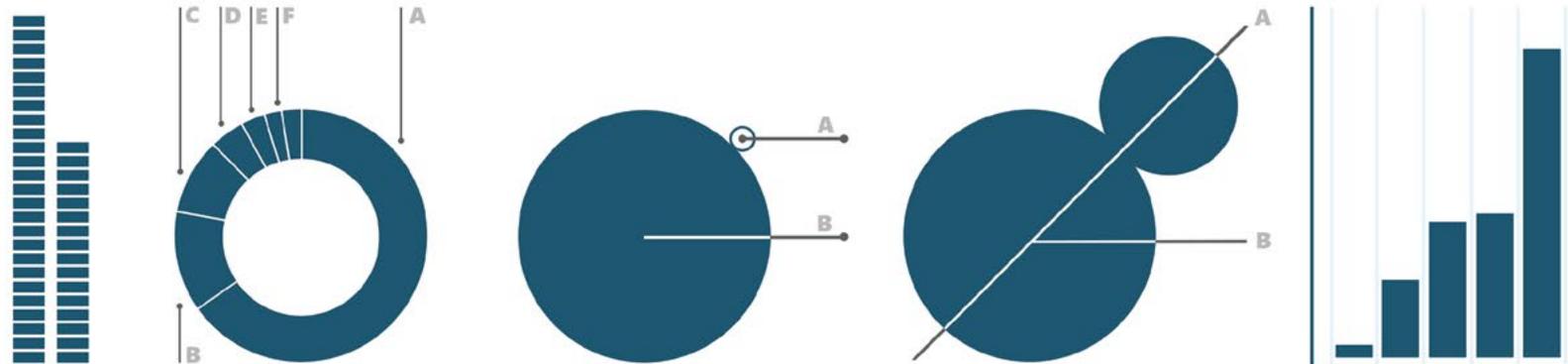




SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2019 – MARCH 31, 2020



Highlights

First Half FY 2020

Investigative accomplishments



127/105
investigations closed/opened



28/41
convictions/indictments



\$66.15m
financial impact of DOT OIG investigations

Audit accomplishments



23
audit reports issued



119
recommendations



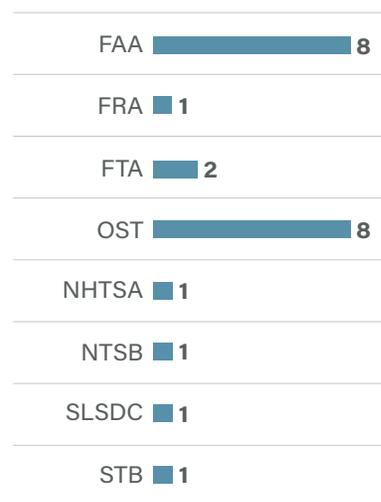
\$6.15b
financial impact of DOT OIG audit reports

First Half FY 2020

Investigations opened, by priority area



Audit reports issued



Total Audits: **23**

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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 for which we completed or concluded investigations during this reporting period include:

- Fraudulent scrap metal purchases.** A New Jersey scrap metal company was ordered to pay more than \$24.4 million in restitution for buying scrap metal from customers (including a DOT grantee) at fraudulent prices. FTA instituted a 3-year debarment against the company.
- Bribery and kickbacks.** A former Michigan airport official was sentenced to 120 months of incarceration and other penalties for his role in a complex white-collar fraud scheme at the Detroit Metropolitan Wayne County airport.
- Unmanned Aircraft System (UAS) contraband.** A Georgia man was sentenced to 48 months' imprisonment and other penalties for using an unregistered UAS to attempt to deliver contraband to a State prison. According to the Department of Justice (DOJ), this was the Nation's first Federal prosecution involving the unlawful operation of a UAS.
- Commercial driver's license (CDL) fraud.** A California trucking school owner was sentenced to 39 months' incarceration and other penalties for a scheme to bribe California Department of Motor Vehicle (DMV) employees to provide CDLs to unqualified drivers. Two DMV employees also pleaded guilty for their role in the scheme.

