

U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

2016 Presidential Transition Toolkit

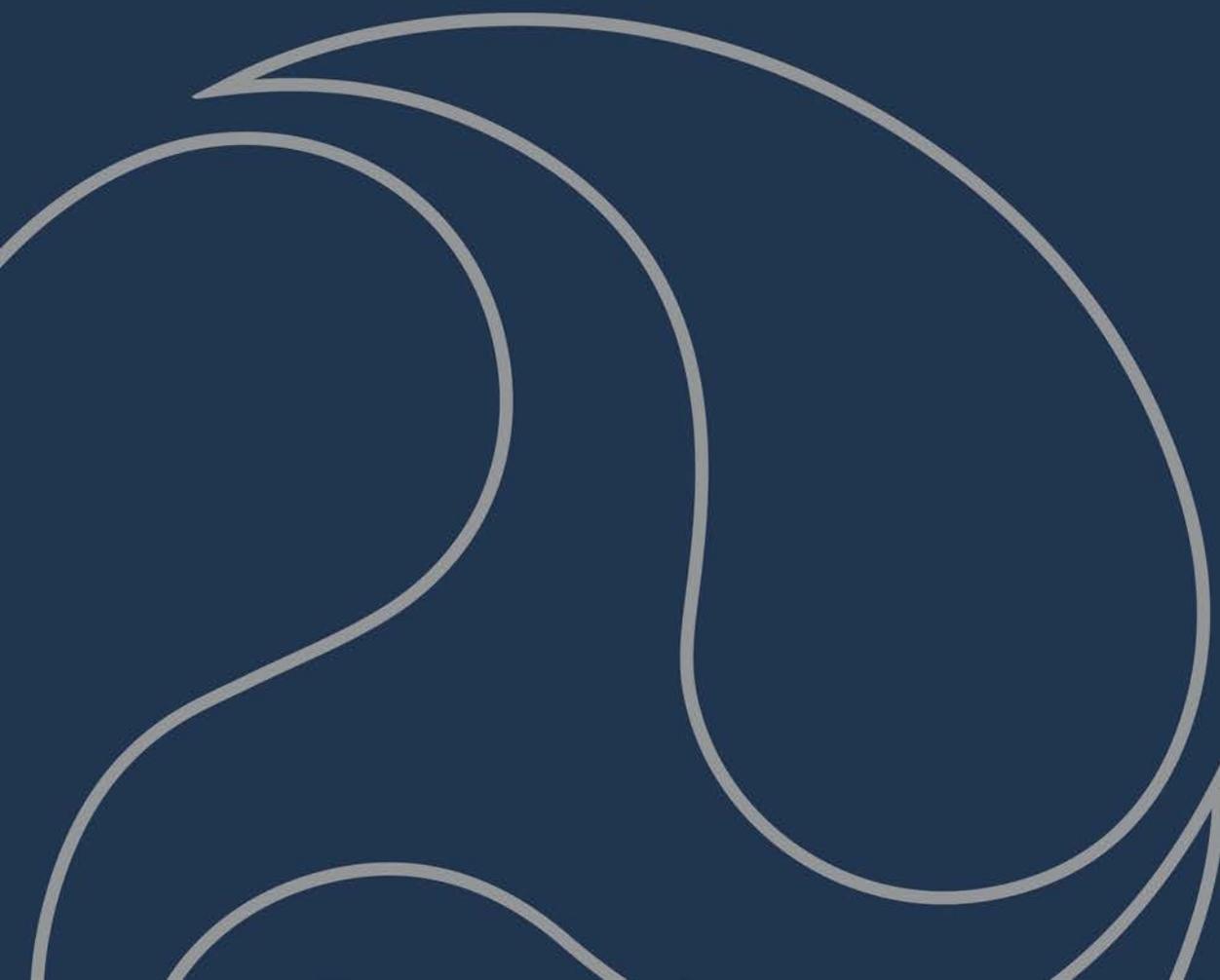


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Understanding the Office of Inspector General

Welcome to the *Understanding the Office of Inspector General (OIG)* transition site page. Here you will find information about what we do, how we are organized, and the manner in which we operate. For additional information about OIG, please go to www.oig.dot.gov/presidential-transition.

Mission

The Office of Inspector General is committed to fulfilling its statutory responsibilities and supporting members of Congress, the Secretary, senior Department officials, and the public in achieving a safe, efficient, and effective transportation system.

Who We Are

Since OIG was established in 1979, we have been dedicated to providing independent and objective reviews of the economy, efficiency and effectiveness of Department of Transportation (DOT) programs and operations, and to detecting and preventing fraud, waste, abuse and criminal violations of laws affecting DOT.

What We Do

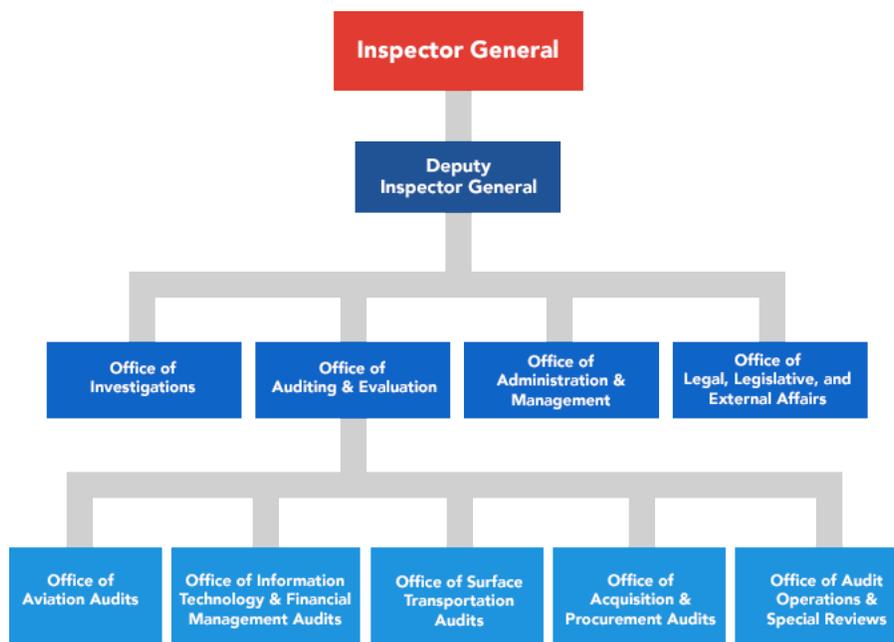
Our audits and investigations provide independent reviews and recommendations to enhance the effectiveness of the Department's programs and prevent fraud, waste, and abuse of the Department's money and resources. By law, OIG reports to the Secretary of Transportation and Congress.

OIG is the only office within DOT having law enforcement authority, such as carrying firearms, executing search warrants, and making arrests. We often collaborate with other Federal (including the FBI), State, and local law enforcement entities, and must report potential criminal violations to the Attorney General. OIG's Office of Investigations also manages a Hotline Complaint Center that is staffed 24 hours a day, 7 days a week. This office also is responsible for investigating whistleblower complaints, including those referred by the U.S. Office of Special Counsel.

The OIG's Office of Auditing and Evaluation is comprised of auditors, analysts, information technology experts, economists, statisticians, engineers, accountants and other subject matter experts. In addition to performance audits aimed at improving the economy, efficiency, and effectiveness of transportation programs, our audit staff also specialize in financial and information technology, and acquisition and procurement audits. The work of this office is akin to that of private sector auditors and management consultants, with a major difference being our reports are made publicly available via our Web site www.oig.dot.gov.

Organization

- [Calvin Scovel](#) was sworn in on October 26, 2006 as the sixth Inspector General of the U.S. DOT. He leads an office tasked with providing the Secretary and Congress with independent and objective reviews of the economy, efficiency and effectiveness of DOT programs and operations in addition to detecting and preventing fraud, waste, abuse and violations of law.
- [Mitchell Behm](#) is the OIG's Deputy Inspector General. He assists and advises the IG on day-to-day operations, management and policy decisions. He also oversees OIG's Chief of Staff, the Office of Quality Assurance Reviews, and Internal Affairs.
- [Joe Com ](#) is the Principal Assistant Inspector General for Auditing and Evaluation. He leads OIG's five audit offices: Aviation, Surface Transportation, Financial and Information Technology, Acquisition and Procurement, and Audit Operations and Special Reviews.
- [Michelle McVicker](#) is the Principal Assistant Inspector General for Investigations. She manages all of OIG's criminal and civil investigations, OIG's Hotline Complaint Center, and DOT employee and contractor Whistleblower Ombudsman functions.
- [Dr. Eileen Ennis](#) is the Assistant Inspector General for Administration and Management. She oversees all of OIG's administrative and management services, including budget and financial management, human resources, information technology, procurement, and training and development.
- [Brian Dettelbach](#) is the Assistant Inspector General for Legal, Legislative and External Affairs. He oversees OIG's legal, congressional, and public affairs operations.



OIG Leadership Bios



AS INSEPECTOR GENERAL, MR. SCOVEL oversees DOT OIG's independent and objective reviews of the efficiency and effectiveness of DOT operations and programs to detect and prevent fraud, waste, and abuse. Inspector General Scovel leads OIG's staff to support DOT's priorities of transportation safety and effective program delivery and performance.

Mr. Scovel was sworn in as the sixth Inspector General of DOT in October 2006 after 29 years of active service in the U.S. Marine Corps, from which he retired as a Brigadier General. His last military assignment was as a senior judge on the U.S. Navy-Marine Corps Court of Criminal Appeals. He previously served as Assistant Judge Advocate General of the Navy for Military Justice, the principal advisor to the Secretary of the Navy and the Judge Advocate General on all criminal justice policy matters. He also commanded a military police battalion that provided security and law enforcement for Marine Corps Base, Quantico, Virginia.

