Office of Inspector General
Audit Report

FAA HAS NOT ENSURED ALL CHECK PILOTS MEET TRAINING AND OBSERVATION REQUIREMENTS

Federal Aviation Administration

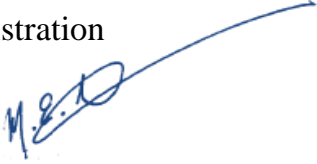*Report Number: AV2017050*

Date Issued: May 31, 2017

Memorandum

U.S. Department of Transportation
Office of Inspector General

Subject: **ACTION:** FAA Has Not Ensured All Check Pilots Meet Training and Observation Requirements
Federal Aviation Administration
Report No. AV2017050

Date: May 31, 2017

From: Matthew E. Hampton
Assistant Inspector General for
Aviation Audits

Reply to Attn. of: JA-10

To: Federal Aviation Administrator

U.S. commercial airlines employ more than 71,500 pilots who are responsible for the safe transport of nearly 800 million passengers annually. Approximately 4,000 check pilots[1] are currently authorized by the Federal Aviation Administration (FAA) to evaluate and ensure pilots have the knowledge, skills, and ability to fly large, passenger aircraft. In addition, FAA has authorized about 600 check pilots as aircrew program designees (APD) to act on behalf of the Agency to certificate pilots and oversee check pilots by observing them perform evaluations in flight or in simulators.

Today, check pilots perform the majority of proficiency checks on pilots at air carriers. However, before a check pilot can perform these duties, FAA must evaluate the candidate's qualifications, perform initial observations, and then officially authorize each check pilot. Given the importance of check pilots to FAA's oversight of pilot safety, we initiated this audit to assess the effectiveness of FAA's processes for (1) approving air carrier check pilots and APDs and (2) conducting check pilot and APD oversight.

We conducted our work in accordance with generally accepted Government auditing standards. As part of this audit, we selected a statistical sample of 275 check pilots and 125 APDs, which allowed us to make projections about the number of qualified check pilots and APDs. Exhibit A details our scope and methodology, and exhibit B lists organizations we visited or contacted.

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[1] Check pilots are pilots who work at an air carrier and are authorized by FAA to evaluate other pilots' knowledge and skills. Check pilots can perform periodic evaluations of other pilots in flight simulators or conduct in-flight observations of pilots' abilities and skills.

RESULTS IN BRIEF

FAA's processes are insufficient to ensure that required training and observations for check pilots and APDs are completed or documented prior to approval. Before approving a new check pilot, FAA inspectors are required to verify that the applicants have completed mandatory training and have been observed in a simulator or in flight by an FAA inspector. However, FAA inspectors did not meet these requirements for 40 out of 258 check pilots we reviewed, in part because FAA has not effectively trained inspectors on these requirements. Based on our statistical sample, we estimate that 204 of 3,334[2] air carrier check pilots may not have been properly authorized. We also identified instances where FAA authorized APDs before ensuring that they met requirements. Given the increased oversight role that APDs play—APDs are authorized to observe check pilots on FAA's behalf—the Agency's review of APDs is critical. However, at one carrier, FAA authorized 23 APDs between 2012 and 2015 without conducting the required observations. Moreover, FAA did not identify these shortcomings through its own internal audits of its APD program. Based on our statistical sample, we estimate that FAA cannot be sure that as many as 41 percent[3] of APDs were trained and observed prior to authorization each year from 2011 through 2015. As a result, FAA cannot ensure that check pilots and APDs have met key requirements needed to evaluate pilots' knowledge and skills.

FAA's oversight is insufficient to ensure that air carriers meet ongoing check pilot requirements. After being authorized, check pilots must continue to meet recurring training and observation requirements. However, FAA inspectors are not ensuring carriers fulfill these requirements. For example, we found that nine check pilots at one carrier did not receive any recurring training in 2015, including four that had not received training since 2012 yet are still serving as check pilots. Based on our statistical sample, we estimate that the number of check pilots who did not complete required training ranged from 6 to 17 percent[4] annually from 2011 through 2015. This occurred in part because neither FAA's guidance nor its risk-based oversight tool specifies that inspectors verify recurrent training requirements. FAA's guidance and training is also insufficient regarding oversight of check pilots at carriers with Advanced Qualification Program (AQP)[5] training programs. These programs are widely used and have different requirements for training that vary by carrier. Inspectors we interviewed were uncertain what their responsibilities were regarding AQP oversight or how to perform surveillance

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[2] Our 204 estimate has a 100-percent lower confidence limit of 40 and a 90-percent upper confidence limit of 462.

