U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

Quality Control Review of the Management Letter for the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2019 and 2018

FAA

Report No. QC2020024

April 8, 2020

Quality Control Review of the Management Letter for the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2019 and 2018

Required by the Chief Financial Officer Act of 1990

Federal Aviation Administration | QC2020024 | April 8, 2020

What We Looked At

This report presents the results of our quality control review (QCR) of KPMG LLP's management letter related to the audit it conducted, under contract with us, of the Federal Aviation Administration's (FAA) consolidated financial statements for fiscal years 2019 and 2018. In addition to its audit report on FAA's financial statements, KPMG issued a management letter that discusses eight internal control matters that it was not required to include in its audit report.

What We Found

Our QCR of KPMG's management letter disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards.

Recommendations

KPMG made eight recommendations in its management letter. FAA concurred with all eight recommendations.

Contents

U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

Memorandum

Date: April 8, 2020

Subject: INFORMATION: Quality Control Review of the Management Letter for the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2019 and 2018 | Report No. QC2020024

From: Louis C. King
Assistant Inspector General for Financial and Information Technology Audits

To: Federal Aviation Administrator

I am pleased to transmit the attached management letter related to the audit of the Federal Aviation Administration's (FAA) consolidated financial statements for fiscal years 2019 and 2018. KPMG LLP, of Washington, DC, completed the audit under contract with us. The contract required that KPMG perform the audit in accordance with generally accepted Government auditing standards and the Office of Management and Budget's Bulletin 19-03, *Audit Requirements for Federal Financial Statements*. KPMG issued an auditor's report[1] that included a clean (unmodified) opinion on FAA's financial statements.

KPMG also issued, and is responsible for, a management letter, dated November 27, 2019 (see attachment), identifying eight internal control matters that require FAA management's attention. KPMG was not required to include these matters or the related recommendations in its auditor's report.

We appreciate the cooperation and assistance of FAA's representatives and KPMG. If you have any questions, please contact me at (202) 366-1407 or George Banks, Program Director, at (202) 420-1116.

cc: The Secretary
DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100

---

[1] See *Quality Control Review of the Independent Auditor's Report on the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2019 and 2018* (OIG Report Number QC2020009), November 14, 2019.

Summary of KPMG's Management Letter

In its management letter, KPMG reported the following matters involving FAA's internal control over financial reporting and other operational matters that require management's attention.

Untimely Update of Environmental Cleanup and Decommissioning Facility Cost Estimates

FAA assets constructed prior to October 1, 1998, may contain environmental contaminants that must be considered when the assets are decommissioned. To estimate the costs to remove, contain, and/or dispose of the hazardous materials FAA uses cost models that are scheduled to be updated every 3 years. Using these estimates, FAA records an environmental cleanup and decommissioning (EC&D) liability.

FAA did not follow established policies and procedures to ensure that the underlying cost models used in calculating the EC&D liability were updated in a timely manner. FAA also did not consider changes in regulations, plans, technology, or inflation in its EC&D liability calculation as of and for the period ended June 30, 2019.

Ineffective Headquarters Journal Entry Control Log Reconciliation

FAA's manual journal entry process has two separate control environments, one for Headquarters and one for the Enterprise Services Center. The Headquarters process includes review and approval controls to ensure that each journal entry represents a complete, accurate, and valid transaction, including appropriate supporting documentation for the journal entry. FAA's Financial Reporting Quality Assurance Branch performs a Journal Entry Control Log Reconciliation by comparing approved journal entries against the manual journal entry logs to validate that journal entries posted in the financial system by FAA Headquarters staff have the required approvals.

The Headquarters manual journal entry log was incomplete because it did not capture three Headquarters manual journal entries as of June 30, 2019. As a result, these entries were not subject to FAA's reconciliation controls.

Weakness in the Airport Improvement Program Allowable Cost and Federal Match Determination

FAA's Airport Improvement Program (AIP) awards grants to enhance airport safety and capacity, fund a variety of capital projects, and perform other projects. The costs of each airport project are split between the grant sponsor and FAA, with each party's share determined by the grant agreement's terms and conditions.

