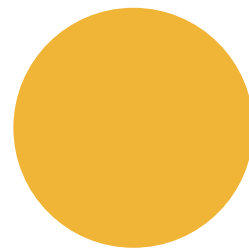


U.S. Department of Transportation
Office of Inspector General



Semiannual Report to Congress

April 1, 2017 - September 30, 2017



Highlights

Second Half FY 2017

Investigative accomplishments



157/131

investigations
closed/opened



43/48

convictions/indictments

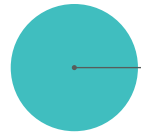


\$3.42m

financial impact of
DOT OIG investigations

Second Half FY 2017

Investigations, by priority area



45.2%
transportation
safety



32.1%
procurement &
grant fraud



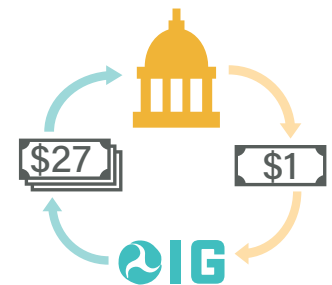
16.7%
employee
integrity



6.0%
other

FY 2017

Return on investment



“ In FY2017, DOT OIG returned \$27 for every appropriated dollar—achieving its return on investment with just a fraction of the Department’s total workforce and budget.”

Audit accomplishments



68

audit reports issued



199

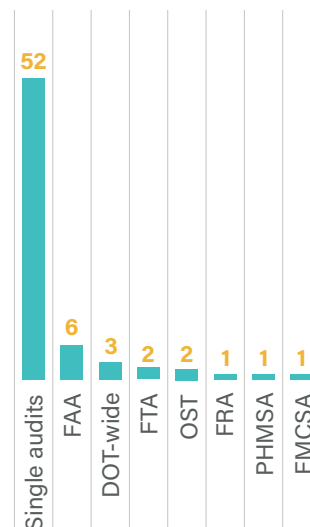
recommendations



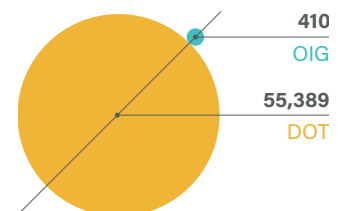
\$359m

financial impact of
DOT OIG audit reports

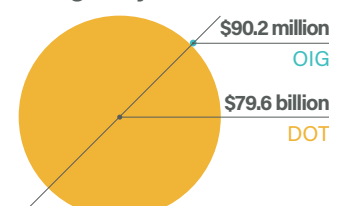
Audit reports issued



Enacted FTEs



Budgetary resources



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

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Investigations

Investigations

Summary of Performance

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

- Hazardous materials fraud.** Our investigation led to two guilty pleas and one sentencing related to a hazmat fraud scheme in California, which caused explosions, fires, and other threats to public safety.
- Death of police officer.** As a result of our investigation, a Georgia man was sentenced for operating a commercial vehicle under the influence of prescription pills and cocaine, causing the 2015 death of a police officer.
- Captured fugitive.** Our fugitive program continues to bring violators to justice. One fugitive was captured and arrested in the Houston area, after fleeing charges of theft of public money related to a Federal transportation program.
- Bridge safety.** Our investigations target risks to transportation safety. One company agreed to pay \$500,000 to settle claims that it had improperly installed crash railings on a federally funded bridge project.
- Highway safety.** As a result of our investigation, two Virginia trucking companies and four corporate officers pleaded guilty to violating highway safety regulations designed to prevent commercial vehicle crashes by fatigued drivers.

Investigative accomplishments



2,028

hotline contacts received



157/131

investigations closed/opened



114

investigations referred for criminal prosecution



43/48

convictions/indictments



87

total years of incarceration, probation, and supervised release



\$3.42 million

financial impact of DOT OIG investigations

Investigations Statistical Data

Financial impact of DOT OIG investigations



\$3,424,665

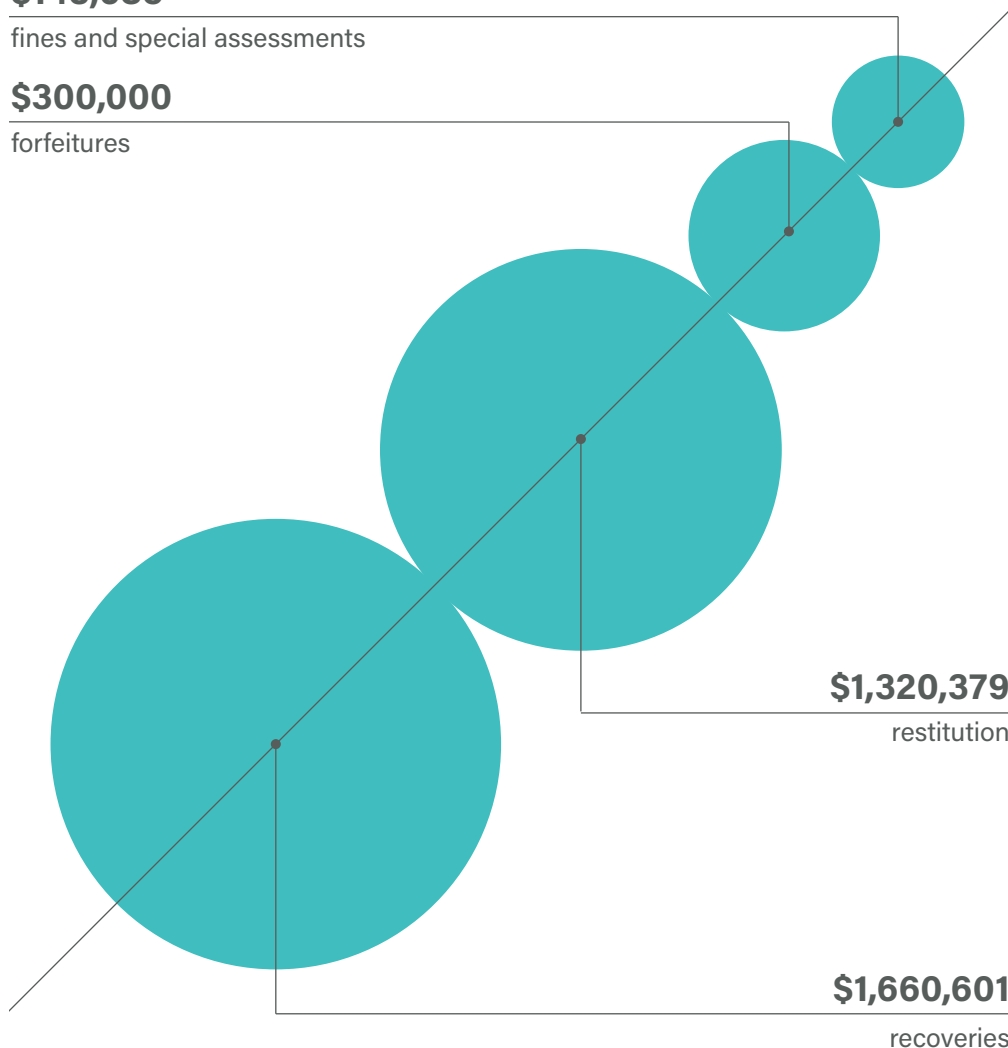
total financial impact

\$143,685

finances and special assessments

\$300,000

forfeitures



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 used to fund the Crime Victims Fund used 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

157

investigations closed
this reporting period

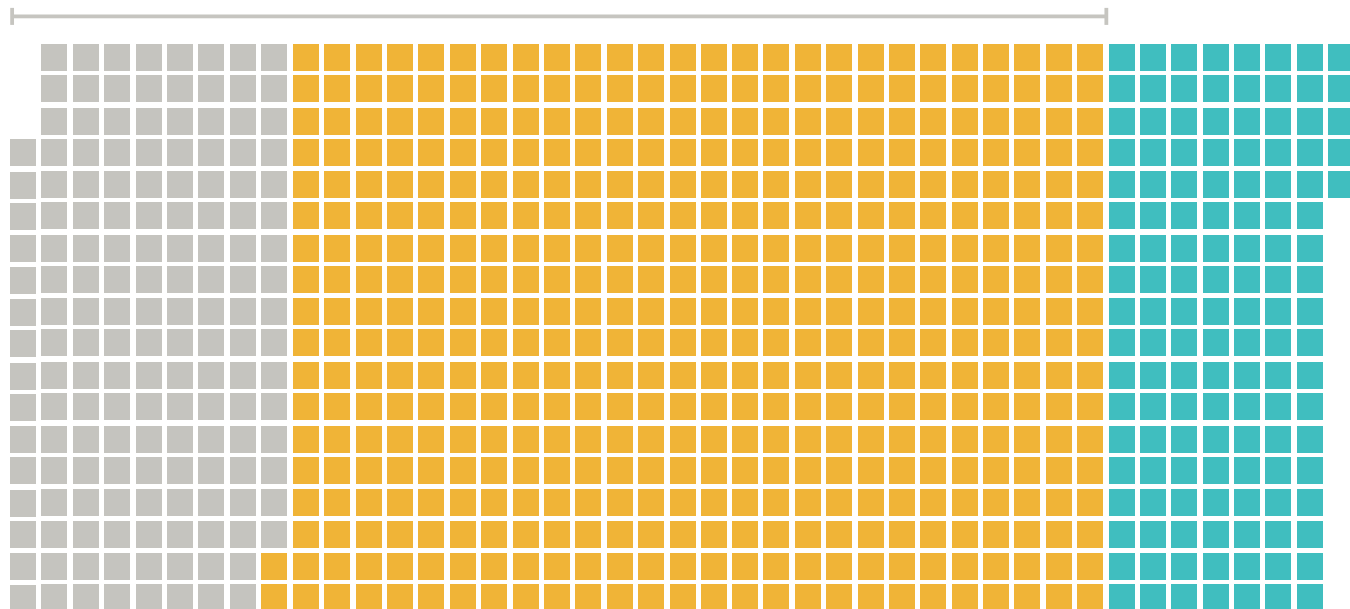
470

ongoing
investigations

131

investigations opened
this reporting period

Investigations open as of April 1, 2017

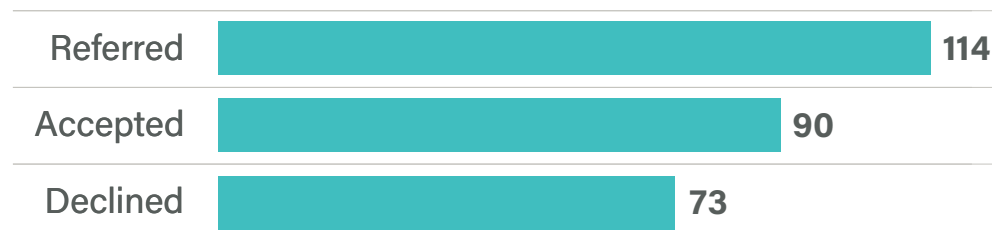


Current investigative workload includes a total of
601 open investigations, as of September 30, 2017