[3] Our 40.8 percent estimate has 90-percent confidence limits ranging from 38.8 to 42.7 percent.

[4] Our 6.2 percent estimate has a 100-percent lower confidence limit of 0.7 percent and a 90-percent upper confidence limit of 11.7 percent, and our 17.2 percent estimate has 90-percent confidence limits ranging from 1.0 to 33.4 percent.

[5] AQP is a voluntary alternative to the traditional regulatory requirements for pilot training and checking. Under the AQP, FAA approves training programs that can deviate significantly from traditional requirements if the carrier demonstrates an equivalent or better level of safety than would be achieved under a traditional program.

activities. As a result, FAA is not ensuring that carriers are consistently meeting check pilot requirements.

We are making recommendations to enhance FAA's ability to approve and oversee air carrier check pilots and APDs.

BACKGROUND

To ensure pilots have the knowledge and skills to fly safely, FAA requires that air carriers have a sufficient number of FAA-approved check pilots to evaluate pilots' knowledge and skills. Check pilots can perform various evaluations and observations depending on their authorization. For example, a line check pilot would be authorized to perform periodic checks of pilots during revenue passenger flights, but would not be authorized to perform training evaluations in a simulator.

To obtain approval, the carrier must train check pilot candidates and submit an application to FAA that includes the pilot's qualifications, training history, and the proposed role (e.g., line check or simulator). Then, an FAA inspector verifies the information and observes the candidates performing tasks they will be authorized to perform. Once FAA approves a check pilot, he or she remains a check pilot indefinitely, and the air carrier is responsible for ensuring its check pilots meet recurrent training and observation requirements.

FAA also authorizes certain check pilots to act on behalf of the Agency as APDs. In addition to meeting the check pilot requirements, APD candidates must be trained by FAA and observed performing a complete certification event on a pilot. Once designated as an APD, these pilots must continue to be trained and observed by an FAA inspector annually to have their designation renewed.

Historically, check pilot training and observation requirements were based on prescriptive regulations that stated a check pilot must be observed biennially by FAA or an APD, and annual training was only required for those check pilots performing checks in a simulator. However, in 1990, FAA began allowing air carriers to develop AQPs which allow carriers to customize their training programs as long as they demonstrate an equivalent or better level of safety to the traditional regulatory requirements. Under AQP, the biennial FAA observation requirement has been replaced by an evaluation performed by air carrier employees as part of their FAA-approved program. As shown in table 1, there are key differences between FAA's oversight of traditional and AQP check pilots.

Table 1. Key Differences in Traditional and AQP Check Pilot Oversight and Qualification Requirements

Requirement/Duty	Traditional	AQP
Current, qualified, and type rated in aircraft	X	X
Biennial observation by FAA or APD	X	
Evaluation during each training cycle		X
Initially authorized by FAA	X	X
Recurrent training requirements—Simulator	X	X
Recurrent training requirements—Line		X

Source: OIG analysis.

FAA HAS NOT ENSURED CHECK PILOTS AND APDs MEET KEY REQUIREMENTS PRIOR TO APPROVAL

FAA's processes have not effectively ensured that check pilots and APDs meet key requirements prior to authorization. Our audit identified instances where FAA approved check pilots without verifying that the candidate completed training or that an inspector observed the candidate performing their duties. FAA also approved some APDs without meeting requirements to conduct observations or maintain specific documentation. While FAA conducts self-audits of its APD program, the Agency did not identify these shortcomings with APD approvals.

FAA Has Approved Check Pilots Without Verifying Authorization Requirements Were Met

FAA inspectors authorized check pilots without ensuring they met key requirements. Prior to authorizing a check pilot, FAA guidance requires inspectors to verify that each candidate has completed required training and has been observed by an FAA inspector. This is important because check pilots validate the knowledge and skills of pilots responsible for safely transporting passengers, and once check pilots are authorized their authority lasts indefinitely.