AIP grant expenses are not always appropriately calculated based on the terms and conditions of the grant agreements.

Database Audit Logging for Time and Attendance Application

A database administrator (DBA) is required to conduct biweekly reviews of FAA's time and attendance system database audit logs for unauthorized or suspicious activity. Once a month, the Enterprise Services Center–Enterprise Data Center (ESC–EDC) security audits the DBA's log reviews through a remedy report to ensure that the logs have been reviewed timely.

The DBA did not always review the time and attendance application database logs biweekly. Also, ESC–EDC personnel did not perform monthly audits in January and February, as required by FAA's technical operating procedures (TOPS).

Periodic Review of Access to the Purchase Request System

FAA uses a purchase request system to process and track procurement items. The purchase request system requires each non-privileged user to be recertified annually on a rolling basis according to the anniversary of the user's date of access.

FAA's process for purchase request system user training does not comply with the system's system security plan (SSP) control description. Specifically, due to the volume of users, the purchase request system team's process staggers users' recertifications on a monthly basis. A user's recertification begins within the month of his or her access training anniversary. As a result, all users' recertifications may be completed in slightly more than a year, while the SSP control description calls for all users to be certified within a year. Additionally, 1 of 27 users selected from FAA's purchase request system was not recertified within a year of the user's creation date.

User Termination in the Environmental Cleanup Tracking Application

FAA uses an environmental cleanup tracking application as a real-time site management tool that tracks the environmental investigation, remediation, and regulatory closure status of the Agency's Environmental Cleanup Program sites. The environmental cleanup tracking application's third-party contractor is responsible for terminating users who separate from FAA.

Individuals who separate from FAA are not removed in a timely manner from the environmental cleanup tracking application.

Separation of Duties in the Environmental Cleanup Tracking Application

The environmental cleanup tracking application's privileges and permissions are assigned to each group using a "white list" (what is allowed) rather than a "black list" (what is not allowed) to ensure that individually justifiable and approved permissions are assigned. The lists differentiate user privileges. Controls are not in place to ensure that developers who write code do not have permission to push code into the production environment.

Monitoring of Excise Tax Revenues Allocated by the Internal Revenue Service

FAA uses the Airport and Airway Trust Fund (AATF) to finance investments in the airport and airway system, including airport construction and safety improvements, technological upgrades to the air traffic control system, and air traffic control and safety inspections. AATF is funded by excise tax revenues that the Internal Revenue Service (IRS) collects from airway system users. Because IRS does not receive sufficient information at the time excise taxes are collected to determine how the taxes should be distributed to specific trust funds, the Treasury Department makes semimonthly distributions to AATF based on allocations prepared by its Office of Tax Analysis (OTA). These estimated allocations are based on historical excise tax collections data applied to current excise tax receipts, and are later adjusted to reflect actual collections when certified by IRS.

FAA uses trend and other analyses to assess the reasonableness of the excise tax revenue provided to AATF. In April 2019, FAA management noted the amount that IRS certified for the fourth quarter of fiscal year 2018 was inconsistent with FAA’s expectations. In September 2019, IRS agreed that the amount did not encompass the full amount of excise tax revenue collected on behalf of AATF. IRS verbally indicated that it intended to allocate and certify the remaining portion of excise tax revenue in early 2020. KPMG asserted that IRS’s allocation error does not impact FAA’s consolidated financial statements as of and for the year ended September 30, 2019, since revenue recognition criteria under generally accepted accounting principles are not met until IRS actually allocates and/or certifies the additional amount.

KPMG’s Recommendations

To strengthen FAA’s financial, accounting, and system controls, KPMG recommended that:

1. FAA management consider adjusting the EC&D liability for any significant changes in factors impacting the EC&D liability that can be reasonably estimated (i.e., inflation) as of and for the year ended September 30, 2019.
2. FAA management develop an information processing guide to assist in the effective operation of the HQ Journal Entry Control Log Reconciliation to ensure the reconciliation is consistently utilizing complete and accurate information, including all entries posted by usernames with HQ journal entry posting responsibility.
3. FAA management revise policies and procedures to ensure that the review of grant invoices includes the review and validation of compliance with terms and conditions per the applicable grant agreement.
4. FAA enforce the policy that monthly audits are conducted by ESC–EDC personnel, as required by TOPS policy, to ensure that the bi-weekly log reviews are completed as required. In addition, FAA should ensure that the required monthly audits are tracked via checklist and certified by ESC–EDC personnel who conducted the audit. If ESC–EDC personnel determine

that the biweekly reviews have not been properly completed, the ESC–EDC personnel should follow-up with the DBA to ensure that incomplete reviews are remediated and future bi-weekly log reviews are completed timely, as required by TOPS policy.