Mr. Scovel served as senior legal advisor for the 4th Marine Expeditionary Brigade, which included all Marine amphibious forces in Operation Desert Storm and later in a NATO exercise above the Arctic Circle in Norway. He had previously served as legal advisor for a Marine amphibious unit deployed to the Western Pacific and Indian Oceans, where it conducted overseas exercises.

Mr. Scovel has also served as prosecutor, defense counsel, or judge in 250 courts-martial that included charges of murder, rape, child sexual assault, and drug trafficking. As an adjunct faculty member for the Defense Institute of International Legal Studies, he led instruction teams in the rule of law and civilian control of the military for senior civilian and military officials abroad.

Inspector General Scovel is a recipient of the Secretary's Gold Medal for Outstanding Achievement for his leadership of OIG in supporting DOT's recovery effort after the collapse of the I-35W Bridge in Minneapolis in 2007. His military awards include the Legion of Merit (four awards) and Combat Action Ribbon.

Mr. Scovel received his bachelor's degree from the University of North Carolina at Chapel Hill and his juris doctor degree from Duke University School of Law. He also received a master's degree from the Naval War College.



AS DEPUTY INSPECTOR GENERAL, MR. BEHM

provides advice to the Inspector General and assists in managing day-to-day operations. Deputy Inspector General Behm directly oversees the Office of Quality Assurance Reviews and Internal Affairs, and provides direction for the OIG's oversight of DOT programs.

Prior to his position as Deputy Inspector General, Mr. Behm previously served as the Assistant Inspector General for Surface Transportation Audits. In this capacity, he managed teams of auditors, analysts, and economists in executing audits and evaluations across various transportation programs.

Mr. Behm has been with DOT OIG since 2003, serving previously as a financial expert, project manager and program director. He has received numerous awards from the OIG community for his contributions toward a variety of multimodal audits and reviews. Prior to joining DOT OIG, Mr. Behm worked as an investment banking senior associate for JPMorgan structuring debt financings for large corporate clients.

Mr. Behm received a B.A. in Economics from the University of Michigan in Ann Arbor in 1989, a J.D. from the University of Illinois College of Law in 1992, and an M.B.A. from Georgetown University, McDonough School of Business in 1998.



AS ASSISTANT INSPECTOR GENERAL, MR. DETTELBACH oversees the Office of Legal Counsel, which is responsible for providing legal advice to and representation for the Office of Inspector General on a wide range of issues. The Office of Counsel comprises the Chief Counsel and staff attorneys who provide opinions on laws pertaining to the conduct, findings, and recommendations of OIG audits and investigations; develop analyses of questions regarding OIG authority, general management, and transportation-related laws; render assistance to U.S. Attorneys for criminal cases investigated by OIG Special Agents; represent OIG in civil and administrative proceedings; and manage the OIG's Freedom of Information Act

(FOIA) and ethics programs.

Mr. Dettelbach also oversees the Office of Congressional and External Affairs including the Director and staff who facilitate communications, outreach, and technical assistance with key OIG stakeholders throughout the Department and Administration, Congress, the media, and general public; and manage social media and website initiatives. In addition, he represents the Inspector General and participates in activities of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

Prior to arriving at DOT OIG, Mr. Dettelbach served as Counsel for the then-Senate Committee on Governmental Affairs. Mr. Dettelbach's portfolio included government operations, oversight and investigations, appropriations, and Presidential nominations. In that role, Mr. Dettelbach worked extensively with the Office of Management and Budget (OMB), Inspectors General, Chief Financial Officers, and the Government Accountability Office (GAO).

Mr. Dettelbach has been recognized for his achievements within the Inspector General community, earning three CIGIE Awards for Excellence and CIGIE's 9/11 Award. In 2012, he was the recipient of the Inspector General's Distinguished Service Award, DOT OIG's most prestigious honor. He also has received several Secretarial Team Awards. Mr. Dettelbach has written two articles appearing in the OIG Community's *Journal of Public Inquiry*.

Mr. Dettelbach joined DOT OIG in 1997. He received a Bachelor's degree in Foreign Service from Georgetown University and a Juris Doctor degree from the George Mason University School of Law.



AS PRINCIPAL ASSISTANT INSPECTOR GENERAL FOR AUDITING AND EVALUATION, MR. COMÉ leads the audit division of the DOT OIG, directing all OIG audits related to DOT programs and its agencies. He assumed this role in May 2016.

Mr. Comé previously served as the Deputy Principal Inspector General for Auditing and Evaluation at OIG from (insert date) to (insert date). As deputy chief of the audit group, he oversaw reviews impacting key safety, infrastructure, and financial programs at DOT. He also has specific responsibility for formulating the IG’s audit plan and promoting process improvements. His past audit work at DOT has covered a number of high-profile topics including DOT’s oversight of grants provided under the American Recovery and Reinvestment Act, cost and schedule concerns with multi-billion dollar transit projects, and critical highway safety programs, such as DOT’s efforts to identify automotive defects. Mr. Comé has testified before Congress and the National Transportation Safety Board on his work.

Mr. Comé joined DOT OIG in 1999, received the Secretary’s Award for Meritorious Achievement in 2004, and was named to the Senior Executive Service in 2008. Prior to joining DOT, he worked 17 years at the U.S. Department of Defense in the Office of the Secretary and Inspector General.

Mr. Comé received a B.A. in Political Science from Edinboro State University. He also received a M.A. in Public Administration with a concentration in financial management from the University of Pittsburgh’s Graduate School of International and Public Affairs.



AS PRINCIPAL INSPECTOR GENERAL FOR INVESTIGATIONS, MS. MCVICKER oversees DOT OIG’s Office of Investigations comprised of criminal and general investigators that are responsible for conducting criminal, civil, and administrative investigations of fraud and a variety of other allegations affecting DOT, its operating administrations, programs, and grantees (grant funds). The Office of Investigation’s top priorities involve crimes with a public safety impact, procurement and grant fraud schemes that significantly impact DOT funds, consumer and workforce fraud, and employee integrity violations. assists in managing day-to-day operations.

Ms. McVicker began her law enforcement career as a DOT OIG Special Agent in Lakewood, Colorado. Over the past 2 decades, she has been responsible for investigating fraud, waste, and abuse in a range of Department programs, including those involving disadvantaged business enterprises, multimillion-dollar construction contracts, commercial drivers’ license testing, and pipelines and hazardous materials investigations. Ms. McVicker previously served as Special Agent-in-Charge for DOT OIG’s Chicago Regional Office. Her region covered 11 States, leading 14 Special Agents and other investigative staff. Her team focused on criminal, civil, and administrative casework involving DOT funds and programs.

Ms. McVicker has also helped OIG develop outstanding partnerships with other investigative agencies. She served as a member of a multi-Agency public corruption task force formed in 2012 that included Federal, State, and local law enforcement partners. She has presented numerous Contract Fraud Prevention and Awareness and Hazmat Briefings to DOT stakeholders, along with Federal and State law enforcement agencies and industry officials, and for 12 years has served as an Associate Instructor for the Pipeline Safety Regulation Application and Compliance Procedures Course in Oklahoma City. She has been recognized through multiple awards, including OIG’s Meritorious Service and Leadership Awards.

Ms. McVicker holds B.S. in Criminal Justice from Illinois State University.



AS DEPUTY ASSISTANT INSEPECTOR GENERAL FOR INVESTIGATIONS, MR. SMITH supervises

DOT OIG's day-to-day investigative activities related to DOT programs and operations through its headquarters and major regional offices. The headquarters office conducts nationwide special investigations and analysis as well as manages the OIG Hotline Complaint Center and activities generated by complaints.

Mr. Smith began his career as a Special Agent with the U.S. Air Force Office of Special Investigations, where he worked a variety of investigations, ultimately focusing on counterintelligence/counterterrorism and high risk deployment operations.

After separating from military active duty, Mr. Smith came to DOT OIG as a Special Agent in the Washington Field Office. He has been responsible for investigating fraud, waste, and abuse in a wide range of Department programs, including those involving disadvantaged business enterprises, airport and highway construction projects, commercial drivers' license testing, suspected unapproved parts, employee misconduct and hazardous materials investigations.

Mr. Smith previously served as Special Agent-in-Charge for OIG's Fort Worth Regional Office which included investigative jurisdiction over 8 States with offices located in Fort Worth, Texas, Oklahoma City, Oklahoma, and Lakewood, Colorado. He led a team of Special Agents and staff that focused on criminal, civil, and administrative casework involving DOT funds and programs.

Mr. Smith has been instrumental in developing outstanding partnerships with DOT stakeholders and other investigative agencies on behalf of the OIG. He has served on numerous multi-Agency task forces and working groups, including Department, Federal, State, and local law enforcement partners and has served as an Associate Instructor for the Pipeline Safety Regulation Application and Compliance Procedures Course in Oklahoma City.

Mr. Smith is also the recipient of multiple awards, including DOT Secretary and OIG Awards.



AS ASSISTANT INSEPECTOR GENERAL FOR ADMINISTRATION AND MANAGEMENT, DR.

ENNIS oversees DOT OIG’s full range of administrative services including human resources, training, information technology, financial management, and acquisitions and procurements.

Prior to joining DOT OIG in February 2015, Dr. Ennis served in the Department of Homeland Security’s Science and Technology Directorate as the Director of Administration and Support.

Before her appointment at DHS, Dr. Ennis served as the Deputy Special Inspector General for Operations at the Office of the Special Inspector General for the Troubled Asset Relief Program where she was responsible for standing up the newly created agency from a blank canvas and establishing all operational, administrative, technical, and infrastructure programs and services.

Prior to the creation of SIGTARP, Dr. Ennis was the Associate Administrator for Administration and Chief Information Officer for the Research and Innovative Technology Administration at DOT. In addition, Dr. Ennis temporarily served as the acting Director of DOT’s Volpe National Transportation Research Center where she oversaw a unique fee-for-service federal organization that conducted nearly \$300 million in annual research and innovation projects addressing the nation’s transportation challenges. Also at DOT, she worked in the Office of the Chief Information Officer where she served as an Associate CIO presiding over a \$3 billion IT budget.