However, inspectors at 3 of 8 carriers we visited did not meet these requirements for 40 of 258 check pilots reviewed. For example, at one carrier we found that inspectors authorized 14 check pilots who had not been properly trained. This occurred in part because inspectors did not follow guidance and relied on carrier information without verifying that the reported training fulfilled FAA-approved requirements. Furthermore, inspectors at three offices we visited expressed concerns about the quality of training they received to authorize and oversee check

pilots. Based on our statistical sample, we estimate that approximately 200[6] check pilots (6 percent) may not have been properly authorized.

FAA Authorized APDs Without Ensuring or Documenting Training and Observation Requirements Were Met

FAA inspectors issued APD authorizations before ensuring or documenting that candidates had met qualification requirements. According to inspectors we interviewed, this occurred because they were unclear on what had to be observed or how to document completion of training and observation events for APDs. FAA guidance requires that inspectors train candidates on their role representing the Agency, observe them performing oral and flight simulator evaluations of other pilots, and maintain documentation of these completed activities. However, we found that 56 of 121 APDs at 7 of the 8 offices we visited did not complete these requirements. Specifically, at one carrier we identified 23 APDs that FAA initially authorized from 2012 until the time of our visit without observing them evaluating other pilots. Based on our statistical sample, we estimate that FAA cannot ensure that 16 to 41 percent[7] of APDs were trained and observed prior to annual authorizations over a 5 year period. (See figure 1.) This is important because APDs must obtain authorization from FAA each year, unlike check pilots.

Figure 1. Estimated APD Authorization Compliance
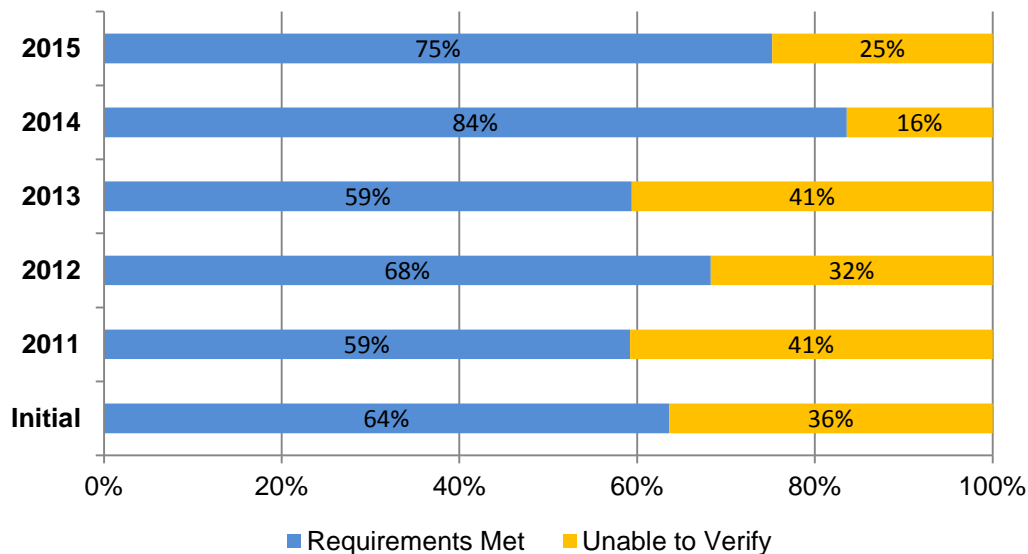
Source: OIG analysis of FAA data.

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[6] Our 204 estimate has a 100-percent lower confidence limit of 40 and a 90-percent upper confidence limit of 462.
[7] Our 16.4 and 40.8 estimates have 90-percent confidence limits ranging from 15.2 to 17.5, and 38.8 to 42.7 percent, respectively.

FAA's internal reviews have also not consistently identified or corrected problems with APD oversight. FAA requires its regional offices to conduct audits at least once every 3 years to ensure field offices are properly overseeing APDs. FAA's regional audits disclosed some minor issues at all eight offices we visited, but only identified one major finding—a single file at one office was missing training records. However, multiple instances of missing qualification records for APDs at other offices were deemed to be only minor issues. FAA also issued a minor finding for an FAA inspector who was not fully qualified prior to performing oversight duties at the carrier. This is significant because FAA guidance requires corrective actions for major findings, whereas corrective actions are not required for minor findings.