5. FAA management update the purchase request application system's SSP to reflect the design and implementation of the formalized procedures for performance of the periodic user recertification.

6. FAA management design and implement a process in coordination with Human Resources, to ensure that the contractor and the environmental cleanup tracking application system owner remove terminated users within a defined period of time subsequent to the individuals' termination date.

7. FAA management implement a change control procedure which includes: change control documents, change control board approval, configuration change testing, and development team approval prior to preceding with implementing changes into production.

8. FAA management continue to perform its existing monitoring procedures over excise tax revenue allocations by the IRS. In addition, KPMG recommended that FAA management communicate instances where allocations and certifications of excise tax revenue are materially inconsistent with expectations to Department of Transportation leadership and to the Department of Transportation's Office of the Inspector General to facilitate the timely allocation and certification of excise tax revenues by the IRS.

Our QCR

We performed a quality control review (QCR) of KPMG's management letter and related documentation. Our review disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards.

Regarding the matter of IRS's error in the allocation of excise taxes, we believe additional information is necessary to provide context and describe FAA's action to address the matter.

OIG's Discussion and Analysis of IRS's Error in Allocation of Excise Tax Revenues to AATF for Fiscal Year 2019

FAA contacted IRS and the Treasury Department several times to address the discrepancy between the anticipated revenue collections based on FAA's analytical procedures and ticketed passenger trends and the amount certified by IRS for the fourth quarter of fiscal year 2018. FAA did not obtain satisfactory answers, made no adjustments to its statements, and did not pursue the matter further.

To support FAA's financial statement audit, we engaged the Government Accountability Office (GAO) to perform agreed-upon procedures to assist us in ascertaining whether the net excise tax revenues distributed to AATF are supported by underlying records. While performing procedures in late September 2019, GAO identified an input error that IRS stated had resulted in a $655 million understatement of the amount previously certified for the fourth quarter of fiscal year 2018. Had GAO not identified this error, these funds would have been lost to AATF. Furthermore, because incorrect data were used to estimate the semimonthly distributions to AATF for the fourth quarter of fiscal year 2019, we estimate that another approximately $700 million was not distributed to AATF during fiscal year 2019 that should have been, had the error not occurred. IRS indicated that AATF would likely not be credited until early 2020 when the fourth quarter of fiscal year 2019 was certified. In February 2020, the fourth quarter fiscal year 2019 certification provided an additional $1.46 billion to AATF.

FAA noted that it only recorded excise taxes when certified by IRS or allocated by OTA. Because the error did not meet any of these criteria, the Agency did not perform any adjustments to its statements. While this practice is consistent with Statement of Federal Financial Accounting Standards (SFFAS) 7, the standard does not address errors of the nature described above. However, *Interpretation of Federal Financial Accounting Standards 5: Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7* states that entities that receive nonexchange revenue collected on their behalf by another entity should recognize the revenue based on the best available evidence at the time the financial report is prepared. SFFAS 7, appendix A, further states that the Federal Accounting Standards Advisory Board believes that both the collecting entity and the recipient entity have the responsibility to disclose any violation of law, and to provide, as supplementary information, if estimable, amounts by which the trust funds may be over- or under-funded.

As a result of our concern of this matter, FAA updated its Performance and Accountability Report to disclose the matter in the Management Discussion and Analysis section.

FAA concurred with KPMG's eight recommendations and provided a detailed action plan to address the findings in the management letter. In accordance with DOT Order 8000.1C, the corrective actions taken in response to the findings are subject to follow up.

