



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

The Inspector General

Office of Inspector General  
Washington, D.C. 20590

June 27, 2013

The Honorable Darrell Issa  
Chairman, Committee on Oversight  
and Government Reform  
United States House of Representatives  
Washington, DC 20515

The Honorable Elijah E. Cummings  
Ranking Member, Committee on Oversight  
and Government Reform  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Issa and Ranking Member Cummings:

Thank you for your June 17, 2013, letter requesting that we provide information on the status of our open audit recommendations.<sup>1</sup> Specifically, you requested the following: (1) the number of open recommendations; (2) cumulative estimated cost savings associated with open recommendations; (3) specifics on the recommendations that could result in cost savings, including their dates and potential monetary benefits; and (4) our three most important or urgent open recommendations, including their status, estimated cost savings, and accompanying reports or documentation.

As of June 18, 2013, we identified 544 open recommendations, which were included in 198 audit reports issued between September 30, 2004, and June 18, 2013. Of these 544 recommendations, 45, which were included in 39 reports, carry potential monetary benefits or cost savings totaling \$4,990,703,159.<sup>2</sup> The enclosed document provides detailed information on these 45 recommendations.

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<sup>1</sup> Open recommendations include those for which the Department or an agency has either (1) concurred and proposed action plans but has yet to complete implementation, (2) completed the planned actions but has yet to provide us with supporting documentation, or (3) nonconcurrent.

<sup>2</sup> This figure includes funds that could be put to better use, questioned costs, and unsupported costs.

We identified the following as the three most important open recommendations based on their impact on safety, economy, or efficiency; documented vulnerabilities; and the ability of the Department to effect change in these programs or areas.<sup>3</sup>

### Top Three Open Recommendations

Operating Administration	Open Recommendation	OIG Report
Federal Aviation Administration (FAA)	Ensure the collection and analysis of data regarding domicile and commuting length for all Part 121 flight crews. Specifically, information regarding the number of pilots and other flight-crewmembers who commute, their methods of transportation, and the distances they commute, should be collected.	<i>FAA and Industry Are Taking Action To Address Pilot Fatigue, but More Information on Pilot Commuting Is Needed</i> , <a href="#">AV-2011-176</a> , September 12, 2011

Pilot fatigue is a longstanding safety issue but was highlighted after the fatal 2009 Colgan accident, in which both pilots commuted hundreds of miles prior to the flight. Our report recommended that FAA collect and analyze information on pilot domicile and commuting<sup>4</sup> to better target solutions to reduce fatigue within the aviation industry. According to the Air Line Pilots Association, roughly 60 percent of its pilots are commuters. Originally, the Agency agreed to complete a scan of available data on pilot commuting and determine whether additional data could offer significant safety benefits. However, in March 2013, FAA cited a study on flight attendant commuting and stated that collecting and analyzing data on pilot commuting was not warranted because pilots have an obligation to be fit for duty. FAA considers this recommendation as substantially reviewed and addressed. We disagree with FAA's position, and this recommendation remains open.

<sup>3</sup> We first identified these recommendations as top priorities to the Committee in April 2012. The order in which the recommendations are listed does not indicate any order of priority within the list.

<sup>4</sup> Commuting is a common aviation industry practice as pilots are not required to live within close proximity of their assigned duty locations. Many pilots reside hundreds or thousands of miles from their duty locations, and their commutes frequently involve cross-country air travel. For example, the National Transportation Safety Board's Colgan investigation revealed that out of 136 Newark-based Colgan pilots, 49 (36 percent) had commutes of at least 400 miles, with some commuting from States such as California, Nevada, and Washington.

<b>Operating Administration</b>	<b>Open Recommendation</b>	<b>OIG Report</b>
Federal Highway Administration (FHWA)	Report regularly to internal and external stakeholders on the effectiveness of States' efforts to improve the condition of the Nation's deficient bridges based on the analysis of Highway Bridge Program expenditure data and an evaluation of progress made in achieving performance targets.	<i>Assessment of FHWA Oversight of the Highway Bridge Program and the National Bridge Inspection Program</i> , <a href="#">MH-2010-039</a> , January 14, 2010

According to FHWA, about one-fourth of the Nation's more than 600,000 bridges have major deterioration, structural cracks, or functional deficiencies such as overhead clearances that do not meet current standards. The May 2013 bridge collapse in Washington State brought renewed attention to addressing bridge conditions. We have emphasized over the past 2 decades the need to improve the quality of inspection data and implement data-driven, risk-based oversight to prioritize bridge safety risks. Such action will also be critical to help FHWA meet new requirements for more performance-based management of highway bridges in the Moving Ahead for Progress in the 21st Century Act.<sup>5</sup> DOT agreed to develop a new template by the end of 2013 to report on States' efforts to address deficient bridges and to take steps by 2015 to enhance the level of detail reported on bridge conditions.

