



OFFICE OF INSPECTOR GENERAL

U.S. DEPARTMENT OF TRANSPORTATION

SEMIANNUAL REPORT TO CONGRESS

April 1 – September 30, 2011



Table of Contents

From the Inspector General	iii
Audits and Investigations	1
Aviation and Special Programs	1
In Focus: Ensuring Satellite-Based Navigation in the National Airspace System is Safe and Secure	13
Highway and Transit Programs	15
In Focus: Ensuring the Continued Safety of Nation's Highways Under NAFTA's Cross-Border Pilot Program	29
Rail and Maritime Programs and Economic Analysis	31
Financial and Information Technology	35
Aquisition and Procurement	39
Departmentwide Issues	42
Other Accomplishments	45
Work Planned and in Progress	49
Aviation and Special Programs	49
Highway and Transit Programs	55
Rail and Maritime Programs and Economic Analysis	58
Financial and Information Technology	61
Acquisition and Procurement	64
Statistical Performance Data	67
Summary of Performance	67
Audits	69
Completed OIG Reports	69
OIG Reports with Recommendations that Questioned Costs	70
OIG Reports with Recommendations that Funds Be Put to Better Use	71
OIG Reports Recommending Changes for Safety, Economy, or Efficiency	72
Management Decisions Regarding OIG Recommendations	73
Office of Inspector General Reports	74
Unresolved Recommendations Over 6 Months Old	85
Investigations	87
Statistical Outcomes	87
Profile of All Pending Investigations by CaseType, as of September 30, 2011	89
Peer Review	91
Mission and Organization	93
Contacts	96

From the Inspector General

I am pleased to present the Department of Transportation (DOT), Office of Inspector General Semiannual Report to Congress for the second half of fiscal year 2011. Our audit and investigative work supports the Department's strategic goals of safety; reduced congestion; global connectivity; environmental stewardship; security, preparedness, and response; and organizational excellence. Over the past 6 months, we issued 109 reports with a total of 318 recommendations, including financial recommendations totaling over \$73.5 million. Our investigative work resulted in 41 indictments, 44 convictions, and a total of more than \$46 million in fines, restitutions, and recoveries.

Our aviation work continued to focus on the Federal Aviation Administration's (FAA) efforts to enhance air traffic capacity through the Next Generation Air Transportation System (NextGen). Of particular concern are cost, schedule, and performance risks in implementing key NextGen technologies, including the System Wide Information Management program—a system that will form the basis for a secure network to efficiently manage and share information among NextGen's air traffic systems. We also reported on FAA's efforts to manage staffing and operations challenges with its controller workforce, and to ensure safe skies as its responsibilities shift from operating its own air traffic control systems to overseeing contractor-owned and managed systems. Our investigations exposed fraudulent activities related to the sale of aircraft parts, pilot medical certification, and disadvantage business enterprise funds. Our aviation-related investigations led to the sentencing of nine individuals in six cases.

Our highway and transit audits highlighted the ongoing challenges the Federal Motor Carrier Safety Administration faces in complying with certain provisions of the North American Free Trade Agreement, and countering fraud in its Commercial Driver's License program. Our highway and transit investigations uncovered numerous greed-based schemes to defraud the Federal Government and States, including one involving the issuance of commercial driver's licenses to unqualified applicants, as well as schemes involving disadvantaged business enterprise fraud, price-fixing and bid-rigging, false claims, wire fraud, and bribes.

Our rail audits focused on the Federal Railroad Administration's efforts to meet its responsibilities outlined in the Passenger Rail Investment and Improvement Act, improve and expand intercity passenger rail, and ensure that investments in the Government's \$10 billion High-Speed Intercity Passenger Rail grant program are prudent. We also continued our vigilant oversight of Amtrak's operational reforms and long-term capital planning, and its use of American Recovery and Reinvestment Act of 2009 (ARRA) funding to more fully use available capacity at its heavy maintenance facilities. Our maritime investigations uncovered violations of the Refuse Act and the Clean Water Act and resulted in the sentencing of violators who failed to comply with Federal, State, and local environmental laws and regulations.

Our audits of the Department's information technology portfolio—one of the largest among Federal civilian agencies—continue to identify significant vulnerabilities, particularly in the area of cybersecurity. A key concern is identifying and mitigating

security risks for the Automatic Dependent Surveillance Broadcast system—an important component of NextGen.

Finally, we continued to pursue opportunities to ensure accountability, efficiency, and transparency over DOT's acquisitions and procurements, including those funded under ARRA. A lack of policies, controls, reliable data, and adequate training have limited the Department's ability to ensure that the \$5.8 billion spent on contracts for goods and services in fiscal year 2010 were used effectively and safeguarded from fraud and abuse. As of the end of September, we have 15 ongoing ARRA audits, and 62 open ARRA investigations—47 of which have been accepted for review for prosecution by the Department of Justice. We expect our acquisition and procurement audits to exponentially expand as the Federal budget becomes increasingly constrained.

