.

Compliance with Federal Financial Management Improvement Act

DOT is in compliance with the Federal Financial Management Improvement Act.

Information or assistance refused by DOT

DOT did not unreasonably refuse information or assistance.

Audits

Completed Audit Reports

DEPARTMENT-WIDE

DOT's Fiscal Year 2017 IPERA Compliance Review

*Mandated by the
Improper Payments
Elimination and
Recovery Act of 2010*

05.14.2018
FI2018055

The Improper Payments Elimination and Recovery Act (IPERA) requires Federal agencies to report improper payment estimates for all programs identified as susceptible to significant improper payments. It requires agencies to limit improper payments to less than 10 percent of their total program payments, publish their results in the Agency Financial Report, and comply with regulations OMB developed to implement the act. IPERA also requires inspectors general to submit reports on IPERA compliance to their agency heads. For fiscal year 2017, DOT reported approximately \$46.6 billion in payments in programs or activities susceptible to significant improper payments. DOT estimated \$141.4 million of those payments were improper. We reviewed DOT's improper payment testing results for fiscal year 2017 to determine whether DOT complied with IPERA's requirements as implemented by OMB. While DOT completed most of its fiscal year 2017 requirements, it did not meet two reduction targets, and thus did not comply with IPERA. Specifically, FTA's Emergency Relief Program–Disaster Relief Appropriations Act (DRAA) did not achieve its goal to reduce improper payments to 0.27 percent. The DOT OIG-DRAA also did not achieve its goal to reduce improper payments to 0.41 percent. The Department did comply with the remaining IPERA requirements; for example, it appropriately designed sampling plans for the four programs it tested. However, we found that DOT OIG-DRAA was improperly billed approximately \$1,177 in travel expenses—in part because the travel guidance lacked instructions on how employees on DRAA-related travel should allocate their costs. Until the Department reduces its improper payment rate and improves the accuracy of its cost-allocation process, it will remain noncompliant with IPERA. DOT concurred with all three of our recommendations to help the Department achieve full compliance with IPERA and proposed appropriate completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

DOT Operating Administrations Can Better Enable Referral of Potentially Criminal Activity to DOT OIG

Self-Initiated

08.22.2018
ST2018076

DOT's mission depends on proper stewardship of funds and effective enforcement of laws and regulations. DOT OIG plays a crucial role in supporting DOT's mission by detecting and preventing waste, fraud, abuse, and mismanagement, as well as providing criminal enforcement for violations of law. In order for the Department and our office to fulfill these roles, Operating Administrations must notify us whenever circumstances appear to indicate a potential criminal violation. We initiated this audit to assess DOT's policies and procedures for prompt referral of potential criminal violations to our office. DOT's criminal referral policies are not up to date and were unavailable in a central location to DOT employees for almost 2 years. While DOT does not require Operating Administrations to have their own policies or prohibit management involvement, four Operating Administrations have developed policies outlining their internal referral review processes. However, internal processes used by two of the four Operating Administrations may hinder prompt referrals to DOT OIG. Finally, the number of referrals varies across Operating Administrations, and our survey results point to training needs. We made three recommendations to help the Department and its Operating Administrations put policies, procedures, and training in place to enable prompt referral of fraud, waste, abuse, or other potential criminal violations to our office. The Office of the Secretary concurred with two recommendations and partially concurred with one.

Report on a Quality Control Review of the Independent Service Auditor's Report on DOT's Enterprise Services Center

Required by the OMB's Bulletin No. 07-04, Auditing Requirements for Financial Statements

09.12.2018
QC2018095

This report presents the results of a quality control review of an audit of DOT's Enterprise Services Center (ESC) controls. ESC provides financial management services to DOT and other agencies, and operates under the direction of DOT's Chief Financial Officer. OMB requires ESC, as a management services provider, to either provide its user organizations with independent audit reports on the design and effectiveness of its internal controls, or allow user auditors to perform tests of its controls. We contracted with KPMG LLP to conduct this audit subject to our oversight. The objectives of the review were to determine whether (1) management's descriptions of ESC's systems are fairly presented, (2) ESC's controls are suitably designed, and (3) ESC's controls are operating effectively throughout the period of October 1, 2017, through June 30, 2018. We performed a review of KPMG's report and related documentation. Our review disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards. DOT concurs with KPMG's 11 recommendations.

The quality control review and attachments have been marked as For Official Use Only to protect sensitive information exempt from public disclosure under the Freedom of Information Act, 5 U.S.C. § 552. To receive a copy of the report, please contact our Freedom of Information Act Office.

FEDERAL AVIATION ADMINISTRATION

FAA's Management and Oversight Are Inadequate To Secure Timely and Cost-Efficient Agency-Leased Offices and Warehouses

Self-Initiated

04.11.2018

ZA2018040

\$9,964 QUESTIONED COSTS

\$37,623,001 FUNDS PUT TO BETTER USE

Since 2003, GAO has identified Federal real property management as a high-risk area. In fiscal year 2017, FAA's independently acquired lease portfolio represented \$104 million in annual rent, with office and warehouses comprising about three-quarters of that total. FAA's office and warehouse leases represent a total potential value of \$1.4 billion. Given GAO's persistent high-risk designation of Federal property management and the sustained Governmentwide focus on reform in this area, as well as the magnitude of taxpayer dollars involved, our audit objective was to assess FAA's management and oversight of its office and warehouse leases. FAA's management and oversight are inadequate to secure timely and cost-effective Agency-leased offices and warehouses. In particular, FAA has not maintained accurate data on its leases or established effective policies and procedures to ensure they are cost-effective. For example, 26 of the 50 leases in our sample were listed with data errors in FAA's property management database, which the Agency uses to oversee, manage, and report on its leases. FAA also lacks an effective strategic planning process for improving lease efficiency through efforts such as consolidations, relocations, and rightsizing of space. Finally, FAA has not established sufficient controls to reconcile and validate the accuracy of all lease payments. These weaknesses have not only led to many questionable lease decisions but also created serious obstacles to achieving the Agency's space utilization standard. By not using its leased space as efficiently as possible, FAA has missed cost savings opportunities. Overall, we project that a total of \$37.6 million in funds could have been put to better use due to various weaknesses in the Agency's management and oversight of its leased offices and warehouses. FAA concurred with our 12 recommendations, and we consider all the recommendations resolved and open pending completion of planned actions.