Before transferring to DOT, Dr. Ennis was employed at the Commodity Futures Trading Commission where she was a Deputy Director/Deputy CIO. Earlier in her federal career, she worked in the DOT Inspector General’s office as a Project Manager conducting information technology and cyber security audits. Prior to public service, Dr. Ennis had a 11-year career in as a Material Control Manager for various manufacturing industries.

Dr. Ennis holds a Ph.D. in information systems from Nova Southeastern University in Ft. Lauderdale, Florida, MA in information and resources management from Webster University, and undergraduate degrees in psychology and law enforcement/criminal justice. She is a graduate of two master’s level programs at the National Defense University, the Federal CIO and eGovernment Leadership.



AS ASSISTANT INSPECTOR GENERAL FOR AVIATION AUDITS, MR. HAMPTON is responsible for managing DOT OIG reviews of a wide range of Federal Aviation Administration (FAA) programs, including the Next Generation Air Transportation System, air traffic control operations, and key aviation safety workforces.

Mr. Hampton has been with DOT OIG since 1998 and has over 25 years experience in auditing and evaluating aviation programs. His Federal service includes experience with the U.S. General Accountability Office and the House Aviation Subcommittee. He has led reviews of aviation security, aging aircraft, runway safety, financing FAA, and cutting-edge air traffic control technologies. Mr. Hampton has also testified before Congress on FAA-related programs. Before joining the Federal government, Mr. Hampton worked for Senator John Glenn and the Government Research Corporation.

Mr. Hampton is a graduate of American University, where he earned a B.S. in Political Science in 1984. He earned an M.S. in Comparative Economic Development from American University in 1986. He also completed additional graduate course work at Johns Hopkins University, George Washington University, and the Naval War College.



AS ASSISTANT INSPECTOR GENERAL FOR FINANCIAL AND INFORMATION TECHNOLOGY AUDITS, MR. KING is responsible for providing executive level leadership and direction to OIG audits of the Department's information technology (IT) and security, financial statements and management, as well as oversight of single audits that relate to the Department's programs.

Louis King came to DOT OIG as an IT Program Director. In that capacity, Mr. King directed audits of DOT's information security program and practices, as required by the Federal Information Security Management Act of 2002, and of specific Department information systems and functions. He assumed this position in April 2008, after a decade at the Department of Treasury OIG.

Mr. King previously served at Treasury OIG in July 1998 as Senior Auditor and Contracting Officer's Representative for financial audits and was promoted to Director of Financial Audits. In that role, Mr. King was responsible for directing multiple financial statement audits of Treasury's components. In 2003, Mr. King became the Treasury OIG's Director of IT Audits.

Prior to his stint at the Treasury OIG, Mr. King spent nearly a decade at the Government Accountability Office overseeing, managing and conducting financial statement and management audits. His auditees included Capitol Hill entities, Department of Defense, and several government corporations, such as the Export-Import Bank.

Mr. King is a graduate of the University of Puerto Rico in San Juan, Puerto Rico, where he earned a BBA in Accounting and in Computerized Information Systems. Mr. King is a Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA), Certified Management Accountant (CMA), Certified in Financial Management (CFM), and a Certified Government Financial Manager (CGFM).



AS ASSISTANT INSPECTOR GENERAL FOR ACQUISITION AND PROCUREMENT AUDITS, MS. LANGAN-FEIRSON oversees DOT OIG auditing efforts related to Departmental acquisition activities on Federal contracts as well as financial assistance or grant recipient contract award and oversight activities. The topics covered by the audit group she leads covers all operating administrations within DOT and frequently involves the provision of acquisition expertise to other audit groups as part of their performance reviews.

Ms. Langan-Feirson joined the DOT OIG in March 2011, bringing with her over 30 years of acquisition experience with DOT programs and projects. She previously served as a senior attorney in DOT's Office of the General Counsel where she reviewed and provided legal advice on contracts and served as a legal advisor on major system acquisitions and DOT acquisition oversight matters. She managed the legal work on the DOT Headquarter's Project involving lease, construction, and contract management matters and provided advice on the FAA's AAS Cost and Schedule Task Force, Secretary's Safety Review Task Force, as well as served as the legal advisor to the DOT's Investment Review Board for several years. She is the recipient of the Secretary's Silver Award for Meritorious Achievement on Departmental Procurement Programs and several other Secretarial and General Counsel Awards for advice on major system acquisitions and procurements throughout the Department.

Ms. Langan-Feirson received a B.A., with honors, in Political Science from the University of Arizona in 1977, and received a J.D., cum laude, from the University of Maryland in 1980. She is an active member of the DC Bar and also holds a Master's Certificate in Government Contract Management from the George Washington School of Business.



AS ASSISTANT INSPECTOR GENERAL FOR SURFACE TRANSPORTATION AUDITS, MR. DEWESSE

oversees audits, evaluations, and economic analysis of highway, transit, rail, maritime, pipeline and hazardous materials programs and projects as well as transportation financing issues. Mr. DeWeese joined the DOT OIG in July 2009 and previously served as a Program Director in OIG’s San Francisco field office where he led diverse and high-profile audits of the Federal Aviation Administration’s (FAA) oversight of air traffic modernization infrastructure investments. Notably, his teams scrutinized FAA’s progress and challenges in safeguarding the multi-billion dollar investment in the Next Generation Air Transportation System (NextGen);

more recently, he had also assumed the additional responsibility for reviewing FAA’s oversight of airports. His team’s work has been showcased in multiple IG testimonies, and recommendations from their audits have shaped legislation and policy. In 2014, the Council of the Inspectors General on Integrity and Efficiency recognized these contributions with an “Award of Excellence.” In addition to his focus on program accountability, he continues to be a leader through significant mentoring and staff development activities.

Prior to OIG, Mr. DeWeese managed high-profile, multi-location audits with the Government Accountability Office (GAO) in Atlanta, Europe (Frankfurt, Germany), and Washington, DC. Of particular note is his work in GAO’s European Office for 4 years where he led reviews of a wide range of complex international trade and finance and defense budget issues. As a leader on GAO’s Acquisition & Sourcing Management (ASM) team in DC he oversaw audits of procurement-related issues that cut across the government including reviews of how Federal agencies share and use past performance information in awarding contracts. In addition to his 12 years with GAO, he spent another 10 years as a senior management and program analyst with the U.S. Army Headquarters in Heidelberg, Germany where he focused largely on civilian and military personnel management.

Mr. DeWeese graduated from Western Kentucky University with a Bachelor’s Degree in Government and Economics in 1983 followed by an MBA in 1986 with an emphasis in management.



AS ASSISTANT INSPECTOR GENERAL FOR AUDIT OPERATIONS AND SPECIAL REVIEWS, MR. WARD is responsible for the range of work impacting DOT OIG audit production, policies, processes, and practices, as well as also conduct reviews using OIG and outside technical experts, and selected assessments that are organizationally and programmatic cross-cutting in nature.

Mr. Ward has over 35 years of combined Federal service with the DOT OIG, the Government Accountability Office (GAO), and the United States Navy. With DOT OIG, Mr. Ward has served in Washington, DC, headquarters, as well as in OIG's Seattle Regional Office, since 2002. Prior to joining OIG, Mr. Ward spent 15 years with GAO in Washington, D.C. During his GAO and OIG career, he led dozens of performance audits of federally funded acquisition and grant programs to identify ways to improve the economy, efficiency, and effectiveness of program management, and made numerous recommendations for improving program outcomes. The work of Mr. Ward's teams has resulted in hundreds of millions of dollars in funds put to better use in DOD, DOT, and FAA programs. Since his appointment to the Senior Executive Service in 2015, Mr. Ward also served as the Assistant Inspector General for Aviation Audits where he oversaw OIG aviation reviews with an emphasis on airport grant funding, FAA acquisition and procurement, aviation safety and program management.

Mr. Ward has Bachelor's and Master's degrees in Government and Politics from the University of Maryland at College Park, which he attended after service in the U.S. Navy.

Key Considerations

DOT's Top Management Challenges for FY2017

OIG neither issues regulations nor sets departmental policy. OIG's role is to provide facts for the decision-makers in the Department and Congress. One of OIG's key deliverables is our statutorily required annual report on the DOT's top management challenges which provides a forward-looking assessment for the coming fiscal year to aid DOT's operating administrations in focusing attention on the most serious management and performance issues facing the Department. OIG plans to issue its FY2017 TMC on November 15, 2016, and the topics covered will include:

- Maintaining Transportation Safety While Keeping Pace With Rapidly Evolving Technologies
- Bolstering Vehicle and Surface Transportation Safety
- Strengthening Cybersecurity Strategies To Address Increasing Threats
- Strengthening Controls To Detect and Prevent Fraud, Waste, and Abuse
- Enhancing the Capacity, Efficiency, and Resiliency of the National Airspace System
- Increasing Oversight of Critical Transportation Infrastructure
- Enhancing Oversight of Acquisition and Financial Management
- Managing Existing and New Mandates and Requirements

Semiannual Reports to Congress

By April 30 and October 31 of each year, OIG must prepare a Semiannual Report to Congress summarizing OIG activities for the preceding 6-month period. The report must describe pending and completed audits, note the status of open audit recommendations, include statistical tables on the results of OIG work, and provide summary data on investigations.

Recommendation Dashboard

By November 30, 2016, OIG plans to deploy a new audit Recommendation Dashboard feature on our public Web site. Our objective is to publish near real-time information regarding the status of OIG recommendations at www.oig.dot.gov. For each audit report, the public will be able to see a list of each audit recommendation, the status of individual recommendations (open or closed) and the dollar value of any financial recommendations.