Our work reflects a strong commitment to providing in-depth analyses of important transportation issues to serve and inform Congress, the Department, and the public. I commend and thank our hard-working staff for their outstanding efforts and dedication to our critical mission. I would also like to thank Secretary LaHood for his leadership and staunch efforts in these challenging times. I look forward to continuing to work with the Secretary, his team, and modal administrators to provide Americans with a safe transportation system that meets the national objectives of general welfare, economic growth and stability, and security.



Calvin L. Scovel III



Aviation and Special Programs

Audits

May 12, 2011

FAA's Fiscal Year 2012 Budget Request: Key Issues Facing the Agency

Testimony before the Senate Appropriations Subcommittee on Transportation, Housing, and Urban Development, and Related Agencies on FAA's fiscal year 2012 budget request

FAA faces the formidable challenge of safely operating and maintaining an increasingly strained National Airspace System (NAS) while developing the next generation of air traffic control system—all within a severe budgetary environment. The Inspector General testified that FAA will require resources to address safety issues related

to pilot, controller, and inspector workforces and to make critical, long-delayed decisions about the overall design of NextGen—decisions that will impact the program's long-term costs and benefits. At the same time, FAA requires better controls to instill accountability and better manage airport infrastructure contracts and grants. FAA's fiscal year 2012 budget request reflects the Agency's plans to improve its NextGen efforts, but it also reveals the difficulties FAA has had in controlling its costs and schedules. Effectively balancing Agency priorities now is essential to deliver a future system to travelers and airspace users that provides a return on taxpayers' investment, functions safely and efficiently, and adapts to growing capacity needs and industry changes for many years to come.

May 24, 2011

Further Steps Are Needed To Address Challenges With the Management and Operations of FAA's Controller Workforce

Testimony before the Senate Commerce, Science, and Transportation Subcommittee on Aviation Operations, Safety, and Security

Reports of on-duty air traffic controllers falling asleep and several high-profile operational errors heightened concerns about FAA's oversight and management of air traffic operations. These incidents are occurring at a time when veteran controllers are retiring at unprecedented rates, requiring comprehensive training and placement of new controllers.

The Inspector General testified that while FAA has acted quickly to address many recent incidents, it has yet to fully identify and mitigate risks related to the management and operations of its controller workforce. FAA statistics show a recent significant increase in operational errors; however, FAA has not yet determined whether the increase is the result of better reporting systems or due to trends that require mitigating actions, such as controller fatigue. Our work over the past decade and that of the National Transportation Safety Board (NTSB) have identified a series of factors that create the risk for controller fatigue, but FAA has not yet fully implemented recommendations for mitigating this risk. Our work also shows that FAA's process for placing new controllers does not adequately consider knowledge, skills, and abilities when assigning them,

and expected innovations to improve the quality and timeliness of controller training have not been realized.

June 9, 2011

FAA Needs To Strengthen Controls Over the 2009 FAA/NATCA Collective Bargaining Agreement

Requested by the Chairman of the House Committee on Transportation and Infrastructure

The 2009 collective bargaining agreement (CBA) between FAA and the National Air Traffic Controllers Association (NATCA) was the first successfully negotiated CBA since a 5-year agreement was ratified in 1998, which was associated with significant cost overruns. FAA estimates that the 2009 agreement will cost \$669 million more than extending the controller work rules that were in place prior to the 2009 agreement.

We found that while FAA's methodology for developing its estimate appears reasonable, it includes several assumptions that may increase total costs, such as the rate at which veteran controllers retire. Some provisions in the 2009 CBA could also escalate costs beyond FAA's estimate, including negotiated memoranda of understanding (MOU). While FAA established controls in 2003 to prevent additional costs with MOUs, we found that those controls are insufficient and that Agency personnel do not consistently adhere to them.

We made four recommendations to help FAA ensure its internal control policies are sufficient

to prevent cost escalations. FAA concurred with or met the intent of our recommendations, and we consider them resolved pending completion of planned actions.

June 15, 2011

FAA's Approach to SWIM Has Led to Cost and Schedule Uncertainty and No Clear Path for Achieving NextGen Goals

Self-initiated

FAA's successful transition to NextGen depends on developing and implementing the System Wide Information Management (SWIM) program. FAA plans to spend about \$284 million through 2015 to implement the first of three stages of SWIM. As envisioned, SWIM will form the basis for a secure network that manages and shares information more efficiently among all air traffic systems that will comprise NextGen. Key benefits expected from SWIM are streamlined data communications and real-time information that will improve air traffic management, enhance airspace capacity, reduce flight delays, and decrease costs for FAA and aviation users.

Although FAA is still in the early stages of developing SWIM, costs for the program's first stage have already increased by more than \$100 million, and targeted completion has been delayed 2 years. Cost increases and schedule delays are largely the result of undefined requirements among the seven programs that will serve as SWIM platforms. SWIM likely remains at risk of further cost increases and schedule delays

because FAA has not established clear lines of accountability for overseeing how SWIM is developed and managed. Rather than pursue an overarching SWIM infrastructure, FAA delegated significant design and implementation responsibility and funding to the seven NAS program offices, leaving the SWIM Program Office with no authority over SWIM costs, schedules, and requirements. Because the SWIM Program Office is not filling the typical role of setting long-term programmatic priorities, it will be difficult for FAA to develop an end-state transition strategy for SWIM and ensure that SWIM aligns with NextGen goals such as reducing aviation costs. Without clearly defined requirements and program priorities, the true cost and timeline to deploy SWIM and the realization of expected benefits is unknown.