FAA Needs To More Accurately Account for Airport Sponsors' Grandfathered Payments

Self-Initiated

04.17.2018

AV2018041

\$509,727 FUNDS PUT TO BETTER USE

FAA estimates that between 2017 and 2021, there will be a need for approximately \$32.5 billion in airport projects eligible for funding from the Federal Airport Improvement Program (AIP) for safety, security, and airfield projects. Federal law requires airports to use revenues for airport capital and operating costs, and allows no expenditures unrelated to the airports. However, the law allows airport sponsors—an airport's owner/operator, such as the city, county, or State that the airport serves—that have historically used revenues for non-airport purposes—referred to as grandfathered sponsors—to continue to use revenues for these purposes. FAA may limit awards of AIP discretionary grants to grandfathered sponsors that use revenues for non-airport purposes above statutory limits. Due to the limited Federal funds available for airport improvements and the large investments projected for future airport development, we conducted this audit. Our objective was to assess FAA's oversight of grandfathered sponsors' compliance with Federal law related to airport revenue payments. Specifically, we assessed FAA's (1) guidance to airport sponsors on reporting grandfathered payments and

(2) process for verifying the accuracy and completeness of sponsor reporting. FAA incorrectly reported grandfathered payments due to insufficient guidance to airport sponsors. Four of the eight grandfathered airport sponsors we reviewed did not know how to correctly report their grandfathered payments because FAA has not provided sufficient guidance. Furthermore, FAA did not verify the accuracy of the data in its annual reports on grandfathered sponsors. Specifically, FAA included inaccurate data in its annual summary reports on four of eight sponsors' grandfathered payments from 1995 through 2015. For example, FAA understated one sponsor's payments by over \$200 million. FAA also understated another sponsor's payments by over \$2.1 billion and did not take into account the \$3.7 billion the State returned to this sponsor. FAA concurred with our three recommendations to help FAA improve its oversight of grandfathered sponsors.

Underlying Data Quality Issues Hinder the Staffing and Placement of FAA's Maintenance Technicians

*Requested by the
House Committee on
Appropriations*

06.27.2018
AV2018057

FAA's Technical Operations (Tech Ops) employs approximately 6,000 maintenance technicians who play a vital role in repairing, replacing, and certifying air traffic equipment. This workforce is the second-largest mission-critical workforce in FAA after air traffic controllers. Therefore, a properly sized technician workforce is important to the safety and efficiency of the National Airspace System. In its 2017 Report, the House Committee on Appropriations directed us to assess FAA's plans for hiring and placing maintenance technicians. Accordingly, our objectives were to evaluate FAA's (1) methodology for determining maintenance technician staffing levels and (2) process for placing maintenance technicians. FAA does not have an effective method for accurately determining maintenance technician staffing levels. Although FAA has developed a Tech Ops Staffing Model, it lacks several key factors and includes incomplete, inaccurate, and in some instances outdated workload, time reporting, and equipment inventory data. Until these issues are resolved, the model cannot be used to project staffing needs, and true staffing requirements remain unknown. In addition, although FAA has established a process for placing maintenance technicians, it does not ensure technicians are placed when and where they are most needed. In 2014, FAA instituted a standard operating procedure to establish staffing targets for maintenance technicians at facilities. However, the targets have not been clearly defined or validated for accuracy. In addition, FAA developed a priority tool to improve hiring and placement prioritization. However, the tool does not yet account for new technician training and certification time (approximately 2 to 3 years), making it difficult for the Agency to correctly place new technicians on an annual basis. FAA concurred with all six of our recommendations to help improve its policy and procedures concerning the staffing and placement of maintenance technicians.

FAA Faces Challenges in Implementing and Measuring the Effectiveness of Its 2015 Runway Safety Call to Action Initiatives

Self-Initiated

06.27.2018
AV2018058

Runway incursions—incidents involving unauthorized aircraft, vehicles, or people on a runway—have been a longstanding challenge for FAA. The Agency reported a nearly 83-percent rise in total incursions between fiscal years 2011 and 2017, and there have been serious incidents in which two aircraft have come within a few feet of colliding with each other. Due to the increase in runway incursions, in June 2015, FAA initiated a Call to Action forum that focused on developing short-, mid-, and long-term initiatives to mitigate runway incursions and improve safety. In November 2015, FAA published 22 initiatives developed at the forum. Our audit objective was to evaluate FAA's progress in implementing initiatives to improve runway safety. Specifically, we assessed the status of initiatives resulting from the 2015 Runway Safety Call to Action forum. As of November 2017, FAA had completed 10 of the 22 initiatives, including those aimed at educating pilots about signs, markings, and other visual aids at high-risk airports and updating a best practices list for airport surface and movement areas. Two initiatives were canceled. However, the Agency faces challenges in fully implementing the 10 initiatives still in progress. These challenges include dedicating funding to complete four initiatives and fully implementing new technologies for seven initiatives, which could take years to complete. In addition, while FAA has implemented a monitoring plan to track the status of the initiatives, the plan does not tie the initiatives to quantifiable goals or other metrics that would measure their effectiveness in reducing runway incursions. We made three recommendations to the Federal Aviation Administrator regarding revisions to the 2015 Call to Action monitoring plan. FAA concurred with all three recommendations.

Opportunities Exist To Further Strengthen the Security Controls of FAA's Data Communications Program

Self-Initiated

07.03.2018
FI2018059

Part of FAA's efforts to modernize and increase the efficiency of the Nation's aging air traffic system, Data Communications (DataComm) will play an important role in air traffic controller to flight crew communication. Thus, it is critical that FAA incorporate sufficient controls to protect against potential security threats to that communication, including an effective contingency plan to ensure a quick recovery from losses of DataComm availability. Accordingly, we initiated this audit to determine whether (1) FAA is identifying and properly mitigating security risks and (2) FAA's contingency plan is sufficient to limit the effects of DataComm availability losses. We focused on two DataComm systems during our review—the Data Communications Network Service (DCNS) and Tower Data Link Services (TDLS). FAA is identifying—but is not mitigating—security risks in a timely manner. Specifically, two high-impact plans of action and milestones (POA&M) were scheduled to be completed in October 2017. However, as of May 10, 2018, FAA had not mitigated the two security control vulnerabilities. An Agency official stated that FAA is working with a vendor to complete the first POA&M by December 31, 2018, and the second POA&M by March 31, 2019. FAA's contingency plans for DCNS and TDLS are sufficient to limit the effects of DataComm unavailability. FAA concurred with our one recommendation to improve DataComm security controls.