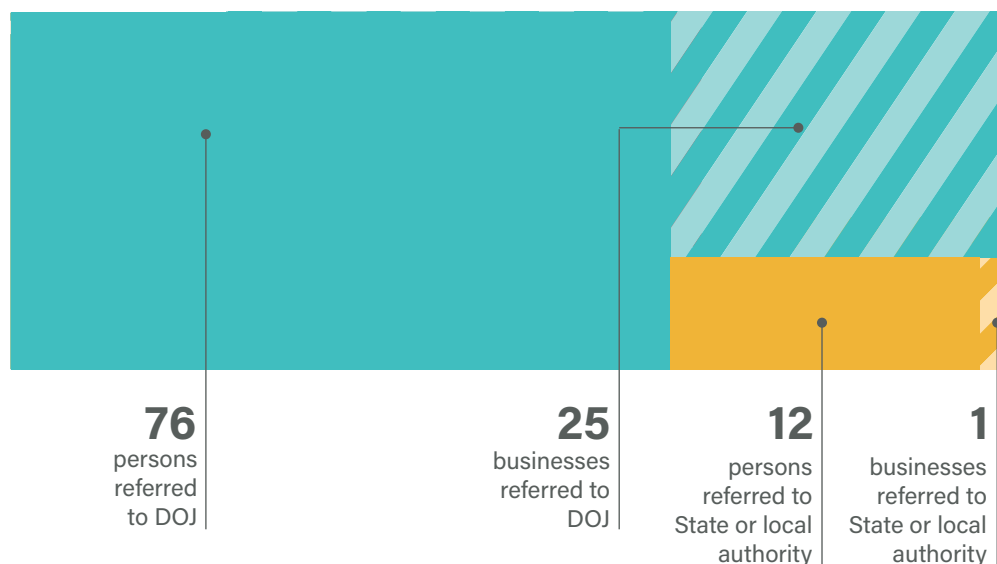
Criminal prosecutions

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

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



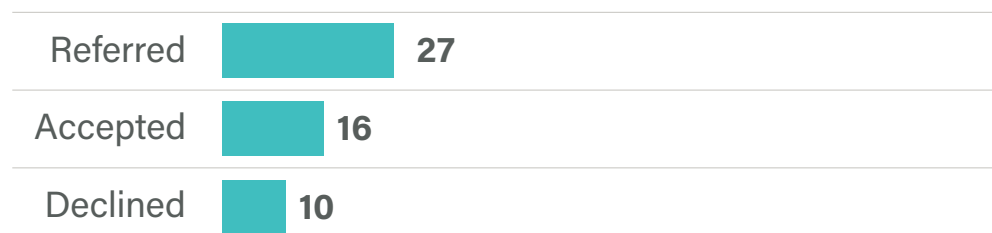
Persons and businesses referred to the U.S. Department of Justice or State/local authorities for criminal prosecution



Civil prosecutions

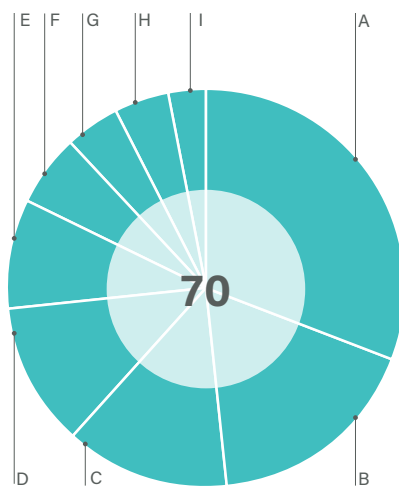
DOT OIG investigates and refers civil matters for prosecution, including False Claims Act cases involving fraud on DOT programs.

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



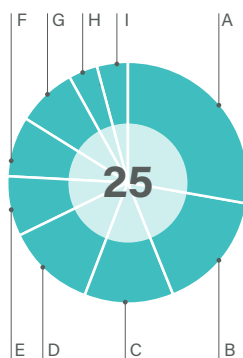
Summary of referrals for criminal and civil prosecution

Grant & procurement



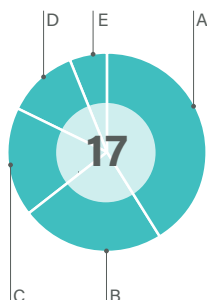
A 21 DBE fraud	E 6 product substitution/ substandard work/materials
B 14 false claims/false statements	F 4 embezzlement
C 9 overbilling	G-H 3 anti-trust, bid rigging, collusion kickbacks
D 8 public corruption/extortion	I 2 Special Traffic Enforcement Program (STEP) grant

Aviation



A 7 certificate fraud	E-G 2 accident related aiming laser pointer at aircraft
B 4 unmanned aircraft systems	H-I 1 airman's log tampering with navigational aid
C-D 3 falsification of FAA orders/other documents suspected unapproved parts	

Hazmat



A 7 carriage by motor vehicle/public highway	D 2 tank cars
B 4 pipelines	E 1 carriage by rail
C 3 carriage by air	

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

Employee integrity



A-D

2

extortion
time and attendance
fraud
violation of law, rule,
or regulation
workers'
compensation fraud

E-G

1

bribery/gratuities
public corruption
sex with minor

Motor carrier



A

4

equipment inspection,
repair, maintenance

B-C

2

medical certificate
fraud
log books

D-F

1

attempted bribery
public corruption of
DMV employee
reincarnated carriers

Other



A-C

1

gasoline fraud
threats to UAS
operator

theft of DOT funds/
property

Workforce protection



A

2

falsified bond
information

Transportation safety



A-B

1

Transportation
Recall Enhancement,
Accountability and
Documentation
(TREAD) Act
violations

drug and alcohol
program violation

Investigative reports

DOT OIG distributed 124 investigative reports, including reports of investigation, stakeholder memos, and management implication reports.

Indictments and informations from prior referrals

A total of 29 indictments or criminal informations resulted from previous referrals for prosecution.

Whistleblower retaliation

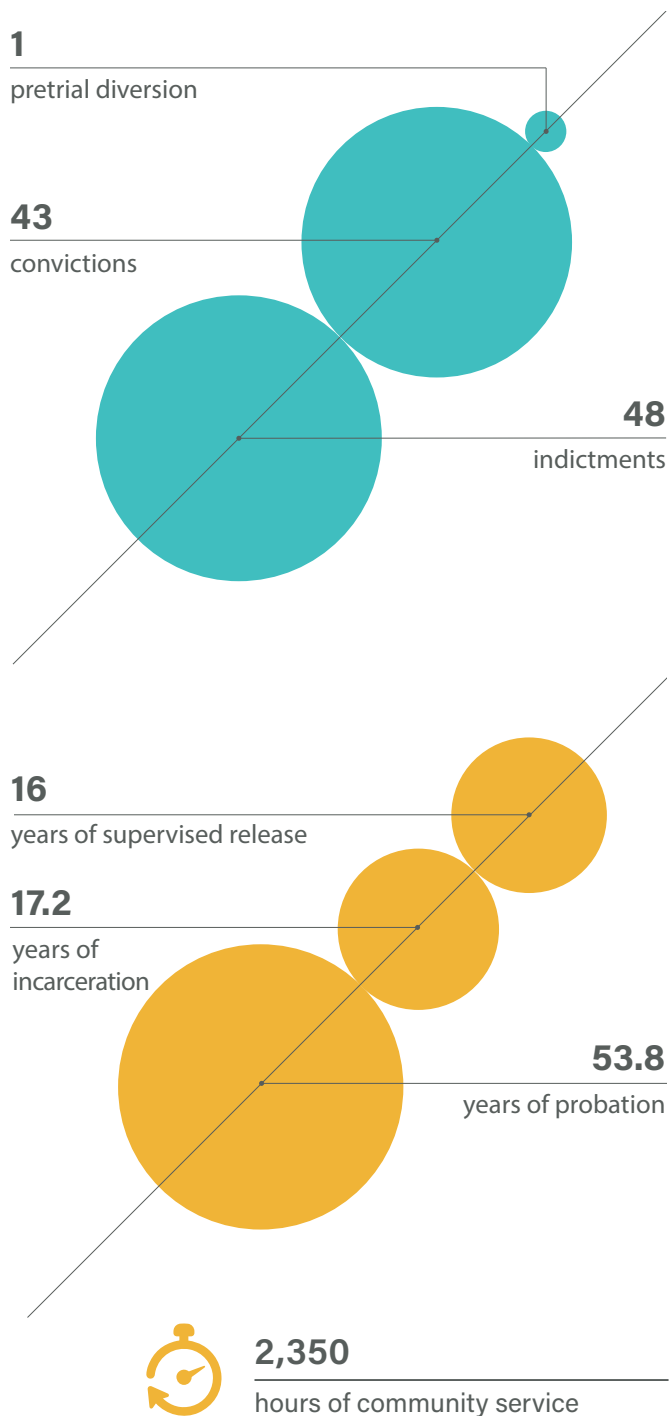
DOT OIG did not close any investigations in which a DOT official was found to have engaged in whistleblower retaliation.

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

Pretrial diversion

is an alternative to prosecution that seeks to divert certain offenders from traditional criminal justice processing into a program of supervision and services.

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

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

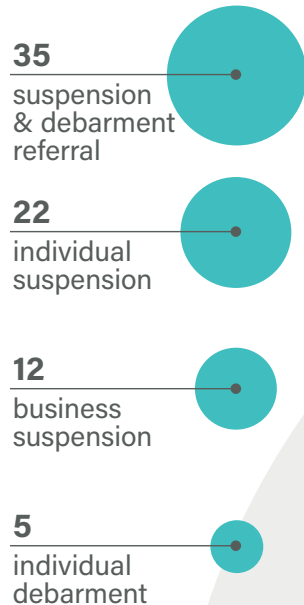
Supervised release is a period of supervision following an offender's release from prison. It is imposed in addition to a sentence of imprisonment.

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

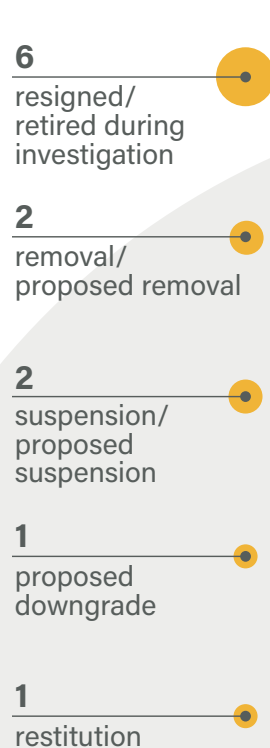
Community service is a sentencing option ordering offenders to perform a number of hours of unpaid work for the benefit of the public.