FAA concurred with all six of our recommendations for improving SWIM management and reducing risks, including providing the SWIM Program Office with the proper authority to ensure SWIM capabilities will be implemented within the established schedule.

June 29, 2011

FAA Needs To Strengthen Its Risk Assessment and Oversight Approach for Organization Designation Authorization and Risk-Based Resource Targeting Programs

Requested by Representative Daniel Lipinski

Public law allows FAA to delegate certain aviation functions, such as approving aircraft designs,

to private individuals or organizations. While FAA established the Organization Designation Authority (ODA) program to standardize its oversight of these designees, FAA significantly limited its role in approving individuals who perform work on FAA's behalf by delegating this approval to private companies. Moreover, there are vulnerabilities in FAA's program oversight similar to those used for past forms of organizational delegations, and FAA has not ensured engineers are adequately trained to perform their expanded enforcement responsibilities under ODA. At the same time, FAA's Risk Based Resource Targeting (RBRT) system—which is intended to assist FAA in evaluating risks in aircraft certification projects—has not been effective for measuring risk and targeting FAA's oversight because it relies on subjective input from engineers, does not contain detailed data, and has experienced repeated technical difficulties.

We made six recommendations to FAA to improve its oversight of ODA programs and the RBRT system. FAA concurred or partially concurred with all of our recommendations, and its response meets the intent of most of them. Three recommendations remain unresolved pending further action by FAA.

August 4, 2011

FAA Oversight Is Key for Contractor-Owned Air Traffic Control Systems That Are Not Certified

Requested by the former Chairmen of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation

FAA's certification process is an integral quality control method to ensure that air traffic control systems, subsystems, and services are safe and function as intended. In 2007, FAA revised its certification policy to require Agency certification for FAA-owned, but not contractor-owned, systems. To oversee the contractor-owned ground infrastructure of the Automatic Dependent Surveillance-Broadcast (ADS-B) system, FAA is using an automated monitoring tool in lieu of certification. While it is too early to fully assess the impact of FAA's revised certification policy, FAA's oversight approach to ADS-B presents risks, particularly in regards to limited data analysis resources and ensuring network reliability. As FAA shifts from operating its own systems to overseeing contractor-owned and -managed systems, the Agency is vulnerable to losing long-term visibility into NAS system performance. Further, FAA does not yet have sufficient logistics personnel for effective contractor oversight.

We made several recommendations to FAA to enhance its oversight of these systems. FAA concurred with all of our recommendations, but we have requested clarification on the Agency's response to two of them.

September 12, 2011

FAA and Industry Are Taking Action To Address Pilot Fatigue, but More Information on Pilot Commuting Is Needed

Requested by the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation; its Subcommittee on Aviation Operations, Safety, and Security; the former Chairman of the House Subcommittee on Aviation; and Representatives Louise Slaughter and Brian Higgins

FAA has taken much needed steps to update flight, duty, and rest requirements for pilots, including publishing a Notice of Proposed Rulemaking (NPRM) with revised regulations. However, FAA's NPRM has encountered significant opposition from the aviation industry, posing a challenge for the Agency to implement. Additionally, the NPRM does not require carriers to identify pilots who commute, or to have policies addressing pilot domicile issues that impact commuting and fatigue. Further, FAA inspectors do not fully review carriers' self-disclosure data in instances of non-compliance with flight crew rest requirements, and there are areas where carriers can improve internal oversight controls to ensure compliance with current Federal flight, duty, and rest requirements.

We made four recommendations to FAA to improve awareness of pilot commuting and fatigue. FAA concurred with or met the intent of two of our recommendations regarding self-disclosure data, but we are requesting a revised response

for the remaining two recommendations regarding the collection and analysis of pilot domicile and commuting data.

September 29, 2011

More Rigorous Oversight Is Needed To Ensure Venice Municipal Airport Land Sales and Leases Are Used Appropriately

Requested by former Senator George LeMieux

In fiscal year 2010, FAA provided airports nationwide over \$3.4 billion in Airport Improvement Program (AIP) funding. Federal law requires AIP fund recipients to ensure airports are as self-sustaining as possible and to use airport revenues only for airport capital and operating costs. FAA, in turn, is responsible for effective oversight of airport revenue. Over the last 30 years, FAA, our office, and the Government Accountability Office (GAO) have identified serious airport revenue use problems at Venice (Florida) Municipal Airport.