This report was marked For Official Use Only to protect sensitive information exempt from public disclosure under the Freedom of Information Act, 5 U.S.C. § 552. Accordingly, a redacted version of the report was posted on our website.

FAA Has Not Fully Addressed Safety Concerns Regarding the American Airlines Flight Test Program

Self-initiated

07.10.2018
AV2018060

Federal regulations require U.S. air carriers to verify the airworthiness of aircraft following major repairs or maintenance. To perform these maintenance checks, American Airlines (AA) established a flight test program. In February 2017, the Allied Pilots Association (APA)—which represents AA's pilots—contacted us about multiple safety issues at the AA flight test program, including the use of unqualified pilots. APA stated that concerns placed in an earlier letter to FAA had remained “largely unaddressed for over 18 months.” We initiated an audit to assess the effectiveness of FAA's actions in response to safety concerns about the AA flight test program. Specifically, we examined how (1) FAA's oversight office for American Airlines addressed concerns about the flight test program and (2) the Agency processed and responded to a letter to the Federal Aviation Administrator questioning the integrity of FAA's oversight of the flight test program. FAA's oversight office for American Airlines lacked objectivity in its review. While FAA requires inspectors to provide impartial treatment, the inspector in this case seems to have been affected by his relationship with AA personnel and the 28 years he spent working with the carrier. While the Agency has a tool for assessing its relationships with carriers, the tool did not account for these risk factors. In addition, the Agency used a “best guess” method to determine who should respond to APA's written allegations, and ultimately routed the letter back to the target of the complaint for response. Due to a lack of oversight guidance, FAA also provided varying responses to APA and DOT OIG regarding the requirements for the flight test program. As a result, APA received neither a comprehensive nor an accurate response to its concerns. FAA concurred with our seven recommendations to improve its oversight of the flight test program, as well as its ability to respond to safety concerns.

Improvements Are Needed To Strengthen FAA's Oversight of eInvoicing and AIP Grant Payments

Self-Initiated

09.12.2018
FI2018101

\$102,323
UNSUPPORTED
COSTS

In 2012, DOT implemented electronic invoicing (eInvoicing) for grant invoice processing across the Department. While DOT developed standardized eInvoicing training at the department level, individual Operating Administrations developed their own eInvoicing guidance and processes for grantees submitting payment requests. We assessed FAA's policies, procedures, and oversight for eInvoicing in the Airport Improvement Program. AIP is one of DOT's largest grant programs, providing approximately \$3 billion a year to sponsors (grantees) including commercial and general aviation airports to support projects that improve safety and efficiency. We tested AIP payments to grantees to determine if they met FAA's eInvoicing requirements. Our objectives were to (1) evaluate FAA's implementation of eInvoicing in AIP and (2) assess whether AIP grant payments were supported and valid. The guidance and internal control procedures FAA developed for eInvoicing were not always followed. FAA developed a risk-based approach to oversight of AIP grantees and their payments, yet FAA staff responsible for oversight did not always adhere to the control procedures. Additionally, AIP grantees requested and were paid millions of dollars without complying with FAA's eInvoicing documentation requirements to support payment requests.

Using statistical sampling, we estimate that about \$751 million (12.5 percent) of the \$6 billion in AIP payments during fiscal years 2015 and 2016 were noncompliant with FAA invoicing supporting documentation requirements. Finally, we found that AIP grant payments were not always fully supported and valid. We identified questioned costs totaling about \$1 million because grantees did not always maintain complete and valid support, funds were paid in excess of the allowable Federal share, and a grant agreement was not amended when applicable. Of our eight recommendations to improve implementation of invoicing and communicate policies to grantees and FAA Regional and Airport District Office staff, FAA concurred with seven and partially concurred with one.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

NHTSA's Management of Light Passenger Vehicle Recalls Lacks Adequate Processes and Oversight

Mandated by the 2015 Fixing America's Surface Transportation (FAST) Act

07.18.2018
ST2018062

Since 2008, auto manufacturers have issued dozens of recalls for vehicles equipped with defective airbags manufactured by Takata. To date, 15 fatalities and more than 220 injuries in the United States alone have been linked to the defective airbags. In addition, NHTSA estimates that, as of January 2018, the Takata recalls had affected 37 million vehicles. In December 2015, Congress passed the Fixing America's Surface Transportation (FAST) Act, which required our office to audit NHTSA's recall processes. This mandate stemmed from congressional concerns about the Agency's handling of the Takata airbag recall. Accordingly, our audit objectives were to assess NHTSA's processes for (1) monitoring manufacturers' proposed recall remedies and scope and (2) overseeing safety recall implementation, including the sufficiency of recall completion rates. NHTSA's process for monitoring for light passenger vehicle recalls lacks documentation and management controls, and does not ensure that remedies are reported completely and in a timely manner. The Agency also does not verify recall completion rates, although it has the authority to do so, and it lacks sufficient management controls to ensure staff assess risk when deciding whether to use oversight tools to improve recall completion rates. Finally, while NHTSA expanded its oversight of the Takata recalls in 2015, by increasing the reporting requirements for manufacturers, it did not follow its own procedures to address low recall completion rates for earlier Takata recalls. Overall, inadequate controls and processes for verifying and collecting manufacturer-reported information have hindered NHTSA's ability to oversee safety recall implementation. We made six recommendations to improve NHTSA's processes for monitoring recall remedies and scope, and overseeing safety recall implementation. NHTSA concurred in full with three of the recommendations and partially concurred with the others.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

PHMSA Has an Opportunity To Refine Its Guidance and Performance Reporting for the Pipeline Safety Research and Development Program

Mandated by the Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016

05.30.2018
ST2018056

PHMSA designed its Pipeline Safety Research and Development (R&D) Program to provide safety improvements, reduce environmental impacts, and enhance reliability of the Nation's pipeline transportation system. During fiscal years 2013–2016, PHMSA's Office of Pipeline Safety (OPS), awarded \$38 million in support of 83 pipeline safety R&D projects—covering a variety of topics—conducted by Federal and non-Federal entities. The Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016 mandated that we evaluate PHMSA's pipeline safety R&D program. Accordingly, our objectives were to assess PHMSA's processes for (1) consulting with stakeholders, (2) mitigating selection panel members' conflicts of interest, and (3) measuring the benefits and uses of R&D outcomes. PHMSA consults with stakeholders as required by the Pipeline Safety Improvement Act of 2002 (PSIA), and uses stakeholder input to prepare its 5-year program plan and select project proposals. However, the Agency is missing an opportunity to increase R&D forum attendance and does not have written guidance for using forum results. PHMSA has management controls to manage conflicts of interest (COI) on R&D merit review panels. Although we did not identify any violations in this area, the Agency's written guidance for COIs is incomplete. Finally, the benefits and uses of R&D outcomes are challenging to assess, because they may take years to be fully realized and may not be tangible; increased knowledge is one such intangible benefit. PHMSA staff also lack written guidance for certain follow-up processes, which could lead to inconsistency and a loss of institutional knowledge. While the Agency uses 14 performance metrics to evaluate the overall R&D program, these metrics provide only a tally of program outputs and lack context or analysis for the numerical data. PHMSA concurred with our three recommendations to help the Agency improve its management of the Pipeline Safety R&D Program.

