



Memorandum


**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Report with 15 Day
Congressional Hold
SC-2004-071

Date: July 26, 2004

From: Alexis M. Stefani 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to JA-1
Attn of:

To: See Audit Report Distribution List

The attached report has been completed and issued to the Secretary, the Chief of Staff, the Assistant Secretary for Administration, and the House and Senate Appropriations Committees on July 26, 2004. However, as directed by Congress in the Committee Report accompanying the Department of Transportation Appropriations Act, the Office of Inspector General must “withhold from public distribution for a period of 15 days any final audit or investigative report, which was requested by the House or Senate Committees on Appropriations.” Therefore, we will not publicly release the report until 15 days after date of issuance, or unless otherwise made public by either the House or Senate Appropriations Committees.

If I can answer any questions or be of further assistance, please feel free to contact me at (202) 366-1992 or the Deputy Assistant Inspector General for Hazardous Materials, Security, and Special Programs, Robin Hunt at (415) 744-3090.

Attachment

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**POLICY AND PROCEDURES
FOR LOCATING FEDERAL OFFICES
AND FACILITIES IN RURAL AREAS**

Department of Transportation

Report Number: SC-2004-071

Date Issued: July 23, 2004




Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Report on Policy and Procedures for
Locating Federal Offices and Facilities in Rural
Areas, Department of Transportation
Report No. SC-2004-071

Date: July 23, 2004

From: Alexis M. Stefani 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-60

To: Assistant Secretary for Administration

This report presents the results of our audit of Department of Transportation (DOT) policy and procedures for locating Federal offices and facilities (facilities) in rural areas. Public Law 108-199, *Consolidated Appropriations Act, 2004*, requires each Inspector General submit to the Committees on Appropriations a report detailing what policies and procedures each department or agency has in place to give first priority to locating new facilities in rural areas, as directed by the Rural Development Act of 1972 (Act). We will provide a copy of this report to the Committees on Appropriations.

RESULTS IN BRIEF

DOT has had policy and procedures addressing requirements of the Act since 1988. These procedures require, in part, that DOT's "site selection studies and reports and real property approval requests ... shall include a discussion of the considerations that were given to rural area locations." DOT Operating Administrations acquired 32 new facilities, 9 rural and 23 urban, from June 1, 2003, through March 31, 2004. We found evidence that DOT considered rural areas for 19 (83 percent) of the 23 urban facilities. This was a significant improvement over last year, when we found specific documentation demonstrating that DOT considered rural areas for only 3 (14 percent) of 22 urban facilities.

While Agency records for the four remaining urban facilities in this year's report did not include a discussion of considerations given to rural locations, they indicated the urban sites were selected based on mission or program requirements.

Further, the process for locating the four facilities was underway well before December 2003, when DOT's Assistant Secretary for Administration—responding to our prior report—issued a memorandum that encouraged Operating Administrations to use a checklist or other tool to document considerations given to rural areas. Two of the four facilities were acquired within 4 months prior to the December 2003 memorandum; two were acquired within 4 months after the memorandum. In conclusion, we consider DOT Operating Administrations to be in substantial compliance with the Act and DOT Order 4320.1A. Nevertheless, we recommend that the Assistant Secretary for Administration periodically confirm continued compliance with DOT policy and procedures.

BACKGROUND

This is our third report to the Committees on Appropriations regarding DOT compliance with the Act.¹ The Act directs the heads of all Federal executive departments and agencies to establish and maintain departmental policies and procedures for giving first priority to locating new facilities in rural areas. Likewise, Federal Management Regulations state that Federal agencies must give first priority for new facilities to rural areas “unless their mission or program requirements call for locations in an urban area.” A rural area is defined as a city, town, or unincorporated area that has a population of no more than 50,000 inhabitants and is not immediately adjacent to a city of more than 50,000 inhabitants.

DOT Order 4320.1A, “Location of New Federal Offices and Other Facilities in Rural Areas,” gives first priority to rural areas when locating new offices or other facilities where personnel are assigned. This December 1988 order states “... site selection studies and reports and real property approval requests ... shall include a discussion of the considerations that were given to rural area locations. If a rural location is not selected, the reason should be explained.” DOT Order 1100.34A, “Facility Acquisition, Expansion or Relocation,” includes decision criteria to be used in selecting sites.

As for DOT's adherence to policy and procedures, our first report, issued in May 2002, disclosed that DOT did not specifically document considerations given to rural sites for 24 (96 percent) of the 25 new facilities located in urban areas. In comparison, our second report, issued in September 2003, disclosed that DOT did not specifically document considerations given to rural sites for 19 (86 percent) of the 22 new facilities located in urban areas. Responding to our second report,

¹ OIG Report Number SC-2003-088, “Policy and Procedures for Locating Federal Facilities in Rural Areas,” September 26, 2003, and OIG Report Number CC-2002-159, “DOT Compliance with Rural Development Act Site Location Requirements,” May 28, 2002.

DOT's Assistant Secretary for Administration issued a memorandum in December 2003 that encouraged Operating Administrations to use a checklist or other tool to document considerations given to rural areas.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine (1) what DOT policies and procedures are in place to give first priority to locating new facilities in rural areas, as directed by the Act, and (2) if DOT adhered to established policies and procedures when locating new Federal facilities. The audit covered the 32 new facilities acquired by DOT Operating Administrations through purchase or lease from June 1, 2003, through March 31, 2004. Exhibit A shows that 9 of these facilities were located in rural areas, and 23 were located in urban areas.