Our audit found that FAA oversight continues to fall short of ensuring the airport's compliance with Federal law. For example, in 1998 and 2004, FAA permitted the City of Venice—as both the airport sponsor and the provider of municipal functions—to transfer airport properties to itself at prices below fair market value, despite agency policy requiring airport property be sold at fair market value. FAA's oversight also did not prevent the City from misallocating lease revenue and parking lot improvement costs. Specifically, over a 21-year period, the City diverted more than \$1.5 million in airport lease revenue to maintain a

municipal fishing pier and indirectly charged the airport too much for parking lot improvements. Had FAA required the City to establish an equitable means of allocating airport property sales and leases and parking lot improvement costs, as much as \$6.7 million in lost revenue could have been used to improve the airport's self-sufficiency or cover 3 years of airport operating expenses.

We made five recommendations to improve FAA's oversight of airport property sales and the Venice airport's self-sustainability. FAA concurred or partially concurred with all our recommendations, but we are requesting that the Agency reconsider its position for three of them, particularly its interpretation of FAA's Revenue Use Policy.

Investigations

September 8, 2011

Aviation Mechanic Convicted for Role in Fraudulent Parts Repairs

Dennis R. Lauterbach, a former FAA-licensed mechanic, was sentenced in U.S. District Court, Dallas, Texas, for fraudulently altering the historical service record for main rotor helicopter blades he sold in 2005.

Lauterbach was previously convicted of obscuring the service records that revealed the blades had been rejected for skin debonding and recommended that they be scrapped. He concealed this information by making an entry in the service record that he "profiled the spar

leading edge" and refinished the blade's paint. To conceal maintenance problems with the blades, Lauterbach signed off on the service record entry using an Airframe and Powerplant certificate number issued to him by FAA. The rotor blades were purchased from Lauterbach for \$42,000 in 2005 and installed on a Bell helicopter owned by a North Carolina man for use in a helicopter sightseeing business. When the blades could not be balanced properly, a secondary inspection of the blades revealed their true condition. The customer returned the blades to Lauterbach for a refund before they were used in flight.

Lauterbach was sentenced to serve 5 years probation and ordered to pay \$5,651 in restitution and a \$100 special assessment fine. Lauterbach was also ordered to forfeit \$21,000, an amount determined traceable to the offense.

This investigation was conducted with assistance from FAA's Dallas Flight Standards District Office.

May 25, 2011

Pennsylvania Certified Flight Instructor Sentenced for Falsifying Medical Certificate

Joseph Konrad, a commercial pilot and FAA-certified flight instructor, was sentenced in U.S. District Court, Philadelphia, Pennsylvania, to 6 months home confinement, followed by 30 months of probation and \$2,600 in fines, for falsifying his FAA flight medical certificate. Konrad admitted that he intentionally failed to disclose a disqualifying medical condition to FAA. Konrad

was also prohibited from applying for a pilot license for a period of 3 years.

In 2007, 2008, and 2009, Konrad intentionally failed to disclose his disqualifying medical condition on his FAA flight medical application. Konrad worked as a flight instructor in Philadelphia and Southern New Jersey and provided more than 100 training sessions while operating with false medical certificates. Konrad admitted that he did not disclose his disqualifying medical condition, fearing FAA would revoke his commercial pilot and flight instructor licenses.

This investigation was conducted jointly with the Department of Homeland Security (DHS), Immigration and Customs Enforcement (ICE), and the Federal Bureau of Investigation (FBI).

May 31, 2011

Three Massachusetts Men Indicted for DBE Fraud on FAA-Funded Residential Soundproofing Contracts

Robert Dickerson, Dennis Degrazia, and David Hebert were indicted in U.S. District Court, Boston, Massachusetts, for conspiring to impede, impair, and obstruct DOT's Disadvantaged Business Enterprise (DBE) program. The program requires that DBEs receive approximately 10 percent of DOT funding provided to state and local governments, ensuring that DBEs get a share of Federally funded highway and transit projects.

Dickerson is the sole proprietor of Woodchuck's Building and Home Center, a certified DBE. Degrazia and Hebert are partial owners of U.S. Window and Door Construction, Inc., a company that was awarded FAA-funded Residential Soundproofing Improvement Program contracts by the Massachusetts Port Authority (Massport). For approximately 10 years, Degrazia and Hebert indicated that Dickerson, doing business as Woodchuck's, was a supplier of windows and doors and eligible towards its DBE goal on each contract when all parties knew that Dickerson was merely a pass-through and would not actually supply the materials, incur any expenses, or perform any work. The defendants submitted false documents to Massport with Dickerson's concurrence to conceal Dickerson's lack of activity and to give the appearance that the DBE goal had been met. Dickerson was paid a fee of up to 4 percent of the material costs for his role in the conspiracy.

Note: Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.

June 7, 2011

Texas Man Sentenced for Making a False Statement to FAA

Darryl G. Reynolds was sentenced in U.S. District Court, Tyler, Texas, for making a false statement to FAA to obtain an Airworthiness Certificate for an aircraft that Reynolds obtained through the General Services Administration's (GSA) Federal Surplus Property Program.