These inconsistencies occurred in part because FAA provides only limited guidance to its regional offices on how to perform these audits, including whether and which documents should be reviewed during an audit. For example, an audit at one office included a review of APD records and identified 16 minor findings, including 7 related to APD record discrepancies. In contrast, an audit at another office did not review APD records and only identified two issues—neither related to the record discrepancies we identified.

Furthermore, FAA Headquarters' independent reviews of the audit process did not detect APD authorization discrepancies. FAA's Flight Standards Evaluation Program Branch reviews the regional audits to ensure they are performed at least every 3 years and periodically performs independent reviews of air carrier designee programs. The Branch's reviews disclosed insufficient observation documentation at only two offices we visited, whereas our review identified this issue at seven offices. When conducting independent reviews, the Branch typically relies on partial questionnaires to limit the scope of the reviews. For example, auditors at one office determined required observations were completed, but they reached this determination without reviewing applicable records. Further, neither the regional nor the Branch audits identified that inspectors had improperly authorized more than 20 APDs at one office. As a result, FAA's internal audits have missed opportunities to identify and improve shortfalls in APD oversight.

FAA OVERSIGHT IS INSUFFICIENT TO ENSURE AIR CARRIERS MEET ONGOING CHECK PILOT REQUIREMENTS

Two primary issues limit the effectiveness of FAA's oversight of current check pilot requirements. First, FAA inspectors are not sufficiently verifying that check pilots meet ongoing training requirements. In addition, FAA guidance is limited regarding how inspectors should oversee check pilots under AQPs.

FAA Inspectors Are Not Ensuring Check Pilots Meet Recurrent Training and Observation Requirements

From 2011 to 2015, FAA's oversight was insufficient to ensure check pilots met recurrent training requirements. To maintain their status, check pilots must complete required training and be observed at least every 2 years by FAA or an APD. The biennial observations allow inspectors to evaluate individual check pilots, as well as the overall effectiveness of the carrier's program. We did not identify any missing FAA observations between 2013 and 2015; however, we identified a number of check pilots who had not fulfilled their recurrent training requirements. For example, nine check pilots at one carrier did not receive any training in 2015, including four that had not received training since 2012 yet are still serving as check pilots. Based on our statistical sample, we estimate as many as 6 to 17 percent[8] of check pilots did not complete required training annually over a 5 year period, as shown in figure 2.

Figure 2. Estimated Number of Check Pilots Who Did Not Complete Annual Training Requirements
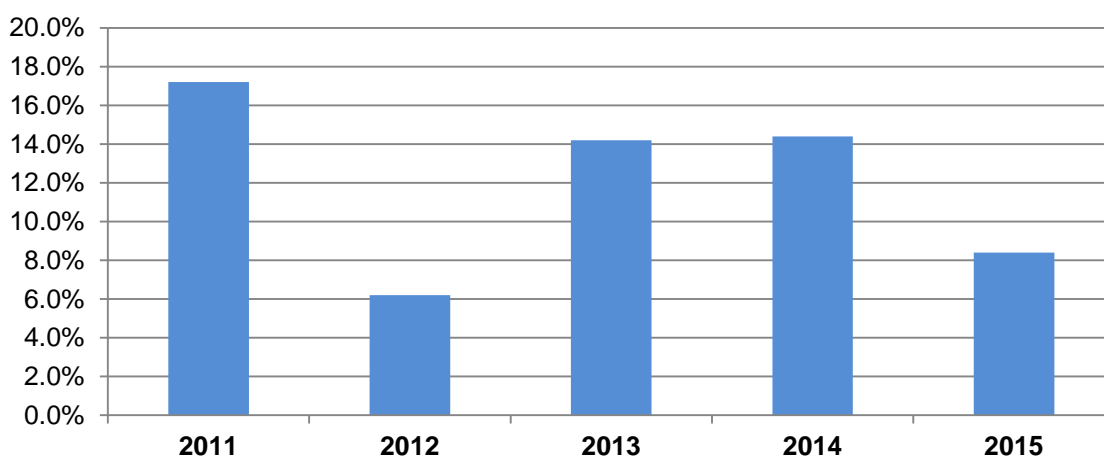
Source: OIG analysis of FAA data.