Administrative actions

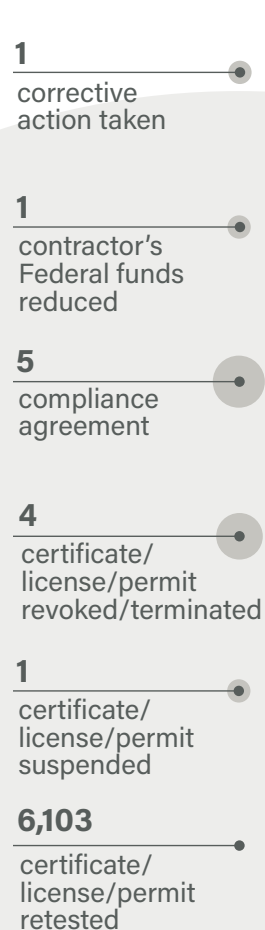
Suspension & debarment actions



Personnel actions



Other actions



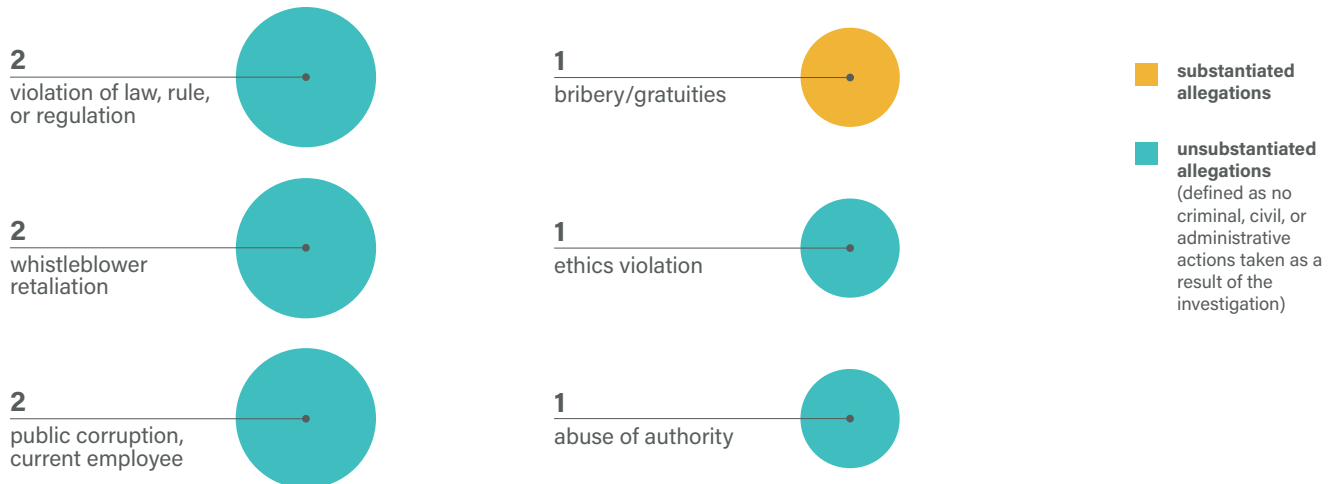
Types of administrative actions

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

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

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

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



Investigations involving senior Government employees where misconduct was substantiated

Allegation	Referral date	Accepted/ Declined	Disposition
Bribery/Gratuities. A senior official at NTSB's Office of the Chief Financial Officer offered a subordinate a monetary loan/gift as an incentive to leave NTSB.	3/23/2017	Declined 4/6/17	Report of Investigation forwarded to NTSB in April 2017 for action. Employee resigned from NTSB in July 2017.

Note: NTSB is an independent establishment of the U.S. Government, not part of DOT.

Hotline Complaint Center

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



2,028

total hotline contacts received

1 web

oig.dot.gov/hotline

1,030 telephone calls

1 (800) 424-9071

895 emails

hotline@oig.dot.gov

102 letters

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

Audits

Audits

Summary of Performance

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

- **FAA's small business procurement.** We estimate that FAA could have put \$314 million to better use by verifying contractors' eligibility for small business procurements before award.
- **Rail safety reporting.** We made seven recommendations to help FRA improve oversight of railroads' reporting of accidents and other safety data.
- **Single audits.** We conducted 52 audits of grantees that spent \$750,000 or more of Federal assistance. We made 86 recommendations and identified over \$4 million in questioned costs.
- **Oversight of major capital transit projects.** Because of improvements needed in FTA's oversight, the Agency put at least \$37 million in Federal funds at risk overpayment in the four projects we reviewed.
- **Cybersecurity.** DOT did not adequately plan for its cybersecurity funding needs, or maintain adequate documentation to justify estimates for cybersecurity funding needs requested in the budget.

Audit accomplishments



68

audit reports issued



199

recommendations



\$4,192,540

questioned costs



\$354,368,907

funds put to better use



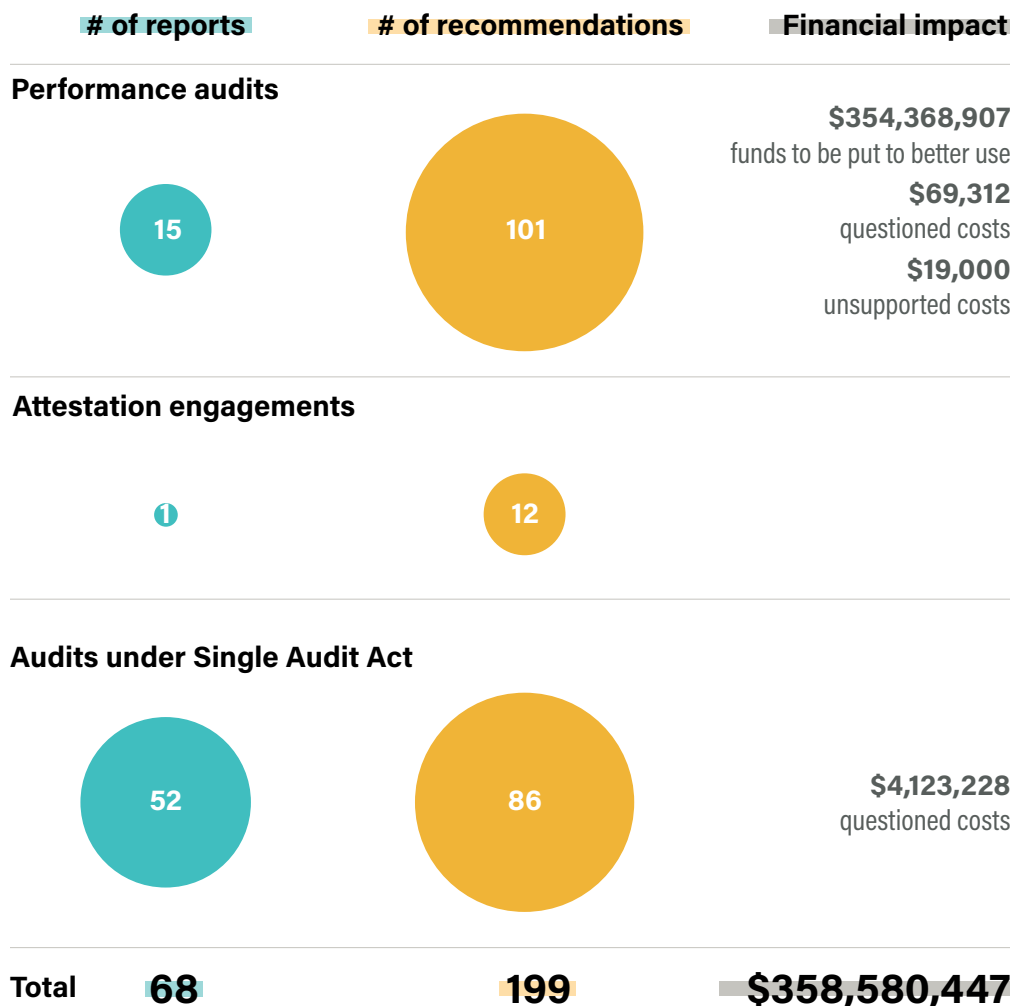
\$358,580,447

total financial impact
of DOT OIG audits

Audits

Statistical Data

Completed audits by type



Types of audits

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

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

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

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

NOTE: See page 20 for definitions.

Recommendations unresolved by end of reporting period

	Number of reports	Number of recommendations	Questioned costs*	Unsupported Costs*	Funds to be put to better use*
Unresolved recommendations at the start of the reporting period					
That questioned costs	3	3	\$450,097	\$0	
That funds be put to better use	1	1			\$1,100,000,000
For safety, efficiency, and economy	13	27			
A Total unresolved recommendations as of April 1, 2017		31	\$450,097	\$0	\$1,100,000,000
Recommendations made during reporting period					
That questioned costs	22	25	\$4,192,540	\$19,000	
That funds be put to better use	4	4			\$354,368,907
For safety, efficiency, and economy	61	170			
B Total recommendations made during reporting period		199	\$4,192,540	\$19,000	\$354,368,907
Total recommendations to be resolved (A+B)		230	\$4,642,637	\$19,000	\$1,454,368,907
Recommendations resolved during reporting period					
That questioned costs					
(i) dollar value of recommendations that were agreed to by management (disallowed costs)	3	3	\$104,919	\$19,000	
(ii) dollar value of recommendations that were not agreed to by management (allowed costs)	7	7	\$645,209	\$0	
That funds be put to better use					
(i) dollar value of recommendations that were agreed to by management	1	1			\$1,168,907
(ii) dollar value of recommendations that were not agreed to by management	2	2			\$1,137,000,000
For safety, efficiency, and economy	56	160			
C Total resolved as of September 30, 2017		173	\$750,128	\$19,000	\$1,138,168,907
D Total unresolved as of September 30, 2017 [(A+B)-C]		57	\$3,892,509	\$0	\$316,200,000

*The dollars shown are the amounts reported to management. The actual amounts may change during final resolution.

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 April 1, 2017

Report	Unresolved Recommendation
6 months to 1 year	
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.
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.

Open audit recommendations

As of September 30, 2017, DOT OIG had **515 open recommendations**, which were included in 184 audit reports issued between July 18, 2007, and September 26, 2017. Of these, 44 recommendations (from 37 reports) carry an **estimated monetary benefit or cost savings totaling over \$6 billion**, including funds that could be put to better use and questioned costs.

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



Open and closed audit recommendations

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

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

Reports with no agency comment within 60 days

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

Audits closed but not disclosed to the public

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

Significant revised management decisions

DOT did not revise any significant management decisions.

DOT OIG disagreement with significant management decisions

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

Attempts to interfere with DOT OIG independence

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

Compliance with Federal Financial Management Improvement Act

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

Information or assistance refused by DOT

DOT did not unreasonably refuse information or assistance.

Delays impacting audit timeliness cited in issued reports

When appropriate, we document access and delay issues and their impact on our work. As reported in our September 2017 report on the ADS-B Contract, we encountered delays during the course of our audit in receiving requested documents. Some contract documentation was not retained in the contract file. Contracting officials stated some of the files were missing due to a computer virus. Other

key contract correspondence and data on system reliability and disincentive payments was not made available until after a first exit conference. In addition, communications between FAA and OIG officials required high-level resolution. Cumulatively, these had the effect of extending time spent drafting this report, and additional exit conferences were necessary before we could complete this audit.