We are undertaking this initiative to enhance the transparency and accountability of OIG information by making it more timely and accessible to the public. Making progress toward closing open audit recommendations is an important part of fulfilling both DOT and OIG's missions and making that process more publicly transparent through the Recommendation Dashboard will enhance those efforts.

Budget and Performance

- The Office of Inspector General (OIG) operates as an independent organization within the Department of Transportation (the Department) under the authority of The Inspector General Act of 1978, as amended. Our audits and investigations provide independent and objective reviews and aim to detect and prevent fraud, waste, and abuse throughout the Department. Our work continues to reflect our commitment to fully inform Congress, the Department, and the public of pressing transportation concerns and to aggressively pursue individuals intent on putting the public at risk.
- OIG audit recommendations lead to substantial financial and program improvements, including those that enhance safety. In addition, OIG investigations enhance safety by thwarting criminal activities that put lives at risk, and protect taxpayer investments through fines, restitutions, and recoveries.
- OIG has consistently demonstrated a commitment to achieving a significant return on investment (ROI¹). For every dollar appropriated to OIG in FY 2016, \$54 was returned—a cumulative result of the following body of completed work: 118 audit reports containing 341 recommendations, and investigations resulting in 93 indictments and 71 convictions. This work led to five Congressional testimonies in FY 2016; produced more than \$4.7 billion in financial recommendations, including fines, restitutions, and recoveries. Over the most recent five fiscal years, from FY 2012 through FY 2016, OIG achieved an average ROI of \$35 for every appropriated dollar.

FUNDING LEVELS

(\$ in millions)

| | FY 2015 Actual | FY 2016 Enacted | FY 2017 Current Services | FY 2018 Current Services |
|---|-------------------|--------------------|--------------------------------|--------------------------------|
| Salaries & Expenses | \$86 | \$87 | \$90 | \$92 |
| Disaster Relief Appropriations Act (DRAA) | 0 | 0 | 0 | 0 |
| Actual FTEs (Direct, Transfers, and Reimbursables) | 408 | 407 | 410 | 410 |
| Actual FTEs (DRAA) | 3 | 6 | 6 | 6 |
| Total FTEs | 411 | 413 | 416 | 416 |

¹ ROI considers the cost for OIG to do business compared to the revenue and other savings generated through OIG oversight work. These results are comprised of court-ordered fines, restitutions, recoveries of improper payments, recommended cost savings and recommendations for funds put to better use.

Key Statutes and Requirements

- The Inspector General Act of 1978 (and related amendments).
- Annual Transportation, Housing and Urban Development, and Related Agencies (THUD) Appropriations bill.
- Operating Administration reauthorization bills: FAA (FAA Extension, Safety, and Security Act of 2016); FHWA, FRA, FTA, FMCSA, NHTSA, (FAST Act); MARAD (National Defense Authorization Act); PHMSA (PIPES Act).
- In addition to the annual THUD appropriations bill and Operating Administrations' reauthorization bills which contain mandates and directives typically for OIG audits, public laws such as the Disaster Recovery Appropriations Act (following Hurricane Sandy), the National Defense Authorization Act, and those Acts related to improper payments, acquisitions, contracting, data analytics, fraud reduction, ethics, and grant award oversight impact OIG's oversight role.
- The following bills also play a significant role in our operations:

| LEGAL AUTHORITY | SUMMARY | OIG'S ROLE |
|--|---|---|
| <p>The Inspector General Act of 1978</p> <p>5 USC app. 3</p> | <p>DOT OIG was created with this act. Its mission is to be an independent and objective organization to review DOT activities through audits and investigations to detect and prevent fraud, waste, abuse, and mismanagement in program operations.</p> | <p>DOT OIG:</p> <ul style="list-style-type: none"> Conducts audits of DOT modes Conducts investigations Has access to all DOT info Requests assistance from fed, state, local government agencies Reviews existing and proposed legislation that affects OIGs Keeps DOT Secretary and Congress fully and currently informed of OIG operations and findings Provides Congress with semiannual report Establishes and maintains website on which public can request info on audits Receives and responds to complaints from agency employees |

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| <p>2008 Amendment (IG Reform Act of 2008)</p> <p>5 USC app. 3</p> | <p>Created the Council of Inspectors General on Integrity and Efficiency.</p> | <p>DOT OIG must:</p> <p>Have separate legal division from DOT</p> <p>Help CIGIE formulate OIG-wide professional standards for quality</p> <p>Help CIGIE’s Integrity Committee to receive, review and refer for investigation where appropriate allegations of administrative misconduct or wrongdoing against inspectors general and senior staff members.</p> <p>Coordinate with other OIGs re investigations</p> |
| <p>Single Audit Act</p> <p>31 USC 7501 et seq.</p> | <p>This Act requires all non-fed entities that expend federal awards in excess of \$750k to be audited.</p> | <p>DOT OIG must:</p> <p>Conduct reviews of single audits where appropriate</p> |
| <p>Homeland Security Act of 2002</p> <p>6 USC 101</p> | <p>Gave OIGs law enforcement authority including carrying firearms, making arrests, and executing warrants.</p> | <p>DOT OIG must:</p> <p>provide relevant training</p> |
| <p>Whistleblower Protection Act</p> <p>5 USC 1201</p> | <p>Protects rights of and prevents reprisals against federal employees who disclose government fraud, waste, or abuse.</p> | <p>DOT OIG must:</p> <p>have a Whistleblower Ombudsman</p> |
| <p>Trade Secrets Act</p> <p>18 USC 1905</p> | <p>Prohibits OIGs from disclosing confidential proprietary data obtained during course of work unless disclosure authorized by law.</p> | <p>DOT OIG must:</p> <p>protect confidential proprietary data obtained during audits/investigations</p> |
| <p>Government Performance and Results Modernization Act of 2010</p> <p>5 USC 306; 31 USC 1101, 1105, 1115, 1116-1119, 9703, 9704; 39 USC 2801-2805</p> | <p>Requires each agency to develop a 5 year strategic plan and prepare annual performance plans and reports.</p> | <p>DOT OIG must:</p> <p>submit performance plan annually to Congress</p> <p>include strategic measurable goals and objectives to be accomplished within specific time period</p> |

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| Attorney General Guidelines for Offices of Inspector General with Statutory Law enforcement | Establishes guidelines for cooperation between DOJ and OIGs. | DOT OIG must: coordinate with DOJ in criminal and civil investigations |
| Anti-deficiency Act 31 USC 1341 | Forbids agencies from using appropriated money for unauthorized purposes or timeframes. | DOT OIG must: audit and investigate unauthorized uses of appropriated funds |
| Attorney General Memorandum for Heads of Executive Departments and Agencies Re: The Freedom of Information Act 2009 | Creates a new “presumption of openness” for FOIA requests. DOJ will defend denial only if denying agency reasonably foresees harm from disclosure or the disclosure is prohibited by law. | DOT OIG must: make sure FOIA requests are responded to appropriately |
| Federal Information Security Management Act of 2002 / Federal Information Security Modernization Act of 2014 | Requires agencies to develop, implement, and document department-wide information security programs. | DOT OIG must: Annually audit the effectiveness of DOT’s information security program and practices |
| Chief Financial Officers Act of 1990 | Created a leadership structure, mandated long-range planning, required audited financial statements, and enhanced accountability reporting. | DOT OIG must: Ensure an annual audit of DOT’s financial statements |



DOT Top Management Challenges

OIG neither issues regulations nor sets departmental policy. OIG's role is to provide facts for the decision-makers in the Department and Congress. One of OIG's key deliverables is our statutorily required annual report on the DOT's top management challenges which provides a forward-looking assessment for the coming fiscal year to aid DOT's agencies in focusing attention on the most serious management and performance issues facing the Department. OIG plans to issue its FY2017 TMC on November 15, 2016, and the topics covered will include:

- Maintaining Transportation Safety While Keeping Pace With Rapidly Evolving Technologies
- Bolstering Vehicle and Surface Transportation Safety
- Strengthening Cybersecurity Strategies To Address Increasing Threats
- Strengthening Controls To Detect and Prevent Fraud, Waste, and Abuse
- Enhancing the Capacity, Efficiency, and Resiliency of the National Airspace System
- Increasing Oversight of Critical Transportation Infrastructure
- Enhancing Oversight of Acquisition and Financial Management
- Managing Existing and New Mandates and Requirements



What We Do and How We Operate

Investigative Process

Allegations Received Allegations of fraud, waste, abuse, and other irregularities concerning DOT programs and operations are received from various sources, including:

- *DOT/OIG Hotline Complaints* via website, phone, email, fax, and walk-ins.
- *Referrals from Government Entities*, including other law enforcement agencies, Congress, U.S. Office of Special Counsel, the Government Accountability Office, and DOT officials.
- *Self-Initiated*, based on internal OIG audit referrals, investigative analyses, and other compelling sources.
- *Qui Tam*² lawsuits referred for investigation by the Department of Justice.

Assessment Allegations are preliminarily reviewed to determine if OIG investigative attention is warranted.

- Is the matter within OIG or DOT jurisdiction?
- Is the allegation credible (for example, reasonably detailed); if so, what is the best way to address it?
 - Through OIG criminal, civil or administrative investigation.
 - Referral to an Operating Administration (OA) or other Government agency.

Investigative Activity Investigations are conducted through a variety of activities, including record reviews and document analysis; witness and subject interviews; IG and grand jury subpoenas; search warrants; special techniques, such as consensual monitoring and undercover operations; and coordination with other law enforcement agencies, such as the FBI, as appropriate.

Outputs Upon completing an investigation, reports and other documents may be written for use by senior decision makers and other stakeholders, including Congress, DOT management, and the public.

