

The Honorable Fred Thompson
Chairman, Committee on Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Mr. Chairman:

Thank you for your letter of May 10, 2000, requesting that the Office of Inspector General (OIG) review the Department of Transportation's (DOT) first annual Performance Report under the Government Performance and Results Act (GPRA). The first half of our response to your request, which we submitted to you on May 31, 2000, provided information on previous OIG work related to the performance measures in the Department's GPRA 1999 Performance Report/2001 Performance Plan.

This letter, along with its enclosures, is the second half of our response. This response is based on the questions raised in your letter and subsequent conversations with your staff. Specifically, we reviewed how well the Performance Report/Performance Plan covers each of the top management challenges identified by the OIG and whether the Department is making appropriate progress in these areas. We have grouped our top management challenges into the following areas:

1. Aviation Safety
2. Surface Transportation Safety
3. Air Traffic Control Modernization
4. Surface, Marine, and Airport Infrastructure
5. Amtrak Financial Viability and Modernization
6. Transportation Security
7. Computer Security
8. Coast Guard Deepwater Replacement Project
9. Ship Disposal Program
10. Financial Accounting/Chief Financial Officers Act
11. Federal Aviation Administration Financing
12. GPRA Implementation

The Department has shown Governmentwide leadership in its commitment to effective GPRA implementation. DOT's first Strategic Plan and Performance Plan were rated the best in the Federal Government. DOT was the only agency to prepare a dry-run performance report one year before the first statutory due date. In addition, a recent study by the Mercatus Center of George Mason University ranked the Department's new Performance Report/Performance Plan as the second best in the Government, giving the Department a score of 51 out of a possible 60 points. The Department has also made special efforts to address the top management challenges in the Strategic Plan currently under development. We think these efforts will strengthen both the Department's Strategic Plan and future performance plans and help the Department achieve its strategic goals.

Overall, we found the Department's Performance Report/Performance Plan presents useful and comprehensive information regarding the Department's progress in facing the management challenges we identified. The Performance Report/Performance Plan provides plans for future action and/or performance measures related to each management challenge; summarizes progress in each area; provides substantive explanations where performance has not met the Department's goals; uses valid data where available; and explains any data weaknesses. Our comments should be understood as focusing on the remaining opportunities for improvement in what is otherwise a detailed report and effective plan.

There are areas where the Department did not meet its goals under a performance measure or where the description of planned action under a management challenge is not sufficiently complete. We think improvements could be made that would both strengthen the Performance Report/Performance Plan and increase the likelihood of the Department meeting performance goals where it currently falls short -- to the ultimate purpose of meeting the Department's responsibility to manage efficiently and achieve its strategic goals for transportation safety, mobility, economic growth and trade, human and natural environment, and national security.

The highlights of our recommendations for improvement are arranged under each of our 12 management challenges, which are organized by four of the Department's strategic goals and one of the corporate management strategies.

SAFETY: The DOT Strategic Goal is to "Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage."

1. **Aviation Safety:** Our Nation's air transportation system is the safest in the world, and the Federal Aviation Administration (FAA) has several initiatives

in the Fiscal Year (FY) 2001 Performance Plan to make the system even safer. We have observations on how to strengthen initiatives on two critical safety issues: runway incursions and operational errors.

- Runway Incursions. In the FY 2001 Performance Plan, FAA recognized the need to reduce runway incursions, a serious safety risk, and has numerous initiatives to reduce these incidents. A key challenge will be follow-through by the FAA, the airlines, general aviation, and airports on initiatives at the national and local levels so that the upward trend of runway incursions is reversed.

Runway incursions decreased slightly in 1999, but have increased significantly in 2000 despite significant management focus during the past year. In the first 7 months of this year, there were 236 runway incursions, a 28 percent increase compared to 184 runway incursions during the same period last year. If this trend continues, there could be almost 400 runway incursions in 2000, significantly more than FAA's goal of no more than 248 runway incursions by the end of 2000.

In addition to initiatives in the FY 2001 Performance Plan, FAA should (1) establish a system to ensure that planned initiatives are completed, (2) develop local action plans to correct airport-specific problems, and (3) revise its runway incursion data to better identify causal factors and risks, and to clearly present the data to key decision-makers who will focus on solutions. Also, FAA must identify and evaluate emerging technologies that can be advanced quickly for use by pilots and air traffic controllers at high risk airports.

- Operational Errors. The Performance Plan also includes initiatives to reduce operational errors made by air traffic controllers. A key issue in reducing these errors is whether FAA will ensure correction of weaknesses identified during evaluations of facilities that continue to have increases in operational errors.

In the first 10 months of FY 2000, there were 962 operational errors, already surpassing the 939 operational errors that occurred in all of FY 1999. It is unlikely that FAA will meet its FY 2000 goal of .486 errors per 100,000 operations, since the operational errors rate, as of July 31, 2000, was about .690 errors per 100,000 operations. Further, operational errors are at risk of being underreported because FAA must primarily rely on controllers at terminals to self-report when these incidents occur.

In addition to the strategies and initiatives planned by FAA to reduce operational errors, FAA should (1) provide national assistance on actions needed to reduce operational errors at its air traffic facilities that continue to have increases in the number and rates of operational errors, (2) establish a system to ensure corrective actions identified by FAA evaluations and special assessments to reduce operational errors are implemented timely, and (3) require headquarters to review and approve all regional operational error prevention plans to ensure the plans are adequately focused on reducing operational errors.

2. **Surface Transportation Safety:** DOT's Performance Report/Performance Plan contains numerous performance measures that address improving surface transportation safety by reducing the number of deaths and the number and severity of injuries. Over 42,000 fatalities occur annually as a result of surface transportation accidents—motor vehicle, railroad, rail transit, and pipeline transportation. Preliminary 1999 estimates indicate fatalities involving large trucks were 5,203, a 3 percent reduction from 1998 fatalities, while the number of injuries remained constant at 127,000. In 1999, the Secretary set departmental goals to reduce large truck-related fatalities by 50 percent by the end of 2009 and injuries by 20 percent by the end of 2008. One DOT-wide issue that will be critical to the Department's achieving its safety goals is timeliness of the rulemaking process. The Department's efforts would be significantly strengthened if it were to establish a goal or performance measure for completing rulemakings in a timely manner.

Our June 2000 audit report on the Department's rulemaking process concluded that despite the mandate by Congress and interest from the public to issue rules more quickly, DOT took twice as long and completed half as many significant rules in 1999 as it did in 1993. We found that although rulemaking can be a complicated process, key management actions, such as monitoring the progress of rules and holding senior management accountable for setting rulemaking priorities, expedite the rulemaking process. We recommended specific actions to improve the timeliness of the Department's rulemakings, including the establishment of the timely completion of significant rulemakings as a priority within the DOT Strategic Plan, and the development of measurable objectives for issuing quality rules in a timely manner in the annual performance plans and reports.

The recently created Federal Motor Carrier Safety Administration provides DOT with an opportunity to implement accountability in the rulemaking process. To implement the safety initiatives of the Motor Carrier Safety Improvement Act of 1999, the Department identified 29 rulemakings, including 6 Congress mandated to be issued by December 9, 2000. Since we

found it takes DOT on average 3.8 years to complete a rule, it will require significant management effort to issue these 29 rules in a timely manner as intended by the Act.

Examples of the 29 rulemakings include prohibiting the issuance of special licenses or permits to operate commercial vehicles when drivers have been disqualified, stronger enforcement sanctions against motor carriers that do not comply with safety regulations, and required safety reviews for new motor carriers. These new rulemakings will build on those currently in place to improve large truck safety. For example, on August 22, 2000 the Department issued a regulation prohibiting motor carriers found to be unfit from operating commercial vehicles in interstate commerce and establishing an unsatisfactory safety rating as a determination of unfitness.

There are many instances where Congress sets a statutory deadline to issue a rule. While Congress, the issuing agency, and affected parties can all agree when a statutory deadline has not been met, these same parties may be in extreme disagreement on the content of a proposed rule. This disagreement on substance can in itself cause significant periods of delay in issuing the rule. A contemporary example of this is the proposed rule concerning the hours of service for commercial motor vehicle drivers. While we express no view on the proposed rule's content, the trucking industry and safety advocates disagree on the content of the proposed rule. The rule may continue to be delayed as the U.S. Senate Committee on Appropriations included a provision in the pending FY 2001 appropriations bill that prohibits the Department from using any funds to consider or adopt the proposed hours of service rule or any similar rule, even though the Interstate Commerce Termination Act of 1995 mandated issuance of a final rule by November 5, 1999.

Regarding pipeline safety, catastrophic incidents such as the explosion in Bellingham, Washington, in June 1999, and more recently in New Mexico and North Carolina, illustrate the need for improved pipeline safety. One of the open rulemakings relates to establishment of inspection standards for pipelines in high-density population and environmentally sensitive areas. A second rulemaking relates to completion of a nationwide inventory and mapping of pipelines in these sensitive areas. Both rulemakings were due in October 1994. The Department did publish a Notice of Proposed Rulemaking in April 2000 addressing periodic inspection standards for operators of large hazardous liquid pipelines. This is a positive step in improving the safety of the pipeline infrastructure.

MOBILITY: The DOT Strategic Goal is to “Shape America’s future by ensuring a transportation system that is accessible, integrated, efficient, and offers a flexibility of choices.”

3. **Air Traffic Control Modernization:** The Performance Report/Performance Plan discusses new technologies for improving the flow of air traffic, which include satellite navigation and automated controller tools. In the past, key air traffic control modernization projects have experienced significant cost increases and schedule delays. FAA recognizes past problems and has adopted a more incremental approach to some acquisitions. However, our work shows that actions are needed with respect to (1) strengthening FAA’s ability to manage software-intensive acquisitions, (2) negotiating contracts with appropriate cost control mechanisms, and (3) identifying and resolving human factors issues early in the acquisition process to avoid cost increases and delays. A related issue that requires urgent attention is the increasing number of flight delays, cancellations, and resulting consumer dissatisfaction.