Audits

Completed Audit Reports

DEPARTMENT-WIDE

DOT's Fiscal Year 2016 Improper Payment Reporting Does Not Comply With IPERA Requirements

Required by the Improper Payment Elimination and Recovery Act of 2010

May 10, 2017
FI2017048

In July 2010, Congress enacted the Improper Payments Elimination and Recovery Act (IPERA) to encourage the elimination of payment errors, waste, fraud, and abuse in Federal programs. The Federal Government intensified its efforts to eliminate improper payments made from Federal program funds, including wrong amounts, duplicate payments, and payments with insufficient documentation, by issuing Executive Order 13520. IPERA requires Federal agencies to limit improper payments to less than 10 percent of their total program payments. It requires agencies to test annually for improper payments in their programs and to publish the results in the Agency Financial Report (AFR). The act also calls for inspectors general to review their agencies' compliance with IPERA and to submit reports to their agency heads. Finally, agencies must comply with regulations OMB developed to implement the act. For fiscal year 2016, DOT reported approximately \$55.5 billion in payments in programs or activities susceptible to significant improper payments. In addition, DOT estimated \$207.4 million as improper payments in these programs or activities. The Department's AFR accurately reflects and includes all of the required reporting elements in its IPERA section; however, DOT is not in compliance with IPERA requirements because three programs did not meet their improper payment reduction targets in fiscal year 2016. Specifically, the FAA program funded by the Facilities and Equipment—Disaster Relief Appropriations Act (F&E-DRAA), FRA's High-Speed Intercity Passenger Rail (HSIPR) program, and FTA's Formula Grants and Passenger Rail Investment and Improvement Act (FG-PRIIA) program did not achieve their own targets to reduce improper payments. This occurred due to administrative or procedural errors, such as incorrect labor rates; as a result DOT estimated that it exceeded its target reduction goals by \$140,000, \$5.6 million, and \$83.9 million for F&E-DRAA, HSIPR, and FG-PRIIA, respectively. The Department concurred with our three recommendations to improve its ability to meet improper payment reduction targets for these programs.

Attestation Engagement: Quality Control Review of the Controls Over DOT's Enterprise Services Center

*Required by the Office
of Management and
Budget's Bulletin No. 08-
24, Audit Requirements
for Federal Financial
Statements*

August 30, 2017
QC2017074

This report presents the results of our quality control review of KPMG LLP's report on the Enterprise Service Center's (ESC) description of its system and the suitability of the controls' design and operating effectiveness. KPMG conducted its attestation engagement in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Attestation Engagements Number 18, OMB requirements, and generally accepted Government auditing standards. OMB requires ESC, as a management services provider, to either provide its user organizations with independent audit reports on the design and effectiveness of its internal controls, or allow user auditors to perform tests of its controls. To meet this requirement for the period of October 1, 2016, through June 30, 2017, we contracted with KPMG. KPMG found that: (1) ESC's description of its controls fairly presents the system that was designed and implemented throughout the period of October 1, 2016, through June 30, 2017; (2) the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period of October 1, 2016, through June 30, 2017, and user entities applied the complementary controls assumed in the design of ESC's controls throughout the period October 1, 2016, through June 30, 2017; and (3) the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period October 1, 2016, through June 30, 2017, if complementary user entity controls, assumed in the design of ESC's controls, operated effectively throughout the period October 1, 2016, through June 30, 2017. Our review disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards.

DOT and FAA Lack Adequate Controls Over Their Use and Management of Other Transaction Agreements

Self-initiated

September 11, 2017
ZA2017098

**\$2,200,000
FUNDS PUT TO
BETTER USE**

**\$19,000
UNSUPPORTED
COSTS**

Congress has granted several of DOT's Operating Administrations the authority to enter into Other Transaction Agreements (OTA). These financial instruments give agencies greater flexibility to achieve mission goals. However, because OTAs are generally exempt from Federal laws and regulations governing acquisitions and financial assistance, they can pose greater cost and performance risks than contracts, grants, and cooperative agreements. Accordingly, we initiated this audit to evaluate DOT's (1) use of OTAs and (2) management of the agreements. We focused our work primarily on FAA and PHMSA, the only two DOT agencies actively using their OTA authority. Between fiscal years 2010 and 2014, DOT awarded OTAs worth more than \$1.4 billion, with FAA awarding the vast majority. FAA employs OTAs for a wide range of activities with significant monetary impact. However, because its OTAs are managed by a number of offices and inventoried via several different methods, FAA is unable to track all of them, provide effective oversight, or keep stakeholders fully informed about its use of the agreements. FAA policies also do not specify when it is proper to use an OTA instead of a contract or grant. In contrast, PHMSA uses OTAs for one program and has more rigorous controls over OTA usage.

Furthermore, DOT and FAA lack clear, comprehensive policies to adequately manage their OTAs. DOT's guidance for these agreements is located within a manual primarily designed for grants and cooperative agreements that is undergoing its first major update in 7 years. At FAA, unclear policies, a lack of internal controls, and inconsistent tracking and oversight have led to funding and program vulnerabilities. PHMSA generally follows DOT policy on OTAs and has its own supplemental policies, although we did identify some issues with incomplete documentation. We made 17 recommendations to improve use and management of OTAs at DOT, FAA, and PHMSA, and identified \$2.2 million in funds that could be put to better use and \$19,000 in questioned costs. We received a joint response from the Department on behalf of FAA and PHMSA that concurred with our monetary findings and all recommendations. In addition, PHMSA's follow-up actions allowed us to close one recommendation. Of the 16 remaining recommendations, we consider 15 resolved but open pending completion of planned actions and 1 to be open and unresolved, pending FAA's reconsideration of its target action date.

FEDERAL AVIATION ADMINISTRATION

Opportunities Exist for FAA To Strengthen Its Award and Oversight of eFAST Procurements

Self-Initiated

May 8, 2017
ZA2017046

**\$314,000,000
FUNDS PUT TO
BETTER USE**

In 2009, FAA developed a small business procurement vehicle known as Electronic FAA Accelerated and Simplified Tasks (eFAST), which offers a broad range of professional and support services. As of December 2016, more than 520 small businesses have been prequalified and hold agreements under eFAST to potentially provide prime contractor services in one or more of eight functional areas. The total maximum value of these agreements is \$7.4 billion over a 15-year period. Given the significant Federal dollars involved, we initiated this audit to evaluate FAA's processes for awarding and overseeing eFAST procurements. We found that FAA's processes for awarding eFAST procurements have areas for improvement. Specifically, FAA does not apply its own requirement to verify prospective contractor eligibility when it makes most eFAST awards. As a result, 7 of 40 sample eFAST procurements—totaling over \$67 million—had been awarded to firms whose small/disadvantaged eligibility status had expired. Based on this finding, we estimate that \$314 million could have been put to better use by awarding those dollars to firms whose eligibility had been verified at the time of the award. Additionally, the majority of FAA's eFAST procurements involved two high-risk award strategies—selecting time and material (T&M) contract type and awarding noncompetitively. However, the Agency generally did not justify the decision to use T&M type and may have missed opportunities to increase competition among prequalified small/disadvantaged businesses. Finally, FAA does not use performance-based contracting methods for its eFAST procurements, although its policies say such methods should be used

for support-service procurements whenever possible. Furthermore, FAA's oversight of eFAST procurements is limited by various factors, including contracting officer representatives (COR) without specific procurement expertise or proper certifications, and infrequent communication between contracting officers and CORs. In addition, the Agency lacks documented oversight plans, adequately defined acceptance criteria, and sufficient evidence of any oversight that did occur. We made eight recommendations to strengthen FAA's eFAST award and oversight processes. The Agency concurred with seven and partially concurred with one—disagreeing with the \$314 million we identified as funds put to better use.

Enhancements Are Needed to FAA's Oversight of the Suspected Unapproved Parts Program

Requested by the Ranking Members of the House Transportation and Infrastructure Committee and the Subcommittee on Aviation

May 30, 2017
AV2017049

The public depends on FAA and the aviation industry to provide safe, reliable air transportation and ensure that aircraft are properly maintained and approved for flight. According to FAA estimates, there are approximately 7,000 commercial aircraft in service in the United States. One type of aircraft—the Boeing 737, the most widely used aircraft in the world—contains approximately 400,000 parts. FAA and the aviation industry are responsible for ensuring that all these parts are safe for use in transporting passengers. Part of this responsibility includes detecting and monitoring for Suspected Unapproved Parts (SUP)—aircraft parts that may have been manufactured without FAA approval or intentionally misrepresented. Our audit found that FAA's process for monitoring and investigating SUPs is not as effective as it could be, because of recordkeeping weaknesses and the lack of a management control to capture and accurately report the number of SUPs. Also, Agency oversight of industry actions to remove unapproved parts is ineffective because it does not consistently implement its process for notifying the industry about unapproved parts. As a result, FAA cannot be assured that unapproved parts have been removed from the system and no longer pose a threat to safety. We recommended a number of actions to help FAA strengthen its SUPs program by implementing management controls that will ensure consistency of investigations and that local inspection offices properly submit SUPs reports to the FAA Hotline for processing. FAA concurred with all of our recommendations.

FAA Has Not Ensured All Check Pilots Meet Training and Observation Requirements

Self-Initiated

May 31, 2017
AV2017050

FAA currently relies on more than 4,000 check pilots to help evaluate and ensure our Nation's commercial airline 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 (APDs) to act on behalf of the Agency to certificate pilots and oversee check pilots. 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 found that FAA's processes are insufficient to ensure that required training and observations for check pilots and APDs are completed or documented prior to approval. For example, although FAA is required to verify that check pilot

applicants have completed mandatory training and have been observed by an FAA inspector, FAA inspectors did not meet these requirements for 40 out of 258 check pilots we reviewed. In addition, after being authorized, check pilots must continue to meet recurring training and observation requirements. However, we found that nine check pilots at one carrier did not receive any recurring training in 2015, including four who had not received training since 2012 yet are still serving as check pilots. 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 air carriers with Advanced Qualification Program training programs. As a result, FAA is not ensuring that carriers are consistently meeting check pilot requirements. FAA concurred with six of our seven recommendations to improve oversight of check pilots and APDs.

FAA's Security Controls Are Insufficient for Its En Route Automation Modernization Program

Requested by the Senate Committee on Commerce, Science, and Transportation

May 31, 2017
FI2017051

FAA's En Route Automation Modernization (ERAM) program modernized how air traffic controllers manage high-altitude traffic by replacing aging hardware and software at FAA's Air Route Traffic Control Centers nationwide. Although FAA completed deployment of ERAM in March 2015, recent system failures have raised questions about the reliability and security of the system. These ERAM software failures prompted the Senate Committee on Commerce, Science, and Transportation to request that we update our prior cybersecurity work on ERAM. Our audit objectives were to determine (1) whether FAA has effectively implemented security controls to address weaknesses identified during our prior review of ERAM and (2) what other weaknesses, if any, have developed. FAA concurred with seven of our eight recommendations to enhance the security of ERAM systems and acknowledged that the Agency is continuing its efforts to improve ERAM's security controls. FAA plans to complete implementation of all but one of our recommended cybersecurity and contingency planning improvements by November 30, 2017, and the other by September 30, 2020, to coincide with ERAM technical refresh activities.

FAA Has Taken Steps To Identify Flight Deck Vulnerabilities but Needs To Enhance Its Mitigation Efforts

Requested by Senator Dianne Feinstein

June 26, 2017
AV2017063

Recent incidents have drawn renewed worldwide attention to flight deck safety and security, including securing cockpit doors. On March 24, 2015, Germanwings Flight 9525 crashed in the Alps, killing all 150 people onboard. The crash was determined to have been caused by the deliberate and planned action of the co-pilot. After the Germanwings crash, Senator Dianne Feinstein requested that we evaluate FAA's oversight of commercial airline flight deck safety. Our audit objectives were to assess the effectiveness of FAA's actions to (1) identify vulnerabilities to flight deck security and (2) mitigate identified flight deck vulnerabilities. We made six recommendations to FAA to improve cockpit safety and security; FAA concurred with three recommendations, partially concurred with one recommendation, and nonconcurred with two recommendations.