Investigative accomplishments



1,673

hotline contacts received



127/105

investigations closed/opened



146

investigations referred for criminal prosecution



28/41

convictions/indictments



157.6

total years of incarceration, probation, and supervised release



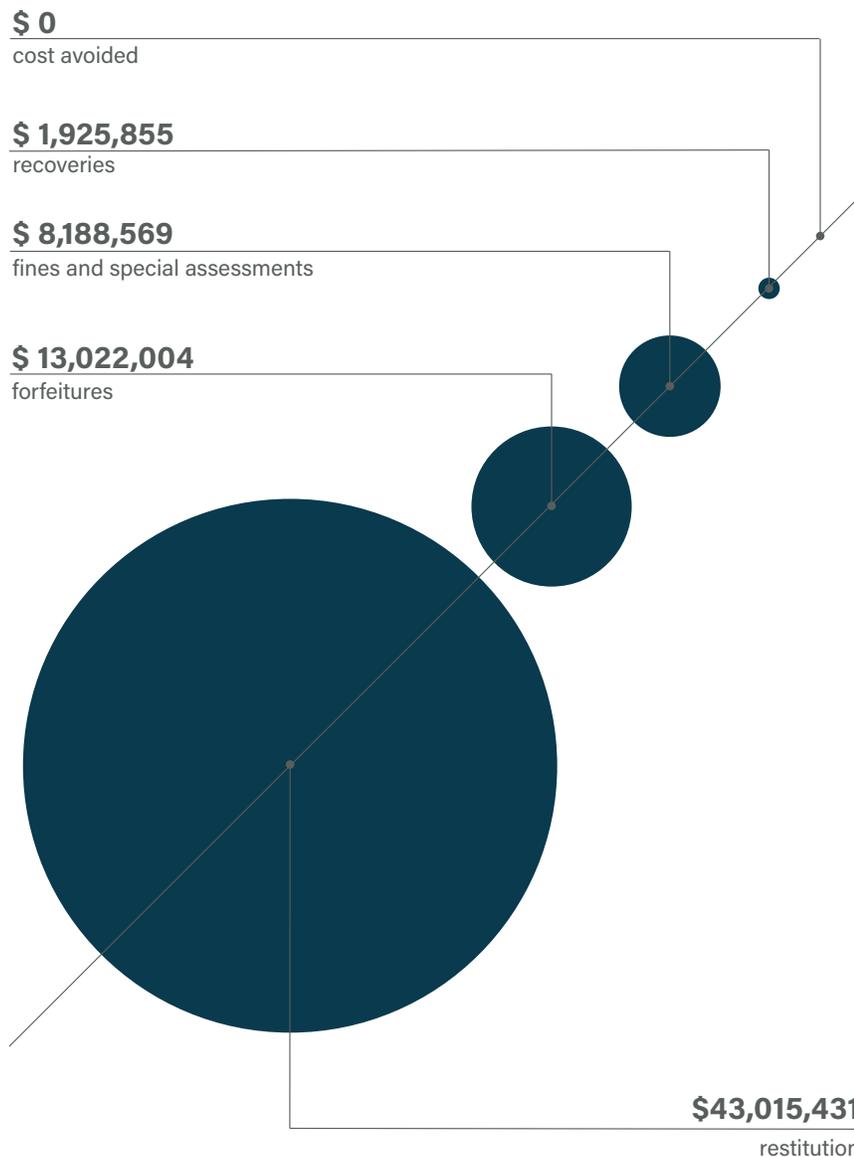
\$66.15m

financial impact of DOT OIG investigations

Investigations Statistical Data

Financial impact of DOT OIG investigations

 **\$66,151,860**
total financial impact



Types of criminal monetary impositions

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

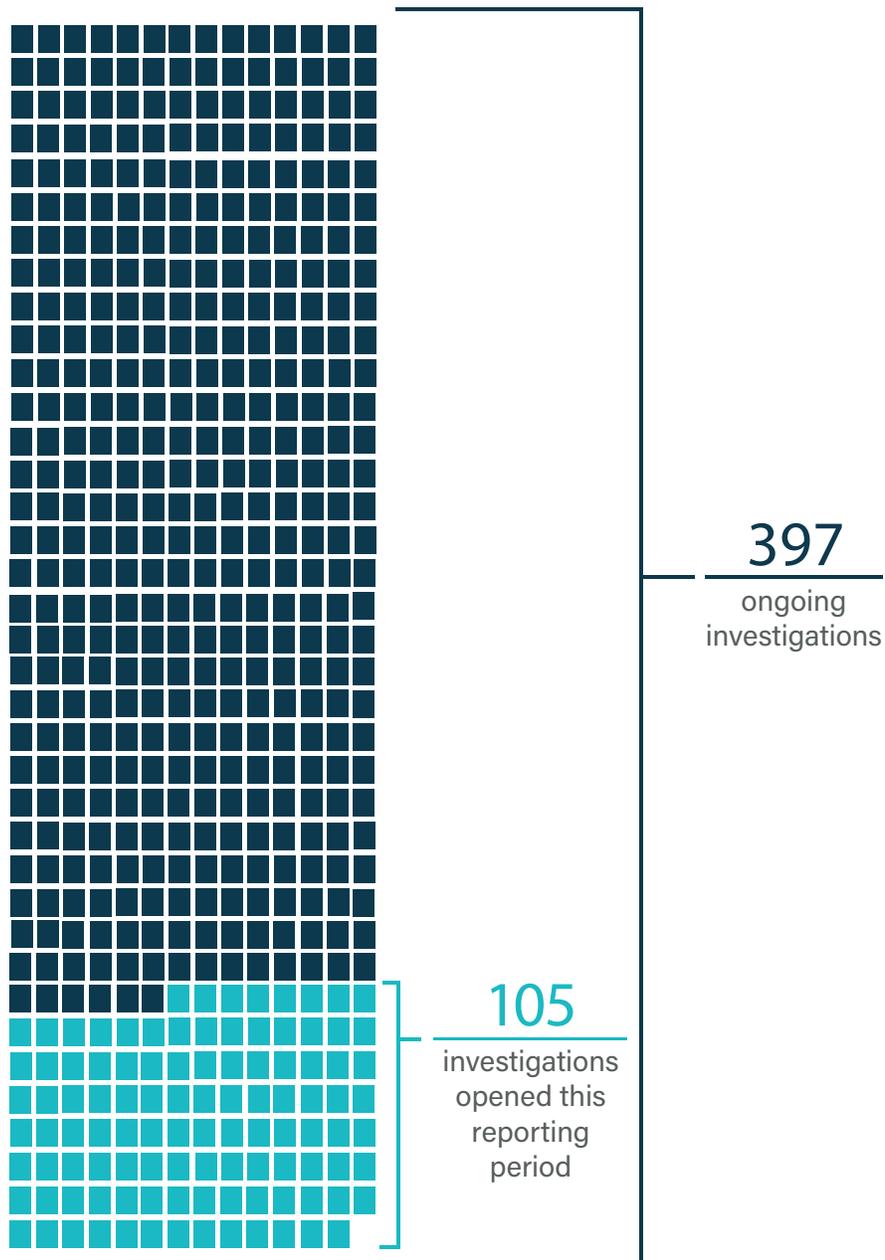
Fines are criminal or civil monetary penalties.

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



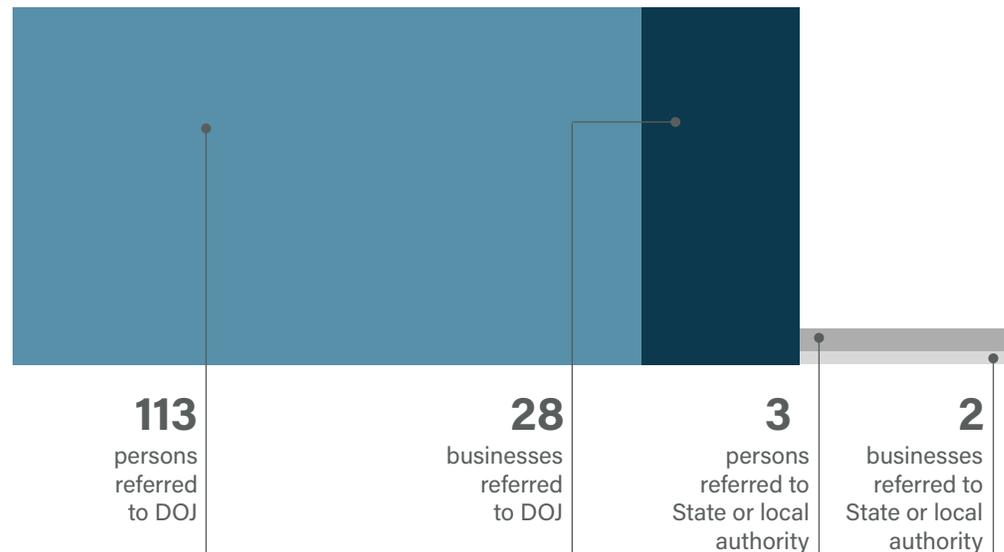
Criminal prosecutions

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



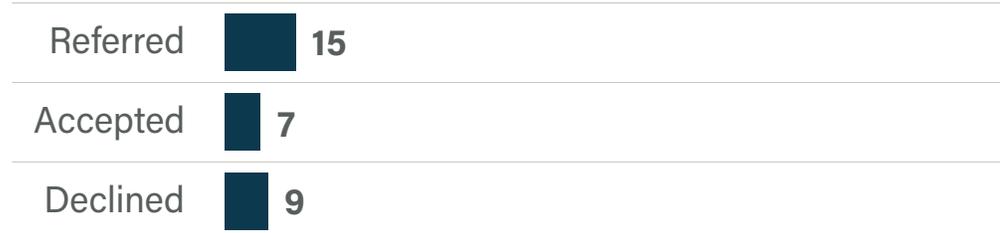
Persons and businesses referred to the U.S. Department of Justice or State/local authorities for criminal prosecution



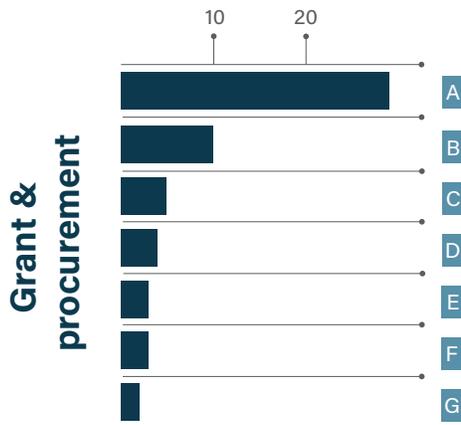
Civil prosecutions

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

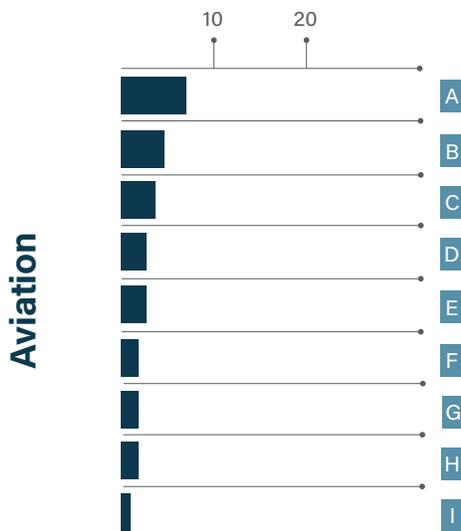
Number of investigations referred, accepted, and declined for civil prosecution



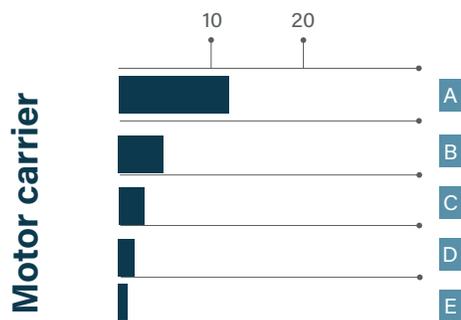
Summary of referrals for criminal and civil prosecution



- A** Public Corruption/ Extortion | **29**
- B** False Claims | **10**
- C** Disadvantaged Business Enterprise (DBE) Fraud | **5**
- D** Product Substitution/ Substandard Work or Materials | **4**
- E** Anti-Trust/Bid Rigging | **3**
- F** Embezzlement | **3**
- G** Kickbacks | **2**

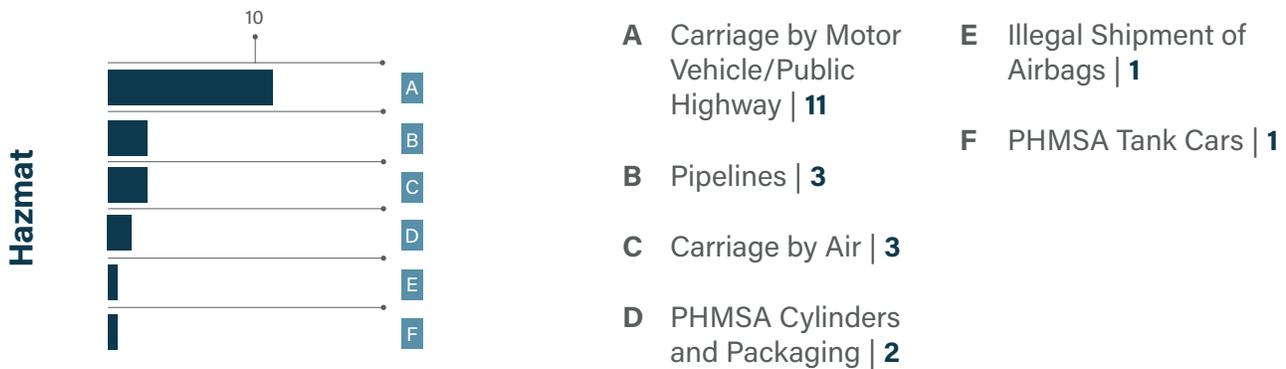
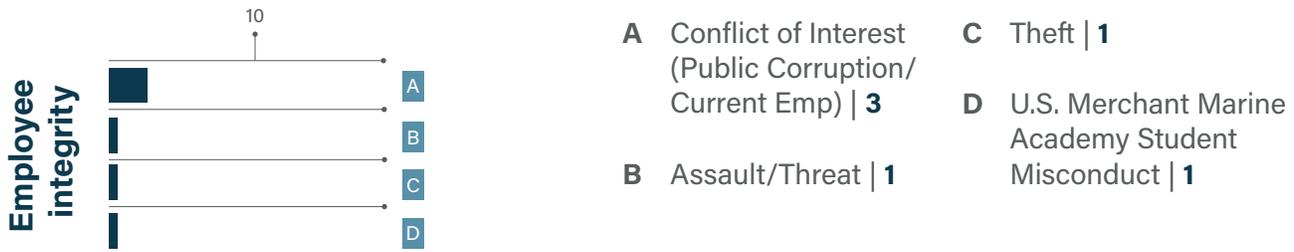


- A** UAS | **7**
- B** Unauthorized Operation of an Aircraft | **5**
- C** Falsification of FAA Orders or Documents | **4**
- D** Certificate Fraud, Commercial Airman | **3**
- E** Certificate Fraud, Repair Station | **3**
- F** Certificate Fraud, Medical by Airman | **2**
- G** Interference/ Tampering with an Aircraft | **2**
- H** Certificate Fraud, Air Carrier | **2**
- I** Others | **1**



- A** Fraudulent Registration Filings (Reincarnated Carriers) | **12**
- B** Certificate Fraud, Medical by Doctor | **5**
- C** Falsification/ Alteration of Inspection Records | **3**
- D** CDL Public Corruption of DMV Employee | **2**
- E** Others | **1**

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



* For this reporting period, other referrals included misuse of Government computers.