The Performance Report/Performance Plan should explicitly address how key modernization initiatives will increase aviation system capacity and reduce delays and cancellations. This is critical for establishing how much relief can be expected from improvements in air traffic control systems as opposed to other actions needed by the airlines and airports, such as scheduling revisions and infrastructure improvements. One does not have to be a transportation expert to know that the flying public is frustrated and dissatisfied with the current state of air travel and the increase in aviation delays and cancellations. This frustration is one of the principal causes of rising passenger complaints and calls for passenger service protections. Although the airlines have instituted customer service commitments, passengers are unlikely to be satisfied by the performance of the airlines until the underlying problem of rising delays and cancellations is addressed.

Flight delays have increased significantly since 1995, but the FAA and the airlines do not have the information needed to effectively address this problem. The data included in the current Performance Report/Performance Plan under the aviation delays performance measure are not complete, because they are based on FAA data that only capture delays that occur after an aircraft leaves the gate and the pilot requests FAA clearance to taxi. They do not account for delays and cancellations at the gate or delays in the ramp area of an airport before taxi-out. The lack of accurate and complete data on the extent and causes of delays seriously hampers the Department’s ability to address the issue.

In order to fix the delay problem, FAA and the airlines must have a full and accurate picture of the extent of delays and cancellations. Specifically, the Secretary should address the issue of aviation delays by developing (1) a comprehensive system for tracking aviation delays nationwide, and (2) an authoritative system for tracking the causes of delays. The Aviation Investment and Reform Act for the 21st Century (AIR-21) requires the Department to revise its rules for gathering delay information to include the causes of delays. We understand action on this requirement is imminent, which is the first step in the process. The performance goals in the Department's Performance Plan should then be developed based on the data from this new tracking system.

4. **Surface, Marine, and Airport Infrastructure:** The Department has begun to take strong action to enhance oversight of infrastructure grants, and the Department is making progress in its efforts. For example, the Secretary has established a Task Force to enhance oversight and monitoring of major national and regional projects DOT-wide, and finance plans are now required for all large infrastructure projects. The purposes of the financial plans are to ensure project funding is available and to track the project's costs and construction schedule.

Also, the Federal Transit Administration has made improvements in its oversight of transit grants through the use of project and financial management oversight reviews to assess the potential risk of each grantee. The Department's actions in this regard are not currently included in its Performance Report/Performance Plan. Future plans should highlight the Department's oversight actions and develop measures and goals for improving the quality of the Department's oversight.

The need for improved oversight was highlighted by the recent experience with the Central Artery Project in Massachusetts. In early October 1999, we issued a draft audit report which warned Federal Highway Administration (FHWA) officials that the cost of the Central Artery Project had risen to \$11.8 billion with the potential to rise to \$12.7 billion due to construction cost increases. We also reported that the Project's Finance Plans failed to disclose significant cost trends on the Project. In fact, we found that Project managers changed the reporting methodology in the Finance Plans to avoid disclosing the Project's cost problems. Both FHWA officials and Central Artery Project managers disagreed with our report and claimed that future cost increases were unlikely.

On February 1, 2000, just hours after receiving FHWA acceptance of the Project's latest Finance Plan, Central Artery Project managers announced

that construction and other cost increases would raise the estimated cost of the Project by \$1.4 billion. Project managers were able to manipulate the cost data reported in the Finance Plans because FHWA's guidance on finance plans was woefully inadequate to ensure complete and accurate financial reporting. Moreover, FHWA did not critically evaluate information provided by the State because it viewed itself as the State's "partner."

In May 2000, FHWA issued better guidance on reporting of financial data in finance plans. The guidance requires a description of how the project will be implemented over time by identifying the cost requirements and the financial resources to meet the costs. Financial plans are also required to identify any funding shortfalls and proposed resource solutions. This is a commendable first step to avoid repetition of past problems. A second step is for FHWA to provide critical and objective oversight on large infrastructure projects to protect Federal interests. The situation with the Central Artery Project could have been avoided if Federal officials responsible for the Project had closely examined the Finance Plans and independently verified the data they were provided.

The Secretary has taken strong action to improve FHWA's oversight and require implementation of all of the OIG's recommendations for improving FHWA oversight of the Central Artery Project. The Department and the State of Massachusetts have agreed to cap Federal participation in Central Artery Project costs. However, to better protect Federal transportation dollars directed to surface, marine, and airport infrastructure projects, future performance reports/performance plans should include goals for improving the Department's oversight of infrastructure projects and measures to monitor the Department's progress in this area.

5. **Amtrak Financial Viability and Modernization:** The Performance Report/Performance Plan includes Amtrak Financial Viability as a management challenge and indicates support for Amtrak capital investment in the Northeast Corridor and other high-speed corridors. DOT needs to continue efforts with Amtrak to improve its performance against established ridership and customer satisfaction goals and its progress toward operating self-sufficiency. Amtrak was unable to meet its performance goals for 1999: too few trains arrived on time (78.5 percent, rather than the goal of 87 percent) and customer satisfaction fell short at 82 percent, rather than the goal of 85 percent. However, both goals were affected by the severe operational problems of the freight railroads in the eastern half of the country. For the first 9 months of FY 2000, Amtrak's systemwide ridership grew by 3.5 percent while passenger revenue increased over 7 percent.

The Performance Report/Performance Plan would be improved if the Department were to report on Amtrak's implementation of its business plan or its progress toward operating self-sufficiency. Amtrak is under a Federal mandate to achieve operating self-sufficiency by 2003. Achieving that goal depends on Amtrak management developing effective strategies to increase revenue and control costs. These strategies are detailed in Amtrak's annual revisions to its 5-year Strategic Business Plan. Although Amtrak's FY 1999 operating cash loss was \$579 million, the loss for the first 9 months of FY 2000 was \$435 million, which was \$26 million better than the same period a year earlier. The Department's Performance Plan should incorporate Amtrak's financial goals and the Department's strategy and plans for helping Amtrak to meet them.

NATIONAL SECURITY: The DOT Strategic Goal is to "Advance the Nation's vital security interests in support of national strategies such as the National Security Strategy and National Drug Control Strategy by ensuring that the transportation system is secure and available for defense mobility and that our borders are safe from illegal intrusion."

6. **Transportation Security:** The DOT Performance Report/Performance Plan identifies aviation security as a management challenge and includes goals to install more explosives detection systems for checked baggage screening at U S airports. The performance goal must be coupled with a commitment to improve the use of explosives detection systems (CTX machines) and increase operator proficiency. The majority of deployed and operational CTX machines still do not screen as many bags in a full day of operation as the machine is certified to screen in an hour. This becomes increasingly important as significantly larger numbers of new systems for screening checked baggage are purchased and deployed at airports through 2004. Next year's Performance Plan should track CTX utilization and address efforts to develop an integrated aviation strategic plan, as well as an overall strategy for surface transportation security.
7. **Computer Security:** The Department's Performance Report/Performance Plan recognizes that enhancing computer security is critical for meeting Presidential Decision Directive 63 (PDD-63) requirements. PDD-63 requires the protection of critical infrastructures, both physical and cyber-based, from intentional threats by May 2003. Next year's Performance Report/Performance Plan should address progress toward two key goals set by the Department: completing 100 percent of risk assessments on mission-critical systems by November 2002, and 100 percent of remediation and testing on these systems by May 2003. In addition, the Department should consider accelerating the target date for completing risk assessments from November

2002 to March 2002. Like the Year 2000 program, until the risk assessments are completed, the Department does not know what vulnerabilities are in the mission-critical systems and how realistic it is to plan for completing the remediation and testing work mandated in PDD-63 by May 2003.

8. **Coast Guard Deepwater Replacement Project:** The Department's Performance Report/Performance Plan recognizes that the Deepwater Replacement Project is a management challenge specifically relating to military readiness. The project is discussed in terms of the need for effective planning and management of this acquisition. The Performance Report/Performance Plan addresses the fact that the Coast Guard has taken steps to minimize project risk, and employed a team of technical experts to assist in the project's oversight. However, the Performance Report/Performance Plan does not establish a goal or performance measures for assessing the Coast Guard's progress in replacing its deepwater capability.

The project, which is intended to replace or modernize all aircraft, vessels, and related equipment used in missions that occur more than 50 miles offshore, is currently in the planning phase. It is estimated that this project will cost as much as \$15 billion and take 20 years to complete. More precise estimates will be available when the planning phase is completed and the Coast Guard selects an acquisition strategy in July 2001. The Coast Guard's deepwater assets will reach the end of their useful lives over the next 30 years, so the question is not whether they have to be replaced or modernized but how, when, and at what cost. An important subsidiary issue is how priorities will be established within annual fiscal limitations. The ongoing planning process should provide the Coast Guard a good basis for determining its needs, developing an acquisition strategy, and establishing a goal and measures for assessing its progress in replacing the deepwater capability.

HUMAN AND NATURAL ENVIRONMENT: The DOT Strategic Goal is to "Protect and enhance communities and the natural environment affected by transportation."

9. **Ship Disposal Program:** The Department's Performance Report/Performance Plan identifies the Maritime Administration's (MARAD) Ship Disposal Program as a management challenge and points out that (1) MARAD is required to maximize financial returns in the disposal of its vessels, (2) the domestic market for scrapping is limited, and (3) MARAD has refrained from selling these vessels overseas for scrapping. While the Performance Report/Performance Plan states that MARAD has set a

performance goal to reduce the inventory of obsolete vessels, it also states that MARAD's target will not be established until a viable and legal solution has been developed. The Performance Report/Performance Plan would be strengthened by establishing performance measures to assess MARAD's progress in disposing of its obsolete vessels.