Greater Adherence to ADS-B Contract Terms May Generate Better Performance and Cost Savings for FAA

Required by the FAA Modernization and Reform Act of 2012

September 5, 2017
AV2017075

In 2007, FAA awarded a more than \$1.8 billion contract to develop and implement the Automatic Dependent Surveillance-Broadcast (ADS-B) system. ADS-B is a foundational component of FAA's Next Generation Air Transportation System, and FAA envisions ADS-B eventually becoming its principal means of aircraft surveillance. As required by the FAA Modernization and Reform Act of 2012, we reviewed FAA's award and oversight of the ADS-B contract, focusing specifically on whether (1) the ADS-B contract provides FAA the ability to monitor whether the contractor is providing required ADS-B products and services and (2) FAA's procedures are adequate for determining whether payments to the contractor are reasonable. We found that while the ADS-B contract provides FAA the ability to monitor whether the contractor is providing required ADS-B products and services, FAA has made only limited use of these provisions. For example, the contract identifies seven specific measures for evaluating ADS-B performance, and specifies that the contractor should validate that all seven requirements are being met. However, FAA required reports from the contractor on only three of the seven measures. We also found that while the ADS-B contract contains provisions that can help FAA ensure that payments are reasonable, FAA did not effectively use these contractual tools. For example, FAA is paying monthly subscription fees for ADS-B services despite system performance gaps and negotiated an incentive/disincentive agreement that pays additional amounts on top of monthly subscription fees. FAA also did not seek adjustments to service volume subscription fee payments when the contractor decided to use shared radio stations that support multiple service volumes. FAA concurred with our nine recommendations to enhance FAA's oversight and management of the ADS-B contract, but disagreed with our conclusions.

FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION

FMCSA Strengthened Controls for Timely and Quality Reviews of High-Risk Carriers, but Data Challenges Remain To Assess Effectiveness

Requested by Senator Dick Durbin

July 25, 2017
ST2017065

The Nation has recently experienced an upward trend in fatalities caused by large truck and bus crashes—from 4,043 in 2011 to 4,337 in 2015. In 2014, a carrier that FMCSA had flagged as high risk but had not investigated was involved in a fatal crash in Illinois. Senator Dick Durbin then requested that we audit FMCSA's practices for investigating carriers that pose high risks for fatal crashes. The fiscal year 2015 appropriations legislation also directed us to review FMCSA's compliance review process. Accordingly, our audit objective was to assess FMCSA's policies and processes for ensuring timely and adequate compliance reviews of carriers with high risks for fatal crashes. Specifically, we determined whether FMCSA (1) conducted compliance reviews in a timely manner once it flagged carriers for investigation, (2) implemented effective quality assurance measures for compliance reviews, and (3) effectively conducted compliance reviews to address carriers' safety performance. Under its High-Risk Prioritization Policy, implemented in

January 2016, FMCSA has improved the timeliness of its high-risk compliance reviews by narrowing its focus to carriers that require immediate intervention. The policy establishes a new prioritization methodology and shortens the target timeline for reviews from 12 months to 90 days. FMCSA also incorporated a software program to prioritize, assign, and track completion of compliance reviews. Since implementation, FMCSA has completed investigations of high-risk carriers, on average, within 1.2 months, compared to 7.2 months under its previous policy. Despite these improvements, the Agency may face challenges balancing competing priorities of quality and production, and ensuring that it adapts resource distribution to changing conditions. FMCSA implemented two new quality assurance tools but has not set milestones for completion of an assessment of the tools. FMCSA established, provided training on, and implemented the two tools for ensuring quality of compliance reviews and enforcement cases. The Agency is also collecting a benchmark year of data and plans to assess the tools, but has not set completion milestones. Until FMCSA completes the assessment, the effectiveness of the tools is uncertain. Finally, FMCSA created a peer review process to improve and share best practices for field office operations. FMCSA faces challenges ensuring that investigators conduct effective compliance reviews. Specifically, FMCSA's information systems did not record whether a compliance review was either comprehensive or focused or changes in the scope of a focused compliance review. These data limitations make accurate accountings of compliance review types and safety regulation category types difficult, thus limiting the Agency's ability to assess the effectiveness of both types of compliance reviews. FMCSA concurred with our two recommendations to address its quality assurance processes and compliance review data limitations.

FEDERAL RAILROAD ADMINISTRATION

FRA Has Taken Steps To Improve Safety Data Reporting, but Lacks Standard Procedures and Training for Compliance Audits

Self-Initiated

May 3, 2017
ST2017045

In 2015, there were nearly 12,000 reported accidents and incidents on our Nation's railways. FRA tracks the safety record of the rail industry in its public databases of accident and incident data. However, much of FRA's safety data are self-reported by the rail industry, which poses challenges in ensuring their accuracy and completeness. We initiated this audit with the objective to assess FRA's collection and management of railroad safety data. Specifically, we assessed FRA's (1) guidance for reporting accident and incident data and (2) audits for ensuring compliance with accident and incident reporting requirements. We found that FRA's accident reporting guidance is extensive and railroads' compliance with 49 CFR Part 225 has improved, but violations and defects remain. In 2015, over 100 Part 225 violations and more than 1,600 reporting defects were identified by FRA inspectors. These defects are due in part to the complexity of FRA's reporting requirements and data reporting systems, as well as a lack of routing training for reporting officers. In

addition, we found that FRA performs audits of railroad compliance, auditing all Class I railroads every 2 years as required. However, FRA does not audit all non-Class I railroads as frequently as required, and lacks standard audit procedures and training for Part 225 compliance audits. We made seven recommendations to help FRA improve oversight of railroad safety data reporting. FRA concurred with five of our recommendations and partially concurred with the two remaining recommendations. Based on FRA's response, we consider all recommendations resolved but open pending completion of planned actions.

FEDERAL TRANSIT ADMINISTRATION

Review of Major Western Capital Projects Points to Overall Improvements Needed in FTA's Financial Guidance and Oversight

Self-Initiated

May 9, 2017
ST2017047

**\$37,000,000
FUNDS PUT TO
BETTER USE**

FTA receives approximately \$2 billion in annual appropriations for its discretionary Capital Investment Grant (CIG) program, which funds a range of transit projects, including heavy, commuter, and light rail. FTA's three western regions in Denver, San Francisco, and Seattle oversee CIG's program New Starts projects—new construction projects valued at \$300 million or more and improvement projects valued at \$100 million or more—with Federal investments of almost \$8 billion. We initiated this audit due to the large Federal investment in the New Starts program. Our objectives were to evaluate FTA's (1) processes for identifying and assessing major capital (New Starts) projects' financial risks, and reviewing and approving grantee financial plans and reports, and (2) oversight of grantees' mitigation of financial risks. For the four projects we reviewed, FTA followed its processes to identify and assess financial risks, but did not ensure that each project's financial capacity assessment (FCA) report was fully documented. None of the financial management oversight contractors (FMOC) that FTA hired included proposed local financial commitment ratings and justifications in their FCA reports, as required in the statements of work, making it difficult to assess the extent to which FTA considered this information in its final financial ratings in its investment decisions. FMOCs also did not document their sensitivity testing decisions, making it difficult for FTA to determine whether the testing was appropriate to inform its funding decisions. FTA did not mitigate key financial risks by ensuring that grantees completed all critical third party agreements prior to FTA's funding approval and that FTA staff reviewed grantees' Federal Financial Reports (FFR) per FTA procedures. Three of the four grantees did not complete their third-party agreements before award. We could not determine which of the incomplete agreements were critical because FTA's guidance lacks specificity on which third-party agreements are critical and available documentation did not identify agreements as critical. In addition, because they did not review FFRs as required, FTA regional staff also did not verify one grantee's indirect cost

rates. As a result, the grantee's use of incorrect rates went undetected for several years. Furthermore, we could not reconcile the support this grantee provided for the Federal share of expenditures—over \$37 million—reported in a sample of its FFRs. Consequently, FTA has put at least \$37 million in Federal funds at risk of overpayment if it reimbursed the grantee for ineligible or unsupported expenditures. We made five recommendations to FTA to strengthen its New Starts program's oversight and processes. FTA concurred with two recommendations and partially concurred with another three recommendations.

Assessment of Harris County, TX METRO's Financial Condition and Capacity

*Request from the
House Appropriations
Committee*

September 20, 2017
ST2017100

The Metropolitan Transit Authority of Harris County, TX (METRO) provides a range of transit services to about 3.6 million people in the Houston area. The House Appropriations Committee directed us to conduct a financial solvency audit of METRO. Our objective was to evaluate METRO's financial condition and capacity, including its ability to fund new services while maintaining current operations. We hired Steer Davies Gleave (SDG) to conduct an evaluation of METRO's financial condition and capacity, subject to our oversight. We conducted our work from September 1, 2016, to August 10, 2017, prior to Hurricane Harvey's impact on the Houston area. Based on SDG's analysis, we found that METRO's financial condition—its ability to operate and maintain its transit system at present levels of service—was satisfactory but vulnerable to adverse revenue or cost changes. Specifically, SDG projected that METRO would be able to maintain its current operations and debt obligations through fiscal year 2021 while maintaining its minimum required level of operating reserves—15 percent of operating expenses. METRO may also encounter difficulties maintaining its added cash reserves if it faces adverse revenue or cost changes. For example, adverse revenue changes of 5 percent or adverse cost changes of 10 percent in fiscal year 2017 could prevent METRO from meeting its added cash reserve targets in each of the 5 fiscal years from 2017 through 2021. We also found, through SDG's analysis, that METRO's financial capacity—which includes both general financial condition and the stability and reliability of revenue sources needed to meet future annual capital, operating, and maintenance costs—was significantly restricted due to a recent lack of reliability and stability in revenues. As a result, METRO's ability to fund new services while maintaining operations is limited.