<b>Operating Administration</b>	<b>Open Recommendation</b>	<b>OIG Report</b>
Department of Transportation (DOT)	Implement the use of PIV cards as the primary authentication mechanism to support multi-factor authentication at the system and application level for all DOT employees and contractors.	<i>Timely Actions Needed To Improve DOT's Cybersecurity</i> , <a href="#">FI-2011-022</a> , November 15, 2010

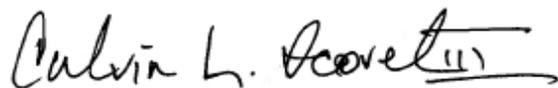
The Office of Management and Budget required that, by 2012, all Federal personnel use personal identity verification (PIV) cards to log on to agency computers for multifactor user identity authentication. As of March 2013, only 42 percent of DOT's systems were enabled for user logon with PIVs, and no users were required to actually use PIV for identity authentication. DOT concurred with our recommendation, continued issuing PIV cards in fiscal year 2012, and designated PIV card deployment for authentication as one of its top cybersecurity priorities for fiscal year 2013. DOT plans to complete this action in fiscal year 2016.

<sup>5</sup> The Moving Ahead for Progress in the 21st Century Act (MAP-21), Pub. L. No. 112-141 (2012).

We remain committed to supporting the Department through our audits and investigations as it carries out its mission to improve the management and execution of programs and protect resources from fraud, waste, abuse, and violations of law. We appreciate the Department's responsiveness to our findings and recommendations and the Secretary's commitment to ensuring the safe and efficient operation of our national transportation system. We note that the Deputy Secretary is actively engaged in working with DOT's Operating Administrators to ensure that appropriate corrective actions are quickly taken to resolve and close our recommendations.

If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,

A handwritten signature in black ink that reads "Calvin L. Scovel III". The signature is written in a cursive style with a horizontal line at the end.

Calvin L. Scovel III  
Inspector General

Enclosure

**Department of Transportation, Office of Inspector General**  
**Open Recommendations with Financial Benefits**  
**as of June 18, 2013**

**Audits**

Report Number: Title, Date	Recommendation	Funds Put to Better Use	Questioned Costs	Unsupported Costs
<b>Federal Aviation Administration</b>				
AV2010126: <i>FAA's Air Traffic Controller Optimum Training Solution Program: Sound Contract Management Practices Are Needed To Achieve Program Outcomes</i>  09/30/2010	Determine (a) if the existing contract mechanism can be effectively modified to achieve ATCOTS program goals within the current estimate of \$859 million or (b) update cost estimates and requirements for its training needs and develop criteria for determining whether the Agency should exercise options in the contract.	\$422,000,000		
AV2011180: <i>More Rigorous Oversight Is Needed To Ensure Venice Municipal Airport Land Sales and Leases Are Used Appropriately</i>  09/29/2011	Work with the City of Venice to develop an appropriate allocation of future rent revenue from Sharky's over the remaining term of the lease and the cost of subsequent capital improvements such as parking lot renovations, that protects the self-sustainability of the airport.  Assess the revenue diversions or self-sustainability issues involving the distribution of Sharky's lease revenue and parking lot renovation costs and seek full recovery, plus interest on the \$493,070 in questioned costs identified by our office and any other improperly allocated revenue identified by FAA.	\$426,329	\$493,070	
AV2013071: <i>ARRA Lessons Learned: Opportunities Exist for FAA To Further Improve Its Oversight of Airport Grant Payments</i>  04/18/2013	Develop and implement a plan to maximize the recovery of ARRA and AIP improper payments identified in this report.		\$24,297,622	
<b>Federal Highway Administration</b>				
ZA2009033: <i>Oversight of Design and Engineering Firms' Indirect Costs Claims on Federal-Aid Grants, Federal Highway Administration</i>  02/05/2009	By implementing the recommendations in this report, FHWA could put approximately \$30.2 million in future Federal-aid funds to better use.  Recover \$2.8 million in unallowable executive compensation and \$1.6 million in other unallowable indirect charges.	\$30,200,000		\$4,400,000

**Department of Transportation, Office of Inspector General**  
**Open Recommendations with Financial Benefits**  
**as of June 18, 2013**