Reynolds operated the Texas Firebirds Volunteer Fire Department (TFVFD), a non-profit corporation located in Van Zandt County, Texas, that provides aerial firefighting support. On behalf of TFVFD, Reynolds obtained surplus aircraft through the Federal Surplus Property Program. Reynolds obtained one aircraft—a twin-engine airplane previously owned and operated by the U.S. Forest Service—without an airworthiness certificate because the U.S. Forest Service surrendered it to FAA when the aircraft was determined to have reached the end of its useful life. In applying for a new airworthiness certificate through FAA, Reynolds asserted that the original certificate had been lost, although he knew the certificate had been surrendered.

Reynolds was sentenced to serve 5 months imprisonment, 5 months home confinement, and 3 years of supervised release. He was also ordered to pay a \$10,000 fine and a \$100 special assessment. In addition, Reynolds must surrender to the Government three UH-1H helicopters he obtained through the surplus program and pay all associated expenses related to their return.

This investigation was conducted jointly with the Defense Criminal Investigative Service; GSA's Office of Inspector General; the Texas Department of Public Safety, Texas Ranger Division; and FAA.

June 17, 2011

“Barefoot Bandit” Pleads Guilty to Multi-State Crime Spree

Colton Harris-Moore, also known as the Barefoot Bandit, pleaded guilty in U.S. District Court, Seattle, Washington, to bank burglary, interstate transportation of a stolen aircraft, interstate and foreign transportation of a stolen firearm, being a fugitive in possession of a firearm, piloting an aircraft without a valid airman's certificate, and interstate transportation of a stolen vessel.

In 2008, Harris-Moore began a crime spree that involved the theft of aircraft, boats, vehicles, and firearms. On more than one occasion, Harris-Moore piloted a stolen aircraft, without a valid airman's certificate. It is estimated that based on Harris-Moore's conduct, 80 investigations were initiated into residential and commercial burglaries, vehicle prowls, vehicle thefts, assault on law enforcement officials, and the theft of five aircraft. On July 4, 2010, he stole an aircraft in Indiana, which he flew to Grand Abaco Island in the Bahamas, where Harris-Moore was apprehended. Under the terms of the plea agreement, Harris-Moore forfeits any financial gain from telling his story, and the proceeds are to be used to compensate the victims of his crimes. Harris-Moore acknowledged that the amount of loss caused to victims of his crimes is at least \$1.4 million.

This investigation was conducted with the FBI and numerous State and local law enforcement agencies from across the country.

August 16, 2011

North Carolina Civil Engineer Sentenced for Fraud Involving FAA Airport Improvement Projects

In U.S. District Court, Anderson, South Carolina, G. Martin Wynn, a civil engineer and project manager, was sentenced to 12 months and 1 day imprisonment, followed by 3 years supervised release, and ordered to pay \$118,000 in restitution and a special assessment in the amount of \$200. Earlier this year, Wynn was convicted in a Federal jury trial of mail and wire fraud for falsifying a State seal used in connection with a \$4.3 million FAA-funded airport improvement project.

The investigation revealed that Wynn transferred a South Carolina Department of Health and Environmental Control seal from a previously approved runway extension construction plan onto an unapproved set of plans that were going to be used on the continuing airport improvement projects at the Oconee Regional Airport. Wynn engaged in the forgery to avoid the scrutiny of State environmental regulators, which would have led to additional changes to his plans and possibly substantial delays in construction of the project. The forged seal represented that the plans had a necessary storm water permit to guard against excessive erosion and run-off. The work at the airport, based on the unapproved plans, coincided with significant run-off of sediment and mud from the airport onto private property and into a nearby lake.

This investigation was conducted jointly with the South Carolina Department of Health and Environmental Control.

August 17, 2011

The Owner and the Chief Inspector of a South Florida FAA Repair Station Sentenced for Aircraft Parts Fraud

Guillermo Galvan, president and owner of Aviation Engine Services (AES), an FAA-approved repair station, and Jorge Gomez, AES's Chief Inspector, were sentenced in U.S. District Court Miami, Florida, for making false representations to an AES customer concerning the calibration of a tool used to measure the intensity of a process required by the turbine engine manufacturer's Standard Practices Manual, which is adhered to in repairing and certifying the turbine engine airworthy so it can be returned to service. Ultimately, the aircraft parts were installed in a commercial aircraft's turbine engine.

Galvan was sentenced to 5 years probation and ordered to pay a \$50,000 fine, perform 150 hours of community service per year of probation, and pay a special assessment fee of \$100. Gomez was sentenced to 5 years probation and ordered to pay a \$7,500 fine, perform 165 hours of community service per year of probation, and pay a special assessment fee of \$100. Additionally, the Judge ordered a "Related Concern Restriction" that Galvan and Gomez not perform any duties consistent with an aircraft inspector while serving their probation sentence unless supervised by a licensed aircraft inspector or unless specifically authorized by the Court.

This investigation was conducted with assistance from the FAA South Florida Flight Standards District Office.

August 26, 2011

South Florida Men Sentenced and Another Pleads Guilty in Connection With Aircraft Parts Fraud

In U.S. District Court, Miami, Florida, Hector Sorvik, aka Hector Arias, and Saif Cheema were sentenced in connection with their guilty pleas to charges that they falsified aircraft parts traceability documentation while employed with Daytona Aerospace, Inc., a South Florida aircraft parts broker and licensed Department of Defense (DOD) contractor. In addition, Kudus Amodu, another Daytona Aerospace, Inc., employee, pleaded guilty to charges that he falsified aircraft parts traceability documentation while employed at Dayton.