Exhibit. List of Acronyms

AATF	Airport and Airway Trust Fund
AIP	Airport Improvement Program
DBA	database administrator
DOT	U.S. Department of Transportation
ESC–EDC	Enterprise Services Center–Enterprise Data Center
EC&D	environmental cleanup and decommissioning
FAA	Federal Aviation Administration
IRS	Internal Revenue Service
OIG	Office of Inspector General
OTA	Office of Tax Analysis
QCR	quality control review
SFFAS	Statement of Federal Financial Accounting Standards
SSP	system security plan
TOPS	technical operating procedures

Attachment.

Independent Auditors’ Management Letter

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

November 27, 2019

Administrator, Federal Aviation Administration
Inspector General, U.S. Department of Transportation

Ladies and Gentlemen:

In planning and performing our audit of the consolidated financial statements of the U.S. Department of Transportation (DOT) Federal Aviation Administration (FAA) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and OMB 19-03, *Audit Requirements for Federal Financial Statements*, we considered the FAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FAA's internal control. Accordingly, we do not express an opinion on the effectiveness of the FAA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and/or significant deficiencies and therefore, material weaknesses and/or significant deficiencies may exist that were not identified. In accordance with *Government Auditing Standards*, we issued our report dated November 9, 2019 on our consideration of the FAA's internal control over financial reporting in which we communicated certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. In addition to the significant deficiencies noted in our report, during our audit we identified the following other deficiencies in internal control related to financial reporting and information technology general and application controls, as well as other operational matters that are summarized in Exhibit I below.

The purpose of this letter is solely to describe the deficiencies in internal control identified during our audit. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

KPMG LLP

Exhibit I

A. Matters Related to Financial Reporting

Untimely Update of Environmental Cleanup and Decommissioning Facility Cost Estimates – (NFR FAA-2019-01)

Background/Condition

The FAA has title to various real property and other assets for use in its operations. Prior to October 1, 1998, these assets may have been constructed with environmental contaminants, such as lead-based paint, asbestos, etc. FAA records an estimated environmental cleanup and decommissioning (EC&D) liability for the estimated costs to remove, contain, and/or dispose of the hazardous materials when the assets are decommissioned. The EC&D liability is estimated by multiplying the number of assets by an average cost of disposal (cost model) for each facility type. The cost models are developed based on historical costs of cleanup activities for the facility type utilizing actual site disposal invoices, industry cost estimating standards, and the input from subject matter experts. Per FAA's standard operating procedures, cost models are scheduled to be updated every three years.

FAA did not follow established policies and procedures to ensure that the underlying cost models used in calculating the EC&D liability were updated timely. In addition, changes in regulations, plans, technology, or inflation were not considered in the calculation of the EC&D liability as of and for the period ended June 30, 2019.

Recommendation

We recommend that management consider adjusting the EC&D liability for any significant changes in factors impacting the EC&D liability that can be reasonably estimated (i.e., inflation) as of and for the year ended September 30, 2019.

Ineffective HQ Journal Entry Control Log Reconciliation – (NFR FAA-2019-02)

Background/Condition

FAA's manual journal entry process consists of two separate control environments, the Headquarters (HQ) and the Enterprise Services Center (ESC). FAA's HQ process includes review and approval controls to ensure that each journal entry represents a complete, accurate, and valid transaction, including appropriate supporting documentation for the journal entry. In order to ensure that all journal entries that should be subject to the review and approval controls are actually subject to such controls, the Financial Reporting Quality Assurance Branch (AFM-610), which is independent from the journal entry approvers, performs a Journal Entry Control Log Reconciliation by comparing approved journal entries against the manual journal entry logs to validate that journal entries posted in the financial system by FAA HQ staff have the required approvals.

The HQ manual journal entry log was incomplete, as it did not capture three HQ manual journal entries as of June 30, 2019. As such, these entries were not subject to FAA's HQ Journal Entry Control Log Reconciliation.

Recommendation

We recommend that management develop an information processing guide to assist in the effective operation of the HQ Journal Entry Control Log Reconciliation to ensure the reconciliation is consistently utilizing complete and accurate information, including all entries posted by usernames with HQ journal entry posting responsibility.