Investigative reports

DOT OIG distributed 38 investigative reports, including reports of investigation, stakeholder memos, and management implication reports.

Indictments and informations from prior referrals

A total of 19 indictments or criminal informations resulted from previous referrals for prosecution.

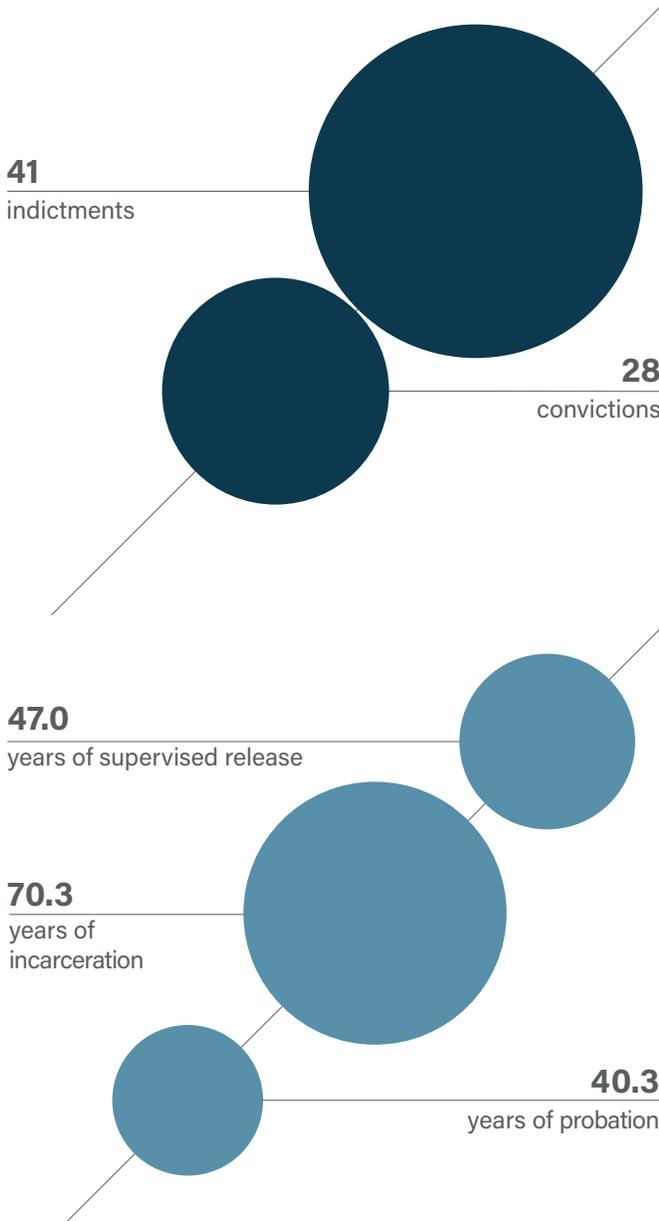
Whistleblower retaliation

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.

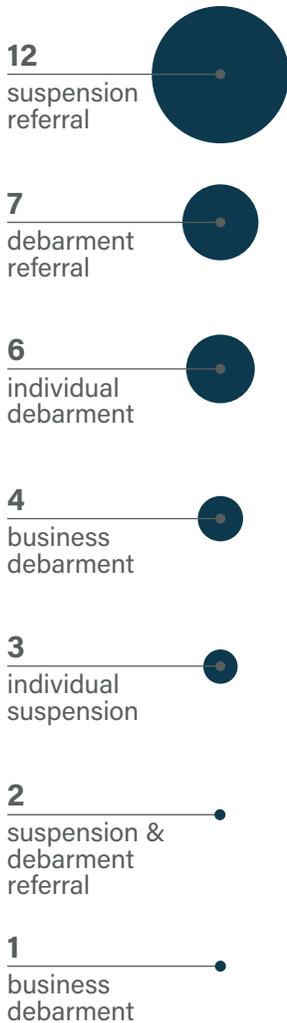
Supervised release is a period of supervision following an offender's release from prison. It is imposed in addition to a sentence of imprisonment.

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 and debarment actions



Personnel action



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.

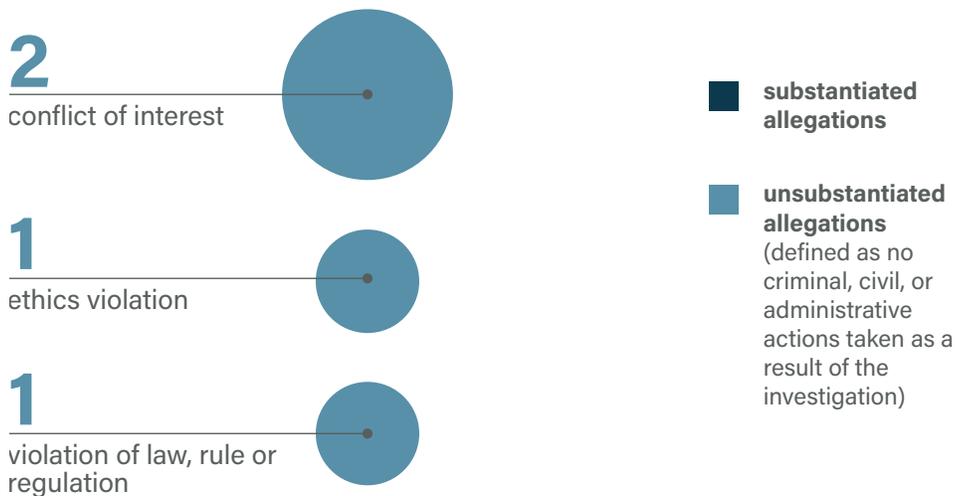
Personnel actions

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

There were no investigations involving senior Government employees where misconduct was substantiated.

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.



1,673

total hotline contacts received

3 faxes

1 (202) 366-7749

67 letters

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

389 web

www.oig.dot.gov/hotline

578 telephone calls

1 (800) 424-9071

636 emails

hotline@oig.dot.gov

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 for which we completed reviews during this reporting period include:

- **FAA's competitive award practices.** FAA's competitive award practices for its major program contracts expose the Agency to cost and performance risks. We determined that FAA put up to \$4.9 billion in Federal funds at risk.
 - **Safety oversight of Southwest Airlines.** We found several concerns regarding FAA's safety oversight of Southwest Airlines, such as aircraft flying with unresolved safety concerns or in an unknown airworthiness state. These concerns put 17 million passengers at risk. Also, FAA inspectors do not evaluate air carrier risk assessments or safety culture
- because they lack the guidance to do so.
- **Oversight of Hurricane Sandy grantees.** FTA's limited oversight of grantees' compliance with insurance requirements puts Federal funds and Hurricane Sandy insurance proceeds at risk. We found over \$982.8 million in insurance proceeds could be put to better use.
 - **DOT's purchase card program.** Due to internal control weaknesses, purchase cardholders are not consistently following existing controls to prevent improper purchases, putting the purchase card program at increased risk of misuse and abuse.