The current approach of selling ships for domestic scrapping needs to be improved. MARAD is required by law to dispose of its obsolete vessels, by the end of FY 2001, in a manner that maximizes financial returns. Currently, 114 old, deteriorating, and environmentally dangerous vessels are awaiting disposal. This number has grown from 66 vessels just 3 years ago, and is expected to increase to 155 by the end of FY 2001. Since 1995, only 7 vessels have been scrapped. The major roadblocks to reducing the backlog of ships awaiting disposal are attributable to the requirement for financial returns, loss of overseas sales, and limited domestic scrapping capacity.

MARAD is coordinating with the Department of Defense and the Department of the Navy to explore various disposal methods and with the Environmental Protection Agency to pursue selling ships for scrapping to foreign countries. The Department of Defense appropriations act for FY 2001 provides \$10 million to accelerate the disposal and scrapping of ships of the Navy Inactive Fleet and MARAD's National Defense Reserve Fleet. The act directs the Secretaries of the Navy and Transportation to develop criteria for selecting ships for scrapping based on their condition and potential environmental dangers and to report to the congressional defense committees by June 1, 2001 on the costs and schedule for disposing of all ships designated for scrapping.

MARAD should develop a plan and substantially dispose of its obsolete vessels within 5 years. The timely completion of this task is critical given the condition of the vessels, the associated environmental risks, and the growing costs to maintain them. As part of its plan, MARAD should identify viable disposal methods, set milestones, and target the "worst condition" ships for priority disposal. Such a plan would provide a good basis for establishing a performance goal and measures in the Performance Report/Performance Plan.

RESOURCE AND BUSINESS PROCESS MANAGEMENT: The DOT Corporate Management Goal is to "Foster innovative and sound business practices as stewards of the public's resources in our quest for a fast, safe, efficient and convenient transportation system." Successful accomplishment of this management strategy is critical to the achievement of crosscutting organizational DOT goals included in the Performance Plan.

10. **Financial Accounting/Chief Financial Officers Act:** The Department's Performance Report/Performance Plan includes initiatives to improve systems to support an unqualified opinion on the audit of its financial statements. To ensure continued progress in this area, the Department must successfully implement a commercial off-the-shelf core accounting system and develop an effective cost accounting system. Progress toward these goals should be tracked in the Performance Report/Performance Plan. The Department achieved a clean opinion on its financial statements for FY 1999. Successful implementation of a commercial off-the-shelf core accounting system can ensure the Department's ability to maintain a clean opinion on future financial statements. DOT has made partial progress in the conversion to the new accounting system and must address hurdles that still exist. A significant effort will be needed to ensure timely completion of this system.
11. **Federal Aviation Administration Financing:** FAA has identified goals to assess progress in improving financial management. The Performance Report/Performance Plan recognizes the need to convert to a new accounting system in FY 2001, achieve unqualified opinions in FYs 2000 and 2001, implement cost accounting throughout FAA by FY 2002, and establish fees for air traffic services provided to air carriers for specific flights over U.S. airspace. The Performance Report/Performance Plan needs to track FAA's progress toward reaching these goals. While FAA has made much progress in the cost accounting area, many delays have occurred in the system development. Management must continue to focus on the cost accounting initiative to ensure no further delays occur and that timely and useful data result from this process. The next performance report/performance plan should also include FAA's plans to address the anticipated funding shortfalls in its operations accounts.
12. **GPRA Implementation:** The Performance Report/Performance Plan includes GPRA implementation as one of its management challenges, focusing on better integration of performance data and measures into resource and business processes. The Department should consider highlighting crosscutting actions to improve data quality in future performance reports/performance plans.

We want to draw your attention to some of our overall findings regarding the Department's data quality and, as such, are enclosing our testimony on "Program Data Quality in the U.S. Department of Transportation," given on March 22, 2000, before the Subcommittee on Oversight, Investigations, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives. The testimony states that, while the

Department has extensive data on transportation programs, these data vary greatly in quality due to inconsistent definitions, inaccurate input of data into collection systems, and the Department's need to rely heavily on third parties for transportation data. Further, as is certainly the case with reducing aviation delays and cancellations, we note that complete and accurate data are necessary for the Department to devise and meet its strategic goals.

Further detail on our findings can be found in the enclosed table, "Coverage of OIG-Identified Management Challenges in DOT 1999 Performance Report/2001 Performance Plan."

We hope, Mr. Chairman, that you will find this discussion of GPRA implementation at DOT useful in your Governmentwide leadership on these issues. We are forwarding a copy of this response to the ranking member of the Governmental Affairs Committee, Senator Joseph Lieberman, per the request of his staff.

Please let me know if we can provide any further information to the Committee. If I can answer any questions or be of further assistance, please feel free to contact me at (202) 366-1959, or Sue Murrin, the OIG's Director for Audit Planning and Management, at (202) 366-1453.

Sincerely,

Kenneth M. Mead
Inspector General

2 Enclosures

**Before the Subcommittee on Oversight, Investigations, and Emergency
Management, Committee on Transportation and Infrastructure**

U.S. House of Representatives

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**Program Data Quality in the
U.S. Department of Transportation**

**Statement of
Raymond J. DeCarli
Deputy Inspector General
U.S. Department of Transportation**



Madam Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify today on the quality of program data used by the U.S. Department of Transportation (DOT). Transportation decisionmaking relies on access to good data; in many cases, good data are key to ensuring the safety of the traveling public. Although virtually all data have errors, the pursuit of perfect data is usually not necessary, and generally is not cost effective. The key is to know the level of accuracy needed and how available data measure up to these needs.

The Government Performance and Results Act of 1993 brought into focus the need for program data that provide credible, reliable, and results-oriented information about Federal programs. Such information is essential for agencies and Congress to determine the effectiveness and efficiency of Federal programs and the best use of taxpayers' money.

Our testimony today will address four issues.

First, while DOT has extensive data related to the Nation's transportation system and its performance, the quality of data varies considerably. A substantial part of the data has not been independently tested. There are, however, numerous reports issued by the Inspector General, the General Accounting Office (GAO), and others with a common theme--data are not complete, accurate, or timely, thereby making them of limited use for management and decisionmaking.

Second, DOT's ability to collect good data is hindered by inconsistent definitions, inadequate or inaccurate input of data into collection systems, and extensive reliance on other organizations such as states, transit authorities, airports, and private companies that operate airlines, railroads, and pipelines.

Third, complete and accurate data are essential for DOT to achieve its strategic goals related to *Safety, Mobility, Economic Growth and Trade, Human and Natural Environment, and National Security*.

- Accident and fatality data are essential to identify causes of crashes and initiate appropriate corrective measures to improve *safety*. Data that serve as precursors of safety risks also are used to manage critical safety functions. Examples include runway incursions, operational errors by air traffic controllers, and motor carrier safety violations.
- Data on the condition and performance of the Nation's transportation systems are used to determine where to invest resources to improve *mobility* or to

expand *economic growth and trade* opportunities. Examples include data on runway pavement condition, highway congestion, condition of bridges, and age of railroad and transit equipment.

- Data on the impact of transportation on air and water quality are critical to maintain our *natural environment*. Examples include data on vehicle emissions, aircraft noise, and hazardous material movements.
- Data on the vulnerability of the Nation's transportation systems to domestic and foreign threats are needed to maintain our *national security*. Examples include data on airport security, drug interdiction and illegal immigration.

Finally, the Department is very much aware of problems with data quality and is taking actions to improve the situation. For example, DOT improved its financial data and just received its first ever unqualified opinion on its financial statements. In the past year, safety data workshops were held, and a strategy is now being developed to improve these data.

Furthermore, just 2 months ago, the Deputy Secretary established a committee on transportation statistics. The committee brings together DOT's data and statistical expertise with a goal to improve data quality. In establishing the committee, the Deputy Secretary noted that "almost every broad study of transportation programs has underscored the need for better data, and our commitment to performance management requires we have good, quantitative information to gauge success."

PROGRAM DATA QUALITY IS A PROBLEM

DOT collects and publishes extensive transportation-related statistics. For example, the Bureau of Transportation Statistics (BTS) recently published the National Transportation Statistics for 1999. This document contains about 500 pages on a wide variety of transportation data, such as runway pavement condition, mishandled baggage reports, safety data by mode, transportation fatalities by mode, and estimates of national emissions of carbon monoxide.

While the quantity of transportation-related data in this and other DOT publications is extensive, a substantial part of these data has not been independently tested. There are, however, numerous reports by GAO, our office,

and others that address the quality of specific transportation data. These reports conclude the data are not complete, accurate, or timely, thereby making them of limited use for management and decisionmaking. Following are several examples.

DATA COMPLETENESS

DOT collects and analyzes data that are used to identify transportation companies that should be subjected to safety compliance reviews. These data are used to target high-risk motor carriers (trucking and bus companies) for review. Incomplete data on motor carriers preclude them from being ranked or prioritized for review, even though they employ drivers who may have been responsible for crashes or committed serious traffic violations such as reckless or drunk driving.

Our audit of the Motor Carrier Safety Program disclosed that driver and vehicle information was not complete. For example, over 70,000 motor carriers, or 16 percent of the total population of motor carrier firms, had zero for drivers and vehicles in the database.

We recommended that the completeness of data be improved by requiring that motor carriers provide DOT with information on the number of commercial vehicles they operate and drivers they employ. Subsequent to our report, Congress enacted the Motor Carrier Safety Improvement Act of 1999. One provision of the legislation requires that motor carrier information be updated by December 2000, and periodically updated thereafter.

DATA ACCURACY

DOT distributes about \$25 billion annually to grantees based on established formulas. The accuracy of the data used in these formulas is critical for grantees to receive the proper amounts.