OFFICE OF THE SECRETARY OF TRANSPORTATION**Cybersecurity
Planning
Weaknesses May
Hinder the Efficient
Use of Future
Resources***Self-Initiated*August 7, 2017
FI2017066

In its fiscal year 2011 budget request, DOT's Office of the Chief Information Officer (OCIO) requested \$30 million to close the Department's most serious cybersecurity gaps. Between fiscal years 2012 through 2015, Congress appropriated almost \$29 million for DOT's cybersecurity initiatives. Persistent weaknesses—such as those described in our 2015 review required by the Federal Information Security Management Act of 2002 (FISMA)—underscore the importance of the Department's use of available funds to the extent possible to secure its systems. Due to the large investments that OCIO has made in cybersecurity over recent years, we conducted this audit. Our objectives were to determine whether OCIO (1) expended the appropriated funds to support cybersecurity initiatives and (2) adequately planned for its cybersecurity funding needs. We found no instances in which OCIO expended its appropriated \$29 million on non-cybersecurity initiatives. At the time of our review, OCIO had expended approximately \$23.4 million of the \$29 million. We sampled 61 of 181 transactions totaling \$18.26 million of the \$23.4 million, and all sampled transactions supported cybersecurity initiatives. However, OCIO did not consistently apply billing procedures when expending funds through its Working Capital Fund (WCF). We found that \$285,352 of the \$3.73 million in cybersecurity funds expended through the WCF paid for services outside of the period of performance and scope of work outlined in OCIO's cybersecurity intra-agency agreements. Such errors make it difficult for OCIO to ensure that WCF customers are accurately and consistently charged for the services described in their customer agreements. OCIO did not adequately plan for its cybersecurity funding needs, or maintain adequate documentation to justify costs estimates for the amount of cybersecurity funds requested in budget years 2014 and 2015. OCIO also did not always follow OMB's or its own acquisition planning guidance for three IT projects that accounted for about \$20 million (68 percent) of the \$29 million appropriated. As a result, we could not assess the reasonableness of OCIO's IT costs. Lastly, while it developed strategic plans for long-term cybersecurity goals, OCIO did not develop tactical plans to prioritize in which IT projects to invest, raising questions about whether the Agency effectively planned near-term funding needs. This lack of sound planning and internal controls puts OCIO at risk of not being able to efficiently address DOT's most serious cybersecurity gaps. We made five recommendations to help OCIO improve its cybersecurity funding planning, OCIO concurred with three and non-concurred with two recommendations.

OSDBU Lacks Effective Processes for Establishing, Overseeing, and Managing Its Small Business Transportation Resource Centers

Self-Initiated

September 26, 2017
ZA2017106

\$1,168,907
FUNDS PUT TO
BETTER USE

\$69,312
QUESTIONED COSTS

The mission of DOT's Office of Small and Disadvantaged Business Utilization (OSDBU) is to provide opportunities, technical assistance, and financial services to the small business community. OSDBU maintains 13 Centers nationwide that serve as stewards for OSDBU's Bonding Education Program and the Women and Girls in Transportation Initiative. In addition, the Centers provide assistance to applicants seeking to participate in OSDBU's Short Term Lending Program and offer free business coaching, technical workshops, and information on procurement opportunities. Given the important role the Centers play in helping the Department meet its mission, we initiated this audit to assess OSDBU's oversight of its Centers. Accordingly, our audit objectives were to assess OSDBU's (1) processes for establishing the Centers and (2) oversight of the Centers' compliance with cooperative agreements and achievement of program objectives. Overall, we found that OSDBU lacks a defined framework for establishing, renewing, and managing its Centers. In addition, OSDBU lacks effective processes for overseeing and managing Center performance and financial resources; we found \$69,312 in questioned costs and \$1,168,907 in funds put to better use. OSDBU concurred with our 10 recommendations to improve OSDBU's management and oversight of its Centers.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

PHMSA Is Establishing Controls for Technical Assistance Grants but Needs To Improve Its Award and Oversight Processes

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

July 19, 2017
ST2017064

PHMSA's Pipeline Safety Technical Assistance Grant (TAG) program provides funds to improve the safety of communities located near pipeline facilities. With these funds, communities and nonprofit organizations can acquire engineering and other scientific analysis of pipeline issues and promote public participation in official pipeline proceedings. However, Congress has prohibited grant recipients from using TAG funds for lobbying, direct support of litigation, or direct advocacy for or against a pipeline project. Between fiscal years 2009 and 2015, PHMSA awarded 166 grants—totaling about \$7.7 million—to 127 grantees. TAG projects have included improvements to safe digging programs and the purchase of leak detectors to help communities identify releases of methane from pipelines. Grants did not exceed \$50,000 to any single recipient prior to fiscal year 2015. The Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2016 required us to assess the TAG program's compliance with grant agreements and evaluate the TAG awards process as well as PHMSA's ability to oversee TAG funding. We reviewed nine grantees, and while we did not identify any instances where they used TAG funds to conduct activities disallowed by Congress, PHMSA's policy and procedures do not require Agency staff to follow up on alleged misuses of program funds. Accordingly, we made three recommendations to PHMSA to improve its management of the TAG program, including its oversight of prohibited activities. PHMSA concurred with all three recommendations and proposed appropriate actions and completion dates.

SINGLE AUDITS

Quality Control Review on the Single Audit of the Metropolitan Transit Authority, Nashville, TN

Self-Initiated

April 10, 2017
QC2017040

This report presents the results of our quality control review on DOT's major grant program included in the single audit that Crosslin, PLLC (Crosslin) performed for the Nashville, TN, Metropolitan Transit Authority's (Authority) fiscal year that ended June 30, 2016. During this period, the Authority expended approximately \$14.1 million from DOT grant programs. Crosslin determined that DOT's major program was the Federal Transit Cluster. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Based on our review, we assigned an overall rating of pass to Crosslin's work. Therefore, Crosslin met the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that Crosslin's opinion on the Federal Transit Cluster was inappropriate or unreliable.

Report on Single Audit of the City of Miles City, MT

Self-Initiated

April 24, 2017
SA2017043

As part of our single audit program oversight responsibilities, we provided DOT with a single audit report on the City of Miles City's fiscal year ending June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

Report on Single Audit of the Hopi Tribe, Kykotsmovi, AZ

Self-Initiated

April 24, 2017
SA2017044

As part of our single audit program oversight responsibilities, we provided DOT with a single audit report on the Hopi Tribe's fiscal year that ended December 31, 2013. An independent auditor performed the audit pursuant to the provisions of OMB's Circular A-133. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

\$25,646
QUESTIONED COSTS

Report on Single Audit of the Metropolitan Transportation Commission, San Francisco, CA*Self-Initiated*April 24, 2017
SA2017042

As part of our single audit program oversight responsibilities, we provided DOT with a single audit report on Metropolitan Transportation Commission's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of the OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that OST has provided sufficient documentation on its final actions.

Report on Single Audit of the National Railroad Passenger Corporation and Subsidiaries (Amtrak), Washington, DC*Self-Initiated*April 24, 2017
SA2017041

As part of our single audit program oversight responsibilities, we provided DOT with a single audit report on Amtrak's fiscal year that ended September 30, 2015. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FRA has provided sufficient documentation on its final actions.

Report on Single Audit of the Midcoast Regional Redevelopment Authority, Brunswick, ME*Self-Initiated*June 6, 2017
SA2017054

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on the Midcoast Regional Redevelopment Authority's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of the OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

Report on Single Audit of the South Carolina Department of Transportation, Columbia, SC*Self-Initiated*June 6, 2017
SA2017062

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the South Carolina Department of Transportation's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the Southeastern Pennsylvania Transportation Authority, Philadelphia, PA*Self-Initiated*June 6, 2017
SA2017055

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the Southeastern Pennsylvania Transportation Authority's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of Sioux City, Sioux City, IA*Self-Initiated*June 6, 2017
SA2017056

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on the City of Sioux City's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of Hawaii Department of Transportation, Highways Division, Honolulu, HI*Self-Initiated*June 6, 2017
SA2017057

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the State of Hawaii Department of Transportation, Highways Division's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the San Francisco Municipal Transportation Agency, San Francisco, CA*Self-Initiated*June 6, 2017
SA2017058**\$35,854**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA and FHWA with a single audit report on the San Francisco Municipal Transportation Agency's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA and FHWA have provided sufficient documentation on their final actions.

Report on Single Audit of the City of Albany, Albany, OR*Self-Initiated*June 6, 2017
SA2017059**\$41,494**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the City of Albany's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Fairbanks North Star Borough, Fairbanks, AK*Self-Initiated*June 6, 2017
SA2017060**\$191,777**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the Fairbanks North Star Borough's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the New Mexico Department of Transportation, Santa Fe, NM*Self-Initiated*June 6, 2017
SA2017061

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the New Mexico Department of Transportation's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Washington Metropolitan Area Transit Authority, Washington, DC

Self-Initiated

June 6, 2017
SA2017053

\$29,116
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the Washington Metropolitan Area Transit Authority's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the City of Tracy, Tracy, CA

Self-Initiated

June 6, 2017
SA2017052

\$147,515
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the City of Tracy's fiscal year that ended June 30, 2015. An independent auditor performed the audit pursuant to the provisions of OMB's Circular A-133. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of Tennessee, Nashville, TN

Self-Initiated

August 9, 2017
SA2017073

\$544,840
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the State of Tennessee's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of New Jersey, Trenton, NJ*Self-Initiated*August 9, 2017
SA2017070

As part of our single audit program oversight responsibilities, we provided the NHTSA with a single audit report on the State of New Jersey's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that NHTSA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of North Carolina, Raleigh, NC*Self-Initiated*August 9, 2017
SA2017069

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the State of North Carolina's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of Vermont, Montpelier, VT*Self-Initiated*August 9, 2017
SA2017068

As part of our single audit program oversight responsibilities, we provided FAA and OST with a single audit report on the State of Vermont's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA and OST have provided sufficient documentation on their final actions.

Report on Single Audit of the City and County of Honolulu, Honolulu, HI*Self-Initiated*August 9, 2017
SA2017072

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the City and County of Honolulu's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Yuma County Intergovernmental Public Transportation Authority, Yuma, AZ*Self-Initiated*August 9, 2017
SA2017071**\$171,265**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the Yuma County Intergovernmental Public Transportation Authority's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the San Francisco Bay Area Rapid Transit District, Oakland, CA*Self-Initiated*August 9, 2017
SA2017067

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the San Francisco Bay Area Rapid Transit District's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Puerto Rico Metropolitan Bus Authority, San Juan, PR*Self-Initiated*September 11, 2017
SA2017082

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the Puerto Rico Metropolitan Bus Authority's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Government of Guam, Hagatna, GU*Self-Initiated*September 11, 2017
SA2017083

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the Government of Guam's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of Livingston County, Howell, MI*Self-Initiated*September 11, 2017
SA2017084**\$21,025
QUESTIONED COSTS**

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on Livingston County's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Territory of American Samoa, Pago Pago, AS*Self-Initiated*September 11, 2017
SA2017085

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on the Territory of American Samoa's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

Report on Single Audit of PACE, the Suburban Bus Division of the Regional Transportation Authority, Arlington Heights, IL*Self-Initiated*September 11, 2017
SA2017087

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on PACE, the Suburban Bus Division of the Regional Transportation Authority's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the Greater Portland Transit District, Portland, ME*Self-Initiated*September 11, 2017
SA2017088

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on Greater Portland Transit District's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of Jefferson County, Golden, CO

Self-Initiated

September 11, 2017
SA2017089

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on Jefferson County's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

Report on Single Audit of the Arapahoe County Public Airport Authority, Englewood, CO

Self-Initiated

September 11, 2017
SA2017090

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on the Arapahoe County Public Airport Authority's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

\$1,611,898 QUESTIONED COSTS

Report on Single Audit of the Government of U.S. Virgin Islands, Charlotte Amalie, VI

Self-Initiated

September 11, 2017
SA2017091

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the Government of U.S. Virgin Islands' fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of Nebraska, Lincoln, NE*Self-Initiated*September 11, 2017
SA2017076**\$614,168**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FHWA and FTA with a single audit report on the State of Nebraska's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA and FTA have provided sufficient documentation on their final actions.