This investigation was based on allegations that a conspiracy existed in which companies who were not approved by FAA or DOD had manufactured aircraft parts for military and civilian aircraft. These manufacturers conspired with brokers and authorized DOD contractors to sell the unapproved aircraft parts to the U.S. Air Force. In cases where the customer required supporting FAA authentication documents, brokers would further conspire with FAA repair stations to falsify FAA forms, giving the illusion that the manufactured parts were FAA approved and suitable for installation on an aircraft.

Sorvik and Cheema were each sentenced to 5 months incarceration, 3 years supervised release, with the first 5 months under house arrest, \$16,000 in restitution, and a \$100 special assessment.

This investigation is being conducted jointly with Defense Criminal Investigative Service; Air Force Office of Special Investigations; the FBI; and the Department of Homeland Security, Immigration and Customs Enforcement, with FAA providing technical assistance.

September 20, 2011

Individuals Formerly Associated With Charter Jet Company Sentenced

Michael and Paul Brassington, co-founders of the now-defunct Platinum Jet Management, a luxury air charter service based in Fort Lauderdale, Florida, were sentenced in U.S. District Court, Newark, New Jersey. Michael Brassington was sentenced to serve 30 months in prison and 36 months of supervised release. Paul Brassington was sentenced to serve 18 months in prison and 36 months of supervised release. Michael Brassington is also expected to face deportation to Guyana after his term of incarceration.

On November 15, 2010, following a 4-week trial, the Brassingtons were convicted by a Federal jury on a series of charges stemming from a February 2005 airplane crash in Teterboro, New Jersey. The Platinum jet over-ran the runway at Teterboro Airport, struck two cars as it crossed a roadway, and crashed into a warehouse, resulting in injuries. A National Transportation Safety

Board (NTSB) investigation concluded that the aircraft's incorrect center of gravity contributed to the crash. OIG's investigation revealed that the flight's first officer relied on Michael Brassington's representations concerning the weight of the aircraft, which caused the plane to be over-fueled, bringing about an imbalance in the center of gravity.

On August 16, 2011, Joseph Singh, former Director of Charters for Platinum, was sentenced in U.S. District Court, Newark, New Jersey, to 1 year probation, restitution in the amount of \$200,000 (payable to victims of the impacted flights), and a \$5,000 fine. In July 2009, Singh pled guilty to conspiracy to defraud charter customers and brokers and to impede and obstruct FAA. Singh admitted that as Director of Charters for Platinum, he dispatched unqualified or unrested pilots, including the pilot of the jet that crashed at Teterboro. He further admitted that from November 2003 until shortly after the Teterboro crash, he booked charter flights for Platinum using charter brokers and dispatched unqualified Platinum pilots to fly a number of the flights, while representing to the charter brokers through wire communications that Platinum complied with Federal law.

Also in connection with this investigation, Francis Vieira, former pilot and first officer for Platinum, was sentenced on August 22, 2011, in U.S. District Court, Newark, New Jersey, to 6 months incarceration, 6 months home confinement, 3 years supervised release, and ordered not to fly during his supervised release period due to his role in a conspiracy to provide FAA with false records relating to aircraft weight,

qualification of pilots, and other FAA-required aircraft information.

Vieira pled guilty to charges that between approximately November 2002 and March 2005, he had unjustly enriched himself by conspiring to commit wire fraud. Vieira admitted that he had repeatedly violated airline safety and regulatory requirements such as falsifying aircraft records while operating Platinum as an on-demand domestic and international air charter service to brokers and individual customers. Vieira falsified pilot records to include rest-time requirements and periodic knowledge, competency, and proficiency tests. He also falsified weight-and-balance reports that were used to calculate the aircraft's weight and center of gravity. Among other misleading reports, Vieira also loaded the aircraft with extra fuel where cheaper prices were available, even though the extra fuel caused the aircraft to exceed its allowable maximum weight.

September 29, 2011

Six Individuals Charged With Making Fraudulent Aircraft Repairs

A Federal Grand Jury in Sacramento, California, indicted Jerry Kuwata, Michael Maupin, Scott Durham, Christopher MacQueen, Douglas Johnson, and Anthony Zito on charges of conspiracy to commit fraud involving aircraft parts in interstate commerce and mail fraud. The defendants are former executives and supervisors at WECO Aerospace Systems Inc., an FAA-certified air repair station based in Lincoln, California, which was purchased in 2007 by Gulfstream Aerospace Corporation. WECO was required to

use FAA-approved parts and procedures in the repair and overhaul of aircraft parts.

The defendants are charged with directing WECO technicians to use unapproved parts in repairs and overhauls. In addition, the defendants are alleged to have (1) regularly failed to follow the proper, approved procedures in the repair of aircraft parts and (2) lacked the equipment needed to perform many of the tests required by the approved procedures. According to the indictment, the defendants nonetheless performed repairs or directed WECO technicians to perform repairs of parts and returned those parts to customers, falsely certifying for each one that the part had been repaired in accordance with FAA regulations.