SINGLE AUDITS

Report on Single Audit of the City of Albany, Albany, OR

Self-Initiated

04.30.2018
SA2018042

\$58,808 IN QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the City of Albany's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained significant findings related to noncompliance with OMB requirements that needed prompt action from FTA's management. We recommended that FTA ensure the City complies with OMB requirements. We also recommended that FTA recover \$21,265 and \$37,543 (\$58,808) from the City, if applicable.

Report on Single Audit of the Gulfport-Biloxi Regional Airport Authority, Gulfport, MS

Self-Initiated

04.30.2018

SA2018043

\$38,339 IN QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the Gulfport-Biloxi Regional Airport Authority's (Authority) single audit report for the period ending September 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FAA's management. We recommended that FAA ensure the Authority complies with OMB requirements. We also recommended that FAA recover \$38,339 from the Authority, if applicable.

Report on Single Audit of the New Mexico Department of Transportation, Santa Fe, NM

Self-Initiated

04.30.2018

SA2018044

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the New Mexico Department of Transportation's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained significant findings related to noncompliance with OMB requirements that needed prompt action from NHTSA's and FHWA's management. We recommended that NHTSA and FHWA ensure the New Mexico Department of Transportation complies with OMB requirements.

Report on Single Audit of the Orange County Transportation Authority, Orange, CA

Self-Initiated

04.30.2018

SA2018045

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the Orange County Transportation Authority's (Authority) single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained significant findings related to noncompliance with OMB requirements that needed prompt action from FTA's management. We recommended that FTA ensure the Authority complies with OMB requirements.

Report on Single Audit of the Highways Division, Department of Transportation, State of Hawaii, Honolulu, HI

Self-Initiated

04.30.2018

SA2018046

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the Highways Division, Department of Transportation, State of Hawaii's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FHWA's management. We recommended that FHWA ensure the State of Hawaii complies with OMB requirements.

Report on Single Audit of the City of Phoenix, Phoenix, AZ

Self-Initiated

04.30.2018

SA2018047

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the City of Phoenix's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FTA's management. We recommended that FTA ensure the City complies with OMB requirements.

Report on Single Audit of the Dallas Area Rapid Transit, Dallas, TX

Self-Initiated

04.30.2018

SA2018048

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the Dallas Area Rapid Transit's (DART) single audit report for the period ending September 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained significant findings related to noncompliance with OMB requirements that needed prompt action from FTA's management. We recommended that FTA ensure DART complies with OMB requirements. We also recommended that FTA recover \$122,558 from DART, if applicable.

**\$122,558 IN
QUESTIONED COSTS**

Report on Single Audit of Suffolk County, Hauppauge, NY*Self-Initiated*

04.30.2018

SA2018049

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed Suffolk County's single audit report for the period ending December 31, 2016, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FTA's management. We recommended that FTA ensure the County complies with OMB requirements.

Report on Single Audit of the Greene County Regional Airport Authority, Xenia, OH*Self-Initiated*

04.30.2018

SA2018050

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the Greene County Regional Airport Authority's (Authority) single audit report for the period ending December 31, 2016, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FAA's management. We recommended that FAA ensure the Authority complies with OMB requirements.

Report on Single Audit of Valley County, Glasgow, MT*Self-Initiated*

04.30.2018

SA2018051

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed Valley County's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FAA's management. We recommended that FAA ensure the County complies with OMB requirements.

Report on Single Audit of the State of Ohio, Columbus, OH

Self-Initiated

05.02.2018

SA2018052

\$5,824 IN QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the State of Ohio's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FHWA's management. We recommend FHWA ensure that the State complies with OMB requirements. We also recommended that FHWA determine the allowability of the \$5,824 transaction, review all construction projects to ensure that expenditures were properly paid within the period of performance, and recover any additional questioned costs, if applicable.

Report on Single Audit of the City of Portland, Portland, ME

Self-Initiated

05.02.2018

SA2018053

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the City of Portland's single audit report for the period ending June 30, 2017, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FAA's management. We recommended that FAA ensure the City complies with OMB requirements.

Report on Single Audit of the Naknek Native Village Council, Naknek, AK

Self-Initiated

05.02.2018

SA2018054

\$666,482 IN QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we queried the Federal Audit Clearinghouse's Image Management System to identify single audit reports containing findings that affect directly awarded DOT programs. We reviewed the Naknek Native Village Council's single audit report for the period ending September 30, 2014, which was prepared by an independent auditor. We found that the single audit report contained a significant finding related to noncompliance with OMB requirements that needed prompt action from FHWA's management. We recommended that FHWA ensure the Council complies with OMB requirements, and that FHWA recover \$666,482 from the Council, if applicable.

**Quality Control
Review of a Single
Audit of the Rio
Metro Regional
Transit District,
Albuquerque, NM***Self-Initiated*

07.10.2018

QC2018061

This report presents the results of our quality control review on the single audit that Ricci & Company, LLC performed for the Rio Metro Regional Transit District's (District) fiscal year that ended June 30, 2016. During this period, the District expended approximately \$14 million from DOT's grant programs. Ricci determined that DOT's major program was the Federal Transit Cluster. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) the District's reporting package complied with the reporting requirements of the Uniform Guidance. Ricci's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that Ricci's opinion on DOT's major program was inappropriate or unreliable. However, we identified deficiencies in the District's reporting package that required correction and resubmission.