- Results of OIG's administrative investigations, such as employee and program integrity cases, are transmitted to OA officials, along with recommendations for action.
- OIG's criminal cases are prosecuted through U.S. Attorney Offices nationwide, as well as U.S. Department of Justice prosecutorial elements in Washington, DC. Criminal cases can also be prosecuted by the state and other local jurisdictions.
- OIG performs "Quality Control" on the results of those investigations conducted by OAs based on our referrals to ensure allegations are sufficiently addressed.
- Matters are referred to OAs for suspension or debarment.

² Lawsuits filed by private citizens on behalf of the government alleging the submission of false claims for payment.

Investigative Priorities

Our top investigative priorities involve crimes with a public safety impact, fraud schemes that significantly impact DOT funds, consumer and workforce fraud, and employee integrity violations.

Transportation Safety Investigations The goal of our investigative operations is to enhance DOT's transportation safety goals by investigating crimes where death or serious bodily injury has or is likely to occur. The types of investigations typically involve parties that egregiously violate DOT's safety regulations and statutes. Our investigations—and resultant prosecutions—are separate from but complement the regulatory enforcement programs of DOT's Operating Administrations. The availability of criminal sanctions sends a message to violators who consider regulatory/civil penalties as a cost of doing business. In this priority are 3 sub-areas:

- *Aviation safety investigations* typically involve counterfeit or substandard aircraft parts, falsified aircraft and aircraft parts maintenance records, and false certifications involving pilot and mechanic licensing and maintenance records.
- *Motor carrier safety investigations* include falsified drivers' hours-of-service logs, fraudulently or corruptly obtained commercial drivers licenses, falsified truck or bus maintenance records, and fraud in testing commercial drivers for drug and alcohol abuse.
- *Hazardous materials investigations* concern the illegal and undeclared shipment of hazmat in all modes of transportation.

Procurement and Grant Fraud Investigations The goal of this program is to protect the loss of Federal transportation dollars by investigating fraud by grantees, grant recipients, and DOT contractors. In addition, this program helps ensure a level economic playing field for American workers and disadvantaged business enterprises in the distribution of Federal transportation funds. The types of frauds typically seen in DOT procurements and grants include allegations of bribery and corruption, bid rigging, false claims, labor and materials over-charging, disadvantaged business enterprise fraud, and product substitution. The Office of Investigations also has a proactive fraud awareness and education outreach program with stakeholders at all levels of Government.

Consumer and Workforce Fraud Investigations The goal of this program is to protect American consumers and workers from fraud in connection with Federal Motor Carrier Safety Administration economic regulatory programs, such as household goods and motor carrier broker fraud schemes.

Employee Integrity Investigations The goal of this program is to promote program integrity by investigating serious employee misconduct. These types of investigations address a wide range of violations involving DOT employees, such as time and attendance fraud, travel voucher fraud, misuse of Government property or funds, conflicts of interest, ethics violations, and other prohibited personnel actions.

Law Enforcement Authority

OIG special agents have Federal law enforcement authority to conduct criminal investigations—including the authority to make arrests, obtain and execute search warrants, and carry firearms. The only organization in DOT authorized to employ criminal investigators or perform criminal investigative functions,³ DOT OIG exercises its law enforcement authority in accordance with U.S. Department of Justice (DOJ) requirements and guidelines:

- **Training.** All OIG special agents are subject to rigorous law enforcement training required for most other Federal law enforcement agencies, including the U.S. Marshals Service, Homeland Security Investigations, and other OIGs.
- **Use of Force Policy.** OIG’s policy on use of force mirrors the Federal Bureau of Investigation’s (FBI) and DOJ’s policies on use of deadly force. Our policy addresses all types of use of force situations that may arise during our investigations. All DOT OIG special agents are trained quarterly on use of force.
- **External Peer Reviews.** OIG’s investigative function is subject to external peer reviews at least once every 3 years to ensure adequate internal safeguards and management procedures.

Audit Process

The Office of Auditing and Evaluation includes auditors, analysts, information technology experts, economists, statisticians, engineers, writers, and other specialists at DOT’s Washington, DC, headquarters and eight field offices around the country.

Audits have four basic phases:

1. **Survey:** The audit team proposes audit objectives, scope, and methodology and estimates milestones.
2. **Verification:** The audit team gathers and analyzes evidence and develops findings and recommendations based on its analysis.
3. **Report Development:** A draft report on our findings and recommendations is written and reviewed by internal stakeholders and sent to the audited agency for review and comment.
4. **Report Issuance:** The final report is issued to the audited agency, OST, OMB, and congressional committees and staff.

Audits prompted by:

- Laws, such as Appropriation Acts, Authorization Acts, and the Chief Financial Officers Act
- Requests from Congress, senior Department officials, and other officials
- Referrals from OIG’s Office of Investigations
- Self-initiation

³ With the exception of NHTSA’s odometer fraud program.

Audits performed by or on behalf of OIG include:

- Performance audits reviewing the efficiency and effectiveness of DOT programs, including audits of regulated entities.
- Financial audits including financial statement audits and attestation engagements.

Communication during the audit process: We maintain an open line of communication with the Department and requestors throughout the audit process.

- *At the start of an audit*, OIG formally notifies the OA at the start of an audit through an Announcement Letter, which lists the elements within DOT to be audited, the audit objectives, the expected start date, and the OIG Audit Team Program Director and Project Manager. Announcement Letters are posted on OIG's Web site for the public.
- *At the conclusion of field work*, the audit team conducts an exit conference with the OA to discuss the audit results.
- *The draft report* is typically given to the OA for formal written comments. Agency comments are included as an Appendix to the final report. All final reports must have some indication that the audited agency had opportunity to comment either in writing or orally before the final is issued.
- *Final reports are posted* on OIG's Web site for the public, typically 2 days after issuing and distributing advance copies of a final report. Note: As required by Congress, reports requested by the House and Senate Appropriations Committees are subject to a 15-day hold before being publicly released.

Audit standards: Audits comply with generally accepted Government auditing standards (GAGAS) put forth in GAO's *Government Auditing Standards*, commonly referred to as the "Yellow Book." These are the standards and guidance used by Government auditors to ensure integrity and objectivity:

- Independence
- Professional judgment
- Competence
- Quality control and assurance
- Standards established by the American Institute of CPAs (for financial and attestation audits)
- Planning
- Supervision
- Obtaining sufficient, appropriate evidence
- Audit documentation
- Reporting

Process for Distributing Reports and Work Products

- Once an audit report has been issued in draft, it is provided to the audited agency for review and comment.
- Within approximately 30 days prior to issuing a final report, OIG provides advance notice and summarizes the objectives of the audit in OIG’s weekly report to the Secretary.
- Once agency comments have been received and any changes have been made to the report, the final report is distributed to (1) the DOT addressee and senior OST/OA officials;⁴ (2) congressional staff on committees of jurisdiction; and (3) OMB transportation policy staff.
- Depending on the origin of the report (whether it was requested by the Department, congressional committees, individual members of Congress, or self-initiated by OIG), OIG generally waits until the 2nd business day after issuing and distributing advance copies of a final report or management advisory before making it publicly available on our Web site or providing copies to requesting members of the public or the media. (See the following *Public Release Schedule for OIG Reports* timetable.)
- OIG is further directed in the committee reports accompanying annual appropriations to withhold from public distribution for a period of 15 days any report requested by the Appropriations Committees.
- Note, however, that if a report is made public by those outside OIG during these interim “hold” periods, our policy is to make the report available to the public on our website at that time.
- OIG does not solicit media attention for its reports, nor do we release “embargoed” copies or summaries of reports to the media in advance of their public release. We rely on our web site and social media tools to notify media and the public when an item has been made public.

PUBLIC RELEASE SCHEDULE FOR OIG REPORTS AND WORK PRODUCTS

| Report | Public Release Date | DOT Comment |
|---|---------------------------|-------------|
| OIG Semiannual Report | By November 30 and May 31 | X |
| DOT Top Management Challenges Report | By November 15 | X |
| Final Audit Reports | | |

⁴ To maintain the accuracy of our email-distribution lists for final reports, please send any names and email addresses of newly hired senior appointees and staff that should receive these advance notifications to nathan.richmond@oig.dot.gov.

| | | |
|---|--|---|
| Requested/Mandated by Appropriations Committees | 15 days after issuance and delivery to DOT and Appropriations Committees | X |
| Requested/Mandated by Non-Appropriations Congressional Offices | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | X |
| Requested by OST/OAs | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | X |
| Self-Initiated | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | X |
| Management Advisories⁵ | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | |
| Controlled Correspondence⁶ | Generally on the 2 nd business day after issuance and delivery to the recipient | |
| Audit Announcements | Upon issuance and delivery to DOT | |
| Investigative Summaries | When information regarding an investigation is deemed to be public by the prosecuting official | |
| Reports of Investigation | Subject to FOIA review process | |
| Testimony Statements | Upon commencement of a congressional hearing | |
| OIG Monthly Activity Report⁷ | Within 7 days of the beginning of each month | |

⁵ OIG will periodically issue advisories to alert DOT officials of significant issues that emerge during an audit and warrant immediate attention.

⁶ Controlled Correspondence includes official Congressional, DOT and interagency correspondence and may include non-audit reviews containing no audit recommendations.

⁷ OIG's Monthly Activity Report is a compilation of summaries and links to OIG's public web site regarding newly announced audits, final audit reports, testimony statements, investigations, correspondence, and ARRA monthly financial and activity reports released during the preceding month. These reports are distributed electronically to staff at Congressional committees, OMB, GAO, and NTSB.



OIG's Relationship with DOT

In addition to supporting Congress in its oversight role, the Office of Inspector General (OIG) provides the Secretary and Modal Administrators of the Department of Transportation (DOT) with a unique perspective into the Department's operations. This document provides a snapshot of the OIG, including its authority and obligations as well as its core operational elements. For more information, please visit www.oig.dot.gov/presidential-transition.