Audit accomplishments



23

audit reports issued



119

recommendations

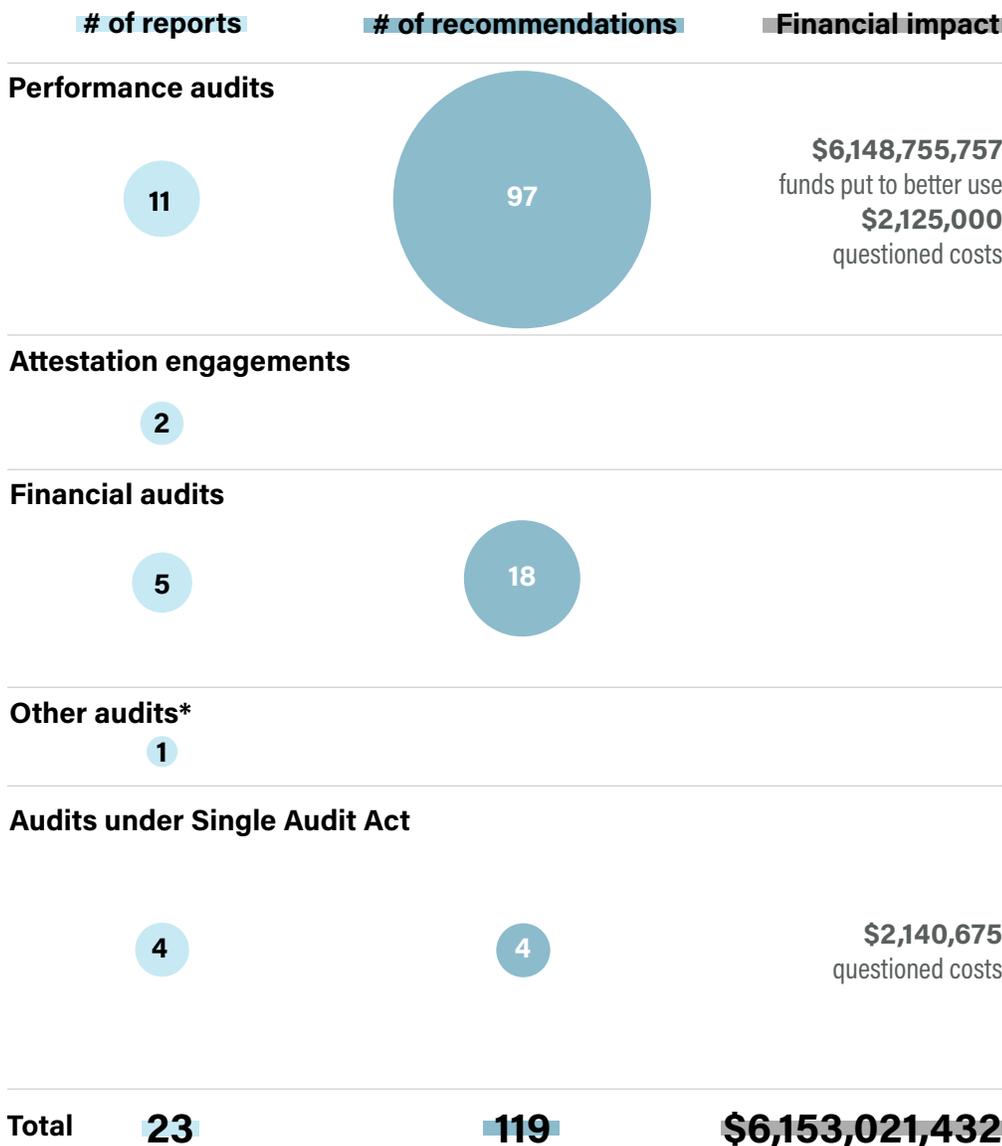


\$6.15b

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.

* For this reporting period, other audits included the annual DOT's Top Management Challenges report.

NOTE: Dollars shown are amounts reported to management. Actual amounts may change during final resolution. 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	5	7	\$2,065,100		
That funds be put to better use	1	1			\$2,200,000
For safety, efficiency, and economy	21	29			
A Total unresolved recommendations at the start of the reporting period		37	\$2,065,100		\$2,200,000
Recommendations made during reporting period					
That questioned costs	3	3	\$4,265,675		
That funds be put to better use	4	7			\$6,148,755,757
For safety, efficiency, and economy	16	109			
B Total recommendations made during reporting period		119	\$4,265,675		\$6,148,755,757
Total recommendations to be resolved (A+B)		156	\$6,330,775		\$6,150,955,757
Recommendations resolved during reporting period					
That questioned costs					
(i) dollar value of recommendations that were agreed to by mgmt (disallowed costs)	5	5	\$5,300,644		
(ii) dollar value of recommendations that were not agreed to by mgmt (allowed costs)	1	1	\$194,821		
That funds be put to better use					
(i) dollar value of recommendations that were agreed to by mgmt	2	2			\$65,000,000
(ii) dollar value of recommendations that were not agreed to by mgmt	3	5			\$6,083,755,757
For safety, efficiency, and economy	22	126			
C Total resolved at the end of the reporting period		139	\$5,495,465		\$6,148,755,757
D Total unresolved at the end of the reporting period [(A+B)-C]		17	\$835,310		\$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.

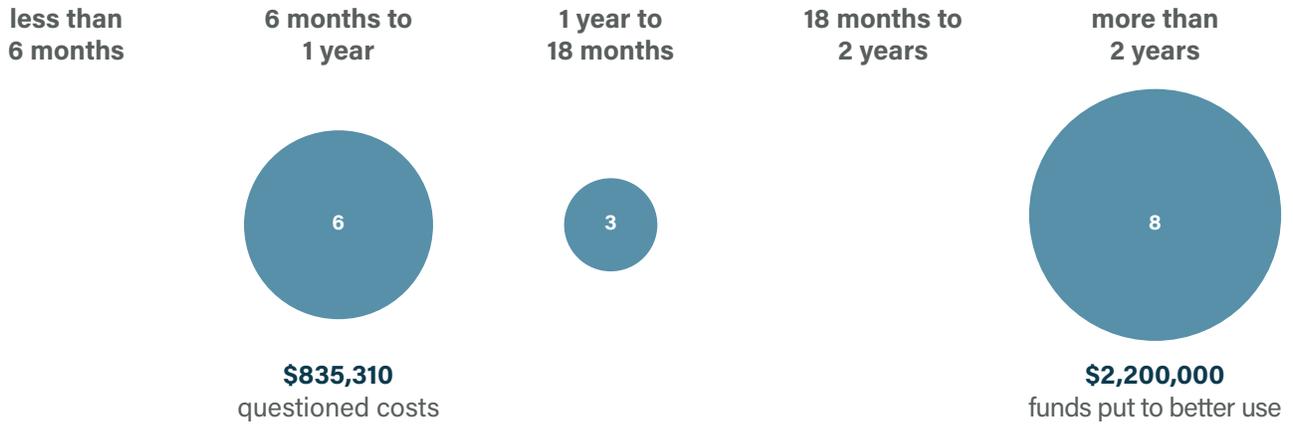
Disallowed costs

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.
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
<p>FAA Has Taken Steps To Identify Flight Deck Vulnerabilities but Needs To Enhance Its Mitigation Efforts (SSI) AV2017063 6/26/2017</p>	<p>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.</p> <p>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.</p>
<p>DOT and FAA Lack Adequate Controls Over Their Use and Management of Other Transaction Agreements ZA2017098 9/20/2017</p>	<p>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.</p>
<p>FAA Needs To Strengthen Its Management Controls Over the Use and Oversight of NextGen Developmental Funding AV2018030 3/6/2018</p>	<p>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.</p> <p>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.</p> <p>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.</p>

Report	Unresolved Recommendations
1 year to 18 months	
<p>Most Public Agencies Comply With Passenger Facility Charge Program Requirements, but FAA Can Improve the Use of Its Oversight Tools AV2019015 12/18/2018</p>	<p>Recommendation 6. Develop a methodology to review completed PFC projects that determines whether they are achieving intended program goals, and identifies best practices and opportunities for improvement.</p>
<p>Report on a Single Audit of the Massachusetts Bay Transportation Authority, Boston, MA SA2019028 3/25/2019</p>	<p>Recommendation 3. Ensures that the Authority complies with the equipment and real property management requirements.</p>
<p>Report on a Single Audit of Macon-Bibb County, Macon, GA SA2019037 03/26/2019</p>	<p>Recommendation 1. Ensures that the County complies with the reporting requirements.</p>
6 months to 1 year	
<p>Report on a Single Audit of the Commonwealth of Virginia, Richmond, VA SA2019065 9/10/2019</p>	<p>Recommendation 1. Ensures that the Commonwealth complies with the allowable costs/cost principles requirements.</p> <p>Recommendation 2. Recovers \$150,203 from the Commonwealth, if applicable.</p>
<p>Report on a Single Audit of the City of Birmingham, Birmingham, AL SA2019077 9/17/2019</p>	<p>Recommendation 1. Ensures the City complies with the procurement and suspension and debarment requirements.</p> <p>Recommendation 2. Recovers \$381,190 from the City, if applicable.</p>
<p>Report on a Single Audit of the State of Nebraska, Lincoln, Nebraska SA2019080 9/18/2019</p>	<p>Recommendation 2. Recovers \$232,750 (2018-067) from the State, if applicable.</p> <p>Recommendation 3. Recovers \$71,167 (2018-068) from the State, if applicable.</p>

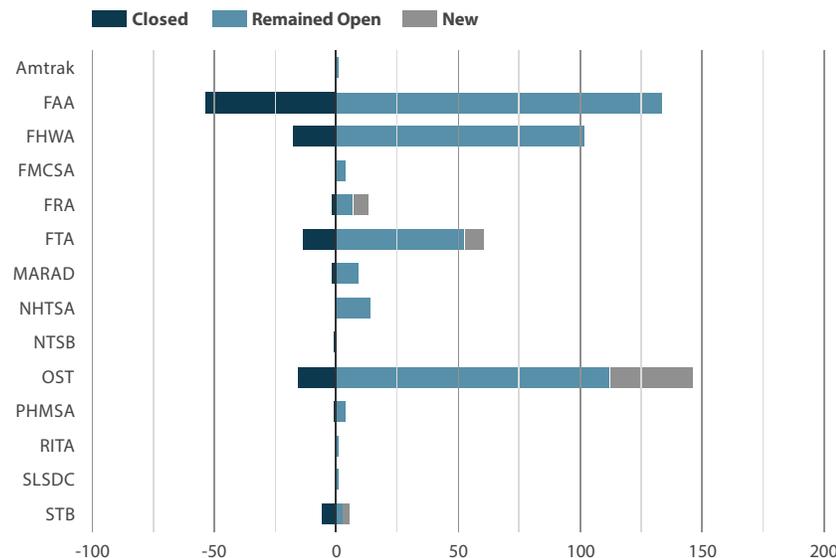
Open audit recommendations

As of March 31, 2020, DOT OIG had **574 open recommendations**, which were included in 195 audit reports issued between February 5, 2009, and March 11, 2020. Of these, 68 recommendations (from 52 reports) carry an **estimated monetary or cost savings totaling over \$10.9 billion**, including funds that could be put to better use and questioned costs.