In 1996, we evaluated the Federal Highway Administration's methods for acquiring, reviewing, and ensuring the accuracy of data used in apportionment calculations for distribution of about \$18 billion of Federal-aid highway funds. In 1998, we also evaluated the accuracy of passenger "origin and destination data" used in the calculation of airport improvement grants and for numerous other purposes.

We concluded the data used for highway formula grants were accurate and distributions were made in compliance with statutory formulas, appropriations acts, and applicable laws. However, the passenger data used for the \$989 million airport improvement program grants did not measure up to accuracy levels expected by Department officials. DOT desired a 95 percent accuracy level, but 69 percent of the data reported by the airlines did not meet that standard.

To compensate for the unreliable data submitted by air carriers, DOT aviation analysts either requested air carriers to provide supplemental data or used adjustment factors based on prior experience with each carrier's data. We recommended that the Department replace the existing outdated and unreliable system with data directly from the air carriers' computer reservation systems.

DATA CURRENCY

Current or timely data have greater uses than stale data. This is especially true where significant changes occur in relatively short periods of time. DOT has problems getting up-to-date data for program oversight.

For example, in a recent audit, we found that 70 percent of the convictions transmitted through the Commercial Drivers License Information System occurred after the 10-day timeframe mandated by the Commercial Motor Vehicle Safety

Act of 1986. The State of Ohio failed to electronically transmit up to 1,700 convictions to other licensing states for a total of 15 months, and was doing nothing to correct the problem until we asked about the discrepancy. Better oversight by the Federal Motor Carrier Safety Administration would have identified these problems.

BTS's recently published National Transportation Statistics for 1999 also demonstrates the data currency problem. For many reporting elements, the most recent data available are for 1997, with some dated back to 1990. Some examples are:

<u>Category</u>	<u>Current Year of Data</u>
U.S. airports runway pavement condition	1997
Condition of U.S. roadways	1997
Annual wasted fuel due to congestion	1996
U.S. oil and gas pipeline mileage	1990

DOT needs to find ways to obtain current data for its key indicators.

DIFFICULTIES COLLECTING GOOD DATA

In order to collect accurate and useful data, there must be a clear understanding of the characteristics of the data to be captured and effective systems for collecting accurate data. The absence of either will adversely impact the data quality and diminish the value of making comparisons over time. DOT also faces significant problems collecting good data because it depends on third party reporting for so much of the data. Examples of these problems are on the following page.

DEFINING AND COLLECTING DATA

Our recent review of the U.S. Coast Guard's performance measure for recreational boating safety identified two problems. First, the Coast Guard did not provide states with a good definition of what constituted a recreational boating fatality. Consequently, differences existed among the states as to what was to be reported. For example, if a recreational boater's hat fell into the water and the boater drowned trying to retrieve the hat, a state may not consider it a recreational boating fatality. However, if an oar fell into the water and the boater drowned trying to retrieve the oar, the state would report the incident to Coast Guard as a recreational boating fatality.

Second, the Coast Guard underreported fatalities by an average of 10 percent, or 79 fatalities per year. This occurred because boating fatalities were recorded in two different databases that were not routinely reconciled.

We recommended that Coast Guard improve its data accuracy by issuing a definition of what constitutes a recreational boating fatality and routinely reconciling its databases.

Another example of the need for better definitions of what is to be reported relates to airlines' reporting of on-time arrivals. DOT collects and publishes monthly statistics on the 10 major carriers showing percentages of on-time arrivals. This report provides consumers with information on the quality of air carrier services. As expected, the carriers with the best rates use these data in promotional advertising.

DOT defined "arrival" this way: "actual arrival time shall be measured by the time at which the aircraft arrives at the gate or passenger loading area." Absent

specific guidance, we found the 10 major air carriers had adopted five different definitions for gate arrival.

Airline	Gate Arrival Definition
American, Northwest, Trans World, and United	Setting Parking Brake
America West	Shutting Off Engines
Alaska and Southwest	Placing Blocks Behind Aircraft Wheels
Continental and US Airways	Opening Passenger or Cargo Door
Delta	Opening Passenger Door

The different methods used for recording the arrival time made comparisons between airlines impossible. For instance, the cargo door was opened before the passenger door in 75 percent of the flights we observed. The air carrier’s ground crew opened the cargo door 1 to 4 minutes before the passenger door. Although these variances seem small or even insignificant, they can be significant when a difference of only 1 minute can cause the flight to be reported as on time or late.

As a result of our audit, DOT revised its guidance and established an industry standard that defines arrival as "when the pilot sets the aircraft parking brake after arriving at the airport gate or passenger unloading area."

DEPENDENCY ON OTHER ORGANIZATIONS

One of the major challenges DOT faces in improving its data is the need to rely extensively on information provided by organizations outside DOT’s control, such as states, railroads, and private companies. For example, national seat belt use is estimated from data collected by the states, using collection methods that range from random-sample surveys to general observation. Ridership on Amtrak’s intercity routes is taken from data reported by Amtrak in its Annual Report. Data on maritime oil spills are initially reported to the Coast Guard by the company responsible for the spill or, in some cases, a third party.

There are disincentives and barriers to DOT's third party data collection efforts, and self-reporting is a problem. For example, the organization or individual responsible for an oil spill, and who would be liable for cleanup costs, might not report it at all or might understate the extent of damage.

States are required to report convictions of truck and bus drivers with commercial drivers licenses to the licensing states. DOT relies on these data for oversight of the commercial drivers license program. However, 26 states have programs that allow them to "mask convictions" from commercial driver records. A Tennessee program, by state statute, permits probation for traffic violations. The traffic violation is reported to the state licensing agency only if the driver commits another violation in that court's jurisdiction within a specific time period. Illinois officials estimate that 1.9 million citations for both individuals and commercial drivers are withheld from driver records annually through the masking program. Last year's motor carrier legislation closed this loophole for commercial drivers.

DATA QUALITY IMPACTS STRATEGIC GOALS

The absence of meaningful, accurate, and timely data ultimately hinders managers' ability to make good decisions. Following are examples where insufficient and inaccurate data could adversely impact attainment of the Department's goals related to safety, environmental quality, and national security.

SAFETY GOAL

Our audit of DOT's motor carrier safety program found that while the number of fatalities was captured, the causes of the crashes that resulted in the fatalities were not. Information is needed to determine what action could be taken to help achieve DOT's goal for a 50-percent reduction in fatalities in 10 years.

We recommended that the Federal Motor Carrier Safety Administration standardize crash data requirements and collection, and obtain and analyze crash causes based on comprehensive crash evaluations. Legislation subsequent to our report requires DOT to do a comprehensive study to determine the causes and contributing factors of crashes that involve commercial motor vehicles. DOT has begun the study. Data collection methods and forms are now being developed and crash data investigations will begin in four pilot sites in June 2000.

ENVIRONMENTAL QUALITY GOAL

The Abandoned Barge Act of 1992 requires the Coast Guard to identify owners of abandoned barges, mitigate environmental or safety threats, remove barges when necessary, and hold owners liable for cleanup and removal costs. To effectively accomplish these requirements, data on the number and location of abandoned barges are essential.

We found the Coast Guard's New Orleans inventory of 599 abandoned barges was understated by at least 100 barges because records were lost or misplaced. The Coast Guard could not locate 17 of the 48 barges we selected from its inventory records. While we were trying to locate the 17 barges, we found 36 other barges that were abandoned but were not on the Coast Guard's inventory.

We recommended that the Coast Guard identify all abandoned barges, locate the owners, and initiate cleanup action and civil penalty proceedings against owners that cannot or will not undertake voluntary removal or remediation. The Coast Guard has taken effective action to address our recommendations, including initiating some cleanup actions, improving its inventory of abandoned barges, and attempting to locate and seek remediation from barge owners.

NATIONAL SECURITY GOAL

A 1997 study by the President's Commission on Critical Infrastructure Protection pointed out the widespread capability to exploit the Nation's infrastructure vulnerabilities, particularly through computer networks. As a result, the President issued Presidential Decision Directive 63 requiring that the Nation's critical infrastructure be protected from intentional destructive acts.

The security of accounting systems is particularly important. Our review of computer security for an FAA financial system highlighted the vulnerability of the system due to outdated and incomplete information in the database. Nearly 30 percent of the database records contained an invalid user identification number, and lacked an employee address or supervisor telephone number. We also found that about 700 people, primarily contractor employees, who no longer worked for DOT still were in the database as authorized users.

Up-to-date user information is needed for (1) user assistance representatives to authenticate the identity of telephone callers, (2) security representatives to review the need for continued user access to information systems, and (3) ensuring that only authorized users gain access to DOT systems. We recommended that DOT identify and cancel all user accounts assigned to contractors and DOT employees who no longer worked for DOT, and require that all user accounts in the security database be certified. DOT recertified all system users, eliminated about 300 user accounts, and removed over 5,000 access privileges to DOT systems.

PROBLEM RECOGNITION AND CORRECTIVE ACTIONS

Thus far, our testimony has presented the bad news. But, there is good news too. DOT has the best Strategic and Performance plans in Government. That means

DOT knows what needs to be done to improve the Nation's transportation systems and what needs to be measured to determine if management decisions, programs, and investments are achieving the intended goals.

Last year, DOT was the only agency to conduct a "dry run" for preparing the performance report required by the Government Performance and Results Act. The first official report is required by the end of this month. In its dry run, DOT was able to report current results for only 63 percent of its performance measures. The most common problem was getting prior-year data from third parties. Since then, the Department has been working to find ways to fill these data gaps and expects to have some, if only preliminary data, for 90 percent of its 1999 performance measures.

The most significant indication of DOT's efforts to improve data quality was the extraordinary and labor-intensive effort that produced financial data sufficient to earn DOT its first "clean" audit opinion. Clearly, the accuracy of DOT's financial data has improved significantly.