The Role of Inspectors General

In accordance with the Inspector General Act of 1978, as amended (the IG Act), 73 federal agencies have an Inspector General (IG). Approximately half are appointed by the President subject to Senate confirmation – as is the case for the DOT IG – while the remainder are appointed by the agency head, governing board or commission.

According to the IG Act, the role of an IG is to prevent and detect waste, fraud, and abuse relating to each agency's programs and operations, and to promote economy, efficiency, and effectiveness in the agency's programs and operations.

IGs are nonpartisan and are selected without regard to political affiliation. Unlike other political appointees, IGs typically remain in office when Presidential Administrations change. IGs have a dual reporting requirement—to their agency heads and to Congress. IGs are required by the IG Act to keep both fully and currently informed about problems and deficiencies in their agencies' programs and operations, as well as the necessity for and progress of corrective action. In addition, the IG is required to present all allegations that appear to be criminal in nature to the Attorney General for prosecutorial consideration.

Although IGs are located within agencies, they conduct their audits, investigations, and special reviews while scrupulously maintaining independence. For example, agency heads may not prevent the IGs from initiating, carrying out, or completing any audit, or investigation, except in limited circumstances. IGs must maintain their independence, in both reality and in appearance, to provide credible oversight. In addition, the IG meets regularly with senior DOT executives to foster effective communications. According to the IG Act, IGs must have direct and prompt access to agency heads.

OIG Access Authority

Under the IG Act, IGs have broad statutory authority, including access to all agency records, information and employees. IGs also have the authority to subpoena relevant documents and information from non-federal organizations and individuals. Access is a bedrock principle upon which OIG is able to build our independent and objective reviews. To that end, the Secretary has taken the further step of issuing a department-wide [cooperation memo](#) instructing all employees as to their responsibilities with respect to OIG inquiries. OIG encourages DOT's new leadership to recognize the relationship and consider issuing a new memo.

Interactions Between OIG and DOT

The Inspector General

The IG participates in the Secretary's weekly Executive Management Team meetings generally attended by each Operating Administrator and the Department's senior political appointees (e.g. Undersecretary for Policy, General Counsel, Chief of Staff, and the Assistant Secretaries).

As a means to fulfill the obligation to keep the Secretary fully and currently informed, the Inspector General also meets biweekly with the Secretary or the Deputy Secretary to provide a snapshot of impending OIG efforts such as the release of final audit reports which are often of particular interest to Congress and the press.

OIG also provides a weekly report to the Secretary which highlights the following: significant schedule information for the IG and the Deputy IG including congressional testimonies, speeches, or other public appearances; upcoming audit reports and other significant activities; and updates on recent matters such as summaries of investigations that have seen some public disclosure such as an indictment, conviction, or sentencing.

To assist in fulfilling OIG's dual reporting mandate, in advance of making our reports publicly available on our website, OIG provides embargoed email copies of our audit reports to senior DOT and congressional officials.

Office of Audit and Evaluations

The OIG's Office of Auditing and Evaluation conducts audits and other reviews of DOT's transportation programs and activities to ensure they operate economically, efficiently, and effectively. In accordance with the IG Act, and to maintain our independence and objectivity, the OIG does not issue regulations, engage in making policy decisions for the Department or assist in operating DOT programs. OIG conducts audit work based on a variety of factors, including Congressional interest (as mandated by law, or directed by Congressional request), Secretarial or Operating Administrator request, or self-initiation based on our own ongoing research and assessments of DOT's major challenges. To prevent duplication of effort to the extent possible on audits, OIG and the Government Accountability Office coordinate regularly.

DOT sets out its internal operations in various Orders and Policies, including interactions pertaining to OIG audits (DOT Order 8000.1 and 8000.6). During audit work, audit team managers communicate directly with DOT and Operating Administration (OA) officials, including executives, program officials and audit liaisons. This communication can occur both formally (e.g. in the form of comments to draft OIG audit reports) and informally (e.g. ongoing conversations among staff).

Save for rare instances in which a product is designated "Security Sensitive Information" or "For Official Use Only," OIG makes its audit reports and correspondence public via our Web site (www.oig.dot.gov).

Office of Investigations

This office is comprised of criminal and general investigators that are responsible for conducting criminal, civil, and administrative investigations affecting DOT, its operating administrations,

programs, and grantees (grant funds). The investigations office is responsible for transportation safety, procurement and grant fraud, DOT employee integrity and consumer and workforce fraud investigations.

The DOT and the Operating Administrations have an obligation to report all potential criminal matters to OIG. DOT sets out its internal operations in various Orders and Policies, including interactions pertaining to OIG investigations (DOT Order 8000.8). Unlike with audit reports, OIG does not regularly update DOT or the OAs about ongoing investigations. Summaries of investigations are made public via our Web site typically when a subject is indicted for committing a crime, a plea or verdict is rendered in a case, and/or when the subject is sentenced for a crime.

Recurring Congressional Requests for Information

Congress regularly asks OIG for updates and/or publicly available information on topics including the status of audit recommendations; investigations into senior level DOT employees and officials (GS-15 or the equivalent and above) where misconduct was found but no prosecution resulted; instances of whistleblower retaliation and consequences by an Agency; attempts to interfere with OIG's independence, including restricting communications with Congress and budgetary constraints designed to limit OIG capabilities; DOT restricting or significantly delaying OIG access to information and DOT employees; and a description of all closed audits and investigations that were not disclosed to the public.



Recent and Ongoing Work

Recent Investigations of Note

PG&E Convicted of Obstruction and Multiple Violations of the Natural Gas Pipeline Safety Act

On August 9, 2016, a Federal jury in U.S. District Court, San Francisco, California, found Pacific Gas and Electric Company (PG&E) guilty of multiple willful violations of the Natural Gas Pipeline Safety Act of 1968 (PSA) and obstructing an agency proceeding. PG&E is California's largest utility.

OIG had initiated an investigation after the 2010 explosion of a natural gas pipeline in San Bruno, CA, that killed 8 people. The PSA charges related to PG&E's record-keeping and pipeline "integrity management" practices; the obstruction charge was added later after it was discovered that PG&E had attempted to mislead the National Transportation Safety Board (NTSB) during its investigation.

The evidence presented at trial demonstrated that PG&E willfully failed to address record-keeping deficiencies concerning its larger natural gas pipelines, knowing that their records were inaccurate or incomplete. The evidence further demonstrated that PG&E willfully failed to identify threats to its larger natural gas pipelines and to take appropriate actions to investigate the seriousness of threats to pipelines when they were identified. In addition, PG&E willfully failed to adequately prioritize as high risk and properly assess threatened pipelines after they were over-pressurized, as required by the PSA and its regulations. In finding PG&E guilty, the jury concluded the company knowingly and willfully violated the PSA and its regulations between 2007 and 2010.

The charge of obstructing an agency proceeding was included in a superseding indictment filed on July 29, 2014. The charge centers around PG&E's use of a letter in an attempt to mislead the NTSB, which began its investigation immediately after the deadly San Bruno explosion. During the investigation, PG&E provided a version of a policy that outlined the way it had addressed manufacturing threats on its pipelines. Specifically, PG&E did not prioritize as high risk and properly assess many of its oldest natural gas pipelines, which ran through urban and residential areas. Although PG&E operated under the policy from 2009 through April 5, 2011, the company submitted a letter to the NTSB attempting to withdraw the document, stating that it was an unapproved draft that had been submitted in error. In finding PG&E guilty of obstructing an agency proceeding, the jury concluded the company intentionally and corruptly tried to influence, obstruct, or impede the NTSB investigation.

OIG conducted this investigation with the city of San Bruno Police Department, the San Mateo County District Attorney's Office, and the FBI.

North Carolina Paving Company and Six Officials Sentenced in DBE Fraud Scheme

On November 23, 2015, Boggs Paving Inc. (Boggs Paving), Carl "Drew" Boggs, Kevin Hicks, Greg Miller, Greg Tucker, and John Cuthbertson were sentenced in U.S. District Court, Charlotte, North Carolina, for their roles in a disadvantaged business enterprise (DBE) scheme involving over \$87 million in Federal and State-funded contracts. Arnold Mann was sentenced on November 10, 2015, for his role in the scheme.

The investigation revealed that Boggs Paving and the co-defendants used Styx Cuthbertson Trucking Company, Inc. ("Styx"), a road construction hauler and a certified DBE and small business enterprise, to help obtain government-funded construction contracts. Further, the co-defendants took steps to conceal their fraud, including running payments for the work performed through a nominee bank account in Styx's name and using magnetic decals bearing the "Styx" company logo to cover the "Boggs" logo on company trucks. Records indicate from June 2004 to July 2013, Boggs Paving was the prime contractor on 35 federally funded contracts, and was a subcontractor for two additional contracts, worth \$87.6 million. Boggs Paving claimed DBE credits of approximately \$3.7 million on these contracts for payments purportedly made to Styx. Styx only received payments of approximately \$378,000 for actual work on these contracts and the majority of the money was funneled back to Boggs Paving and its affiliates. John Cuthbertson, owner of Styx, received kickbacks for allowing his company's name and DBE status to be used by Boggs Paving. In 2014, all charges were dismissed against Styx.

Boggs Paving was sentenced to pay a \$500,000 fine. Drew Boggs, President of Boggs Paving, was sentenced to 30 months in prison and a \$15,000 fine. Kevin Hicks, CFO of Boggs Paving, was sentenced to 2 years of probation and a \$2,000 fine. Greg Miller, VP of Boggs Paving, was sentenced to 15 months in prison. Greg Tucker, VP of Boggs Paving, was sentenced to 2 years of probation and a \$1,000 fine. John Cuthbertson, President and owner of Styx, was sentenced to 3 months of home confinement followed by 21 months of probation and a \$2,000 fine. Arnold Mann, Project Manager of Boggs Paving, was sentenced to 2 years of probation and a \$7,500 fine.