Please visit our [Recommendation Dashboard](#) for accurate and timely data on the status of DOT OIG's audit recommendations, links to audit summaries associated with each recommendation, interactive charts and recommendation data visualizations, and reports on recommendations required by the Inspector General Act. and timely data on the status of DOT OIG's audit recommendations, a current list of open DOT OIG audit recommendations, and links to audit report summaries.



Status of audit recommendations, first half of FY 2020



Note: Amtrak, NTSB, and STB are independent Federal agencies within DOT OIG's audit jurisdiction; they are not DOT Operating Administrations.

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 FY 2020 Top Management Challenges

Required by the Reports
Consolidation Act of
2000 and OMB Circular
A-136

10.23.2019
PT2020003

As required by law, we report annually on the Department of Transportation's (DOT) most significant challenges to meeting its mission. We considered several criteria in identifying DOT's top management challenges for fiscal year (FY) 2020, including their impact on safety, documented vulnerabilities, large dollar implications, and the ability of the Department to effect change. We identified the following top management challenge areas for FY 2020:

- **Aircraft certification.** Key challenges: resolving certification issues related to the Boeing 737 MAX aircraft and enhancing oversight of aircraft certification processes.
- **Air carrier safety oversight.** Key challenges: balancing collaboration and enforcement and overseeing air carriers' new systems for managing safety risks.
- **Airspace modernization.** Key challenges: sustaining and modernizing the En Route Automation Modernization (ERAM) system, realizing the anticipated benefits of Automatic Dependent Surveillance–Broadcast (ADS-B), implementing new flight procedures, and auctioning off electromagnetic spectrum frequencies to finance and deploy new radars.
- **Cybersecurity.** Key challenges: addressing longstanding vulnerabilities in DOT systems, strengthening internal controls, and implementing mandated aviation cybersecurity initiatives.
- **Pipeline and hazardous materials safety.** Key challenges: hiring and retaining staff to oversee the safety of pipelines facilities and referring allegations of violations to DOT OIG.
- **Commercial vehicle safety.** Key challenges: ensuring commercial drivers are qualified, prioritizing motor carriers for interventions, and estimating the impact of driver detention.
- **Railroad safety.** Key challenges: reducing railroad grade crossing and trespassing fatalities and overseeing railroads' implementation of positive train control systems.
- **Surface infrastructure investments.** Key challenges: targeting oversight resources and managing risks, capitalizing on oversight support, and improving project delivery.

- **The future of transportation.** Key challenges: preparing for emerging vehicle automation technologies, safely integrating Unmanned Aircraft Systems and the commercial space industry, leveraging innovative financing, supporting research and development (R&D), and reshaping the workplace.

**Quality Control
Review of the
Independent
Auditor’s Report on
DOT’s Information
Security Program and
Practices**

Required by the Federal
Information Security
Modernization Act of
2014

10.23.2019
QC2020002

This report presents the results of our quality control review (QCR) of an audit of DOT’s information security program and practices. The Federal Information Security Modernization Act of 2014 (FISMA) requires agencies to develop, implement, and document agencywide information security programs and practices. The act also requires agencies to have annual independent reviews to determine the effectiveness of their programs, and report the results of these reviews to the Office of Management and Budget (OMB). To meet this requirement, we contracted with CliftonLarsonAllen LLP (CLA) to conduct this audit subject to our oversight. The audit objective was to determine the effectiveness of DOT’s information security program and practices in five function areas—Identify, Protect, Detect, Respond, and Recover. We performed a QCR of CLA’s report and related documentation. Our QCR disclosed no instances in which CLA did not comply, in all material respects, with generally accepted Government auditing standards. DOT concurred with 1 of CLA’s 14 recommendations and partially concurred with the remaining 13 recommendations. CLA considers recommendations 1, 2, 4, 8, 9, 10, 11, and 12 resolved but open pending completion of planned actions. CLA considers recommendations 3, 5, 6, 7, 13, and 14 open and unresolved.

**Quality Control
Review of the
Independent Auditor’s
Review of DOT’s DATA
Act Implementation**

Required by the Digital
Accountability and
Transparency Act of
2014

10.29.2019
QC2020004

This report summarizes the results of an audit of DOT’s implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act establishes Governmentwide standards for financial data, and requires agencies to provide accurate and searchable spending data for policy makers and the public at USASpending.gov. The act also requires inspectors general to report to Congress on their agencies’ compliance with the act. We contracted with KPMG LLP, an independent public accounting firm, to conduct this audit subject to our oversight. The audit objectives were to assess (1) the completeness, accuracy, timeliness, and quality of DOT’s first-quarter FY 2019 financial and award data submitted for publication on USASpending.gov and (2) DOT’s implementation and use of the Governmentwide financial data standards established by OMB and the Department of the Treasury. We performed a QCR of KPMG’s report and related documentation. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards. DOT concurred with KPMG’s four recommendations.

Quality Control Review of the Independent Auditor's Report on DOT's Audited Consolidated Financial Statements for FY 2019 and FY 2018

Required by the Chief Financial Officers Act of 1990

11.18.2019
QC2020011

We contracted with the independent public accounting firm KPMG LLP to audit DOT's financial statements as of and for the fiscal years ended September 30, 2019, and September 30, 2018, and to report on internal control over financial reporting and compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and the Governmental Accountability Office's (GAO) and Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Financial Audit Manual. In connection with the contract, we performed a QCR of KPMG's report dated November 13, 2019, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted Government auditing standards. DOT concurred with KPMG's eight recommendations. We agreed with KPMG's recommendations and did not make any additional recommendations.

Risk Assessment of DOT's Grant Closeout Process

Mandated by the Grants Oversight and New Efficiency Act of 2016

12.11.2019
CC2020001

Enacted in January 2016, the Grants Oversight and New Efficiency Act requires Federal agencies to report to Congress and the Department of Health and Human Services on open grant and cooperative agreement awards whose periods of performance have been expired for at least 2 years, and take appropriate action to close them. The act also requires the inspector general of each agency with over \$500 million in annual grant funding, such as DOT, to conduct a risk assessment to determine whether an audit or review of the agency's grant closeout process is warranted. Our risk assessment of DOT's grant closeout process did not detect a level of risk that warrants an audit or review of the process at this time. However, we will continue to monitor this area and may conduct future audits as appropriate.

DOT Needs To Enhance Oversight of Its Purchase Card Program To Mitigate Internal Control Weaknesses

Required by the Government Charge Card Abuse Prevention Act of 2012

3.11.2020
FI2020022

According to U.S. Bank, DOT's employees made more than 327,000 purchase card transactions—totaling \$223.7 million—from October 2016 through March 2018. In 2013, we reported several internal control weaknesses in the Department's purchase card program, such as lack of prior approval or funding certification for purchases; use of cards by individuals other than cardholders; split purchases to circumvent single purchase limits; payments of incorrect amounts; and purchases of items not included in purchase requests. In addition, our annual charge card risk assessments disclosed areas that constitute risk to the Department's charge card program, such as purchase cardholders (PCH) not meeting training requirements and using their DOT-issued purchase cards to commit acts of fraud. As a result, we determined that another audit of this program was needed. Our objectives were to (1) test existing controls to determine if they provide reasonable assurance that improper purchases are prevented or detected in the normal

course of business and (2) evaluate DOT's policies and procedures for oversight of its purchase card program. We looked at purchase card program policies and procedures and supporting documentation for purchases. We identified internal control weaknesses in multiple areas of the purchase card program. The weaknesses show that PCHs are not consistently following existing controls to prevent improper purchases, putting the Department's purchase card program at increased risk of misuse and abuse. Specifically, based on our findings for 44 of the 109 purchase card transactions in our sample, PCHs did not always follow prescribed controls for an estimated \$86.1 million in purchases. Furthermore, we found that employees did not always use proper purchase request channels, thus putting DOT at risk for Anti-Deficiency Act violations. We also found that DOT's policies and procedures for overseeing the purchase card program are not sufficient. For example, DOT does not review individual Operating Administrations' (OA) purchase card guidance for compliance with the Transportation Acquisition Manual. We made 13 recommendations to assist DOT in improving its oversight of the purchase card program and increasing the effectiveness of its internal controls. DOT fully concurred with 10 recommendations and partially concurred with 3

FEDERAL AVIATION ADMINISTRATION

Quality Control Review of the Independent Auditor's Report on FAA's Audited Consolidated Financial Statements for FY 2019 and FY 2018

Required by the Chief
Financial Officers Act of
1990

11.14.2019
QC2020009

We contracted with the independent public accounting firm KPMG LLP to audit FAA's financial statements as of and for the fiscal years ended September 30, 2019, and September 30, 2018, and to report on internal control over financial reporting and compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and GAO's and CIGIE's Financial Audit Manual. In connection with the contract, we performed a QCR of KPMG's report dated November 9, 2019, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted Government auditing standards. FAA concurred with KPMG's seven recommendations. We agreed with KPMG's recommendations and did not make any additional recommendations.