Last year, we issued a disclaimer of opinion on DOT's financial statements, primarily because of problems with property accounts in FAA. FAA acknowledged its property accounting systems were inadequate. Using alternative approaches in Fiscal Year 1999, FAA quantified the cost of its property inventory and appropriately added about \$4 billion to its records. This adjustment could be very important in the future. If FAA fully implements user fees as envisioned in the President's budget, it will be able to recover about \$200 million annually for costs associated with this property.

As DOT enters the new millenium, it must have program data that are complete, accurate, and timely. DOT also must be able to link cost information to

performance measures in order to assess the cost effectiveness of its major programs. System changes are needed to produce quality data and make these linkages.

DOT recognizes that its program data quality and financial systems can and must be improved. Efforts are underway to improve data for the annual performance report, and DOT is replacing its financial and accounting systems for keeping financial data current and accurate. DOT plans to have a state-of-the-art financial management and accounting system fully operational by June 30, 2001.

We in the OIG have been doing, and will continue to do, audits and evaluations of key program and financial data. As in the past, the Congress will be advised of the problems we find.

Madam Chairman, this concludes our statement. I would be pleased to answer any questions.

**Coverage of OIG-Identified Management Challenges in
DOT 1999 Performance Report/2001 Performance Plan**

OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Aviation Safety:</p> <p>FAA must aggressively address known risks and identify and address unknown risks that otherwise may cause future accidents. The aviation industry expects continued growth in air traffic as a result of increased demand and, with the emergence of new technologies, expects closer spacing between aircraft due to more precise, satellite-based tracking and navigation capabilities. FAA needs to provide timely and effective oversight of aircraft maintenance, surveillance of air carrier operations, and emphasize emerging aircraft safety issues such as transportation of hazardous materials and enforcement of flight crew rest regulations. In addition, FAA must move more aggressively to address other safety issues, such as the continuing increases in the number of runway incursions and operational errors.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) developing an integrated aviation strategic plan that includes a balanced approach covering basic security research, advanced security technologies acquisition, deployment and use, certification and operations testing processes, data collection and analysis on actual equipment and operator performance, and regulation and enforcement of advanced security technologies screening requirement; 2) verifying and validating FAA's operational errors and deviations performance data and evaluating the agency's progress toward its goal of reducing operational errors and deviations; and</p>	<ul style="list-style-type: none"> • Management Challenges: Aviation Safety • Performance Measures: Air Carrier Fatal Accident Rate General Aviation Fatal Accidents Runway Incursions Operational Errors 	<p>Reflecting the Department's emphasis on safety, four performance measures are given to gauge the Department's impact on Aviation Safety. In the three measures where goals were set for 1999, however, the goals were not met.</p> <ul style="list-style-type: none"> • Air carrier fatal accident rates were at .040 per 100,000 flight hours, rather than the goal of .034. • FAA's operational error rate was .57 per 100,000 activities, missing its goal of .496. This is of particular concern because operational errors have risen a total of 23 percent from FYs 1996 to 1999. • DOT failed to meet the goal for reducing the number of runway incursions to 248. The actual number was 321. <p>DOT's Performance Report/Performance Plan further notes that it is unlikely the Department will meet its 2000 goals in either runway incursions or operational errors.</p> <p>To address these issues, the Department lays out a detailed action plan in both the discussion under the individual performance measures and in the Aviation Safety management challenge.</p>

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DOT 1999 Performance Report/2001 Performance Plan**

OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Aviation Safety: (continued)</p> <p>3) assessing the cost, schedule, and anticipated products of FAA's aircraft safety Research, Engineering, and Development Program.</p>		<p>The Department's planned actions include:</p> <ul style="list-style-type: none"> • Initiating DOT/FAA oversight of U.S. carriers' safety audits of their foreign code-share partners (2000). • Deploying the first Airport Movement Area Safety System in 2001 and expanding it to 34 airports in 2002. • Upgrading all 40 Airport Surface Detection Systems and beginning replacement of obsolete components. FAA will also begin procurement of a prototype low-cost surface detection system that could be used to assist controllers in locating airport surface traffic. • Continuation of training enhancements and awareness of surface incident problems, increasing the number of Runway Incursion Action Team visits, and improvements in determining trends and providing problem solution information to prevent incursions. • Targeting education and corrective actions to those air traffic facilities and individuals with repeated operational errors (2001). • Developing and implementing an air worthiness directive to improve fuel tank safety on aging aircraft.

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DOT 1999 Performance Report/2001 Performance Plan**

OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Aviation Safety: (continued)</p>		<p>In terms of runway incursions, in addition to initiatives in the FY 2001 Performance Plan, FAA should (1) establish a system to ensure that planned initiatives are completed, (2) develop local action plans to correct airport-specific problems, and (3) revise its runway incursion data to better identify causal factors and risks, and to clearly present the data to key decision-makers who will focus on solutions. Also, FAA must identify and evaluate emerging technologies that can be advanced quickly for use by pilots and air traffic controllers at high-risk airports.</p> <p>In terms of operational errors, in addition to the strategies and initiatives planned by FAA to reduce operational errors, FAA should (1) provide national assistance on actions needed to reduce operational errors at its air traffic facilities that continue to have increases in the number and rates of operational errors, (2) establish a system to ensure corrective actions identified by FAA evaluations and special assessments to reduce operational errors are implemented timely, and (3) require headquarters to review and approve all regional operational error prevention plans to ensure the plans are adequately focused on reducing operational errors.</p>

**Coverage of OIG-Identified Management Challenges in
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OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Surface Transportation Safety:</p> <p>Highway fatalities, other than those involving trucks, claim more than 36,000 lives annually. Truck accidents claim more than 5,000 lives annually. Rail and transit account for an additional 1,400 lost lives. Though fatality rates have been declining, the absolute number of fatalities has not, and is still unacceptably high. For both transportation of hazardous materials and transportation via pipelines, the risk of catastrophic incidents illustrates the need for high levels of safety. In addition to continued emphasis on seat belt and child safety seat usage, major areas that continue to require attention include the following.</p> <p><i>Motor Carriers:</i> Implementing the new authorities and penalties in the Motor Carrier Safety Improvement Act of 1999; ensuring that Mexican trucks entering the United States comply with U.S. safety regulations; and ensuring that States take timely action to disqualify commercial drivers who commit offenses prohibited by the Act.</p> <p><i>Rail Crossings:</i> Making further safety improvements at Highway-Rail Grade Crossings -- targeting limited resources to proven, cost-effective strategies; and addressing railroad trespassing accidents, which account for more than 500 fatalities annually.</p> <p><i>Pipelines:</i> Issuing regulations required by the Pipeline Safety Act of 1992 to place greater emphasis on environmental protection; strengthening public education</p>	<ul style="list-style-type: none"> • Management Challenges: Large Truck Safety Implementing the Findings of the DOT-wide Hazardous Material Program Evaluation • Performance Measures: Highway Fatality and Injury Rates Alcohol-Related Highway Fatalities Seat Belt Use Large-Truck-Related Fatalities and Injuries Recreational Boating Fatalities Mariner Rescue Passenger Vessel Safety Maritime Worker Fatality Rate Rail Accident and Fatality Rates Highway-Rail Grade Crossing Accidents Rail Trespasser Fatality Rate Transit Fatality and Injury Rates Pipeline Failures Hazardous Material Incidents Hazardous Materials Spills 	<p>The Secretary has called transportation safety the Department's "North Star." Accordingly, this is the subject area covered most fully in the Department's Performance Report/Performance Plan.</p> <p><i>Highway Safety:</i> Using preliminary estimates, the Department reports exceeding its goals for lowering the number of highway fatalities and injuries per 100 million vehicle miles of travel. However, the Department was unable to meet its goals for increasing seat belt usage or lowering the percentage of fatal highway accidents that are related to alcohol. The discussions under each of these performance measures describe specific actions the Department will take in FY 2001 to address achieving its goals. For example, the Department will continue public information programs targeted to high-risk groups on seat belt usage and drinking and driving.</p> <p><i>Motor Carrier Safety:</i> There were no goals for large trucks in the DOT FY 1999 Performance Plan. To focus attention on commercial vehicle safety and make it a top priority, Secretary Slater set Departmental goals in 1999 to reduce truck-related fatalities 50 percent by the end of 2009 and injured persons 20 percent by the end of 2008. The Federal Motor Carrier Safety Administration's 1999 goals of reducing fatalities to 4,988 and injuries to 126,000 were not achieved.</p> <p>The Department expects a moderate decline in fatalities and injuries in the short term, and more significant reductions in subsequent years. Preliminary 1999</p>

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DOT 1999 Performance Report/2001 Performance Plan**

OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Surface Transportation Safety (continued)</p> <p>programs; prescribing standards to develop a nationwide inventory for pipelines in high-density population and environmentally sensitive areas; and improving accident data collection and analysis.</p> <p><i>Hazardous Materials:</i> Developing DOT-wide goals and objectives for hazardous materials and creating a Department-wide mechanism for quickly addressing problem areas and obtaining data to make informed programmatic decisions.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) continuing our focus on motor carrier safety issues by reviewing Federal oversight of State licensing and testing of commercial drivers and by assessing the new Federal Motor Carrier Safety Administration's implementation of earlier OIG recommendations on improving the motor carrier safety program and the accuracy of its statistical reports to Congress on motor carrier enforcement; 2) evaluating the Coast Guard program for overseeing passenger ferry safety; and 3) reviewing the accuracy of information in Federal Railroad Administration (FRA's) safety inspection reports and how that information is used to target the work of FRA's safety inspectors.</p>		<p>estimates indicate fatalities were down 3 percent, while the number of injuries remained constant. To improve motor carrier safety, DOT must take swift action to get unsafe trucks and operators off our highways; and continue to improve data quality to identify and target high-risk carriers. Congress mandated rulemakings in the Transportation Equity Act for the 21st Century and the Motor Carrier Safety Improvement Act of 1999 that would provide necessary safety regulations and enforcement sanctions to improve motor carrier safety. We are concerned that, at the current pace of action, DOT will not be able to achieve its goals in this area.</p> <p>Specific actions the Department will take in FY 2001 to assess its progress in meeting this management challenge include improving the efficiency of roadside inspections through technology and working with States to improve their data systems and data quality.</p> <p><i>Marine Safety:</i> The percent of mariners reported in imminent danger who were rescued was 95 percent (when the goal was 93 percent); the number of high-risk casualties per 1,000 vessels is declining (there was no goal established for FY 1999); and the maritime worker fatality rate was 28 per 100,000 workers (when the goal was 34). The number of recreational boating fatalities in FY 1999, however, was estimated at 773, when the goal was 763. The Department's FY 2001 plans in this area include: continuing to develop and implement recreational boating safety regulations in cooperation with manufacturers and standards organizations;</p>