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[8] Our 6.2 percent estimate has a 100-percent lower confidence limit of 0.7 percent and a 90-percent upper confidence limit of 11.7 percent, and our 17.2 percent estimate has 90-percent confidence limits ranging from 1.0 to 33.4 percent.

FAA did not identify missed training requirements because inspectors are not currently required to review recurrent training records for check pilots. FAA's new risk-based oversight tool—known as the Safety Assurance System (SAS)[9]— includes questions for inspectors to annually verify whether check pilot records include initial training and observations, but does not require inspectors to review recurrent training requirements. Instead, inspectors are only asked to verify a check pilot has completed initial training or training needed to transition to a different aircraft. In addition, FAA does not provide guidance on how many records should be reviewed each year to ensure the carrier is fulfilling its requirement to train check pilots. As a result, inspectors for all eight carriers we visited did not identify check pilots who had missed training over a 5 year period from 2011 to 2015.

FAA Lacks Sufficient Guidance on How Inspectors Should Oversee Check Pilots Under AQPs

FAA inspectors are not well positioned to oversee check pilots at carriers that have opted to train pilots under an AQP. Although air carriers using these advanced programs are now responsible for training 92 percent of today's pilots, FAA has not implemented sufficient guidance or training for inspectors overseeing those programs. FAA established AQP as an alternate training and evaluation method for air carriers to promote innovative methods to achieve higher levels of safety. As such, the Agency developed AQP approval processes to include the principal inspector[10] in all decisions and established methods to use data to validate those decisions. Under an AQP, check pilots must be evaluated by the carrier during each training cycle, and the carrier determines who performs recurrent observations.

FAA inspectors have expressed some uncertainty regarding how to oversee check pilots under AQPs where their primary method of oversight—required biennial observations—is being replaced by evaluations performed by the air carrier. Although FAA recognizes the importance of ensuring check pilots (also known as evaluators) under AQPs are adequately trained and qualified, FAA guidance is unclear regarding surveillance requirements and the extent to which FAA observations of check pilots can be modified or replaced by carrier activities. As a result, inspectors do not have the tools or guidance they need to sufficiently oversee check pilots at AQP carriers. For example, inspectors at one office we visited stated their ability to perform needed oversight activities is limited because the Agency allows the air carrier to perform evaluations instead of required inspector observations.

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[9] Safety Assurance System (SAS) is a risk-based, data-supported system used to assess the initial certification, routine surveillance, and certificate management for air carriers and repair stations.
[10] Principal inspectors have the primary responsibility for ensuring their assigned air carrier complies with the Federal Aviation Regulations.

FAA's inspector training in this area is also limited. For example, FAA has reduced the AQP training available to inspectors from a 3-day, onsite course that covers the process from start to finish to a 3-hour computer-based overview. As a result of their limited understanding of AQP, inspectors at four of the seven offices we visited relied on Headquarters personnel to determine whether the programs were acceptable and check pilots met requirements. For example, the principal inspector overseeing an air carrier that transported more than 25 million passengers in 2015 could not verify that check pilots we selected for review had fulfilled AQP training requirements. Rather, he relied on Headquarters staff to make this determination.

CONCLUSION

Maintaining the safety of the National Airspace System depends on ensuring pilots have the knowledge and skills to properly operate passenger aircraft safely. This mission falls squarely on the shoulders of check pilots and APDs, who evaluate pilot proficiency in simulators and flight decks each day. While FAA has processes in place to authorize new check pilots and APDs, the Agency can do more to ensure that these pilots meet requirements prior to approval. In addition, FAA inspectors can improve their oversight thereafter to ensure check pilots receive the ongoing training and observations needed to be effective, including those in AQPs. Until FAA enhances its tracking, record keeping, and reviews of check pilots and APDs, the Agency is not well positioned to ensure pilots in these important positions are fully qualified.

RECOMMENDATIONS

To improve oversight of check pilots and APDs, we recommend that the Federal Aviation Administrator:

1. Modify periodic training provided to FAA inspectors to include information on the importance of verifying check pilot qualifications prior to approval.

