
Office of Inspector General

Audit Report

Hotline Referrals

Federal Aviation Administration

Report Number: MA-1999-017
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Memorandum


U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Subject: **ACTION:** Report on Hotline Referrals Processed
by the Federal Aviation Administration
MA-1999-017

Date: November 9, 1998

From: 
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Assistant Inspector General for Auditing

Reply to
Attn of: JA-1

To: Federal Aviation Administrator

This report presents the results of our audit of the Federal Aviation Administration's (FAA) disposition of referrals from the Office of Inspector General (OIG) Hotline and the FAA Administrator's Hotline. Our objectives were to determine if FAA (1) thoroughly and objectively investigates complaints referred from the OIG Hotline and the FAA Administrator's Hotline, and (2) takes corrective action where warranted.

RESULTS-IN-BRIEF

We concluded FAA's process for disposing of referrals from the OIG and FAA Administrator's Hotline needs improvement to ensure that allegations of fraud, waste, or abuse are thoroughly and objectively reviewed and that corrective actions are taken when warranted. We found deficiencies in FAA's reviews, or inadequate corrective actions for 6 (12 percent) of the 52 hotline referrals selected for review. In addition, three of the six referrals exhibited more than one deficiency as shown in the following table.

Table: Hotline Referrals with Deficiencies

Hotline Referral	Review Not Thorough	Review Not Objective	No Corrective Action Taken
A	X	X	(1)
B	X	X	(1)
C	X	X	(1)
D	X		(1)
E			X
F			X

(1) In these instances, FAA did not take corrective action because it concluded that the hotline referrals were unsubstantiated

These deficiencies occurred primarily because FAA assigned these hotline referrals to an office or individual that was not in a position to render an independent review, including three referrals assigned to the subject of the allegation or the subject's immediate supervisor. Further, FAA has not promulgated guidance for conducting hotline reviews, nor has it formalized follow-up procedures to ensure appropriate corrective actions are taken. When FAA does not perform a thorough, objective review of a hotline allegation, or when corrective action is not taken, the integrity of the process is impaired. Further, the Department risks being subject to criticism that it is not aggressively pursuing allegations of fraud, waste, and abuse.

To improve its processing of hotline referrals, FAA needs to ensure that someone who is clearly independent of the complaint performs the review. Further, FAA should develop written guidance to help ensure that reviews are thorough and corrective action is taken for all substantiated hotline referrals.

BACKGROUND

On April 7, 1979, the Secretary of Transportation established a Hotline within the OIG to receive allegations of fraud, waste, abuse, or mismanagement in the Department. The OIG Hotline office screens incoming allegations and generally arranges for an OIG investigation or audit inquiry. According to DOT guidance covering the OIG Hotline operation, some complaints may not be appropriate for OIG investigation or audit but are more suitable for investigation or administrative action by a DOT element. Based on this guidance, the OIG Hotline refers administrative matters and selected allegations of fraud, waste, or abuse to FAA and the other DOT Operating Administrations for review.

The FAA Administrator's Hotline was established on August 3, 1984, to provide FAA employees a means for reporting administrative matters such as personnel concerns and inequities, or operational safety issues not being addressed through other agency processes. However, FAA employees often use this Hotline to report allegations of fraud, waste, or abuse. The FAA Administrator's Hotline staff makes its own inquiries to resolve administrative complaints (such as delayed paychecks) and refers all other allegations elsewhere in FAA for review.

Hotline allegations referred to FAA organizational elements from the OIG Hotline or the Administrator's Hotline can be sent to the FAA Investigations Division, or directly to any one of FAA's administrative or operating divisions. FAA's Investigations Division screens the allegations it receives from the Hotlines and either opens an investigation (generally resulting in a "Report of Investigation") or refers the allegations to FAA management to review. The FAA manager assigned is expected to conduct a thorough review of the allegations, take corrective action if appropriate, and provide a written response to the Hotline that referred the allegations for review.

SCOPE AND METHODOLOGY

We interviewed management officials from the OIG Hotline; the Administrator's Hotline; and the FAA Office of Civil Aviation Security Operations, Investigations Division to obtain an understanding of the hotline referral process. We evaluated the adequacy of established procedures and internal controls FAA followed in disposing of hotline referrals. We identified a universe of 2,088 hotline referrals FAA processed from October 1996 through June 1998 (456 referred by the OIG Hotline and 1,632 referred by the Administrator's Hotline). To test the adequacy of FAA's process for disposing of Hotline referrals, we judgmentally selected a sample of 52 hotline referrals representative of the geographic diversity, source, and type of referrals processed by FAA. The sample included 24 referrals from the OIG Hotline and 28 from the Administrator's Hotline. The sample included 39 referrals involving administrative issues (21 reviewed by the FAA line of business and 18 reviewed by FAA's Investigation Division) and 13 involving issues of alleged fraud, waste, and abuse (8 reviewed by the FAA line of business and 5 reviewed by FAA's Investigation Division). In addition, we interviewed reviewing officials, and reviewed case files at FAA Headquarters and Regional offices as necessary.

We performed the audit during the 3-month period ended August 31, 1998, at FAA Headquarters in Washington, D.C., and at FAA regional offices in Kansas City, Missouri; Des Plaines, Illinois; and Atlanta, Georgia. The audit was conducted in accordance with the Government Auditing Standards prescribed by the Comptroller General of the United States.