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OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Surface Transportation Safety (continued)</p>		<p>aggressively promoting the use of personal flotation devices; improving mariners' ability to contact the Coast Guard by modernizing the National Distress System; and improving Coast Guard equipment in high-risk areas.</p> <p><i>Rail Safety:</i> The 1999 rail fatality rate was 1.31 per million train miles, the lowest in a decade and well below the Department's goal of 1.57. The train accident rate, however, increased in the last year to 3.89 per million train miles (when the goal was 3.44). The most common types of train accidents/fatalities happen at highway-rail grade crossings or when individuals trespass on rail property. Fortunately, the rates for both these types of accidents fell in 1999 (and were within the goals set for the Department). To address highway-rail grade crossing accidents in 2001, the Department will focus on strategies that have proven effective such as installation of median barriers to prevent driving around lowered gates, use of well-advertised photo enforcement, and imposition of stricter penalties. However, the OIG is concerned that the Department is choosing to eliminate the performance measure on trespassing fatalities and is reporting no new steps (either under this measure or the encompassing train fatalities measure) to address trespassing fatalities. We recommend the Department reconsider the decision to eliminate this performance measure or expand the discussion of rail trespasser fatalities under the larger Rail Fatality Rate measure.</p> <p><i>Transit Safety:</i> Although the 1999 goal for transit fatalities was not met, the fatality rate dropped from .564</p>

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<p>Surface Transportation Safety (continued)</p>		<p>per 100 million passenger miles in 1998 to .531 in 1999. The rate of transit injuries also fell in 1999 (to 111.6 per million passenger miles) and the Department met its goal for this performance measure. The Department will: continue to use its grants to improve the transit infrastructure; provide funding to the Safety and Security Program to develop technology and system designs to improve the security of transit riders; and train 4,000 transit professionals in system security, bus and rail accident investigations, and fatigue awareness.</p> <p><i>Pipeline Safety:</i> The Department met all three of its 1999 pipeline safety performance measure targets: there were 4,467 natural gas transmission pipeline failures (the goal was 4,528), 159 hazardous liquid pipeline failures (the goal was 171), and 117 pipeline failures attributable to outside force damage (the goal was 137). DOT's plan for 2001 focuses on: risk management – including working with States to more fully utilize risk-based factors in State inspection and oversight of pipelines; and education for industry officials on pipeline compliance requirements and for Federal and State officials on compliance requirements, enforcement procedures, and inspection techniques. However, the Department has not specified in the plan: 1) how it intends to improve the collection of pipeline accident data needed to enable the Department to focus its resources on the most important safety issues and to measure safety program performance; and 2) how the Department will move to complete regulations for identifying pipelines and establishing inspection</p>

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<p>Surface Transportation Safety (continued)</p>		<p>standards for pipelines in high-density population and environmentally sensitive areas. The Department failed to meet the congressional deadline of October 1994.</p> <p><i>Hazardous Materials Safety:</i> Neither of the 1999 goals for lowering the rates of hazardous materials (pipeline and non-pipeline) spills was met. However, the absolute number of serious hazardous material incidents did fall to 363 in 1999, when the goal was 430. The Department is focusing its efforts on implementing the findings of the DOT-wide Hazardous Materials Program Evaluation (as described in that management challenge), including establishing a DOT-wide institutional capacity to coordinate hazardous materials issues, and implementing specific program delivery and data recommendations in the program evaluation.</p>

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OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Air Traffic Control Modernization:</p> <p>U.S. airlines transport over 600 million passengers annually, and this number is expected to grow to over 900 million by 2010. To meet this demand safely, and lessen the increasing number of flight delays, FAA is modernizing the Nation's air traffic control system by acquiring a network of radar, automated information processing, navigation, and communications equipment. Congress recognized the need for modernization with the passing of the Aviation Investment and Reform Act for the 21st Century (AIR-21) reauthorization bill. FAA estimates that it will invest nearly \$10.6 billion to modernize the air traffic control system during FYs 2000 through 2003. FAA recognizes past problems in acquiring systems and has begun using a more incremental approach. However, more needs to be done, including: 1) strengthening FAA's ability to effectively manage multi-billion dollar software-intensive development efforts; 2) negotiating contracts for software development with appropriate cost control mechanisms to ensure products are delivered on time and within budget; 3) providing user benefits by implementing key air traffic control technologies to mitigate operational issues and improve the flow of air traffic; and 4) identifying and resolving complex human factors issues early in the acquisition process to avoid cost overruns and schedule delays.</p> <p>An important element to shape FAA's modernization initiatives and meet the increasing demand for air travel is identifying the full extent of delays and</p>	<ul style="list-style-type: none"> • Management Challenges: Air Traffic Control Modernization Civil Global Positioning System • Performance Measures: Aviation Delay 	<p>Of the coverage on this item, only the Civil Global Positioning System management challenge discusses specific actions that will be taken in 2001 to <i>improve the effectiveness</i> of FAA modernization and procurement plans. These improvements, however, relate to only one of the many FAA systems being acquired.</p> <p>The Air Traffic Control Modernization management challenge does acknowledge the issues the OIG has raised regarding the effectiveness of FAA modernization plans and software procurements. It notes that FAA is using its Acquisition Management System to award contracts promptly; that it has baselined all major projects so that progress against planned performance can be measured; and that it is using Earned Value Management for appropriate new large acquisition projects. These, however, are continuations of ongoing projects. There is no discussion of what specific new steps FAA will take in 2001.</p> <p>The Performance Report/Performance Plan should explicitly address how key modernization initiatives will increase aviation system capacity and reduce delays and cancellations. This is critical for establishing how much relief can be expected from improvements in air traffic control systems as opposed to other actions needed by the airlines and airports, such as scheduling revisions and infrastructure improvements.</p> <p>The strategies FAA will use to lower the number of delays per 100,000 activities (the Aviation Delay</p>

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<p>Air Traffic Control Modernization (continued)</p> <p>their causes. We found that the Department lacks a uniform system for tracking delays and cancellations, which has led to underreporting on overall delay times. Compounding this situation is the lack of any authoritative database on the causes for delays. A new comprehensive system for tracking delays has been implemented at 21 airports. This will make progress in addressing current data problems on the extent of delays. However, the impact of this new system is limited to those 21 airports, and the new system does not collect any causal data. AIR-21 emphasizes the need for causal data, directing the Secretary to modify existing regulations governing the air carrier data submissions to the Department "...to disclose more fully to the public the nature and source of delays and cancellations experienced by air travelers." Until complete and consistent data are available, however, examination of the causes of delays and identifying viable solutions (i.e., changes in FAA's air traffic control or air carrier scheduling practices), will be problematic. We anticipate including these new issues in our 2000 list of Agency Top Management Challenges.</p> <p><i>In our ongoing audit work, the OIG is:</i> monitoring the cost, schedule, and human factors implementation issues in FAA Air Traffic Control (ATC) systems including Standard Terminal Automation Replacement System (STARS), Wide Area Augmentation System (WAAS), Free Flight Phase 1, Oceanic, Integrated</p>		<p>performance measure) largely focus on implementation of air traffic control technologies, including: air traffic automation enhancements in Free Flight Phase 1 upgrading controller workstations; and developing two major systems to improve weather reporting, processing, and dissemination. These strategies are general in nature, do not discuss how the management of these modernization projects will be improved in 2001, and do not identify anticipated benefits including a reduction of delays and cancellations.</p> <p>To address aviation delays the department must first develop: 1) a comprehensive system for tracking nationwide aviation delays and cancellations; and 2) an authoritative system for tracking the causes of aviation delays and cancellations. Without these data, the Department and the airline industry are hampered in their efforts to decrease airline delays and cancellations.</p>

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<p>Air Traffic Control Modernization (continued)</p> <p>Terminal Weather System (ITWS) weather systems, and Operational and Supportability Implementation System (OASIS). OIG is also examining the various causes of flight delays and cancellations. We anticipate testifying on these issues in early 2001.</p>		

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<p>FAA Financing:</p> <p>The Aviation Investment and Reform Act for the 21st Century (AIR-21) provides about \$40 billion from the Aviation Trust Fund for FAA programs over the next 3 years. However, most of those funds are dedicated to FAA's modernization and airport improvement programs, leaving FAA facing a shortfall of nearly \$2.3 billion for its operations needs. The ways and means of bridging or reducing that shortfall is a significant issue and underscores the need for FAA to improve its fiscal responsibility, including: 1) containing the agency's rising operations costs; 2) implementing a reliable cost accounting system; and 3) developing a strategic business plan.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) reviewing implementation of the DELPHI Accounting System (to which FAA is expected to convert in early 2001); 2) working with the agency to audit FAA's financial statements; and 3) examining the reasonableness and accuracy of the Research and Acquisitions Division's cost accounting system.</p>	<ul style="list-style-type: none"> • Management Challenges: FAA Financial Management • Performance Measures: None 	<p>Discussion under the management challenge on FAA Financial Management commits the FAA to specific actions that will address some of the concerns raised by the OIG in this area. Specifically, the plan states that FAA will: convert to the DELPHI Accounting System in FY 2001; seek to achieve clean opinions on its financial statement audits for FYs 2000 and 2001; establish fees for air traffic control services for flights in United States controlled airspace but not departing or landing here; and implement cost accounting throughout the agency by FY 2002. The report does not include specific information on FAA's progress to date.</p> <p>The Performance Report/Performance Plan needs to track FAA's progress toward reaching these goals. While FAA has made much progress in the cost accounting area, many delays have occurred in the system development. Management must continue to focus on the cost accounting initiative to ensure no further delays occur and that timely and useful data result from this process. The next performance report/performance plan should also include FAA's plans to address the anticipated funding shortfalls in its operations accounts.</p>