We reviewed records and interviewed DOT officials to determine whether DOT Operating Administrations documented considerations given to rural locations for the 23 urban facilities. We performed a detailed review of Agency records located in Washington, DC, for 12 of the 23 facilities. For the other 11 facilities, we requested responsible Agency officials to provide us with documentation demonstrating that first priority was given to rural locations. We performed our audit during April and May 2004 in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States.

RESULTS

In addition to having policy and procedures that address requirements of the Act, DOT generally documented considerations given to locating new facilities in rural areas. During the period covered by this audit, DOT located 23 of its 32 new facilities in urban areas. We found that DOT documented considerations given to rural locations for 19 (83 percent) of those 23 facilities.

For the period covered by our current audit, the Federal Highway Administration (FHWA) and the Research and Special Programs Administration (RSPA) did not have specific documentation showing what, if any, considerations they gave to rural locations for four facilities located in urban areas. While FHWA and RSPA records indicated the four urban sites were selected based on mission or program requirements, the records did not contain evidence or documentation referencing requirements of DOT Order 4320.1A or the Act. Alone, statements that facilities are located at urban sites for mission or program requirements do not meet DOT policy and procedures.

However, FHWA and RSPA records show that site selection for the four facilities (two FHWA and two RSPA) was underway well before December 2003, when DOT's Assistant Secretary for Administration issued a memorandum that encouraged Operating Administrations to use a checklist or other tool to document considerations given to rural areas. The Assistant Secretary issued the December 2003 guidance in response to our September 2003 report on this subject. FHWA acquired its two facilities in November 2003 and February 2004, while RSPA acquired its two facilities in August 2003 and March 2004. Based on the results of our current review and discussions with FHWA and RSPA staff, we consider DOT Operating Administrations to be in substantial compliance with the Act and DOT Order 4320.1A.

RECOMMENDATION

We recommend that the Assistant Secretary for Administration periodically confirm continued compliance with DOT policy and procedures for locating Federal offices and facilities in rural areas.

ACTION REQUIRED

We provided a draft copy of this report to the Assistant Secretary for Administration to obtain DOT views and comments. On July 13, 2004, DOT concurred with the report's finding and recommendation. DOT will provide a detailed response to the final report, including specific actions and milestones for implementing the recommendation.

In accordance with DOT Order 8000.1C, we would appreciate receiving your detailed response within 30 calendar days. We appreciate the courtesies and cooperation afforded us by DOT representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1992 or Ms. Robin Hunt, Deputy Assistant Inspector General for Hazardous Materials, Security and Special Programs, at (415) 744-3090.

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EXHIBIT A. NEW DOT FACILITIES (JUNE 2003– MARCH 2004)

Property Name	Primary Use	Location	Urban/ Rural
Federal Aviation Administration			
• Communications Facilities	Technical	Estherville, IA	Rural
• Weather Observatory Facility	Administrative	Mays Landing, NJ	Rural
• Hazardous Material Office	Administrative	Indianapolis, IN	Urban
• Temporary Airport Tower	Technical	Great Falls, MT	Urban
• Temporary Support Service Center	Administrative	Great Falls, MT	Urban
• Flight Standards District Office	Administrative	Atlanta, GA	Urban
• Remote Terminal Display System	Technical	Hickory, NC	Rural
• Standard Terminal Automation Replacement System	Administrative	Concord, NC	Urban
• Weather Observatory Facility	Administrative	San Juan, PR	Urban
• 242 Schooner Bay	Staff Residence	Christiansted, VI	Rural
• Weather Observatory Facility	Administrative	Fort Worth, TX	Urban
• Flight Standards District Office	Administrative	Baton Rouge, LA	Urban
• Administrative Building	Administrative	Alameda, CA	Urban
• Tower: Air Traffic Control Facility	Technical	Vero Beach, FL	Rural
• Tower: Base Building	Technical	Vero Beach, FL	Rural
• Environmental Support Unit Building	Technical	Vero Beach, FL	Rural
• Air Traffic Administration Building	Technical	Houston, TX	Urban
• Airway Facilities Administration Building	Technical	Houston, TX	Urban

Property Name	Primary Use	Location	Urban/ Rural
Federal Highway Administration			
• Division Office	Administrative	Sacramento, CA	Urban
• Division Office	Administrative	Tallahassee, FL	Urban
• Division Office	Administrative	Baltimore, MD	Urban
• Division Office	Administrative	Concord, NH	Rural
Federal Motor Carrier Safety Administration			
• Service Center	Administrative	Glen Burnie, MD	Urban
• Division Office	Administrative	Baltimore, MD	Urban
• Division Office	Administrative	Tallahassee, FL	Urban
• Field Office	Administrative	King of Prussia, PA	Urban
Federal Railroad Administration			
• Field Office	Administrative	North Platte, NE	Rural
Maritime Administration			
• Cargo Ship Moorage	Technical	North Charleston, SC	Urban
Office of Inspector General			
• Investigator Office	Administrative	King of Prussia, PA	Urban
• Investigator Office	Administrative	Washington, DC	Urban
Research and Special Programs Administration			
• Pipeline Safety Office	Administrative	Washington, DC	Urban
• Hazardous Materials and Pipeline Safety Office	Administrative	Houston, TX	Urban
Summary	Urban	23	
	Rural	9	
	Total	32	

EXHIBIT B. MAJOR CONTRIBUTORS TO THIS REPORT

THE FOLLOWING INDIVIDUALS CONTRIBUTED TO THIS REPORT.

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