FAA's Processing of Hotline Referrals Can Be Improved

We found FAA's process for disposing of hotline referrals needs improvement to ensure that allegations of fraud, waste, or abuse are thoroughly and objectively reviewed and that corrective actions are taken when warranted. Of the 52 referrals we reviewed, 6 referrals involving allegations of fraud, waste, or abuse (12 percent) contained one or more deficiencies.

- ◆ Four reviews were not thorough because allegations were not addressed or the basis for conclusions was not supported.
- ◆ Three reviews were not objective because the reviewers were not independent from the allegations.
- ◆ Two referrals with substantiated allegations did not result in corrective actions.

Thoroughness

To determine whether FAA's reviews of hotline referrals were thorough, we reviewed the case file to determine whether it addressed all allegations included in the complaint, adequately documented the review, and supported the conclusions drawn. We considered a hotline review adequately documented if it included reports of interviews with appropriate parties or identified the information obtained and used by the reviewer to assess whether the alleged actions were substantiated. If the basis for the conclusion was not fully documented, we also interviewed the reviewing official to determine if other actions were taken to substantiate the allegations.

In four of the hotline referrals, we concluded one or more of the allegations were not addressed, or FAA's case file did not contain sufficient documentation to support that a thorough review was performed. In the latter instances, our interviews with the reviewing officials disclosed no additional undocumented steps that represented a thorough review. For example, the OIG Hotline referred an allegation that a FAA official misused funds in the fourth quarter and falsified budget requirements. The files relating to this referral did not contain any evidence that an investigation or review had been performed. The response simply stated the allegations were false because the office returned funds at the end of the year. Because the response did not address the allegations and because there was no documentation of the review performed, we concluded the review was not thorough.¹ Regardless of whether the person performing the hotline review is in a position to be objective or not, if a thorough review is not performed, the results may be questioned and the credibility of the process undermined.

Objectivity

To assess the objectivity of FAA's reviews of hotline referrals, we identified the FAA office or individual that reviewed each of the 52 referrals in our sample and determined whether the office or individual was independent of the allegations. We considered the reviewer independent if the reviewer was not (1) the subject of an allegation, (2) directly involved in the supervision of the subject of an allegation, or (3) a participant in the decision-making process relating to an allegation.

We concluded that three hotline referrals in our sample were not objectively reviewed. In two of these referrals, the official named as the subject of an allegation was assigned to review and respond to the referral. In the third case, the reviewing official was the immediate supervisor of an individual named in an allegation involving the waste and

¹ The manager who performed the review was no longer employed by the Department of Transportation and was not available to be interviewed.

abuse of Federal funds. As supervisor, the reviewing official approved the actions cited in the allegations.

Corrective Action

We reviewed the adequacy of corrective action taken on the 12 substantiated allegations included in our sample of hotline referrals. We concluded that adequate corrective actions were taken for 10 of the 12 substantiated allegations. In the two remaining referrals we reviewed, allegations were substantiated but no corrective actions were taken. For example, a referral from the FAA Administrator's Hotline alleged that an employee was abusing sick leave, and that management was aware of the situation. An investigation into the matter by the FAA Investigations Division confirmed that the employee had been improperly using sick leave and that management had improperly authorized its use. However, there was no evidence that action was taken against the employee for abusing sick leave or the approving official for inappropriately authorizing it. In this and the other similar case, we concluded that the results of the hotline referral review warranted corrective action, yet none was taken. According to officials in the FAA Investigations Divisions, they have no authority over the decision to take or not take corrective action, corrective action is determined by management.

Written Guidance Is Needed

Failure to obtain thorough and objective reviews or to take appropriate corrective action in the instances noted above is attributable to weaknesses in the FAA process for disposing of hotline referrals. The review deficiencies we noted occurred primarily when the responsibility for responding to a hotline referral was ultimately assigned to a manager that was not independent of the allegation. Also, individuals assigned to review hotline referrals in FAA's administrative or operating divisions were not provided guidelines for performing the reviews. Without written guidelines, incomplete or inadequately documented reviews are more likely to occur, especially when someone not familiar with the process is assigned to review hotline referrals. For example, one reviewer interviewed indicated she had no idea what steps to take in performing a hotline assessment and would have benefited greatly from having written guidance available. Finally, FAA lacks formalized follow-up procedures that assign responsibility for taking recommended corrective actions for substantiated allegations.

RECOMMENDATIONS

We recommend the FAA Administrator:

1. Require that all hotline complaints alleging fraud, waste, or abuse be reviewed by the Investigations Division or by a level of management that is clearly independent of the complaint.

2. Require that written guidance for performing hotline reviews be developed and provided to personnel outside the Investigations Division who are assigned responsibility for investigating complaints.
3. Establish procedures and assign responsibility for following up to ensure corrective actions are taken for all substantiated hotline referrals.

MANAGEMENT COMMENTS

We discussed the report findings with FAA's Acting Deputy Director for the Office of Civil Aviation Security Operations and other FAA officials on October 20, 1998. FAA official's comments were considered in preparing this report. FAA generally agreed with the findings and recommendations. Please provide a formal reply within 30 days, on specific actions taken or planned for each recommendation.

We appreciate the courtesies and cooperation extended by FAA representatives. If I can answer any questions or be of further assistance, please feel free to contact me at (202) 366-1992, or Tom Howard at (202) 493-0331.

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