Coverage of OIG-Identified Management Challenges in DOT 1999 Performance Report/2001 Performance Plan

OIG-Identified Management Challenges December 1999	Related Items in DOT 1999 Performance Report/2001 Performance Plan	Review of Coverage
<p>Surface, Marine, and Airport Infrastructure:</p> <p>The Transportation Equity Act for the 21st Century (TEA-21) guarantees \$198 billion over a 6-year period to improve safety and maintain and improve America's highways, bridges, and mass transit. Likewise, AIR-21 provides about \$40 billion from the Aviation Trust Fund for FAA programs over the next 3 years. Most of the funds are dedicated to FAA's modernization and airport improvement programs. Those funds must be effectively and efficiently used. Additional funding will be needed to maintain and upgrade the maritime infrastructure to meet the future needs of the marine industry. Key elements of this management challenge include: 1) reviewing outstanding obligations and promptly deobligating funds when they are no longer needed; and 2) identifying and applying best practices to major infrastructure projects and finding solutions to systemic problems.</p> <p><i>In our ongoing audit work, the OIG is:</i> implementing our continuing program of audits on DOT "mega-projects" (those infrastructure projects costing more than \$1 billion or of significant congressional interest); evaluating the methodology used to develop the most recent cost estimate for the Woodrow Wilson bridge; and evaluating the current funding, cost, and schedule for phase I of the South Boston Piers transitway.</p>	<ul style="list-style-type: none"> • Management Challenges: Airport Revenue Diversion Transit Grant Oversight • Performance Measures: None 	<p>There is no coverage given to how the Department is working to improve its oversight of highway, bridge, or maritime infrastructure grants, and Aviation Trust Fund or Highway Trust Fund expenditures. Yet, the Department is beginning to make progress in these areas. TEA-21 requires a financial plan for all large infrastructure projects. Also, the Assistant Secretary for Budget and Programs is leading a Department-wide review of infrastructure oversight. Once the results of that review are known, the Department should consider establishing performance goals for each mode involved in infrastructure to ensure that they correct any shortcomings the Task Force identifies and conduct appropriate oversight of projects to control waste and cost overruns.</p> <p>In response to an OIG report, in May 2000 FHWA issued detailed new guidance to improve financial reporting by mega infrastructure projects. OIG has also identified an emerging concern over States' use of "advance construction," which encumbers future Federal apportionments to pay for current construction projects. Recent experience with Massachusetts' Central Artery Project demonstrates that uncontrolled use of this financing technique can severely encumber a State's Federal highway apportionment for years after a project is completed. In response to congressional and OIG concerns, the Department entered into an agreement with the State of Massachusetts to limit Federal participation in continuing cost increases on the Central Artery Project in Boston.</p>

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<p>Surface, Marine, and Airport Infrastructure (continued)</p>		<p>In the Airport Revenue Diversion management challenge, the Department describes past actions to provide better guidance to airport sponsors and notes the requirement that airport revenue use be reviewed apart from the annual audit under the Single Audit Act. No specific goals for future action are given.</p> <p>In contrast, the write-up on the Transit Grant Oversight management challenge lists three specific measurable goals that Federal Transit Administration (FTA) has set to gauge its effectiveness in overseeing transit grants, although it does not provide information on 1999 progress in the only one of those goals for which a baseline has been developed. The goals are: reduce by 5 percent per year the deficiency findings per triennial and state management oversight review; reduce by 5 percent per year the deficiency findings per financial management and procurement review; and increase by 5 percent the number of deficiencies resolved within the 90-day time-frame.</p> <p>To better protect Federal transportation dollars directed to surface, marine, and airport infrastructure projects, future performance reports/performance plans should include goals for improving the Department's oversight of infrastructure projects and measures to monitor the Department's progress in this area.</p>

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<p>Transportation Security:</p> <p>The U.S. transportation system includes 3.9 million miles of public roads, 2.2 million miles of hazardous liquid and natural gas pipelines, 123,000 miles of major railroads, over 24,000 miles of commercially navigable waterways, over 5000 public-use airports, 508 public transit operators in 316 urbanized areas, and 145 major ports on the coasts and inland waterways. Protecting the security of the traveling public is among DOT's most challenging tasks. Specific issues to be addressed include: 1) developing an integrated aviation strategic security plan that includes a balanced approach covering acquisition, deployment and use of advanced security technologies and 2) establishing a surface transportation security strategy as recommended by the National Research Council.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) assessing FAA's oversight of airport operator and air carrier procedures to issue and account for identification media used to access secure airport areas; and 2) reviewing the adequacy of FAA's current and planned deployment of explosives detection equipment and computer-based technologies to improve aviation security.</p>	<ul style="list-style-type: none"> • Management Challenges: Aviation Security • Performance Measures: Aviation Security Critical Infrastructure Protection 	<p>While providing useful information on the Department's security efforts, the Department's Performance Report/Performance Plan does not address the OIG's recommendations that the Department develop an integrated aviation strategic security plan and establish a surface transportation security strategy. We recommend the Department specifically address these recommendations in the next performance report/performance plan. Both of these documents would help maximize the effectiveness of the Nation's transportation security resources.</p> <p>In the Aviation Security management challenge, FAA does make several specific commitments, including: completing pending rulemakings on access control requirements (no date given); adopting and implementing procedures to ensure that every FAA system is being assessed, certified and accredited as fully meeting security standards every 3 years (by the end of FY 2000); and accrediting 75 facilities in accordance with FAA Order 1600.69, <u>Facility Security Management Program</u> (by the end of FY 2001).</p> <p>The Performance Report/Performance Plan also includes a goal for installing a total of 120 explosive detection systems for checked bag screening at U.S. airports (by the end of FY 2000). The performance goal must be coupled with a commitment to improve the use of explosives detection systems (CTX machines) and increase operator proficiency. The majority of deployed and operational CTX machines still do not screen as many bags in a full day of operation as the machine is certified to screen in an hour.</p>

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<p>Transportation Security (continued)</p>		<p>Discussion under the Aviation Security performance measure notes that the goal for increasing the detection rate for explosives and weapons that may be brought aboard aircraft was not met in FY 1999. The performance measure was not met because technology intended to improve screener performance was not available in FY 1999 as planned and will instead be implemented in FY 2000.</p> <p>The Critical Infrastructure Protection performance measure was first developed this year. The Department developed baseline data on the dissemination of threat information to law enforcement, private industry, and other security partners, and goals have been set for future years on how quickly the information is disseminated. The discussion of this item gives general information on future work, including that FAA will continue conducting security vulnerability and risk assessments of air traffic control facilities and continue implementing a National Risk Management Program to determine the most cost-effective way to protect its employees and critical infrastructure. DOT also commits to assessing the vulnerabilities of information systems critical to transportation and developing an information sharing and analysis capability with the transportation industry.</p>

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<p>Computer Security:</p> <p>Presidential Decision Directive 63 requires DOT to advance the Nation's vital security interest by ensuring that the transportation system is protected and our computer systems are safe from intrusion. The ability to prevent cyber-terrorist attacks and fraudulent intrusions into computer systems must be strengthened. Key elements of this issue include: 1) conducting risk assessments of the Department's computer systems in order to prioritize how much computer security to buy and which computer vulnerabilities to fix first; and 2) completing actions on critical infrastructure computer systems to certify that these systems have appropriate security protections.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) determining whether adequate controls are established to prevent and respond to unauthorized access to critical systems on DOT Headquarters networks; 2) determining whether planned network security could adequately secure transmission of air traffic control and administration data on the planned new FAA telecommunications infrastructure; 3) determining whether position sensitivity is properly designated and background checks are performed on personnel (both Government and contractors) working on critical systems; and 4) determining whether computer security is adequately addressed in IT (Information Technology) architectures under development.</p>	<ul style="list-style-type: none"> • Management Challenges: Computer Security • Performance Measures: None • Corporate Management Strategies: Information Technology Management 	<p>The Department's Performance Report/Performance Plan provides specific and credible information on past actions and future plans in the area of computer security.</p> <p>The management challenge on Computer Security directly addresses the chief OIG recommendations in this area and sets specific, measurable goals. It states that for critical systems:</p> <ul style="list-style-type: none"> • 100 percent of risk assessments will be completed by November 2002; and • 100 percent of remediation and testing will be completed by May 2003. <p>Next year's Performance Report/Performance Plan should address progress toward these goals. In addition, the Department should consider accelerating the target date for completing risk assessments from November 2002 to March 2002. Like the Year 2000 program, until the risk assessments are completed, the Department does not know what vulnerabilities are in the mission-critical systems and how realistic it is to plan for completing the remediation and testing work mandated in PDD-63 by May 2003.</p> <p>Further, under the corporate management strategy Information Technology Management, the Department reviews its accomplishments in this area over the last year (including meeting all year 2000 conversion goals) and explains what caused the Department to fail to meet some of its goals. For instance, only 53 percent of DOT</p>

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Computer Security (continued)		employees received general security awareness training in FY 1999, when the target was 60 percent. The goal was not met due to staffing and resource limitations caused by Year 2000 conversion efforts.