Report Number: Title, Date	Recommendation	Funds Put to Better Use	Questioned Costs	Unsupported Costs
MH2011146: <i>FHWA's Oversight of Federal-Aid and Recovery Act Projects Administered by Local Public Agencies Needs Strengthening</i> 07/15/2011	Assess the project transactions related to the \$5 million in unsupported project costs we identified in California and Texas and review similar transactions within these projects for unsupported costs. Develop an action plan to collect all unsupported costs or identify FHWA's rationale for acceptance of these costs.			\$5,000,000
ZA2012084: <i>Lessons Learned From ARRA: Improved FHWA Oversight Can Enhance States' Use of Federal-Aid Funds</i> 04/05/2012	Complete a nationwide assessment to determine current levels of competition for Federal-aid contracts; evaluate factors affecting competition; identify State DOT contract award practices that may need improvement; and address perceived barriers to State DOT implementation of FHWA, AASHTO, and other best practices for improving competition.	\$179,000,000		
MH2013075: <i>Lessons Learned From ARRA Could Improve the Federal Highway Administration's Use of Full Oversight</i> 05/07/2013	Require that the Florida, Michigan, and Pennsylvania Division Offices sample additional ARRA projects to further mitigate other similar instances of noncompliance with Federal requirements. In particular, ensure that the types of compliance issues similar to those used to project the \$125.6M in unsupported progress payments are mitigated.			\$125,600,000
<b>National Highway Transportation Safety Administration</b>				
MH2013040: <i>NHTSA's Oversight of Mississippi's Management of Federal Highway Safety Grants Needs Strengthening</i> 02/06/2013	Identify actions NHTSA will take to recover improper payments.		\$7,100,000	
<b>Office of the Secretary of Transportation</b>				
QC2012009: <i>QCR of the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2011 and 2010</i> 11/15/2011	Clifton Gunderson recommended that DOT management ensure that OAs perform the quarterly inactive project reviews to ascertain that inactive obligations are liquidated in a timely manner throughout the year. Particular attention should be paid to stagnant or closed projects with open obligations. Timely reconciliation with the OAs' grantees or contractors should be performed.	\$1,400,000,000		

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QC2013020: QCR of the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2012 and 2011  11/15/2012	KPMG recommended that DOT develop a departmentwide requirement for the periodic operating administration certification of the open obligation balance that is inactive for 12 or more months.	\$2,644,000,000		
ZA2013072: Weaknesses in the Department's Disadvantaged Business Enterprise Program Limit Achievement of Its Objectives  4/23/13	Develop comprehensive guidance and best practices for DBE program implementation by involving DBE stakeholders from all levels. The guidance should provide direction for conducting certification processes, certification reviews, and on-site project reviews.	\$124,000,000		

**Single Audits**

***Federal Aviation Administration***

SA2012156: Federated States of Micronesia National Government  07/30/2012	Evaluate and recover, if applicable, \$20,237 from Micronesia National Government as identified by the independent auditors.		\$20,237	
SA2012156: Federated States of Micronesia National Government  07/30/2012	Evaluate and recover, if applicable, \$13,343 from Micronesia National Government as identified by the independent auditors.		\$13,343	
SA2013050: Los Angeles World Airports, CA  03/12/2013	Evaluate and recover, if applicable, \$70,693 from the Los Angeles World Airports as identified by the independent auditors.		\$70,693	

***Federal Highway Administration***

SA2011129: State of Minnesota  06/13/2011	Ensure the State complies with requirements for grading and base construction and recover \$1,289,000 from the State, if applicable.		\$1,289,000	
SA2012182: County of Gloucester, NJ  09/17/2012	Evaluate and recover, if applicable, the total questioned costs of \$13,144 from the County as identified by the independent auditors.		\$13,144	