FAA Needs To Improve Oversight and Enhance Transparency in Its Franchise Fund

Mandated by the FAA Reauthorization Act of 2018

12.11.2019
FI2020012

FAA's Administrative Services Franchise Fund is a Government-run, fee-for-service organization that aims to foster competition, increase efficiency, and reduce costs across the Federal Government. The Fund has six service organizations and reported \$480 million in annual revenues in 2018. As required by the FAA Reauthorization Act of 2018, our office initiated an audit to assess FAA's management and oversight of the Fund's operations and activities. Specifically, we looked at the Fund's history, intended purpose, and objectives; conformance to generally accepted accounting principles; and conformance to Federal policies and other guidelines. The Fund's six service organizations serve multiple types of customers; by law, they are required to receive payment in advance. While the Fund's annual revenues reflect increases in its services and customers, we found weaknesses in its internal controls. For example, the Fund does not track inventory age; as such, we could not determine if the inventory value, reported to be \$656 million in 2018, had been overstated. Fund officials also do not conduct adequate oversight of the financial operations. For example, we found \$2.6 million in unexpended funds that should have been returned to customers; we project the total unreturned amount to be \$26 million of \$338 million in unexpended funds. In addition, if they are not paid in advance, some service organizations use operating reserves to pay for the costs of providing services, contrary to law. Most of them do not fully comply with requirements for capital reserve plans—increasing the risk that funds could be mismanaged. Still, FAA is changing the Fund's governance structure, which might allow it to measure whether the Fund is receiving adequate oversight and stability. However, FAA could do more to address customer concerns regarding transparency and to avoid the risk of improperly obligating funds. Enhancing financial-related internal controls is key to ensuring the Franchise Fund functions as Congress intended. We made 13 recommendations to help FAA strengthen its management and oversight of the Franchise Fund. FAA fully concurred with recommendations 3 through 13, but did not concur with recommendations 1 and 2. We asked the Agency to reconsider its position.

FAA Needs To Improve Its Oversight To Address Maintenance Issues Impacting Safety at Allegiant Air

Requested by Representatives Peter DeFazio, Rick Larsen, Nita Lowey, David Price, Mike Quigley, Katherine Clark, Pete Aguilar, Cheri Bustos, and Senators Jacky Rosen and Bill Nelson

12.17.2019
AV2020013

Allegiant Air—the Nation’s 11th largest passenger airline—grew faster than the airline industry as a whole in 2018 by carrying approximately 14 million passengers. However, incidents at this air carrier—including a series of in-flight engine shutdowns, aborted takeoffs, and unscheduled landings—have raised concerns about its maintenance practices. FAA uses its Compliance Program to achieve rapid compliance with regulatory standards, eliminate safety risks, and ensure positive and permanent changes that benefit the aviation industry. This program is based on the concept that the greatest safety risk comes from an operator who is “unwilling or unable” to comply with rules, rather than a specific event or its outcome. Our objective was to assess FAA’s processes for investigating improper maintenance practices at Allegiant Air. Specifically, we assessed FAA’s (1) oversight of longstanding maintenance issues impacting safety at Allegiant Air and (2) process for ensuring Allegiant Air implemented effective corrective actions to address the root causes of maintenance problems. Since 2011, FAA inspectors have not consistently documented risks associated with 36 Allegiant Air in-flight engine shutdowns for its MD-80 fleet or correctly assessed the root cause of maintenance issues. This was because inspectors did not follow FAA’s inspector guidance, which requires them to document changes in their oversight once they have identified areas of increased risk. Also, FAA’s Compliance Program and inspector guidance do not include key factors related to carriers’ violations of Federal regulations. Specifically, they do not contain provisions for inspectors to consider the severity of outcomes when deciding what action to take following a noncompliance. As a result, FAA is missing opportunities to address maintenance issues and mitigate safety risks in a timely manner. We made nine recommendations to improve the effectiveness of FAA’s oversight of air carrier maintenance programs. FAA concurred with eight of our nine recommendations and partially concurred with one. We consider the eight recommendations resolved but open, pending completion of planned actions. We asked FAA to reconsider its actions for the partially concurred recommendation.

NextGen Equipage: ADS-B Out Equipage Rates Are Increasing, but FAA Must Address Airspace Access Issues

Requested by Chairmen Bill Shuster and Frank LoBiondo of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation

12.18.2019
AV2020014

FAA’s Next Generation Air Transportation System (NextGen) is a multibillion-dollar transportation infrastructure project that requires airspace users to purchase and install new avionics on their aircraft. This includes ADS-B Out, which FAA mandated all operators who intend on flying in most controlled domestic airspace to install by January 1, 2020. Citing concerns about whether operators will meet the 2020 deadline, the then Chairmen of the House Committee on Transportation and Infrastructure and its Aviation Subcommittee requested that we provide information regarding equipage rates for ADS-B and other NextGen technologies on air carrier and general aviation aircraft. Accordingly, our audit objectives were to (1) determine the equipage rates for ADS-B and other NextGen-enabling technologies on commercial and general aviation aircraft, (2) ascertain the reasons behind aircraft operators’ decisions to equip or not equip with these technologies, and (3) assess FAA and aircraft operators’ plans to meet the 2020 ADS-B Out equipage deadline. We found that ADS-B Out equipage rates increased as the 2020 deadline approached with other equipage rates varying depending on the NextGen technology. In addition, operators were installing

ADS-B Out primarily due to the mandate but also considered financial and operational factors when equipping with NextGen technologies, such as potential benefits. Finally, most commercial and turbine-powered general aviation operators who will fly in ADS-B Out airspace planned on meeting the 2020 deadline. However, FAA had not finalized procedures needed by non-equipped operators to access ADS-B Out airspace. We made three recommendations to FAA concerning having the necessary systems and procedures in place so operators can access ADS-B Out required airspace. FAA concurred with two of our recommendations and provided appropriate planned actions and completion dates. The Agency did not concur with one recommendation to analyze the feasibility of developing automated systems to provide operators with more timely information regarding GPS outages or degradation. The Agency concluded that developing these additional systems is redundant and an inefficient use of resources. Based on its response, we believe that FAA has assessed the feasibility of developing automated systems as noted in recommendation 2. We consider this recommendation closed.

**Inspector General
Review of FAA's
FY 2019 Drug
Control Funds
and Performance
Summary Reporting**

Required by the Office of National Drug Control Policy Circular, Accounting of Drug Control Funding and Performance Summary

1.31.2020
FI2020017

Under the Office of National Drug Control Policy (ONDCP) Circular, Accounting of Drug Control Funding and Performance Summary (Circular), when drug-related obligations total less than \$50 million and a detailed accounting would be an unreasonable burden, agencies may submit alternative reports. For this reason, FAA submitted alternative Drug Control Obligation Summary and the Performance Summary reports. We reviewed the reports and related management assertions to determine the reliability of those assertions and compliance with the Circular in all material respects. We conducted our review in accordance with generally accepted Government auditing standards for attestation engagements. Specifically, we reviewed selected accounting internal controls to determine whether drug control funds were properly identified in the accounting system. In addition, we reviewed FAA's internal controls for performance measures to gain an understanding of how the measures were developed. We limited our review processes to inquiries and analytical procedures appropriate for an attestation review according to the Circular's criteria. FAA's Drug Control Obligation Summary identified \$20,516,000 of obligations from two of FAA's drug control decision units. When we traced those obligations, we found no material exceptions. FAA's performance targets for fiscal year 2019 were to: (1) initiate regulatory investigations on 95 percent of all airmen involved in the sale or distribution of illegal drugs within 30 days of knowledge of a conviction or notification by law enforcement, (2) ensure the aviation industry conducts random drug and alcohol testing of safety sensitive employees with results not exceeding 1 percent positives for drugs and 0.5 percent positives for alcohol, and (3) conduct 1,205 drug and alcohol inspections of the aviation industry to ensure compliance with Federal regulations. FAA indicated that it met its performance targets. Based on our review, we are not aware of any material modifications that should be made to FAA's FY 2019 Drug Control Obligation Summary and Performance Summary reports in order for them to be in accordance with the Circular.

FAA Has Not Effectively Overseen Southwest Airlines' Systems for Managing Safety Risks

Self-initiated

2.11.2020

AV2020019

On March 9, 2015, FAA established requirements for air carriers to implement a formal, top down approach to identifying and managing safety risks, known as safety management systems (SMS). However, recent events have raised concerns about FAA's safety oversight, particularly for Southwest Airlines, one of the largest passenger air carriers in the United States. In early 2018, our office received a hotline complaint regarding FAA's oversight of Southwest Airlines and a number of operational issues at the carrier. Then, in April 2018, Southwest Airlines Flight 1380 suffered an engine failure that resulted in the first U.S. passenger fatality in over 9 years. We initiated an audit to assess FAA's oversight of Southwest Airlines' systems for managing risk, and our review identified a number of concerns. First, Southwest Airlines continued to fly aircraft with unresolved safety concerns. For example, FAA learned in 2018 that the carrier regularly and frequently communicated incorrect aircraft weight and balance data to its pilots—a violation of FAA regulations and an important safety issue. Southwest Airlines also operated aircraft in an unknown airworthiness state, including more than 150,000 flights on previously owned aircraft that did not meet U.S. aviation standards—putting 17.2 million passengers at risk. In both cases, the carrier continued to operate aircraft without ensuring compliance with regulations because FAA accepted the air carrier's justification that the issues identified were low safety risks. Second, FAA inspectors did not evaluate air carrier risk assessments or safety culture as part of their oversight of Southwest Airlines' SMS. This was because FAA did not provide inspectors with guidance on how to review risk assessments or evaluate and oversee a carrier's safety culture. As a result, FAA could not provide assurance that the carrier was operating at the highest degree of safety in the public's interest, as required by law. FAA concurred with all 11 of our recommendations to improve its oversight of Southwest Airlines' systems for managing risk and provided appropriate planned actions and completion dates.