OIG conducted this investigation with the FBI and the Internal Revenue Service-Criminal Investigation Division.

General Motors Agrees to Deferred Prosecution Agreement and a \$900 Million Forfeiture

On September 16, 2015, Detroit, Michigan based General Motors Company (GM), upon the approval of its Board of Directors, entered into a Deferred Prosecution Agreement (DPA) with the United States. GM agreed to forfeit \$900 million and consented to the filing of an Information, charging GM with engaging in a scheme to conceal a deadly safety defect (i.e. low-torque ignition switch) from the National Highway Traffic Safety Administration (NHTSA) and the commission of wire fraud. GM acknowledged multiple deaths occurred in crashes in which the safety defect contributed to airbag non-deployment.

Under the terms of the DPA, GM admits that, from the spring of 2012 to about February 2014, it failed to disclose to NHTSA and the public the potentially lethal safety defect that caused

airbag non-deployment in certain GM model cars and that GM misled consumers about the safety of cars afflicted by the defect. The forfeited \$900 million constitutes property derived from the proceeds of GM's conduct and wire fraud.

In consideration of GM's entry into the DPA, the United States Attorney's Office, Manhattan, New York, recommended to the Court a deferment of criminal prosecution for a period of three (3) years with the presumption that GM meets all of its DPA obligations.

Pursuant to the DPA, GM also agreed to retain an Independent Monitor, approved by the Deputy Attorney General, who is empowered to review and assess GM's policies and procedures concerning motor vehicle safety, recall practices, and defects in certified pre-owned vehicles.

OIG conducted this investigation with the Office of the Special Inspector General for the Troubled Asset Relief Program and the FBI.

Former FHWA Assistant Division Administrator in New Jersey Sentenced for Fraud Scheme Related to Research Grants

On September 2, 2015, Lawrence F. Cullari, Jr., the former Federal Highway Administration (FHWA), New Jersey Division, Assistant Division Administrator, was sentenced to 21 months incarceration, 3 years supervised release, and ordered to pay a \$20,000 fine resulting from an OIG investigation in U.S. District Court, Trenton, New Jersey.

While in his official capacity as FHWA Assistant Division Administrator, he influenced the allocation of FHWA funding and the direction of federal and state transportation programs in order to unjustly enrich himself.

Between May 2006 and June 2013, Cullari Jr., knowing that he was ineligible for FHWA-funded contracts used his former father-in-law's engineering company as a "straw" subcontractor to obtain FHWA-funded work. The funds were funneled to him via his (and his ex-wife's) consulting company, Dencore Consulting, LLC. The transportation-related work was contracted through Rutgers University's Center for Advanced Infrastructure and Transportation (CAIT) and the NJ Institute of Technology (NJIT). Based on Cullari Jr's contacts at Rutgers CAIT and NJIT, his former father-in-law's engineering company was awarded over \$150,000 in transportation related sub-contracts sponsored by FHWA. In reality, Cullari Jr. prepared the bids and work proposals on behalf of the engineering company and arranged for the work to be completed. After the company received payments from Rutgers or NJIT, it cut checks to Dencore Consulting, which, in turn, cut checks to Cullari Jr. On at least one occasion, Dencore Consulting issued a \$20,000 check to him after he created a false \$20,000 invoice for work purportedly rendered. As part of his guilty plea, Cullari Jr. consented to a forfeiture money judgment, the amount to be determined at the time of sentencing.

Cullari Jr. served as the Acting Division Administrator, the top position in the NJ Division, from August 2013 through October 2013. He resigned from federal service in July 2014.

Investigative Outcomes for FY 2016

Financial Impacts

| | |
|---------------------------------|---------------------|
| Fines (and Special Assessments) | \$9,733,913 |
| Restitution | \$9,332,149 |
| Recoveries | \$14,316,773 |
| Cost Avoided | \$0 |
| Forfeited | \$9,137,467 |
| TOTAL: | \$42,520,302 |

Investigative Activities

| | |
|----------------------------------|-----|
| Current Investigation | 488 |
| Investigations/Complaints Opened | 286 |
| Investigations Closed | 263 |

Judicial Referrals

| | |
|-----------------------------------|-----|
| Referred for Criminal Prosecution | 302 |
| Accepted for Criminal Prosecution | 181 |
| Declined for Criminal Prosecution | 221 |
| Referred for Civil Prosecution | 48 |
| Accepted for Civil Prosecution | 37 |
| Declined for Civil Prosecution | 25 |

Judicial and Administrative Actions

| | |
|--------------------------|-------|
| Indictments | 93 |
| Convictions | 72 |
| PreTrial Diversion | 8 |
| Years Incarceration | 56.1 |
| Years Supervised Release | 76.4 |
| Years Probation | 130.5 |
| Hours Community Service | 3660 |
| Business Debarment | 13 |
| Business Suspension | 23 |
| Individual Debarment | 26 |
| Individual Suspension | 57 |

Administrative Results

| | |
|---|------|
| Administrative – Cert/License/Permit Retested | 3569 |
| Administrative - Cert/License/Permit revoked/terminated | 16 |
| Administrative - Cert/License/Permit suspended | 1 |
| Administrative - Compliance Agreement | 17 |
| Administrative - Corrective action taken | 3 |
| Administrative - Decertification MBE/DBE | 2 |
| Administrative - Employee: Counseling | 3 |
| Administrative - Employee: Reassignment/transfer | 2 |
| Administrative - Employee: Removal | 1 |
| Administrative - Employee: Removal (Proposed) | 1 |

| | |
|--|-----|
| Administrative - Employee: Reprimand | 2 |
| Administrative - Employee: Resigned/retired during investigation | 2 |
| Administrative - Employee: Suspension | 4 |
| Administrative - Employee: Suspension (Proposed) | 1 |
| Administrative - Fed. Funding/participation suspended | 1 |
| Administrative - Fed. Funds Reduced | 3 |
| Administrative - No Suspension/Debarment Action Taken | 9 |
| Administrative - Not substantiated | 2 |
| Administrative – Regulation/Rule revised | 1 |
| Administrative - Substantiated - Enforcement Action Taken | 4 |
| Administrative - Substantiated - No Enforcement Action Taken | 1 |
| Administrative - Suspension/Debarment Referral | 112 |
| Administrative - Unfounded | 4 |

Hotline Contacts

| | |
|---------------|--------------|
| Email | 2,148 |
| Fax | 3 |
| Letters | 211 |
| Web | 23 |
| Telephone | 2,709 |
| Walk Ins | 0 |
| TOTAL: | 5,094 |

Ongoing And Recent Audits of Note

DOT Cyber Security Funding On November 10, 2015, OIG self-initiated an audit of the DOT Office of the Chief Information Officer (OCIO) oversight of cybersecurity appropriations. Recent cybersecurity attacks on Government information systems underscore the importance of maximizing all available funds to help secure these systems. Our audit objectives are to determine whether DOT (1) adequately planned for its cybersecurity funding needs and (2) expended cybersecurity funds in accordance with congressional direction.

Airline Cockpit Security On September 21, 2015, OIG initiated an audit of the Federal Aviation Administration’s (FAA) oversight of the safety of commercial airline flight decks. We are conducting this audit at the request of Senator Dianne Feinstein. Our audit objectives will be to assess the effectiveness of FAA’s actions to (1) identify vulnerabilities to flight deck security, and (2) mitigate identified flight deck vulnerabilities.

FAA Oversight and Approval Processes for Commercial UAS On August 20, 2015, OIG initiated an audit on the Federal Aviation Administration’s (FAA) approval and oversight process for civil Unmanned Aircraft Systems (UAS). Since September 2014, FAA has approved over 1,200 commercial UAS to operate by exempting them from certification requirements, under an authority granted by Congress. We are initiating this audit given the significant and complex challenges of safely integrating UAS into the National Airspace System and the increasing number of UAS operations. Accordingly, our objectives are to assess: (1) FAA’s process for exempting civil UAS from certification requirements, and (2) FAA’s safety oversight process for civil UAS operations.

DOT's Use of Other Transaction Agreements On June 26, 2015, OIG self-initiated an audit of DOT's use and management of Other Transaction Agreements (OTAs). Congress has granted several DOT Operating Administrations the authority to enter into OTAs to acquire research and development or other supplies and services from entities that may be unwilling to or unable to comply with Government procurement laws and regulations. However, unlike contracts, grants, and cooperative agreements, OTAs are not subject to Federal laws that govern acquisitions and traditional forms of financial assistance. The objective of this self-initiated audit is to evaluate DOT's use and management of OTAs.

FMCSA Investigative Practices for High Risk Carriers On May 5, 2015, initiated an audit of the Federal Motor Carrier Safety Administration's (FMCSA) investigative practices for high-risk motor carriers. This audit was requested by Senator Dick Durbin and included as a directive in the fiscal year 2015 appropriations legislation. The objective is to assess FMCSA's processes for ensuring that reviews of motor carriers flagged for investigation are timely and adequate.

Effects of the Tarmac Delay Rule on Flight Cancellations and Delays Issued: October 26, 2016 Following a series of high-profile instances of passengers held locked inside aircraft during lengthy tarmac delays, the U.S. Department of Transportation (DOT) developed the tarmac delay rule (TDR). Effective April 29, 2010, the rule renders airlines liable for fines of up to \$27,500 per passenger for incidents of domestic flights spending longer than 3 hours on the tarmac. The FAA Modernization and Reform Act of 2012 directed our office to assess the impact of DOT's rules on carriers' decisions to delay or cancel flights. To meet this mandate, the House Aviation Subcommittee of the Transportation and Infrastructure Committee and the Senate Committee on Commerce, Science, and Transportation requested that we focus specifically on the TDR. In addition, they requested that we review the analysis commissioned by the Office of the Secretary of Transportation (OST) on the subject.