2. Clarify inspector guidance on performing and documenting APD training and observations to ensure authorization requirements are fulfilled.

3. Modify internal audit policies to ensure FAA audits provide accurate and thorough assessments of APD oversight at each office.

4. Develop and implement guidance requiring inspectors, or their designees, to verify that check pilots have met training requirements prior to performing recurrent observations.

5. Modify requirements within the risk-based oversight tool (SAS) for inspectors to ensure a sufficient number of check pilot records are evaluated to assess the accuracy of air carrier training.

6. Clarify surveillance requirements and the inspectors' role overseeing check pilots under AQP.

7. Develop and implement a training program on how to approve and oversee check pilots under AQPs for inspectors assigned to carriers using those programs.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

We provided a draft of this report to FAA on March 22, 2017, and received its response on May 5, 2017, which is included as an appendix to this report. With the exception of recommendation 5, FAA concurred with our recommendations as written and provided appropriate planned completion dates.

FAA partially concurred with recommendation 5 and proposed conducting further analysis in this area as an alternative action. However, FAA did not elaborate on the nature of its proposed analysis. Therefore, we are requesting that the Agency provide us with additional information regarding its specific action plan.

In addition, FAA expressed concern that unusual changes in the industry impacted our findings, stating that the bulk of discrepancies we identified were limited to two carriers that were finalizing mergers. We disagree and note that our analysis and projections were based on a random statistical sample of active FAR Part 121 passenger air carriers, and, while significant, we do not consider mergers to be unusual circumstances in the current environment under which the aviation industry now operates. Since 2008, multiple carriers have gone through mergers or acquisitions, including the four largest U.S. carriers based on passenger service. Furthermore, FAA's risk-based oversight approach identifies airline mergers as a condition requiring enhanced oversight of air carrier operations, including check pilots, to ensure continued compliance with regulations and safe operating practices.

ACTIONS REQUIRED

We consider recommendations 1, 2, 3, 4, 6, and 7 resolved but open pending completion of the planned actions. We consider recommendation 5 open and unresolved and, in accordance with DOT Order 8000.1C, request that the Agency provide the additional information detailed above within 30 days of the date of this report.

We appreciate the courtesies and cooperation of FAA representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-0500, or Tina Nysted, Program Director, at (404) 562-3770.

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

EXHIBIT A. SCOPE AND METHODOLOGY

We conducted this review from December 2015 through March 2017 in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted our audit work at multiple branches of FAA Headquarters and field offices. Specifically, at FAA headquarters we worked with: the Office of Audit and Evaluation (AAE); Air Carrier Training Systems and Voluntary Safety Programs Branch (AFS-280), which manages national standards, policies, and procedures relating to the training and qualifications of commercial pilots; the Flight Standards Evaluation Program Branch (AFS-43), which conducts the periodic audits of the program; the Flight Standards National Field Office (AFS-900) and Regulatory Support Division (AFS-600), who develop and manage the designee program; and the Policy and Integration Branch (AFS-270) to coordinate our effort. We conducted our audit work at six FAA Certificate Management Offices and one Flight Standards District Office that had oversight responsibility for the air carriers in our review.

We obtained a list of active FAR Part 121 passenger air carriers and their numbers of check pilots and APDs from FAA's electronic Vital Information System (eVID) as of September 1, 2015. We selected 2-stage random samples as follows: Stage 1 was a sample of 8 out of 40 carriers selected with probability proportional to size with replacement where size was the number of check pilots at a carrier. We obtained a list of active check pilots and APDs from each carrier and compared their totals with FAA data. Even though the numbers did not always match exactly, we deemed them sufficient enough for purposes of this audit. For Stage 2 we stratified the listing of check pilots by the 8 carriers selected in Stage 1. We computed Stage 2 sample sizes proportionately for each of the eight carriers. We then selected a simple random sample of at least 15 from each airline for a total of 275 or 18 percent out of 1,566. We did the same for APDs and selected at least 7 from each airline for a total 125 or 62 percent out of 202. Our sample design allowed us to estimate non-compliance with 90-percent confidence and precisions ranging from +/-1.2 to +/-16.2 percentage points.