FAA's Competitive Award Practices Expose Its Major Program Contracts to Cost and Performance Risks

Requested by Chairman Bill Shuster of the House Committee on Transportation and Infrastructure

3.9.2020

ZA2020020

In support of its mission to operate the National Airspace System, FAA relies on an expansive portfolio of capital assets—including infrastructure, technology, and systems. These capital investments contribute to the multibillion-dollar acquisition portfolio that FAA manages each fiscal year. Over the years, various stakeholders have identified significant issues with the Agency's acquisition processes and practices. Citing those concerns, Representative Bill Shuster, then Chairman of the House Committee on Transportation and Infrastructure, asked us to conduct a review. Accordingly, our audit objective was to assess FAA's competitive award practices for its major acquisition program contracts, including safeguards against conflicts of interest (COI) on the part of FAA officials involved in the award process. FAA's competitive award practices for its major program contracts exposed the Agency to cost and performance risks. First, FAA's actions to establish fair, reasonable, and realistic contract pricing lacked sufficient support—specifically, independent Government cost estimates (IGCE) and price analyses, both of which are key to efficient pricing. Second, FAA's award

practices for its major program contracts did not always promote competition, which could have contributed to the Agency's continued reliance on the same small pool of contractors. Third, FAA put the integrity of its procurement process at risk because it did not consistently take required actions to prevent COI. For example, FAA could not provide complete COI agreements for all the officials involved in the selection process for five contracts with a total value of over \$1 billion. Finally, FAA lacked complete award documentation and a tracking process for its major program contracts, which impacted its ability to manage potential cost and schedule risks. We determined that FAA put up to \$4.9 billion in Federal funds at risk because it did not have required IGCEs before it awarded three competitive contracts and did not provide a sound rational basis for awarding another three contracts noncompetitively. FAA concurred with all 10 of our recommendations to improve its major program contract award practices and provided appropriate completion dates.

FEDERAL RAILROAD ADMINISTRATION

Improved FRA Decision Making and Financial Oversight Processes Could Have Reduced Federal Risks from the California High-Speed Rail Project

Requested by Chairman Jeff Denham of the House Committee on Transportation and Infrastructure, Subcommittee on Railroads, Pipelines, and Hazardous Materials

1.22.2020
ST2020015

Between 2009 and 2011, Congress cumulatively appropriated \$10.2 billion for the High Speed Intercity Passenger Rail (HSIPR) program. As of April 2019, FRA, responsible for this program, had disbursed \$8.5 billion of those funds, with approximately 35.5 percent dedicated to developing a corridor in California, managed by the California High Speed Rail Authority (CHSRA). The former Chairman of the House Committee on Transportation and Infrastructure, Subcommittee on Railroads, Pipelines, and Hazardous Materials requested that we review FRA's risk mitigation and oversight of expenditures. Accordingly, our audit objectives were to assess FRA's (1) risk analysis, assessment, and mitigation efforts—particularly regarding the availability of non-Federal matching funds, business plans, and financial reporting—and (2) procedures for determining whether Federal funds expended complied with applicable Federal laws and regulations. Due to the significant amount of HSIPR funds dedicated to California, our audit focused on FRA's cooperative agreements with CHSRA. While FRA took numerous actions to oversee the CHSRA agreement, FRA missed opportunities to better assess and mitigate Federal risks. Specifically, while FRA routinely found that CHSRA submissions of required planning documents were insufficient and provided CHSRA with technical assistance to improve future submissions, prior to May 2019, FRA did not document decisions on additional actions to address the repeated shortcomings. Additionally, FRA's review of documents submitted by CHSRA did not verify underlying methodologies used to create them or make an independent assessment of their plausibility. FRA did not define minimum standards for the acceptable interim use of the project's Central Valley segment to ensure that the initial construction segment would have independent operational utility, or ensure that CHSRA developed an acceptable interim use plan—although CHSRA missed the deadline to provide one. Finally, FRA's review of project reimbursement requests relied on documentation that was not adequate to verify that expenditures met Federal requirements, and FRA's review of expenditure documentation was

inadequate in some cases. We made four recommendations to improve FRA's assessment and mitigation of risks, documentation of decisions, and processes for overseeing expenditures. FRA concurred with three recommendations and partially concurred with one. We consider all four recommendations resolved but open pending completion of planned actions.

FEDERAL TRANSIT ADMINISTRATION

FTA's Limited Oversight of Grantees' Compliance With Insurance Requirements Puts Federal Funds and Hurricane Sandy Insurance Proceeds at Risk

Mandated by the Disaster Relief Appropriations Act of 2013

10.30.2019
ST2020005

After Hurricane Sandy hit in October 2012, FTA awarded approximately

\$5.03 billion in grant funding to 14 grantees through 2017 for response, recovery, and rebuilding projects. Our prior audits supporting oversight of this funding, mandated by the Disaster Relief Appropriations Act of 2013, found that FTA established formal reporting and tracking procedures for grantees' receipt of insurance proceeds to help prevent the Agency from funding project expenses for which a recipient already received insurance proceeds. However, we could not assess implementation of these oversight procedures at the time, because grantees faced years of ongoing monitoring before reaching settlements with the insurance companies. Now that grantees have begun to receive insurance settlements and develop plans for applying them, we initiated this audit to assess FTA's oversight of its Hurricane Sandy grantees' compliance with insurance requirements. Specifically, we assessed FTA's oversight of Hurricane Sandy recovery grantees' compliance with requirements for (1) carrying required insurance, (2) reporting on insurance proceeds, and (3) applying insurance proceeds. We found that FTA has not verified that grantees have required flood insurance for Hurricane Sandy damages and its other Federal transit investments. This is in part because FTA relies on grantees to self-certify that they have the requisite insurance coverage, does not require the grantees to produce the necessary data to support their certifications, and lacks procedures to confirm that grantees carry flood insurance when required. As a result, FTA cannot conclusively determine whether its grantees are eligible for the full amount of funding they received for Hurricane Sandy grants or a portion of the billions in Federal transit investments it funds annually. Further, FTA lacks procedures to follow up with grantees that do not submit Insurance Proceeds Reports, which may diminish its ability to eliminate duplication between Federal funds and insurance proceeds, as well as to ensure proceeds are properly allocated. Lastly, FTA has failed to hold Hurricane Sandy grantees accountable for timely or completely applying their over \$1 billion in insurance proceeds, in some cases years after they received them. Consequently, we found over \$982.8 million in insurance proceeds could be put to better use. We made eight recommendations to improve FTA's oversight of its Hurricane Sandy grantees' compliance with insurance requirements. FTA concurred with three, partially concurred with two, and did not concur with three. In response, we requested that FTA clarify and reconsider its actions.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Inspector General Review of NHTSA's FY 2019 Drug Control Funds and Performance Summary Reporting

Required by the Office of National Drug Control Policy Circular, Accounting of Drug Control Funding and Performance Summary

1.31.2020
FI2020018

Under the Office of National Drug Control Policy (ONDCP) Circular Accounting of Drug Control Funding and Performance Summary (Circular), when drug-related obligations total less than \$50 million and a detailed accounting would be an unreasonable burden, agencies may submit alternative reports. For this reason, NHTSA submitted alternative Drug Control Obligation Summary and the Performance Summary reports. We reviewed the reports and related management assertions to determine the reliability of those assertions and compliance with the Circular in all material respects. We conducted our review in accordance with generally accepted Government auditing standards for attestation engagements. Specifically, we reviewed selected accounting internal controls to determine whether drug control funds were properly identified in the accounting system. In addition, we reviewed NHTSA's internal controls for performance measures to gain an understanding of how the measures were developed. We limited our review processes to inquiries and analytical procedures appropriate for an attestation review according to the Circular's criteria. NHTSA provided Drug Control Obligation Summary and Performance Summary reports, dated December 20, 2019. However, NHTSA found significant errors that netted to \$245,000 in the obligations amount it reported, and we found a missing assertion in the Performance Summary report. On January 23, 2020, NHTSA addressed these errors and omissions and provided corrected reports. Other than the subsequently corrected matters discussed above, we are not aware of any material modifications that should be made to NHTSA's fiscal year 2019 Drug Control Obligation Summary and Performance Summary reports in order to comply with the Circular.

NATIONAL TRANSPORTATION SAFETY BOARD

Quality Control Review of the Independent Auditor's Report on NTSB's Financial Statements for FY 2019 and FY 2018

Required by the Accountability of Tax Dollars Act of 2002

11.12.2019
QC2020007

We contracted with the independent public accounting firm Allmond & Company, LLC, to audit NTSB's financial statements as of and for the fiscal years ended September 30, 2019, and September 30, 2018, and to report on internal control over financial reporting and compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and GAO's and CIGIE's Financial Audit Manual. In connection with the contract, we performed a QCR of Allmond's report dated November 6, 2019, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards. Allmond made no recommendations.