**Report on a
Single Audit of
the Wyoming
Department of
Transportation,
Cheyenne, WY***Self-Initiated*

08.06.2018

SA2018063

We reviewed the Wyoming Department of Transportation's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 7, 2018. We found that the report contained a reporting finding that needed prompt action from FHWA's management. We recommended that FHWA ensure Wyoming DOT complies with the reporting requirements.

**Report on a Single
Audit of the
Commonwealth
of Pennsylvania,
Harrisburg, PA***Self-Initiated*

08.06.2018

SA2018064

We reviewed the Commonwealth of Pennsylvania's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated December 13, 2017. We found that the report contained a subrecipient monitoring finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the Commonwealth complies with the subrecipient monitoring requirements.

Report on a Single Audit of the State of Indiana, Indianapolis, IN

Self-Initiated

08.06.2018
SA2018065

We reviewed the State of Indiana's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 28, 2018. We found that the report contained a special tests and provisions finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the State complies with the special tests and provisions requirements.

Report on a Single Audit of the State of North Carolina, Raleigh, NC

Self-Initiated

08.15.2018
SA2018066

We reviewed the State of North Carolina's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 19, 2018. We found that the report contained a special tests and provisions finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the State complies with the special tests and provisions requirements.

Report on a Single Audit of the San Francisco Municipal Transportation Agency, San Francisco, CA

Self-Initiated

08.15.2018
SA2018067

We reviewed the San Francisco Municipal Transportation Agency's (Agency) single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 29, 2018. We found that the report contained a procurement, suspension, and debarment finding that needed prompt action from FTA's management. We recommended that FTA ensure the Agency complies with the procurement, suspension, and debarment requirements and that FTA recovers \$214,494 from the Agency, if applicable.

**\$214,494 IN
QUESTIONED COST**

Report on a Single Audit of the North Coast Railroad Authority, Ukiah, CA

Self-Initiated

08.15.2018
SA2018068

We reviewed the North Coast Railroad Authority's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 27, 2018. We found that the report contained a reporting requirements finding that needed prompt action from OST's management. We recommended that OST ensure the North Coast Railroad Authority complies with the reporting requirements.

Report on a Single Audit of the Puerto Rico Highways and Transportation Authority, San Juan, PR

Self-Initiated

08.15.2018
SA2018069

We reviewed the Puerto Rico Highways and Transportation Authority's single audit report for the fiscal year ending June 30, 2016, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated April 6, 2018. We found that the report contained subrecipient monitoring requirements, special tests and provisions requirements, and matching requirements findings that needed prompt action from FHWA's and FTA's management. We recommended that FTA ensure the Authority complies with the subrecipient monitoring requirements, and that FHWA ensure the Authority complies with the special tests and provisions requirements and the matching requirements.

Report on a Single Audit of the State of Rhode Island and Providence Plantations, Providence, RI

Self-Initiated

08.15.2018
SA2018070

We reviewed the State of Rhode Island and Providence Plantations' single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 28, 2018. We found that the report contained a special tests and provisions requirements finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the State complies with the special tests and provisions requirements and recovers \$214,516 from the State, if applicable.

\$214,516 IN QUESTIONED COSTS

Quality Control Review on a Single Audit of the Riverside County Transportation Commission, Riverside, CA

Self-Initiated

08.21.2018
QC2018071

We performed a quality control review on the single audit that Macias Gini O'Connell LLP (MGO) performed for the Riverside County Transportation Commission's (Commission) fiscal year that ended June 30, 2017. During this period, the Commission expended approximately \$438 million from DOT's grant programs. MGO determined that DOT's major programs were the Transportation Infrastructure Finance and Innovation Act program and the High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance program. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) the Commission's reporting package complied with the reporting requirements of the Uniform Guidance. MGO's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. In addition, we found nothing to indicate that MGO's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified deficiencies in the Commission's reporting package that required correction and resubmission.

Report on a Single Audit of the Utah Transit Authority, Salt Lake City, UT

Self-Initiated

08.22.2018
SA2018072

We reviewed the Utah Transit Authority's single audit report for the fiscal year ending December 31, 2017, to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated May 29, 2018. We found that the report contained an equipment and real property management finding that needed prompt action from FTA's management. We recommended that FTA ensure the Authority complies with the equipment and real property management requirements.

Report on a Single Audit of the State of Nebraska, Lincoln, NE

Self-Initiated

08.22.2018
SA2018073

We reviewed the State of Nebraska's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 19, 2018. We found that the report contained a subrecipient monitoring finding that needed prompt action from FTA's management. We recommended that FTA ensure the State complies with the subrecipient monitoring requirements. We also recommended that FTA recover \$99,226 from the State, if applicable.

**\$99,226 IN
QUESTIONED COSTS**

Report on a Single Audit of the Government of Guam, Hagatna, GU

Self-Initiated

08.22.2018
SA2018074

We reviewed the Government of Guam's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 25, 2018. We found that the report contained an equipment and real property management finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the Government of Guam complies with the equipment and real property management requirements.

Report on a Single Audit of the Metropolitan Council of the Twin Cities Area, St. Paul, MN

Self-Initiated

08.22.2018
SA2018075

We reviewed the Metropolitan Council of the Twin Cities' single audit report for the fiscal year ending December 31, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 18, 2018. We found that the report contained a special tests and provisions finding that needed prompt action from FTA's management. We recommended that FTA ensure the Council complies with the special tests and provisions requirements.

Quality Control Review of a Single Audit of the City of Riverton, Riverton, WY

Self-Initiated

08.27.2018

QC2018077

We performed a quality control review on the single audit that Anton Collins Mitchell LLP (ACM) performed for the City of Riverton's (City) fiscal year that ended June 30, 2017. During this period, the City expended approximately \$1.9 million from DOT's grant programs. ACM determined that DOT's major programs were the Airport Improvement Program and the Small Community Air Service Development Program. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) the City's reporting package complied with the reporting requirements of the Uniform Guidance. ACM's audit work did not comply with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found that ACM's audit documentation contained audit quality deficiencies that affected the reliability of the audit results applicable to both of DOT's major programs. These audit quality deficiencies required correction for the City's fiscal year 2017 single audit. We also identified a deficiency in the City's reporting package that required correction and resubmission.

Report on a Single Audit of the Capital Area Transit Authority, Lansing, MI

Self-Initiated

09.10.2018

SA2018078

We reviewed the Capital Area Transportation Authority's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 15, 2018. We found that the report contained a cash management finding that needed prompt action from FTA's management. We recommended that FTA ensure Authority complies with the cash management requirements and recover \$30,641 from the Authority, if applicable.