EXHIBIT B. ORGANIZATIONS VISITED OR CONTACTED

FEDERAL AVIATION ADMINISTRATION

Headquarters

Office of Audit and Evaluation (AAE)

Flight Standards Service (AFS)

Flight Standards Service Divisions

Air Carrier Training Systems and Voluntary Safety Programs Branch (AFS-280)

Flight Standards Evaluation Program Branch (AFS-43)

Flight Standards National Field Office (AFS-900)

Policy and Integration Branch (AFS-270)

Regulatory Support Division (AFS-600)

FAA Field Offices

Atlanta Certificate Management Office (CMO)

Envoy Air Inc. CMO

Indianapolis Flight Standards District Office

SkyWest CMO

South Florida CMO

Southwest Airlines CMO

United Airlines CMO

Air Carriers

Envoy Air Inc.

ExpressJet Airlines

Republic Airlines

Shuttle America

SkyWest Airlines

Southwest Airlines

Spirit Airlines

United Airlines

Exhibit B. Organizations Visited or Contacted

EXHIBIT C. MAJOR CONTRIBUTORS TO THIS REPORT

Name	Title
Tina Nysted	Program Director
Travis Wiley	Project Manager
Marshall Anderson	Project Manager
Anne Longtin	Senior Analyst
Tim McDougall	Auditor
Petra Swartzlander	Senior Statistician
Audre Azuolas	Writer-Editor

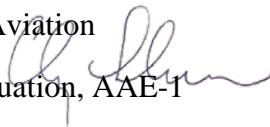**Exhibit C. Major Contributors to This Report**

Federal Aviation Administration

Memorandum

Date: May 5, 2017

To: Matthew E. Hampton, Assistant Inspector General for Aviation

From: H. Clayton Foushee, Director, Office of Audit and Evaluation, AAE-1

Subject: Federal Aviation Administration's (FAA) Response to Office of Inspector
           General (OIG) Draft Report: "FAA Has Not Ensured All Check Pilots Meet
           Training and Observation Requirements"

The concept of "check pilots," or experienced airmen who can train and "check" other pilots,
dates from at least the 1920s. In today's environment, air carriers utilize check pilots to ensure
quality over pilot training and qualification programs. As part of their approved training and
qualification programs, air carriers are required to have check pilots. However, check pilots are
not aircrew program designees ("APDs"). Check pilots and APDs provide the operator with a
safety assurance mechanism.

We acknowledge some of the discrepancies identified between existing guidance regarding
check pilots and APDs, and the implementation of that guidance at local offices. However, we
do not agree with the OIG's determination of root cause, or broader conclusions, based on the
OIG's sample data. As a result, we offer the following comments in response to the OIG's
findings:

- The FAA is concerned the findings are based on record-keeping issues that were
  impacted by several key and unusual changes brought about within the industry.
  For example, during the time of this audit, two of the eight air carriers sampled
  were finalizing their merger. In our review of the OIG's data, it appears that these
  two carriers' statuses drove the bulk of discrepancies reported.

- Following our meeting with the OIG in October 2016, the FAA formed a team
  that reviewed the data stated in the report. This team concluded that the merger of
  these two carriers impacted the OIG's findings as records were held in two
  separate locations. However, since the audit and the merger, all check airmen
  records are now kept electronically. This electronic system 'flags' or notifies the
  user if a source document is missing.

- This team also concluded that, as of the most recent summary of Aircrew
  Designee Examiner program, which establishes the mechanism for the utilization
  of APD of operators, for those that were identified as having improper records,

four APDs are no longer in service due to retirement or change in employers, and the others show current and qualified within the automated system.

Regarding the recommendations, upon preliminary review of the draft report, the FAA concurs with recommendations 1-4, and 6-7, as written. We will implement these recommendations by October 31, 2017.

Regarding recommendation 5, we partially concur and propose an alternate action to implement the recommendation. A risk-based surveillance system does not have a baseline number, or "sufficient number" of events, and to create such a number of events to conduct annually would amount to a sample, which is contrary to a risk-based model. We agree to perform further analysis and will take appropriate action by October 31, 2017, to validate our risk-based oversight processes.

We appreciate this opportunity to offer additional perspective on the OIG draft report. Please contact H. Clayton Foushee at (202) 267-9000 if you have any questions or required additional information about these comments.

Appendix. Agency Comments