OFFICE OF THE SECRETARY OF TRANSPORTATION

Gaps in Internal Controls Impede the Department's Management of Working Capital Fund Laptops

Self-initiated

11.4.2019

ZA2020006

Laptop computers are an essential and widespread information technology asset at DOT. From FY 2013 to FY 2017, DOT purchased 5,448 laptops (costing approximately \$8.6 million) using the Department's Working Capital Fund (WCF). Federal regulations and DOT policy require that the Department ensure the appropriate and effective receipt, inspection, acceptance, and accounting for any property once it is delivered. Given the Department's significant investment in laptop computers and the importance of strong management and oversight, we initiated this audit. Our audit objectives were to: (1) determine whether DOT is following the OMB requirements for purchases of laptop computers; (2) assess whether DOT's policies and procedures for receipt, inspection, and acceptance of laptops are sufficient; and (3) assess whether internal controls are in place to account for the laptops in DOT's inventory management system after acceptance. While most of DOT's OAs complied with OMB requirements for the purchase of laptop computers, we identified weaknesses in DOT's post-purchase laptop management procedures. In particular, DOT's current policy defining its process for managing Government equipment is outdated and does not fully address the Department's operating environment. DOT also lacks sufficient internal controls to account for WCF-purchased laptops after acceptance, including tracking laptops once they are transferred to OAs or individual users. Based on our findings, we estimated that DOT could not account for 34.3 percent of the 5,448 laptops in the universe, representing \$2.9 million in funds that could have been put to better use, as detailed in our report. We made eight recommendations to improve the Department's acquisition and oversight of WCF-funded laptops. OST concurred with recommendations 1, 2, 3, 4, 5, 6, and 7 and partially concurred with recommendation 8. For the partial concurrence, OST agreed to take the recommended action but did not agree with our finding that \$2.9 million in funds could be put to better use.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Independent Auditor's Report on SLSDC's Financial Statements for FY 2019 and FY 2018

Required by the Government Corporation Control Act of 1945 and the Chief Financial Officers Act of 1990

11.13.2019
FI2020008

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of SLSDC, a U.S. Government Corporation, as of and for the fiscal years ended September 30, 2019, and September 30, 2018. In our opinion, SLSDC's financial statements present fairly, in all material respects, SLSDC's financial position as of September 30, 2019, and September 30, 2018, and its statements of operations and changes in cumulative results of operations, cash flows, budgetary resources and actual expenses, and changes in equity of the U.S. Government for the years then ended, in accordance with U.S. generally accepted accounting principles. We found no material weaknesses in internal control over financial reporting based on the limited procedures we performed. We also found no reportable noncompliance for FY 2019, with provisions of applicable laws, regulations, and contracts we tested. We made no recommendations.

SURFACE TRANSPORTATION BOARD

Quality Control Review of the Independent Auditor's Report on STB's Audited Financial Statements for FY 2019 and FY 2018

Required by the Accountability of Tax Dollars Act of 2002

11.15.2019
QC2020010

We contracted with the independent public accounting firm Leon Snead & Company, P.C., to audit STB's financial statements as of and for the fiscal years ended September 30, 2019, and September 30, 2018, and to report on internal control over financial reporting and compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and GAO's and CIGIE's Financial Audit Manual. In connection with the contract, we performed a QCR of Leon Snead's report dated November 12, 2019, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which Leon Snead did not comply, in all material respects, with U.S. generally accepted Government auditing standards. STB concurred with Leon Snead's three recommendations. We agreed with Leon Snead's recommendations and did not make any additional recommendations.

SINGLE AUDITS

Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending August 31, 2019

Self-initiated

10.16.2020
SA2020001

\$1,005,222
QUESTIONED COSTS

We queried and downloaded 81 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between June 1, 2019, and August 31, 2019, to identify significant findings related to programs directly funded by DOT. We found that the reports contained a range of findings that affected DOT programs. The auditors reported significant noncompliance with Federal guidelines related to 11 grantees that require prompt action from DOT's OAs. The auditors also identified questioned costs totaling \$1,005,222 for three grantees. We recommended that DOT coordinate with the impacted OAs to develop a corrective action plan to resolve and close the findings identified in this report. We also recommended that DOT determine the allowability of the questioned transactions and recover \$1,005,222, if applicable.

Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 4-Month Period Ending December 31, 2019

Self-initiated

1.29.2020
SA2020016

\$1,135,435
QUESTIONED COSTS

We queried and downloaded 84 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between September 1, 2019, and December 31, 2019, to identify significant findings related to programs directly funded by DOT. We found that the reports contained a range of findings that affected DOT programs. The auditors reported significant noncompliance with Federal guidelines related to 19 grantees that require prompt action from DOT's OAs. The auditors also identified questioned costs totaling \$1,135,453 for six grantees. We recommended that DOT coordinate with the impacted OAs to develop a corrective action plan to resolve and close the findings identified in this report. We also recommended that DOT determine the allowability of the questioned transactions and recover \$1,135,453, if applicable.

Quality Control Review on a Single Audit of the Interurban Transit Partnership, Grand Rapids, MI

Self-initiated

3.10.2020
QC2020021

We performed a QCR on the single audit that BDO USA, LLP performed for the Interurban Transit Partnership's (ITP) fiscal year that ended September 30, 2018. During this period, ITP expended approximately \$8.1 million from DOT grant programs. BDO determined that DOT's major program was the Federal Transit Cluster. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) whether ITP's reporting package complied with the reporting requirements of the Uniform Guidance. BDO'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 BDO's opinion on DOT's major program was inappropriate or unreliable. However, we identified a deficiency in ITP's reporting package that required correction and resubmission.

**Quality Control
Review on a Single
Audit of the City of
Corpus Christi, TX**

Required by the
Accountability of Tax
Dollars Act of 2002

3.16.2020
QC2020023

We performed a QCR on the single audit that RSM US LLP performed for the City of Corpus Christi's (City) fiscal year that ended September 30, 2018. During this period, the City expended approximately \$9.2 million from DOT grant programs. RSM determined that DOT's major program was the Airport Improvement Program. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) whether the City's reporting package complied with the reporting requirements of the Uniform Guidance. We found that RSM'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 RSM's opinion on DOT's major program was inappropriate or unreliable. However, we identified a deficiency in the City's reporting package that will require corrective action in future audits.

Correspondence

**Letter to OMB
on DOT Status of
Charge Card Open
Recommendations**

Required by the
Government Charge Card
Abuse Prevention Act of
2012

1.31.2020
CC2020002

The Government Charge Card Abuse Prevention Act of 2012 requires us to periodically review DOT's charge card and convenience check transactions, related programs, and implementation of our recommendations. We did not issue any reports during FY 2019. Currently, we are performing audits of DOT's Purchase Card Program and Travel Card Program to evaluate controls over those programs. We do not have any open recommendations from previously completed charge card or convenience check transaction audits.

Peer Reviews

Peer reviews

DOT OIG's auditing and investigations functions are subject to peer reviews in accordance with generally accepted Government auditing standards, CIGIE guidelines, and the Attorney General Guidelines for Federal OIGs with statutory law enforcement authority. These peer reviews provide formal, objective assessments of DOT OIG's adherence to prescribed standards, regulations, and legislation.

Peer reviews conducted of DOT OIG

The Department of Health and Human Services (HHS) OIG conducted a CIGIE peer review of our Office of Auditing and Evaluation in fiscal year 2019. HHS OIG concluded that the audit organization's system of quality control was suitably designed and complied with to provide DOT OIG with reasonable assurance of performing and reporting with applicable professional standards in all material respects. Accordingly, HHS OIG provided a "pass" rating and did not make any recommendations. The report was released on April 23, 2019.

The Small Business Association (SBA) OIG conducted a CIGIE peer review of our Office of Investigations in fiscal year 2018. 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.

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, OIG did not conduct a CIGIE peer review. Peer reviews conducted of DOT OIG

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5(a)(21)	Interference with DOT OIG independence	25
5(a)(22)	Closed but undisclosed audits and investigations of senior Government employees	11, 25

Acronym Glossary

ADS-B	Automatic Dependent Surveillance-Broadcast system
CDL	commercial driver's license
CHSRA	California High Speed Rail Authority
CIGIE	Council of Inspectors General on Integrity and Efficiency
COI	conflict of interest
DATA Act	Digital Accountability and Transparency Act of 2014
DBE	Disadvantaged Business Enterprise
DMV	Department of Motor Vehicles
DOJ	U.S. Department of Justice
DOT	U.S. or State Department of Transportation
ERAM	En Route Automation Modernization
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FISMA	Federal Information Security Modernization Act of 2014
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FY	fiscal year
GAO	U.S. Government Accountability Office
HHS	U.S. Department of Health and Human Services
HSIPR	High Speed Intercity Passenger Rail

ITP	Interurban Transit Partnership
NAS	National Airspace System
NextGen	Next Generation Air Transportation System
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
OA	Operating Administration
ONDCP	Office of National Drug Control Policy
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary of Transportation
PCH	purchase card holders
QCR	quality control review
R&D	research and development
SBA	Small Business Administration
SLSDC	Saint Lawrence Seaway Development Corporation
SMS	safety management systems
SSI	sensitive security information
STB	Surface Transportation Board
UAS	Unmanned Aircraft Systems
WCF	Working Capital Fund