**\$30,641 IN
QUESTIONED COSTS**

Report on a Single Audit of the State of Montana, Helena, MT

Self-Initiated

09.10.2018

SA2018079

We reviewed the State of Montana's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 19, 2018. We found that the report contained findings on cash management, subrecipient monitoring, activities allowed or unallowed, special tests and provisions, and reporting that needed prompt action from FHWA's and FTA's management. We recommended that FHWA ensure the State complies with the cash management, subrecipient monitoring, activities allowed or unallowed, and special tests and provisions requirements. We also recommended that FTA ensure the State complies with the reporting requirements and that FHWA recover \$1,043,000 from State, if applicable.

**\$1,043,000 IN
QUESTIONED COSTS**

Report on a Single Audit of the City and County of Honolulu, Honolulu, HI

Self-Initiated

09.10.2018
SA2018080

**\$24,080,771 IN
QUESTIONED COSTS**

We reviewed the City and County of Honolulu's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 23, 2018. We found that the report contained activities allowed or unallowed, allowable costs/cost principles, and reporting findings that needed prompt action from FTA's management. We recommended that FTA ensure the City and County comply with the activities allowed or unallowed, allowable costs/cost principles, and reporting requirements. We also recommended that FTA recover \$24,080,771 from the City and County of Honolulu, if applicable.

Report on a Single Audit of the State of Louisiana, Baton Rouge, LA

Self-Initiated

09.10.2018
SA2018081

**\$106,181 IN
QUESTIONED COSTS**

We reviewed the State of Louisiana's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 28, 2018. We found that the report contained a subrecipient monitoring finding that needed prompt action from FTA's management. We recommended that FTA ensure the State complies with the subrecipient monitoring requirements. We also recommended that FTA recover \$106,181 from the State, if applicable.

Report on a Single Audit of the Massachusetts Bay Transportation Authority, Boston, MA

Self-Initiated

09.10.2018
SA2018082

We reviewed the Massachusetts Bay Transportation Authority's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 27, 2018. We found that the report contained an equipment and real property management finding that needed prompt action from FTA's and OST's management. We recommended that FTA and OST ensure the Authority complies with the equipment and real property management requirements.

Report on a Single Audit of the City of Union City, Union City, CA

Self-Initiated

09.10.2018
SA2018083

**\$2,780,059 IN
QUESTIONED COSTS**

We reviewed the City of Union City's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 22, 2018. We found that the report contained a subrecipient monitoring finding that needed prompt action from FTA's management. We recommend that FTA ensure the City complies with the subrecipient monitoring requirements and that FTA recover \$2,780,059 from the City, if applicable.

Report on a Single Audit of the City of Atlanta, Atlanta, GA

Self-Initiated

09.10.2018
SA2018084

We reviewed City of Atlanta's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 29, 2018. We found that the report contained reporting and subrecipient monitoring findings that needed prompt action from OST's management. We recommended that OST ensure the City complies with the reporting and subrecipient monitoring requirements.

Report on a Single Audit of the Crow Tribe of Indians, Crow Agency, MT

Self-Initiated

09.10.2018
SA2018085

**\$3,100,265 IN
QUESTIONED COSTS**

We reviewed the Crow Tribe of Indians' single audit report for the fiscal year ending September 30, 2016, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 31, 2018. We found that the report contained cash management, activities allowed/allowable costs and cost principles, equipment and real property, period of performance and special tests and provisions findings that needed prompt action from FHWA's management. We recommended that FHWA ensure the Tribe complies with the cash management, activities allowed/allowable costs and cost principles, equipment and real property, period of performance and special tests and provisions requirements. We also recommended that FHWA recover \$3,100,265 from the Tribe, if applicable.

Report on a Single Audit of the South Carolina Department of Transportation, Columbia, SC

Self-Initiated

09.11.2018
SA2018086

We reviewed the South Carolina Department of Transportation's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated November 28, 2017. We found that the report contained a finding related to improper recording of accounts payable and accounts receivable that needed prompt action from FHWA's management. We recommended that FHWA ensure the South Carolina Department of Transportation complies with proper accounting requirements for accounts payable and accounts receivable.

Report on a Single Audit of Rutgers University, Piscataway, NJ

Self-Initiated

09.11.2018
SA2018087

We reviewed Rutgers University's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated April 2, 2018. We found that the report contained an allowable costs/cost principles finding that needed prompt action from OST's and FTA's management. We recommended that OST and FTA ensure the university complies with the allowable costs/cost principles requirements. We also recommended that OST recover \$8,954 and FTA recover \$9,377 from the university, if applicable.

**\$18,331 IN
QUESTIONED COSTS**

Report on a Single Audit of the State of Vermont, Montpelier, VT

Self-Initiated

09.11.2018
SA2018088

We reviewed the State of Vermont's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 22, 2018. We found that the report contained reporting and matching, level of effort, earmarking findings that needed prompt action from NHTSA's management. We recommended that NHTSA ensure the State complies with the reporting and matching, level of effort, earmarking requirements.

Report on a Single Audit of the Metropolitan Transit Authority of Harris County, Houston, TX*Self-Initiated*09.11.2018
SA2018089

We reviewed the Metropolitan Transit Authority of Harris County's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 1, 2018. We found that the report contained a subrecipient monitoring finding that needed prompt action from FTA's management. We recommended that FTA ensure the Authority complies with the subrecipient monitoring requirements.

Report on a Single Audit of the Chicago Transit Authority, Chicago, IL*Self-Initiated*09.11.2018
SA2018090

We reviewed the Chicago Transit Authority's single audit report for the fiscal year ending December 31, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated April 25, 2018. We found that the report contained a reporting finding that needed prompt action from FTA's management. We recommended that FTA ensure the Authority complies with the reporting requirements.

Report on a Single Audit of the State of Michigan, Lansing, MI*Self-Initiated*09.11.2018
SA2018091

We reviewed the State of Michigan's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 21, 2018. We found that the report contained a matching, level of effort, earmarking finding that needed prompt action from NHTSA's management. We recommended that NHTSA ensure the State complies with the matching, level of effort, earmarking requirements.

Report on a Single Audit of the Confederated Tribes of the Colville Reservation, Nespalem, WA*Self-Initiated*09.11.2018
SA2018092

We reviewed the Confederated Tribes of the Colville Reservation's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 28, 2018. We found that the report contained a reporting finding that needed prompt action from FHWA's management. We recommended that FHWA ensure that the Confederated Tribes comply with the reporting requirements.