This investigation was conducted jointly with the FBI, Defense Criminal Investigative Service, and DHS OIG.

Note: Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.



In-Focus: Ensuring Satellite-Based Navigation in the National Airspace System Is Safe and Secure

Through its multi-billion dollar NextGen program, FAA intends to completely transform the Nation's air navigation system. According to FAA, the cornerstone of NextGen is the \$1.6-billion Automatic Dependent Surveillance-Broadcast (ADS-B) system—the first major air traffic management system that the Government will not own. ADS-B is expected to provide satellite-based flight data—including aircraft identification, position, speed, and heading—that until recently was only provided by aging ground-based radar systems. The anticipated benefits of ADS-B are reduced airport congestion and delays, more efficient fuel-saving routes, and the ability to land in all weather conditions. However, FAA must overcome several challenges to ensure the satellite-based flight data are safe and secure.

One challenge facing FAA is how to ensure that the ADS-B ground network meets its requirements, since the Agency will not be conducting hands-on certification as it does for FAA-owned systems. While FAA will use network monitoring to identify shortfalls in ADS-B performance, blind spots in the Agency's oversight have been identified. For example, an ADS-B network outage revealed a contractor network design flaw that left FAA without visibility into the extent or cause of the outage. Regardless of system ownership, FAA needs to be actively involved to ensure satellite-based flight data and systems are safe and secure. Contractor oversight is resource intensive, and FAA has a shortage of trained and certified logistics specialists who can provide the expertise needed to ensure the safety and continuity of the system.

Managing radio frequency congestion and protecting data transmissions are critical to ensuring the integrity of ADS-B flight data. ADS-B is vulnerable to jamming, spoofing, and other malicious acts that could interrupt signals and threaten the safety of the air traffic control network. Cybersecurity of the ADS-B ground infrastructure—which is currently composed of a master station and about 300 radio stations for broadcasting and receiving precise aircraft position information—is also at risk. To ensure that effective countermeasures are put in place, FAA must continue to work with the U.S. intelligence community and the Department of Defense to proactively assess security threats to civil aviation.

In addition to addressing security risks, test reports show much work remains before ADS-B can be relied on to manage traffic in congested airspace. FAA has yet to finalize requirements for advanced ADS-B capabilities, including what information will be displayed in the cockpit, and how ADS-B will be integrated into the displays and computers that controllers rely on to manage aircraft. Until FAA successfully completes this work, progress in realizing the benefits of ADS-B will remain elusive and airspace users will remain skeptical of FAA's ability to deliver on a complex, long-term initiative at risk. We will continue to monitor FAA's progress as it works to achieve the efficiency and safety benefits envisioned for NextGen.



Highway and Transit Programs

Audits

April 4, 2011

Letter to Chairmen Rockefeller and Pryor Regarding Whether Former NHTSA Employees Exerted Undue Influence on Safety Defect Investigations

Requested by Chairman Rockefeller of the Senate Committee on Commerce, Science, and Transportation and Chairman Pryor of the Subcommittee on Consumer Protection, Product Safety, and Insurance

Our review of former National Highway Traffic Safety Administration (NHTSA) officials employed

or under contract with automakers did not identify evidence suggesting undue influence or pressure on Office of Defect Investigations (ODI) decisions. Additionally, NHTSA officials complied with U.S. Office of Government Ethics rules for employee training, financial disclosure reviews, and “cooling-off” periods for current employees who previously worked for automakers. NHTSA also provided post-employment counseling to employees who left the Agency to work in the auto industry. Finally, NHTSA’s ethics policies and procedures on employee training, financial disclosure, and pre- and post-employment restrictions were similar to those for other DOT Operating Administrations with safety oversight and enforcement programs.

Per the Chairmen’s request, we are currently reviewing NHTSA’s processes for investigating

industrywide complaints of sudden unintended acceleration and brake failure and will report on our results later this year.

July 15, 2011

Federal Highway Administration's Oversight of Federal-Aid and Recovery Act Projects Administered by Local Public Agencies Needs Strengthening *Self-initiated*

Local Public Agencies (LPA) received an estimated \$8 billion in Recovery Act highway funds for highway construction projects. The Federal Highway Administration (FHWA) previously acknowledged that LPAs were an internal control weakness. Our review of 59 LPA projects in four States identified 88 percent with at least one case of noncompliance with Federal requirements and \$5 million in unsupported costs. The most prevalent shortcomings related to construction management requirements.

Our report also identified weaknesses in the actions FHWA has taken in addressing State LPA oversight weaknesses. We made four recommendations for improving FHWA oversight. FHWA concurred with all four recommendations.