We found that the TDR increased cancellation rates in the first 3 years following implementation (May 2010–April 2013). After that, the TDR did not increase cancellation rates, and cancellation rates behaved as if the TDR had never been imposed—at least through December 2014, which was the end of our period of analysis. We examined two types of flight delays—tarmac and gate delays—and found that the TDR was associated with a reduction in tarmac delays, but displayed no obvious association with changes in gate delays. Lastly, we found that the OST-commissioned analysis of TDR effects contained significant limitations that impact its reliability as a basis for making possible policy decisions. No recommendations were made in this report.

Insufficient Guidance, Oversight, and Coordination Hinder PHMSA's Full Implementation of Mandates and Recommendations Issued: October 14, 2016. The Pipeline and Hazardous Materials Safety Administration (PHMSA) develops and enforces regulations for safe operation of the Nation's 2.6 million mile pipeline transportation system and nearly 1 million daily hazmat shipments. The Agency also responds to congressional mandates and recommendations from the National Transportation Safety Board (NTSB), the Government Accountability Office (GAO), and the Department of Transportation Office of Inspector General (OIG) on the safe transport of these materials, and addresses safety issues raised by other Operating Administrations (OA) in DOT.

PHMSA has faced criticism from Congress for its lack of timeliness in implementing mandates and recommendations. The Ranking Member of the House Transportation and Infrastructure Committee requested that we conduct this audit of PHMSA's pipeline and hazmat safety programs. Our objectives were to assess PHMSA's (1) progress in addressing congressional mandates and recommendations from NTSB, GAO, and OIG issued or open since 2005; (2) process for implementing mandates and recommendations, including any impediments to Agency action; and (3) efforts to coordinate and address OAs' safety concerns. Since 2005, PHMSA implemented 173 of its 263 mandates and recommendations, but missed many deadlines. Twenty of 81 mandates, 60 of 118 recommendations from NTSB, and 10 of 64 recommendations from GAO and OIG remain open. The Agency has also missed about 75 percent of its mandated deadlines and 85 percent of the deadlines that DOT policy requires OAs to set for notices of proposed rulemaking and final rules.

PHMSA has also not established agency-wide processes for implementing mandates and recommendations, or provided guidance to its program offices—the Office on Pipeline Safety (OPS) and the Office on Hazardous Materials Safety (OHMS)—on implementing mandates and recommendations. Under the DOT Order on PHMSA's organization, the Administrator sets policies and establishes processes for the Agency and its program offices. However, the Agency has not established policies on rulemaking or implementing mandates and recommendations with guidance for the program offices, the Chief Counsel, and the Chief Safety Officer on fulfilling these responsibilities. Furthermore, PHMSA has not: always followed project management requirements for implementing mandates and recommendations that require rulemakings or those that call for non-rulemaking activities; or provided adequate oversight of program offices' efforts to implement mandates and recommendations. This lack of sufficient processes, project management, and oversight has impeded the Agency's ability to meet deadlines.

PHMSA has also not adequately coordinated on rulemaking and international standards development with three other OAs—the Federal Aviation Administration (FAA), the Federal Motor Carrier Safety Administration (FMCSA), and the Federal Railroad Administration (FRA)—involved with hazmat transportation as required by the DOT Order. The Agency has not established agreements regarding how it and other OAs will coordinate, or developed policy and guidance on how to respond to safety concerns from FAA, FMCSA, and FRA. As a result, disputes have arisen between PHMSA and the OAs that have delayed PHMSA's rulemakings. We made five recommendations, four of which PHMSA concurred with. The Agency proposed an alternative approach to one recommendation, for which we requested additional information.

DOT's Conference Spending Policies Reflect Federal Requirements, but Ineffective Controls Do Not Ensure Compliance Issued on September 8, 2016. In recent years the President and the Office of Management and Budget (OMB) have issued guidance, and the Congress has enacted legislation to promote efficient spending and curb conference-related costs in the Federal Government. We conducted an audit to determine whether the Department of Transportation (DOT) has implemented effective internal controls over conference-related activities and expenses to ensure compliance with these requirements.

DOT's policies on conference spending reflect Federal laws, regulations, and OMB guidance. However, DOT's guidance for tracking and reporting conference costs does not clearly define what constitutes a conference or conference-related activities, how to determine sponsorship, or how to ensure that event costs are accurately reported. As a result, DOT did not report all reportable conferences (i.e., those exceeding \$20,000 sponsored by an agency) for the period we reviewed, and DOT's total conference costs were understated. Further, when multiple Operating Administrations participate in the same conference, DOT does not compile Department-wide conference data and related costs, increasing the risk of violations of spending laws and regulations.

In addition, DOT has not established adequate procedures to ensure compliance with conference approval, spending, and reporting requirements. Operating Administrations did not comply with at least 1 of these requirements for 88 percent of the 60 conferences we sampled. Our sample also revealed questioned costs and funds that could have been put to better use. Finally, some Operating Administrations either have policies that do not align with DOT's conference policy or do not follow their own policies. These weaknesses diminish the strength and authority of DOT's internal controls for ensuring Operating Administrations comply with Federal laws, regulations, and OMB requirements. We made six recommendations to help DOT eliminate unnecessary spending on conferences and strengthen internal controls associated with conference reporting requirements. DOT concurred with our six recommendations and provided appropriate planned actions and completion dates. We consider all recommendations as resolved but open pending completion of the planned actions.

FHWA Does not Effectively Ensure States Account for Preliminary Engineering Costs and Reimburse Funds as Required Issued August 25, 2016. The Federal Highway Administration (FHWA) authorizes billions of dollars in Federal-aid funding to assist States in the design and related ground work—known as preliminary engineering (PE)—needed before a highway or bridge project advances to physical construction or acquires right-of-way. If a project does not acquire right-of-way or start construction within 10 years after the Federal funds expended on PE became available, Federal law requires States to repay the Highway Trust Fund the full amount of Federal-aid expended on PE. Given the billions of dollars in Federal funds spent on State highway and bridge PE projects, we assessed FHWA's policies and procedures for (1) accounting for Federal PE funds used for highway projects, and (2) ensuring States repay the Highway Trust Fund for Federal PE expenditures when required.

FHWA does not effectively account for Federal highway and bridge funds used for PE. Specifically, the four FHWA Division Offices we reviewed do not effectively assess whether States' systems and processes accurately account for PE projects. In addition, FHWA lacks effective controls and practices to promote transparent and accurate accounting for PE projects. For example, States incorrectly coded non-PE projects as PE in FHWA's financial information database. Based on these results, we project that Division Offices approved approximately \$3.1 billion in Federal PE expenditures (8 percent of total PE expenditures) for non-PE highway and bridge projects nationwide. We also found that FHWA lacks adequate processes to ensure States repay Federal funds spent on PE. For one-third of the projects in our statistical sample, FHWA did not take prompt action to ensure the State complied with Federal PE requirements when the

project did not acquire right-of-way or start construction within the 10-year limit. Based on these results, we project that \$3.3 billion of Federal funds authorized during fiscal years 2000 through 2004 were at risk of not being repaid to the Highway Trust Fund or not used effectively due to FHWA's inaction. When PE actions were taken, the four Division Offices we reviewed did not consistently follow FHWA policy. For example, the Division Offices allowed States to avoid PE repayment without adequate justification, and did not ensure States repaid PE costs timely. These issues occurred, in part, because FHWA has not implemented sufficient controls and guidance for enforcing compliance with PE requirements. FHWA concurred or partially concurred with our seven recommendations to help FHWA better account for Federal funds spent on PE and ensure States reimburse the Highway Trust Fund when required.

FAA Lacks Adequate Controls to Accurately Track and Award Its Sole Source Contracts

Issued: May 9, 2016. In July 2009, the Office of Management and Budget (OMB) directed all Federal agencies to reduce the amount of dollars obligated on noncompetitive contracts, including sole-source contracts. Sole-source contracts are considered high-risk and can result in wasted taxpayer resources, poor contractor results, and inadequate accountability. According to the U.S. Department of Transportation's (DOT) annual reports to Congress on sole-source contracts, the Federal Aviation Administration (FAA) accounted for approximately 65 percent of DOT's sole-source awards between fiscal years 2008 and 2013.

FAA took limited actions to reduce its use of sole-source contracts and did not achieve a sustained reduction in its use of these contracts between fiscal years 2008 and 2014. The number of FAA's new sole-source contracts fluctuated from year to year, and the Agency awarded a total of 624 sole-source contracts, with a total value of about \$2.2 billion, during this period. In 2009, FAA developed a plan to respond to OMB's directive to reduce sole-source contracts, but the Agency did not establish performance measures to demonstrate whether the plan had an impact on the use of sole-source contracts. In addition, FAA's pre-award practices for sole-source contracts did not fully comply with its Acquisition Management System (AMS) policy and guidance. AMS requires a number of actions before awarding sole-source contracts to help ensure that acquisitions are properly planned, awards are properly justified, and prices can be demonstrated to be fair and reasonable. However, 29 of 34 FAA sole-source contract files in our sample did not fully comply. We project that the total estimated value of sole-source contracts that did not fully comply with key AMS pre-award requirements is \$962 million, or 51 percent of the total estimated value of contracts in our universe. FAA concurred with our five recommendations to help reduce the Agency's use of sole-source contracts and increase its compliance with AMS pre-award policies and guidance.

Audit Outcomes for FY 2016

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| Reports: | 118 |
| Program Audits | 27 |
| Attestation Engagements | 3 |
| Financial Audits | 7 |
| Other Reports | 1 |
| Single Audits | 80 |
| | |
| Recommendations: | 341 |
| | |
| Financial Recommendations | Over \$4.7 Billion |
| Funds Put to Better Use: | \$4,514,503,768 |
| Costs Questioned: | \$198,454,725 |
| | |
| Testimonies: | 5 |
| | |
| Controlled Correspondence | 9 |