Report on a Single Audit of the Mississippi Coast Transportation Authority, Gulfport, MS*Self-Initiated*09.11.2018
SA2018093**\$2,787 IN
QUESTIONED COSTS**

We reviewed the Mississippi Coast Transportation Authority's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 21, 2018. We found that the report contained a matching finding that needed prompt action from FTA's management. We recommended that FTA ensure the Authority complies with the matching requirements and that FTA recover \$2,787 from the Authority, if applicable.

Report on a Single Audit of the Commonwealth of the Northern Mariana Islands, Saipan, MP*Self-Initiated*09.11.2018
SA2018094

We reviewed the Commonwealth of the Northern Mariana Islands' single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 27, 2018. We found that the report contained an equipment and real property management finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the Commonwealth complies with the equipment and real property management requirements.

Report on a Single Audit of the Territory of American Samoa, Pago Pago, AS*Self-Initiated*09.12.2018
SA2018096**\$264,077 IN
QUESTIONED COSTS**

We reviewed the Territory of American Samoa's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 15, 2018. We found that the report contained findings on equipment and real property management, as well as special tests and provisions (Buy American) that needed prompt action from FAA's management. We recommended that FAA ensure the Territory complies with the requirements for equipment and real property management and special tests and provisions (Buy American). We also recommended that FAA recover \$264,077 from Territory, if applicable.

Report on a Single Audit of the Navajo Nation, Window Rock, AZ*Self-Initiated*

09.12.2018

SA2018097

We reviewed the Navajo Nation's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 25, 2018. We found that the report contained an equipment and real property finding that needed prompt action from FHWA's management. We recommended that FHWA ensure the Navajo Nation complies with the equipment and real property requirements.

Report on a Single Audit of the National Railroad Passenger Corporation and Subsidiaries (Amtrak), Washington, DC*Self-Initiated*

09.12.2018

SA2018098

We reviewed Amtrak's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated June 22, 2018. We found that the report contained an equipment and real property management finding that needed prompt action from FRA's management. We recommended that FRA ensure Amtrak complies with the equipment and real property management requirements.

Report on a Single Audit of the Republic of Palau, Koror, PW*Self-Initiated*

09.12.2018

SA2018099

We reviewed the Republic of Palau's single audit report for the fiscal year ending September 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated July 31, 2018. We found that the report contained an equipment and real property management finding that needed prompt action from FAA's management. We recommended that FAA ensure Palau complies with the equipment and real property management requirements.

Report on a Single Audit of the Middletown Transit District, Middletown, CT*Self-Initiated*

09.12.2018

SA2018100

We reviewed the Middletown Transit District's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated July 10, 2018. We found that the report contained a procurement and suspension and debarment finding that needed prompt action from FTA's management. We recommended that FTA ensure the district complies with the procurement and suspension and debarment requirements.

Quality Control Review on a Single Audit of Lake of the Woods County, Baudette, MN

Self-Initiated

09.24.2018

QC2018102

We performed a quality control review on the single audit that Hoffman, Philipp, & Knutson, PLLC (HPK) performed for Lake of the Woods County's (County) fiscal year that ended December 31, 2016. During this period, the County expended approximately \$2.1 million from a DOT grant program. HPK determined that DOT's major program was the Highway Planning and Construction program. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) the County's reporting package complied with the reporting requirements of the Uniform Guidance. HPK's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that HPK's opinion on DOT's major program was inappropriate or unreliable. However, we identified deficiencies in HPK's audit work that should be corrected in future audits. In addition, we identified deficiencies in the County's reporting package that required correction and resubmission.

Quality Control Review on the Revised Fiscal Year 2017 Single Audit of the City of Riverton, Riverton, WY

Self-Initiated

09.25.2018

QC2018103

In our original quality control review, report number QC2018077, dated August 27, 2018, we found that Anton Collins Mitchell LLP's (ACM) audit work did not comply with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found that ACM's audit documentation contained audit quality deficiencies that affected the reliability of the audit results applicable to both of DOT's major programs. These audit quality deficiencies required correction for the City's fiscal year 2017 single audit. We performed a follow-up review on the revised single audit that ACM performed for the City of Riverton's fiscal year that ended June 30, 2017. During this period, the City expended approximately \$1.9 million from DOT grant programs. ACM determined that DOT's major programs were the Airport Improvement Program and the Small Community Air Service Development Program. Our follow-up review objectives were to determine whether (1) the revised audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' revised work on DOT's major programs; and (2) the City's revised reporting package complied with the reporting requirements of the Uniform Guidance. ACM's revised audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that ACM's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified a deficiency in the City's revised reporting package that required correction and resubmission.

**Quality Control
Review on a Single
Audit of the Central
Pennsylvania
Transportation
Authority, York, PA***Self-Initiated*

09.25.2018

QC2018104

We performed a quality control review on the single audit that RKL LLP performed for the Central Pennsylvania Transportation Authority's (Authority) fiscal year that ended June 30, 2017. During this period, the Authority expended approximately \$9.4 million from DOT's grant programs. RKL determined that DOT's major programs were the Federal Transit Cluster and the Transit Services Programs Cluster. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) the Authority's reporting package complied with the reporting requirements of the Uniform Guidance. RKL's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. In addition, we found nothing to indicate that RKL's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified audit quality deficiencies in RKL's work that should be corrected in future audits. We did not identify any deficiencies in the Authority's reporting package that required correction and resubmission.

**Quality Control
Review on a Single
Audit of the San
Diego Association of
Governments, San
Diego, CA***Self-Initiated*

09.26.2018

QC2018105

We performed a quality control review on the single audit that Davis Farr LLP performed for the San Diego Association of Governments' (SANDAG) fiscal year that ended June 30, 2017. During this period, SANDAG expended approximately \$190 million from DOT's grant programs. Davis Farr determined that DOT's major programs were the Federal Transit Cluster and the High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Program. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) SANDAG's reporting package complied with the reporting requirements of the Uniform Guidance. Davis Farr's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that Davis Farr's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified an audit quality deficiency in Davis Farr's work that should be corrected in future audits. We also identified deficiencies in SANDAG's reporting package that required correction and resubmission.