Report on Single Audit of the City of Petersburg, Petersburg, VA*Self-Initiated*September 11, 2017
SA2017093**\$66,667**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the City of Petersburg's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the State of Connecticut, Hartford, CT*Self-Initiated*September 11, 2017
SA2017077**\$60,800**
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the State of Connecticut's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the City of Wichita, Wichita, KS*Self-Initiated*September 11, 2017
SA2017094

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the City of Wichita's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of Itawamba County, Fulton, MS

Self-Initiated

September 11, 2017
SA2017078

\$84,365
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided MARAD with a single audit report on Itawamba County's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that MARAD has provided sufficient documentation on its final actions.

Report on Single Audit of the Turtle Mountain Band of Chippewa Indians, Belcourt, ND

Self-Initiated

September 11, 2017
SA2017095

\$675
QUESTIONED COSTS

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the Turtle Mountain Band of Chippewa Indians' fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

Report on Single Audit of the Commonwealth Ports Authority, Saipan, MP

Self-Initiated

September 11, 2017
SA2017096

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on the Commonwealth Ports Authority's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

**Report on
Single Audit of
the Wyoming
Department of
Transportation,
Cheyenne, WY***Self-Initiated*September 11, 2017
SA2017079

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the Wyoming Department of Transportation's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

**Report on Single
Audit of the State
of Rhode Island
and Providence
Plantations,
Providence, RI***Self-Initiated*September 11, 2017
SA2017080

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the State of Rhode Island and Providence Plantations' fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

\$118,713
QUESTIONED COSTS**Report on Single
Audit of the State of
Florida, Tallahassee,
FL***Self-Initiated*September 11, 2017
SA2017097

As part of our single audit program oversight responsibilities, we provided FHWA with a single audit report on the State of Florida's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FHWA has provided sufficient documentation on its final actions.

\$252,644
QUESTIONED COSTS

Report on Single Audit of the Massachusetts Bay Transportation Authority, Boston,*Self-Initiated*September 11, 2017
SA2017081

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the Massachusetts Bay Transportation Authority's fiscal year that ended June 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

Report on Single Audit of the U.S. Virgin Islands Port Authority, Charlotte Amalie West, VI*Self-Initiated*September 11, 2017
SA2017092

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on the U.S. Virgin Islands Port Authority's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

Report on Single Audit of the Delaware River and Bay Authority, New Castle, DE*Self-Initiated*September 11, 2017
SA2017086

As part of our single audit program oversight responsibilities, we provided FAA with a single audit report on Delaware River and Bay Authority's fiscal year that ended December 31, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FAA has provided sufficient documentation on its final actions.

\$44,589
QUESTIONED COSTS

**Quality Control
Review on the
Single Audit of
the Metropolitan
Atlanta Rapid Transit
Authority, Atlanta,
GA***Self-Initiated*September 18, 2017
QC2017099

This report presents the results of our quality control review on DOT's major grant programs included in the single audit that Cherry Bekaert LLP performed for the Metropolitan Atlanta Rapid Transit Authority's (Authority) fiscal year that ended June 30, 2016. During this period, the Authority expended approximately \$108 million from DOT grant programs. Cherry Bekaert determined that DOT's major programs were the Federal Transit Cluster and the Transit Services Programs Cluster. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Based on our review, we assigned an overall rating of pass with a deficiency to Cherry Bekaert's work. Therefore, Cherry Bekaert met the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that Cherry Bekaert's opinions on the Federal Transit Cluster and the Transit Service Programs Cluster were inappropriate or unreliable.

**Quality Control
Review on the Single
Audit of the Utah
Transit Authority,
Salt Lake City, UT***Self-Initiated*September 25, 2017
QC2017101

This report presents the results of our quality control review on DOT's major grant programs, including the single audit that Keddington & Christiansen, LLP (K&C) performed for the Utah Transit Authority's (UTA) fiscal year that ended December 31, 2016. During this period, UTA expended approximately \$60 million from a DOT grant program. K&C determined that DOT's major program was the Federal Transit Cluster. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Based on our review, we assigned an overall rating of pass with deficiencies to K&C's work. Therefore, K&C generally met the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that K&C's opinion on the Federal Transit Cluster was inappropriate or unreliable.

**Quality Control
Review on the Single
Audit of the Central
New York Regional
Transportation
Authority and
Subsidiaries,
Syracuse, NY***Self-Initiated*September 26, 2017
QC2017102

This report presents the results of our quality control review on DOT's major grant programs, including the single audit that Bonadio & Co., LLP performed for the Central New York Regional Transportation Authority and Subsidiaries' (Authority) fiscal year that ended March 31, 2016. During this period, the Authority expended approximately \$13 million from a DOT grant program. Bonadio determined that DOT's major program was the Federal Transit Cluster. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Based on our review, we assigned an overall rating of pass with deficiencies to Bonadio's work. Therefore, Bonadio generally met the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that Bonadio's opinion on the Federal Transit Cluster was inappropriate or unreliable.

Quality Control Review on the Single Audit of the Antelope Valley Transit Authority, Lancaster, CA

Self-Initiated

September 26, 2017
QC2017103

This report presents the results of our quality control review on DOT's major grant programs, including the single audit that Windes, Inc. performed for the Antelope Valley Transit Authority's (Authority) fiscal year that ended June 30, 2016. During this period, the Authority expended approximately \$9 million from DOT grant programs. Windes determined that DOT's major programs were the Federal Transit Cluster and Job Access and Reverse Commute Program. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Based on our review, we assigned an overall rating of fail to Windes' work. Therefore, Windes did not meet the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs, and its opinion on each major program was not reliable.

Report on Single Audit of the City of Lawton, OK

Self-Initiated

September 26, 2017
SA2017104

As part of our single audit program oversight responsibilities, we provided FTA with a single audit report on the City of Lawton's fiscal year that ended June 30, 2015. An independent auditor performed the audit pursuant to the provisions of the Office of Management and Budget's Circular A-133. We will track the single audit recommendations and consider them closed once we concur that FTA has provided sufficient documentation on its final actions.

\$23,598
QUESTIONED COSTS

Report on Single Audit of the National Railroad Passenger Corporation and Subsidiaries (Amtrak) Washington, D.C.

Self-Initiated

September 26, 2017
SA2017105

As part of our single audit program oversight responsibilities, we provided FRA with a single audit report on Amtrak's fiscal year that ended September 30, 2016. An independent auditor performed the audit pursuant to the provisions of OMB's Uniform Guidance. We will track the single audit recommendations and consider them closed once we concur that FRA has provided sufficient documentation on its final actions.

**Quality Control
Review on the
Single Audit of the
New York State
Urban Development
Corporation and
Subsidiaries, New
York, NY***Self-Initiated*September 26, 2017
SA2017107

This report presents the results of our quality control review on DOT's major grant programs, including the single audit that EFPR Group, CPAs PLLC (EFPR) performed for the New York State Urban Development Corporation and Subsidiaries' (Corporation) fiscal year that ended March 31, 2016. During this period, the Corporation expended approximately \$57 million from DOT grant programs. EFPR determined that DOT's major program was the High-Speed Corridors and Intercity Passenger Rail Service—Capital Grants Program. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Based on our review, we assigned an overall rating of pass with deficiencies to EFPR's work. Therefore, EFPR generally met the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that EFPR's opinion on DOT's major program was inappropriate or unreliable.

Testimony

USMMA's Efforts To Address Sexual Assault and Sexual Harassment

Before the Senate Appropriations Transportation, Urban Development, and Related Agencies Subcommittee

April 5, 2017
CC2017011

On April 5, 2017, the Inspector General testified before the Senate Appropriations Transportation, Urban Development, and Related Agencies Subcommittee on the U.S. Merchant Marine Academy's (USMMA) efforts to address sexual assault and harassment. The Inspector General focused on (1) DOT's actions in response to congressional requirements and our October 2014 report recommendations, (2) our 2016 review of USMMA's efforts to complete its 2014–2015 action plan, and (3) USMMA's continuing challenges and our upcoming work. He testified that the Department has taken a number of actions to address sexual assault and harassment at the Academy. For example, in response to our October 2014 report recommendations, USMMA established standard operating procedures for investigating sexual assault and harassment. As required by Congress, USMMA has also created action plans to address concerns identified during its surveys of midshipmen on the effectiveness of its policies and procedures in combating sexual assault and harassment. However, the Inspector General noted that our 2016 review of USMMA's 2014–2015 action plan found that the Academy had not completed 15 (34 percent) of its 44 planned actions. Our work as well as a number of recent developments highlight that USMMA remains challenged in following through on its plans to address longstanding issues with the Academy's culture. The Inspector General stated that by June 30, 2017, we would launch a review of USMMA's progress with current plans.

Observations on FAA's Efforts To Implement Reforms and Modernize the National Airspace System

Before the House Committee on Transportation and Infrastructure

May 17, 2017
CC2017012

On May 17, 2017, the Inspector General testified before the House Committee on Transportation and Infrastructure on FAA's efforts to implement reforms and modernize the National Airspace System. The Inspector General focused on FAA's (1) efforts in implementing personnel, organizational, and acquisition reforms and (2) progress and challenges with FAA's Next Generation Air Transportation System (NextGen) efforts. He also discussed how other countries have structured their aviation systems and highlighted factors that policymakers may wish to take into account when considering changes to FAA's organizational and financing structures.

Correspondence

Letter to Chairman Ron Johnson, Ranking Member Claire McCaskill, and Sen. Ben Sasse Regarding DOT OIG's Mandatory Reporting Requirements

*Requested by the
Chairman and Ranking
Member of the
Senate Committee on
Homeland Security and
Governmental Affairs
and Sen. Sasse*

June 8, 2017

On June 8, 2017, we responded to a letter from Senators Johnson, McCaskill, and Sasse, who asked which of our 23 mandatory reporting requirements might be suitable for modification or repeal. As we explained in our letter to the Senators, we recommend modifying one mandate and repealing a second. First, we recommend modifying section 5 of the Inspector General Act of 1978 from the current biannual reporting requirement to an annual reporting requirement that summarizes the activities of the Office of Inspector General for the previous full fiscal year. The biannual requirement was established in a pre-Internet era when audit and investigation reports were not readily available to Congress or the public. However, those reports are now readily accessible online. Furthermore, our Recommendation Dashboard lists the current status of our audit recommendations and is updated on a weekly basis. Given these alternative sources for current information about our activities, an annual report may be sufficient. Second, we recommend repealing an annual appropriations provision under section 632(a) of the Foreign Assistance Act of 1961, or any comparable provision of law. The provision requires the Inspector General for any Federal agency receiving funds from the Department of State (State) or United States Agency for International Development (USAID) periodically to audit the use of such funds. We believe that the State and USAID inspectors general may be better equipped to audit projects authorized by the Foreign Assistance Act or comparable laws, regardless of which Federal agency receives the funds. Cost is also a concern, as the appropriations acts permit, but do not require, the transferred funds to cover the cost of such audits.