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SA2012185: Territory of American Samoa  09/17/2012	Evaluate and recover, if applicable, \$244,564 from the Territory as identified by the independent auditors.		\$244,564	
SA2013017: Craig Tribal Association, AK  11/15/2012	Evaluate and recover, if applicable, \$412,194 from the Tribe as identified by the independent auditors.		\$412,194	
SA2013035: Hoonah Indian Association, AK  01/24/2013	Evaluate and recover, if applicable, \$11,394 from the Hoonah Indian Association as identified by the independent auditors.		\$11,394	
SA2013060: Commonwealth of Pennsylvania  03/29/2013	Evaluate and recover, if applicable, \$6,128,979 from the Commonwealth as identified by the independent auditors.		\$6,128,979	
SA2013076: State of Tennessee  05/09/2013	Evaluate and recover, if applicable, \$73,605 from the State as identified by the independent auditors.		\$73,605	
SA2013089: State of Louisiana  05/09/2013	Evaluate and recover, if applicable, \$83,575 from the State as identified by the independent auditors.		\$83,575	
<b>Federal Transit Administration</b>				
QC2007055: South Carolina Department of Transportation  07/18/2007	Determine the allowability of the Department's payments to the Authority, and recover \$496,479 from the Department and/or the Authority, if applicable.		\$496,479	
SA2010078: City of Roanoke, VA  07/22/2010	Ensure the City abides by Federal and City procurement requirements and recover \$543,307 from the City, if applicable.		\$543,307	
SA2010087: Miami-Dade County Transit Department, FL  07/27/2010	Ensure the County complies with Buy America provisions, and recover \$528,217 from the County, if applicable.		\$528,217	
SA2010118: South Tahoe Area Transit Authority, CA  09/27/2010	Ensure the Authority obtains approval of the hourly reimbursement rate and recover \$208,700 from the Authority, if applicable.		\$208,700	

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SA2010123: Yuma Metropolitan Planning Organization, AZ  09/27/2010	Ensure the Organization complies with various Federal reporting requirements, and recover \$11,948 from the Organization, if applicable.		\$11,948	
SA2011075: Yuma Metropolitan Planning Organization, AZ  04/28/2011	Determine the allowability of the FY 2009 drawdown activity and recover \$344,353 from the Planning Organization, if applicable.		\$344,353	
SA2011113: City of Tracy, CA  05/24/2011	Ensure the City maintains adequate documentation for payroll charges and recover \$166,701 from the City, if applicable.		\$166,701	
SA2011124: State of Tennessee  06/13/2011	Evaluate and recover, if applicable, \$23,511 from the State as identified by the independent auditors.		\$23,511	
SA2011124: State of Tennessee  06/13/2011	Determine the allowability of the reimbursement requests and recover \$79,021 from the State, if applicable.		\$79,021	
SA2011124: State of Tennessee  06/13/2011	Evaluate and recover, if applicable, \$452,370 from the State as identified by the independent auditors.		\$452,370	
SA2012059: City of Columbia, MO  02/27/2012	Evaluate and recover, if applicable, \$22,803 from the City as identified by the independent auditors.		\$22,803	
SA2012060: Omaha Council Bluffs Metropolitan Area Planning Agency, NE  02/27/2012	Evaluate and recover, if applicable, \$27,600 from the Council as identified by the independent auditors.		\$27,600	
SA2012103: State of Tennessee  05/02/2012	Evaluate and recover, if applicable, \$17,867 from the State as identified by the independent auditors.		\$17,867	
SA2012158: Miami-Dade Transit, FL  07/30/2012	Evaluate and recover, if applicable, \$12,000 from Miami-Dade as identified by the independent auditors.		\$12,000	

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Report Number: Title, Date	Recommendation	Funds Put to Better Use	Questioned Costs	Unsupported Costs
SA2013015: Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter Railroad Corporation (METRA)  11/15/2012	Work with MOHS to develop an action plan with milestones.		\$1,267,845	
SA2013027: King County, WA  12/19/2012	Evaluate and recover, if applicable, \$292,601 from the County as identified by the independent auditors.		\$292,601	
SA2013027: King County, WA  12/19/2012	Evaluate and recover, if applicable, \$3,785,574 from the County as identified by the independent auditors.		\$3,785,574	
SA2013044: Southeastern Regional Transit Authority, MA  02/12/2013	Evaluate and recover, if applicable, \$6,701,537 from the Authority as identified by the independent auditors.		\$6,701,537	
SA2013058: Capital Metropolitan Transportation Authority, TX  03/29/2013	Evaluate and recover, if applicable, \$223,378, from the Authority as identified by the independent auditors.		\$223,378	
SA2013078: State of Connecticut  05/09/2013	Evaluate and recover, if applicable, \$534,070 from the State as identified by the independent auditors.		\$534,070	
<b>National Highway Transportation Safety Administration</b>				
SA2013083: State of Alaska  05/09/2013	Evaluate and recover, if applicable, \$85,528 from the State as identified by the independent auditors.		\$85,528	
<b>Totals</b>		<b>\$4,799,626,329</b>	<b>\$60,476,830</b>	<b>\$130,600,000</b>
<b>GRAND TOTAL: Funds Put to Better Use, Questioned Costs, Unsupported Costs</b>			<b>\$4,990,703,159</b>	