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<p>Financial Accounting/Chief Financial Officers Act:</p> <p>DOT received an unqualified opinion for its FY 1999 Financial Statements. Long-term system improvements are needed for the Department to maintain its momentum, including: 1) implementing a state-of-the-art financial management system that provides more accurate and timely financial data; and 2) developing cost accounting systems with which DOT and FAA can better manage resources and allocate costs among programs.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) working with the Department to audit the DOT financial statements; 2) reviewing implementation of the DELPHI Accounting System; and 3) examining the reasonableness and accuracy of FAA's Research and Acquisitions Division's cost accounting system.</p>	<ul style="list-style-type: none"> • Management Challenges: DOT Audited Financial Statements FAA Financial Management • Performance Measures: None • Corporate Management Strategies: Resource and Business Process Management 	<p>The OIG's two top recommendations in this area are specifically addressed in the report. In its management challenge on DOT Audited Financial Statements, the Department states that "Complete resolution [of these financial management problems] will be assured with the full implementation of DELPHI, the Department's commercial off-the-shelf core accounting system replacement, which is currently scheduled for June 2001." This addresses the first of the OIG's top recommendations. However, it is unlikely that all operating administrations will have implemented DELPHI by the target date.</p> <p>As to the second recommendation, that DOT and FAA develop effective cost accounting systems, the management challenge on FAA Financial Management specifically commits FAA to implementing a cost accounting system across the agency. DOT also recognizes the need for such systems agency-wide in its discussion of the DOT Audited Financial Statements management challenge.</p> <p>Progress toward these two goals should be tracked in the Performance Report/Performance Plan.</p> <p>In terms of the corporate management strategy on Resource and Business Management, there are no specific actions given. Rather, the report states: "The Office of Financial Management will lead the initiative to improve DOT financial management by building and improving our systems and practices to support unqualified audit opinions and provide reliable and timely financial information for decision makers."</p>

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<p>Amtrak /Financial Viability and Modernization:</p> <p>The 1997 Amtrak Reform and Accountability Act mandated that Amtrak develop a plan to eliminate its need for Federal operating support after FY 2002. Amtrak is in a critical year in its path to achieving self-sufficiency, both in terms of implementation of high-speed rail and in terms of financial progress under its Strategic Business Plan. Significant challenges that Amtrak must address include: 1) finding means to compensate for the revenue losses expected from the current 6-month delay in the start-up of Amtrak's new high-speed rail service; and 2) mitigating the \$692 million in projected revenue increases and cost reductions the OIG determined were at risk of not being achieved between 2000 and 2002.</p> <p><i>In our ongoing audit work, the OIG is:</i> performing its annual analysis of Amtrak's financial needs through 2002, which includes providing an update of Amtrak's current financial status, assessing Amtrak's current Strategic Business Plan, and analyzing Amtrak's current capital investment program, funding sources, and capital needs.</p>	<ul style="list-style-type: none"> • Management Challenges: Amtrak Financial Viability • Performance Measures: Amtrak Ridership 	<p>While providing useful background on Amtrak's performance, the Performance Report/Performance Plan does not refer to the OIG's recommendations in this area or address the OIG's specific concerns regarding implementation of Amtrak's strategic business plan.</p> <p>The Performance Report/Performance Plan does show that Amtrak was unable to meet its performance goals for 1999: travel time between New York and Boston was 4.75 hours (the goal was 3 hours); 78.5 percent of trains arrived on time (the goal was 87percent); and Amtrak's customer satisfaction rate was 82 percent (when the goal was 85 percent).</p> <p>The report identifies causes for these results and indicates what efforts will be taken to improve the results, particularly the anticipated (and much delayed) implementation of high-speed service on the Northeast Corridor.</p> <p>The Performance Report/Performance Plan would be improved if the Department were to report on Amtrak's implementation of its business plan or its progress toward operating self-sufficiency. DOT needs to continue efforts with Amtrak to improve its performance against established ridership and customer satisfaction goals and its progress toward operating self-sufficiency.</p>

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<p>Coast Guard Deepwater Capability Replacement Project:</p> <p>The Deepwater Project represents the largest capital improvement project ever undertaken by the Coast Guard. The project is intended to replace or modernize all vessels and aircraft used in the Coast Guard's Deepwater missions, which include drug interdiction and fisheries law enforcement. The project is expected to take 20 years and cost from \$9.8 to 15 billion. The Department faces challenges in proceeding with a Deepwater Project currently estimated to cost about \$500 million extra annually for 20 years while trying to increase funding for other important Departmental missions such as FAA modernization. Specific issues the Coast Guard must address in moving this project forward include: 1) ensuring data provided to contractors for use in developing their proposals is current and accurate; 2) developing an acquisition strategy based on realistic and attainable funding levels that are integrated with the Coast Guard's other acquisition needs; and 3) reducing its risk with respect to leadership continuity by providing for civilian staffing of the Deepwater team at the senior management level.</p> <p>The OIG is about to start a review of the Deepwater Acquisition program focusing on whether the Coast Guard has: 1) fully justified the Deepwater Project's acquisition plan, as well as the related budget request for FY 2002; 2) integrated the Deepwater Project's funding requirements with ongoing capital needs in FY 2002 and</p>	<ul style="list-style-type: none"> • Management Challenges: Coast Guard Deepwater Acquisition Management • Performance Measures: None 	<p>The Coast Guard's discussion of this management challenge states that by July 2001 industry teams will "provide the Coast Guard with a level of detail necessary to help mitigate acquisition risk and answer questions raised by the DOT IG concerning this project," including the production of reliable cost estimates. However, the Performance Report/Performance Plan does not establish a goal or performance measures for assessing the Coast Guard's progress in replacing its deepwater capability.</p> <p>In the next performance report/performance plan the Coast Guard should report on its progress in mitigating project risk and its plan for integrating the Deepwater acquisition requirements with those of other priority departmental projects, given the large increase in required funding.</p>

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<p>Coast Guard Deepwater Capability Replacement Project (continued)</p> <p>beyond; and 3) taken effective action to complete previously identified gaps in the planning process.</p>		

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<p>Ship Disposal Program:</p> <p>MARAD is required to dispose of obsolete vessels in the National Defense Reserve Fleet (NDRF). Currently, the NDRF contains 114 vessels designated for disposal. The vessels are deteriorating, contain hazardous substances, and pose an immediate environmental threat. Although MARAD sold 17 of these vessels in 1999, only one of these vessels has been scrapped. The Department faces a challenge in determining how to dispose of MARAD's fleet of environmentally dangerous vessels in a timely manner. Specific issues to be addressed include: 1) obtaining relief from the requirement to maximize financial returns on the disposal of obsolete ships; and 2) identifying creative solutions for disposal, given the limited capacity in the domestic ship disposal market.</p> <p><i>In our ongoing audit work, the OIG is:</i> continuing to monitor the actions of the Administration and Congress towards reducing the number of obsolete vessels.</p>	<ul style="list-style-type: none"> • Management Challenges: Ship Disposal • Performance Measures: None 	<p>The Ship Disposal write-up acknowledges the major issues the OIG has identified in this area. It notes MARAD will likely need relief from the statutory requirement to maximize financial returns in the disposal of these ships, but does not commit MARAD to seeking this legislative change.</p> <p>However, in its FY 2001 authorization request, MARAD proposed a "five year extension in the deadline that will provide MARAD with additional time to <u>develop and begin implementation</u> of a plan to dispose of those vessels." Considering the condition of some of the vessels, the environmental risks, and the costs to maintain them, we find the MARAD proposal unacceptable. MARAD must do more than "begin implementation." If MARAD gets the 5-year extension, it must develop a plan and substantially dispose of its obsolete vessels during that 5 years.</p> <p>The timely completion of this task is critical given the condition of the vessels, the associated environmental risks, and the growing costs to maintain them. As part of its plan, MARAD should identify viable disposal methods, set milestones, and target the "worst condition" ships for priority disposal. Such a plan would provide a good basis for establishing a performance goal and measures in the Performance Report/Performance Plan.</p>

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<p>GPRA Implementation:</p> <p>The Government Performance and Results Act requires Federal agencies to develop 5-year strategic plans (to be updated every 3 years); annual performance plans; and, starting in 2000, annual performance reports. DOT's first strategic and performance plans were rated by Congress as the best in the Federal Government. DOT's first combined Performance Report/Performance Plan was ranked second best of the Federal Government reports reviewed by the Mercatus Center at George Mason University. To continue this success, the Department needs to improve the reliability and timeliness of its performance data and find ways to meet the challenge of accomplishing some of the Department's goals through third parties.</p> <p><i>In our ongoing audit work, the OIG is:</i> 1) continuing to review DOT performance measures and goals as appropriate during the conduct of our regular audit program; 2) working with the Department to provide technical assistance and comments as DOT develops its Strategic Plan and annual Performance Report/Performance Plan; and 3) reviewing the existence and completeness of data supporting the performance measures included in the Highway Trust Fund, FAA and Department-wide financial statements.</p>	<ul style="list-style-type: none"> • Management Challenges: GPRA Implementation • Performance Measures: None 	<p>The management challenge on GPRA Implementation notes that the Department was able to produce data for 90 percent of its measures in time for the 1999 Performance Report/2001 Performance Plan.</p> <p>However, the management challenge does not include a discussion of what further cross-cutting actions the Department plans to take to: improve its data quality or to face the challenge of accomplishing some of its most important goals through third parties. The Department should consider highlighting such information in future performance reports/performance plans.</p> <p>Some information on how the Department is dealing with its data quality challenges can be found in the discussion of each performance measure and in Appendix I, which details data sources, limitations, and attempts to verify and validate data.</p>