Letter to Ranking Member Claire McCaskill and Sen. Tom Carper Regarding DOT's Preservation of Electronic Records and Cooperation With Congressional Document Requests

Requested by Senator Claire McCaskill, Ranking Member of the Committee on Homeland Security and Governmental Affairs, and Senator Tom Carper

July 25, 2017

On July 25, 2017, we responded to a letter from Senator Claire McCaskill, Ranking Member of the Committee on Homeland Security and Governmental Affairs, and Senator Tom Carper. In their letter, the Senators requested that we review DOT's processes and compliance with applicable legal standards for preserving Federal electronic records, as well as DOT's cooperation with congressional document requests. In our response, we stated that we found no evidence that DOT officials have directed or advised agency employees to delay or withhold information to non-Chairs of congressional committees in the period since January 1, 2016. We sent an email to all DOT employees, but did not receive any reports through the OIG Hotline related to the handling of congressional requests. In addition, we reviewed response letters to congressional inquiries that the Department provided to us and confirmed that they included examples of correspondence with non-Chairs and Minority Members. Furthermore, we did not find significant concerns regarding the Department's record-retention guidance or use of encryption-capable messaging smartphone apps. We found that DOT has issued guidance and training in compliance with Federal law and National Archives and Records Administration guidance pertaining to the retention of electronic records and the use of personal email and messaging accounts for conducting Government business. We also found no evidence that DOT officials or employees are using auto-deletion features on smartphone apps to conduct official business. We did find some evidence that employees may be using encryption-capable, non-official messaging apps for official business, but most of the reports we received were limited to career employees using the apps primarily for minor logistical purposes. Finally, we noted that in the past 10 years, our office has issued three recommendations to DOT regarding electronic records retention, all of which have been closed.

Letter to Chairman Bill Shuster and Chairman Frank L. LoBiondo Regarding FAA's July 2016 NextGen Business Case

Requested by Bill Shuster, Chairman of the House Committee on Transportation and Infrastructure, and Frank L. LoBiondo, Chairman of the Aviation Subcommittee

August 15, 2017

On August 15, 2017, we responded to a letter from Bill Shuster, Chairman of the House Committee on Transportation and Infrastructure, and Frank L. LoBiondo, Chairman of the House Aviation Subcommittee, requesting that we review FAA's benefits projection in its July 2016 NextGen business case. FAA projected that NextGen will deliver about \$161 billion in benefits by 2030, and stated that \$2.7 billion of that amount had already been delivered to airspace users and the traveling public. At the Chairmen's request, we provided information on the (1) programs FAA included as NextGen programs and whether projected benefits represent a realistic assessment, (2) assumptions behind FAA's benefits calculations, and (3) various groups FAA assumes will benefit and how the benefits are valued. Specifically, we found that FAA's benefits estimate is overly optimistic, given past experience with introducing new capabilities and the use of out-of-date schedules for some key projects. The majority of FAA's estimates are for new capabilities that have not yet been implemented, and some new capabilities continue to face challenges in delivering benefits to airspace users. In addition, while FAA recognizes that the key assumptions behind its benefits calculations are aggressive, the Agency does not provide alternative outcomes or adjust for risks that

may impact the delivery of benefits to airspace users. Further, FAA relies heavily on valuing the time saved by passengers to make a positive business case for NextGen. While this is a generally accepted practice, some airline representatives are concerned that reporting benefits in one broad category makes it appear that airlines are receiving more substantial benefits than they actually have gained. FAA officials also noted that the business case does not include all capabilities that they expect will produce benefits but have yet to be quantified. As a result, FAA's business case does not communicate the range of uncertainty or complex factors associated with NextGen implementation.

Letter to Ranking Members DeFazio, Lowey, and Price Regarding DOT Officials' Communications Concerning the 21st Century Aviation Innovation, Reform, and Reauthorization Act

Requested by the Ranking Member of the House Committee on Transportation and Infrastructure and the Ranking Members of the House Committee on Appropriations and its Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

August 30, 2017

On August 30, 2017, we responded to a letter from Ranking Member Peter A. DeFazio of the House Committee on Transportation and Infrastructure; Ranking Member Nita M. Lowey of the House Committee on Appropriations; and Ranking Member David E. Price of the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. In their letter, the Ranking Members requested that we determine whether DOT officials have engaged in conduct that violates Federal law, including the Anti-Lobbying Act, when communicating to Members of Congress and non-Federal stakeholders regarding the 21st Century Aviation Innovation, Reform, and Reauthorization Act (AIRR Act). To respond to the Ranking Members' request, we reviewed correspondence from DOT officials, applicable laws and guidance, and DOT's website and social media accounts for its Smarter Skies initiative, which DOT created to promote the Administration's positions on FAA restructuring. Our review did not identify any conduct or correspondence by DOT officials that violates the Anti-Lobbying Act. Department officials told us they consulted with the Office of General Counsel prior to and during the course of their correspondence with stakeholders regarding the AIRR Act and FAA restructuring. In addition, we concluded that the materials provided in the Ranking Members' request did not violate the Department's appropriations restriction on lobbying. Our review did identify one potential concern regarding a retweet and like on the Smarter Skies Twitter feed, which we referred to GAO to determine whether they complied with the restriction on DOT's current appropriations.

Other Accomplishments

Briefing to European Union Court of Auditors

February 7, 2017

A Program Director and a Project Manager from the Office of Acquisition Audits, together with Managers from our Office of Aviation Audits, briefed a group of managers from the European Union Court of Auditors from various countries, including: Bulgaria, Great Britain, Italy, Luxemburg, and Romania in our Washington, DC, Headquarters on audits performed on FAA's NextGen acquisitions and related audit findings.

Presentation at DOT's Annual Acquisition Conference

June 15, 2017

Our Office of Acquisition Audits along with our Office of Investigations jointly presented a session titled "Building Blocks for Successfully Navigating a Procurement Audit and Deterring Procurement Fraud" at DOT's Annual Acquisition Conference. The topics of discussion included our acquisition work and experience conducting procurement audits, procurement fraud indicators, and Investigation's overall work process in conducting investigation. The session was well-attended by staff from the acquisition workforce across the Department.

USDA Hotline Assist: "Review of Matters Concerning the Execution of the FY 2015 Commodity Credit Corporation Financial Statement Audit"

June 30, 2017

DOT OIG entered into a Memorandum of Agreement with USDA OIG, which requested our professional audit services to conduct a review of a hotline complaint about the manner in which a contractor had conducted a financial statement audit and about USDA OIG's oversight of the contractor's work. DOT OIG assessed the validity of these allegations and issued eight recommendations as opportunities to improve their processes or practices.

Briefing at the American Association of State Highway and Transportation Officials

July 11, 2017

The Principal Assistant Inspector General for Auditing and Evaluation provided a briefing to over 150 attendees at the annual American Association of State Highway and Transportation Officials (AASHTO) Internal/External Audit Meeting. He discussed recent audit activity and future audit plans impacting AASHTO to the group that included auditors from 38 different state Departments of Transportation.

Presentation at the 2017 Federal Audit Executive Council's Annual Conference

September 26, 2017

The Assistant Inspector General for our Office of Audit Operations and Special Reviews and a Program Director from our Office of Acquisition Audits presented a session titled "Auditing a Major Acquisition System: Converting from Radar to GPS Air Traffic Control" at the 2017 Federal Audit Executive Council's Annual Conference. The topic of discussion included FAA's oversight and management of its multi-billion dollar contract for the Automated Dependent Surveillance-Broadcast System. DOT OIG found that FAA had not used all contractual tools available to it to ensure the contractor met performance requirements and its contract payments were reasonable. The session was very well-attended by over 400 participants from the Federal audit community of the Council of the Inspectors General on Integrity and Efficiency.

Peer Reviews

Peer reviews

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

Peer reviews conducted of DOT OIG

DOT OIG was not the subject of a CIGIE peer review during this reporting period.

DOT OIG's Office of Audits was the subject of a CIGIE peer review by the U.S. Department of Energy OIG in 2016. Energy OIG concluded that the system of quality control for our audit organization has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Accordingly, Energy OIG provided a "pass" rating, and no recommendations were made. The report was released on March 31, 2016.

DOT OIG's Office of Investigations was the subject of a CIGIE peer review by the U.S. Department of the Treasury, Treasury Inspector General for Tax Administration in 2016. TIGTA OIG concluded that the system of internal controls and management procedures for our investigative function was in compliance with quality standards established by CIGIE and the applicable Attorney General guidelines, and no recommendations were made. The report was released on February 4, 2016.

For the reports of the peer reviews conducted on our office, please visit <https://www.oig.dot.gov/about-oig/peer-review>.

Peer reviews conducted by DOT OIG

During this reporting period, OIG completed a CIGIE peer review at Energy OIG's investigative operations. The final report was released July 13, 2017. We reported that the system of internal safeguards and management procedures for the Energy OIG's investigative functions were in compliance with the quality standards established by CIGIE and the Attorney General's guidelines.

Index of Reporting Requirements

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Acronym Glossary

Acronym glossary

ADS-B	Automatic Dependent Surveillance-Broadcast	FMOC	Financial management oversight contractors
AFR	Agency Financial Report	FRA	Federal Railroad Administration
AIRR Act	21st Century Aviation Innovation, Reform, and Reauthorization Act	FTA	Federal Transit Administration
APD	Aircrew program designees	FTE	Full-time employee
AASHTO	American Association of State Highway and Transportation Officials	GAO	U.S. Government Accountability Office
ATSAP	Air Traffic Safety Action Program	HSIPR	High-Speed Intercity Passenger Rail
CFR	Code of Federal Regulations	IPERA	Improper Payments Elimination and Recovery Act
CIG	Capital Investment Grant	IT	Information technology
CIGIE	Council of the Inspectors General on Integrity and Efficiency	NAS	National Airspace System
COR	Contracting Officer's Representative	NextGen	Next Generation Air Transportation System
DBE	Disadvantaged Business Enterprise	NHTSA	National Highway Traffic Safety Administration
DMV	Department of Motor Vehicles	NTSB	National Transportation Safety Board
DOJ	U.S. Department of Justice	OCIO	Office of Chief Information Officer
DOT	U.S. Department of Transportation	OMB	Office of Management and Budget
DOT OIG	U.S. Department of Transportation Office of Inspector General	OSDBU	Office of Small and Disadvantaged Business Utilization
eFAST	Electronic FAA Accelerated and Simplified Tasks	OST	Office of the Secretary of Transportation
ERAM	En Route Automation Modernization	OTA	Other transaction agreements
ESC	Enterprise Services Center	PHMSA	Pipeline and Hazardous Materials Safety Administration
FCA	Financial capacity assessment	STEP	Special Traffic Enforcement Program
FAA	Federal Aviation Administration	SUP	Suspected unapproved parts
FFR	Federal financial reports	TAG	Technical Assistance Grant
FG-PRIIA	Formula Grants and Passenger Rail Investment and Improvement Act	TIGTA	Treasury Inspector General for Tax Administration
FHWA	Federal Highway Administration	T&M	Time and materials
FISMA	Federal Information Security Management Act	TREAD Act	Transportation Recall Enhancement, Accountability and Documentation Act
FMCSA	Federal Motor Carrier Safety Administration	USAID	United States Agency for International Development
		USDA	U.S. Department of Agriculture
		USMMA	U.S. Merchant Marine Academy