Weakness in the AIP Allowable Cost and Federal Match Determination – (NFR FAA-2019-05)

Background/Condition

The FAA issues Airport Improvement Program (AIP) grants to enhance airport safety and capacity, fund a variety of capital projects, and perform certain other eligible projects. The costs of each airport project are split between the grant sponsor and the FAA, with each party's share determined via the terms and conditions stated in the grant agreement.

AIP grant expenses are not always appropriately calculated based on the terms and conditions of the grant agreement.

Recommendation

We recommend that management revise policies and procedures to ensure that the review of grant invoices includes the review and validation of compliance with terms and conditions per the applicable grant agreement.

B. Matters Related to Information Technology General and Application Controls

Database Audit Logging for Time and Attendance Application – (NFR-DOT-2019-FAA-IT-02)

Background/Condition

The FAA time and attendance system database audit logs are to be reviewed bi-weekly by a time and attendance system Database Administrator (DBA) for unauthorized or suspicious activity in the time and attendance system database. Once a month the Enterprise Services Center - Enterprise Data Center (ESC-EDC) security will audit these time and attendance system DBA log reviews via a Remedy report to ensure that these logs have been reviewed bi-weekly.

Time and attendance application database logs were not always reviewed on a bi-weekly basis. In addition ESC-EDC did not perform monthly audits in January and February, as required by TOPS policy.

Recommendation

We recommend that FAA enforce the policy that monthly audits are conducted by ESC-EDC personnel, as required by TOPS policy, to ensure that the bi-weekly log reviews are completed as required. In addition, FAA should ensure that the required monthly audits are tracked via checklist and certified by ESC-EDC personnel who conducted the audit. If ESC-EDC personnel determine that the bi-weekly reviews have not been properly completed, the ESC-EDC personnel should follow-up with the DBA to ensure that incomplete reviews are remediated and future bi-weekly log reviews are completed timely, as required by TOPS policy.

Periodic Review of Access to the Purchase Request Application System – (NFR FAA-2019-FAA-IT-03)

Background/Condition

The FAA utilizes a purchase request application to process and track procurement items. The purchase request system requires that non-privileged users are recertified for access appropriateness on a rolling basis, annually, dependent on the anniversary of the user's date of access. The process is initiated when the end user receives a system generated email containing a recertification form. The user will update the form in accordance with any roles they have within the application. The end-user's manager must certify the form and send it to the purchase request application recertification mailbox for review.

The purchase request system's System Security Plan (SSP) dated March 2018 control description does not align with the purchase request system recertification standard operating procedure. Specifically, due to the volume of PCARD users, the purchase request system team has a process in place to stagger the users' recertification on a monthly basis. The current process is designed so that a user’s recertification process is initiated within the month of the user’s access training anniversary. As such, the entire recertification process may take slightly longer than a year, which is contrary to the SSP control. Additionally, one of the 27 users selected from the FAA purchase request system Active User Listing was not recertified within a year of the user’s creation date.

Recommendation

We recommend that FAA management update the purchase request application system’s SSP to reflect the design and implementation of the formalized procedures for performance of the periodic user recertification.

User Termination in the Environmental Cleanup Tracking Application – (NFR DOT-2019-FAA-IT-06)

Background/Condition

The FAA utilizes the FAA environmental cleanup tracking application as a real-time site management tool that tracks the environmental investigation, remediation, and regulatory closure status of FAA's Environmental Cleanup (ECU) Program sites. The environmental cleanup tracking application's third party contractor is responsible for terminating users who separate from FAA.

Individuals who separate from FAA are not removed in a timely manner from the environmental cleanup tracking application.

Recommendation

We recommend that FAA management design and implement a process in coordination with Human Resources, to ensure that the contractor and the environmental cleanup tracking application system owner remove terminated users within a defined period of time subsequent to the individuals' termination date.

Separation of Duties in the Environmental Cleanup Tracking Application– (NFR DOT-2019-FAA-IT-07)

Background/Condition

The FAA utilizes the environmental cleanup tracking application as a real-time site management tool that tracks the environmental investigation, remediation and regulatory closure status of the FAA's ECU Program sites. the environmental cleanup tracking application' privileges/permissions are assigned to each group using a "white list" (what is allowed) rather than a "black list" (what is not allowed) to ensure that only individually justifiable, approved permissions are assigned. The "lists" are used to differentiate user privileges.