**Quality Control
Review on a
Single Audit of the
Santa Clara Valley
Transportation
Authority, San Jose,
CA**

Self-Initiated

09.26.2018

QC2018106

We performed a quality control review on the single audit that Vavrinek, Trine, Day & Company, LLP (VTD) performed for the Santa Clara Valley Transportation Authority's (Authority) fiscal year that ended June 30, 2017. During this period, the Authority expended approximately \$148 million from DOT's grant programs. VTD determined that DOT's major program was the Federal Transit Cluster. Our objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, the OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) the Authority's reporting package complied with the reporting requirements of the Uniform Guidance. VTD's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that VTD's opinion on DOT's major program was inappropriate or unreliable. However, we identified a deficiency in the Authority's reporting package that required correction and resubmission.

Testimony

Perspectives on FRA's Oversight of the High-Speed Intercity Passenger Rail Program and of Federal Funding for the California High-Speed Rail Authority

Before the Subcommittee on Railroads, Pipelines, and Hazardous Materials of the House Committee on Transportation and Infrastructure

08.09.2018
CC2018005

On August 9, 2018, Inspector General Calvin L. Scovel III testified before the Subcommittee on Railroads, Pipelines, and Hazardous Materials of the U.S. House of Representatives Committee on Transportation and Infrastructure at a field hearing focused on the continued oversight of the California high-speed rail project. The Inspector General's testimony noted that FRA has faced several challenges in developing an oversight framework for the High Speed Intercity Passenger Rail (HSIPR) program but has also taken action to address many of them in response to DOT OIG's previous findings and recommendations. FRA also took steps to address certain weaknesses in its oversight of HSIPR funds. At the Subcommittee Chairman's request, DOT OIG recently initiated an audit of FRA's oversight of its grants to the California high-speed rail project, which will assess the Agency's risk analysis, assessment, and mitigation efforts as well as its procedures for overseeing the expended Federal funds. To meet these objectives, we will examine FRA's management of the HSIPR program in general and specifically the oversight of its grants to the California High-Speed Rail Authority. The Inspector General noted that because the audit is still in its initial phase, the evidence DOT OIG has collected is not yet sufficient to allow for any reporting of preliminary findings. We plan to issue the report in spring 2019.

Correspondence

Letter to Senators Schumer and Gillibrand Regarding the March 2018 Liberty Helicopters Crash

08.15.2018
CC2018004

This letter provides an update on our actions in response to a March 19, 2018, letter from Senators Charles E. Schumer and Kirsten E. Gillibrand regarding the March 11, 2018, fatal Liberty Helicopters crash in New York City. In their letter, the Senators requested that we—in consultation with NTSB—determine how the safety restraint system used during the tragic East River helicopter crash received its original approval from FAA. Additionally, they requested that we determine the role FAA has played in ensuring helicopters in use today meet modern safety standards. Since receiving the Senators' letter, we have contacted NTSB about its investigation, reviewed the status of prior recommendations we have made on helicopter safety, and developed plans for reviewing additional helicopter-related issues. Specifically, we plan to follow up on our prior helicopter safety work with a review focused on FAA's oversight of the helicopter air-tour industry.

Peer Reviews

Peer reviews

DOT OIG's auditing and investigations functions are subject to peer reviews in accordance with Generally Accepted Government Auditing Standards, the Council of the Inspectors General on Integrity and Efficiency guidelines, and the Attorney General Guidelines for Federal OIGs with statutory law enforcement authority. These peer reviews provide a formal, objective assessment of DOT OIG's adherence to prescribed standards, regulations, and legislation.

Peer reviews conducted of DOT OIG

SBA OIG conducted a CIGIE peer review of our Office of Investigations during this reporting period. SBA OIG concluded that the system of internal controls and management procedures used for our investigative operations complied with the quality standards established by CIGIE and other applicable guidelines and statutes, and did not make any recommendations. The report was released on August 29, 2018.

Energy OIG conducted a CIGIE peer review of our Office of Auditing and Evaluation in 2016. Energy OIG concluded that the audit organization's system of quality control was suitably designed and provided reasonable assurance that performance and reporting complied with applicable professional standards in all material respects. Accordingly, Energy OIG provided a "pass" rating and did not make any recommendations. The report was released on March 31, 2016. The Office of Auditing and Evaluation is currently undergoing a peer review by HHS OIG.

Both reports are available on our website at <https://www.oig.dot.gov/about-oig/peer-review>.

Peer reviews conducted by DOT OIG

During this reporting period, DOT OIG conducted a CIGIE peer review of the audit organization at HUD OIG. We reported that the system of quality control for HUD OIG's audit organization was suitably designed and provided reasonable assurance of conformity with applicable professional standards in all material respects. Accordingly, we gave HUD OIG a rating of "pass" and did not make any recommendations. The report was released on September 28, 2018.

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Acronym Glossary

Acronym glossary

AA	American Airlines	HHS	U.S. Department of Health and Human Services
AIP	Airport Improvement Program	HUD	U.S. Department of Housing and Urban Development
APA	Allied Pilots Association	IPERA	Improper Payments Elimination and Recovery Act
CIGIE	Council of Inspectors General on Integrity and Efficiency	NHTSA	National Highway Traffic Safety Administration
DART	Dallas Area Rapid Transit	NTSB	National Transportation Safety Board
DBE	disadvantaged business enterprise	OIG	Office of Inspector General
DCNS	Data Communications Network Service	OMB	Office of Management and Budget
DOJ	U.S. Department of Justice	OPS	PHMSA's Office of Pipeline Safety
DOT	U.S. Department of Transportation	OST	Office of the Secretary of Transportation
DRAA	Disaster Relief Appropriations Act	PHMSA	Pipelines and Hazardous Materials Safety Administration
eInvoicing	electronic invoicing	PIPES	Protecting Our Infrastructure of Pipelines and Enhancing Safety Act
Energy	U.S. Department of Energy	POA&M	plans of action and milestones
ESC	Enterprise Services Center	R&D	research and development
FAA	Federal Aviation Administration	SANDAG	San Diego Association of Governments
FAST	Fixing America's Surface Transportation Act	SBA	Small Business Administration
FHWA	Federal Highway Administration	SSI	sensitive security information
FRA	Federal Railroad Administration	TDLS	Tower Data Link Services
FTA	Federal Transit Administration	Tech Ops	Technical Operations
FTE	full-time equivalent	USMMA	U.S. Merchant Marine Academy
GAO	U.S. Government Accountability Office		
HSIPR	High Speed Intercity Passenger Rail		