Developers who write code have permissions to push code into the production environment.

Recommendation

We recommend that FAA management implement a change control procedure which includes: change control documents, change control board approval, configuration change testing, and development team approval prior to preceding with implementing changes into production.

C. Other Operational Matters

Monitoring of Excise Tax Revenues Allocated by the Internal Revenue Service

The Airport and Airway Trust Fund (AATF) is used to finance the FAA’s investments in the airport and airway system, such as construction and safety improvements at airports and technological upgrades to the air traffic control system, as well as FAA operations, such as providing air traffic control and conducting safety inspections. The AATF is funded by excise tax revenues that the Internal Revenue Service (IRS) collects from airway system users.

Excise taxes are collected and initially deposited into the General Fund of the U.S. Treasury. The IRS does not receive sufficient information at the time the excise taxes are collected to determine how the taxes should be distributed to specific trust funds (i.e., funds from dedicated collections). Therefore, the U.S. Treasury makes initial semi-monthly distributions to the AATF based on allocations prepared by its Office of Tax Analysis (OTA). These allocations are based on historical excise tax data applied to current excise tax receipts and later adjusted to reflect actual collections when certified by the IRS.

In accordance with Statement of Federal Financial Accounting Standards Number 7, *Accounting for Revenue and Other Financing Sources*, FAA's consolidated financial statements as of and for the year ended September 30, 2019 reflect excise taxes certified by the IRS through June 30, 2019, and excise taxes allocated by the Office of Tax Analysis for the period July 1 through September 30, 2019. Actual excise tax collections will not be certified by the IRS for the quarter ended September 30, 2019 until February 2020. The excise tax revenue is considered non-exchange revenue under SFFAS 7. The measurement under generally accepted accounting principles (GAAP) of this non-exchange revenue is determined by the collecting entity (IRS/Treasury) and is reported (recognized) by the receiving entity (FAA) based upon the measurement of the IRS/Treasury. Therefore, the criteria for excise tax revenue recognition in FAA's financial statements is considered to be met upon the allocation by the OTA and/or certification (measurement) of excise tax revenues by the IRS.

FAA has monitoring procedures in place over the OTA allocation and IRS certification of revenue in the form of trend analyses and other analytical procedures to assess the reasonableness of the excise tax revenue provided to the AATF.

In April 2019, during the performance of these monitoring procedures, FAA management noted the amount certified by the IRS for the 4th quarter of FY2018 was inconsistent with its expectations. FAA repeatedly performed due diligence procedures to resolve the matter at the time of identification. In September 2019, the IRS agreed that the amount allocated and certified for the 4th quarter of FY2018 did not encompass the full amount of excise tax revenue collected on behalf of the AATF. Although the IRS has verbally indicated that it intends to allocate and certify the remaining portion of excise tax revenue in January 2020, revenue recognition criteria under GAAP is not met until the IRS actually allocates and/or certifies the additional amount and, as such a legally enforceable claim to this revenue does not currently exist. Consequently, there is no impact on FAA's consolidated financial statements as of and for the year ended September 30, 2019.

Recommendation:

In order to ensure the timely allocation and certification of excise taxes collected by the IRS on behalf of the AATF, we recommend that FAA management continue to perform its existing monitoring procedures over excise tax revenue allocations by the IRS. In addition, we recommend that FAA management communicate instances where allocations and certifications of excise tax revenue are materially inconsistent with expectations to Department of Transportation leadership and to the Department of Transportation's Office of the Inspector General to facilitate the timely allocation and certification of excise tax revenues by the IRS.

U.S. DOT OIG

Fraud & Safety

Hotline

hotline@oig.dot.gov | (800) 424-9071

https://www.oig.dot.gov/hotline

Our Mission

OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective national transportation system.

OFFICE OF INSPECTOR GENERAL
U.S. Department of Transportation
1200 New Jersey Ave SE
Washington, DC 20590

www.oig.dot.gov