July 21, 2011

FMCSA Is Strengthening Motor Carrier Safety Oversight but Further Action and Attention Are Needed

Statement for the Record for the Senate Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security hearing on the Motor Carrier Safety Program's reauthorization

Over the past several years, the Federal Motor Carrier Safety Administration (FMCSA) has made progress in improving its programs, but our completed and ongoing audits and investigations continue to identify weaknesses and challenges FMCSA must overcome to ensure their effective implementation. This statement discusses (1) the challenges in implementing regulations and countering fraud in the Commercial Driver's License (CDL) program; (2) FMCSA's progress in responding to NTSB passenger carrier safety recommendations, including identifying "reincarnated carriers"; and (3) our audit and investigative work in areas of past and present interest to the committee—including household goods fraud and cross-border trucking—and important actions FMCSA must take to improve internal acquisition and contracting practices.

While FMCSA has strengthened the CDL program, countering CDL fraud and implementing CDL regulations, such as rules to promptly add traffic convictions to a driver's record, remain a challenge. FMCSA has also put measures in place to prevent unsafe passenger carriers from

continuing operations under a new identity, but it has yet to fully implement other NTSB recommendations on passenger carrier safety. We continue our work to investigate criminal activity among household goods carriers and fulfill congressional requirements to evaluate FMCSA's implementation of a pilot program to allow Mexican carriers to engage in cross-border operations. Finally, FMCSA has begun to address recommendations we made to improve its acquisition and contracting practices, but it needs to follow through on commitments made in response to our past audit work to ensure the effective execution of contractor-supported safety programs.

August 15, 2011

New York City Fulton Street Transit Center: FTA's Sustained Focus on Key Risk Areas Is Needed Until the Project Is Completed

Self-initiated

The Federal Transit Administration (FTA) is responsible for overseeing the New York Metropolitan Transportation Authority's (MTA) construction of the York City Fulton Street Transit Center project. Project funding includes \$423 million in ARRA funds—the largest single award for any of FTA's ARRA projects.

While FTA has provided sufficient oversight of the project, FTA and MTA must maintain vigilance in preventing schedule delays; maintaining the project's budget; ensuring the project remains within current committed funding amounts; and

combating fraud, waste, and abuse, with a particular focus on DBE fraud. Further, FTA's efforts ensured that MTA established controls to comply with ARRA requirements for accountability and timely reporting. However, it did not detect errors in the number of ARRA-funded jobs MTA reported.

We recommended that FTA take additional steps to (1) finalize a compliance review of MTA's DBE program, and (2) increase its level of oversight of the ARRA information MTA submits to the Federal Government to reduce omissions or errors in future submissions. FTA completed action on the first recommendation but disagreed with the second, stating that it has complied with Office of Management and Budget (OMB) requirements. After consulting with OMB, we maintain that further FTA action is needed to reduce omissions or errors in MTA's future job data submissions, and the recommendation remains open.

August 19, 2011

FMCSA Generally Complies With Statutory Requirements, but Actions Are Needed Prior To Initiating Its NAFTA Cross-Border Trucking Pilot Program

Required by Section 6901 of the U.S. Troop Readiness, Veteran's Care, Katrina Recovery, and Iraq Accountability Act, 2007

On July 6, 2011, the United States Secretary of Transportation and the Mexico Secretaría de Comunicaciones y Transportes signed a MOU

resolving a long-standing dispute over long-haul, cross-border trucking services between the United States and Mexico under the provisions of the North American Free Trade Agreement (NAFTA). By law, FMCSA must first test long-haul operations as part of a pilot program before it grants long-haul operating authority to Mexico-domiciled motor carriers.

While FMCSA has met most requirements, it has not identified the specific process it will use to comply with requirements for conducting 50 percent of the pre-authority safety audits and compliance reviews onsite in Mexico. In addition, FMCSA has not yet addressed certain issues for implementing the pilot program. Specifically,

FMCSA has not (1) issued site-specific plans for checking drivers and trucks at the border, (2) established a system to verify driver and truck eligibility for the pilot program, (3) issued an implementation plan or acquired electronic monitoring devices for use in the pilot program, or (4) conducted pilot program training for inspection personnel at the border and within the United States.

We recommended that the FMCSA Administrator ensure that the Secretary's report addresses these issues. FMCSA concurred with the recommendation and provided a completion date for its planned actions.

Investigations

May 18, 2011

Former Missouri Police Officer Indicted for Stealing NHTSA Grant Funds

Sean Lane, former Lieutenant, City of Jennings, Missouri, Police Department, was indicted in St. Louis County Court on State charges of stealing by deceit. The indictment charges that over a 2-year period, Lane allegedly stole money from a NHTSA grant, as well as money from Central Missouri State University; Missouri Department of Transportation; and the City of Jennings, Missouri, by reporting he worked more overtime on grant-funded assignments than he actually did. The City of Jennings, Missouri, Police Department had received grant money from NHTSA for enforcing driving while under the influence violations.

This case was conducted jointly with the Missouri State Highway Patrol and the St. Louis County Prosecutor's Office.

Note: Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.

May 20, 2011

New York Construction Company Associate Sentenced to 3 Years Probation for DBE Fraud Scheme

Lester Hamilton, salesman for V.V.S.S. Co., Inc. (VVSS), was sentenced in U.S. District Court, Central Islip, New York, for his role in a \$21 million DBE fraud scheme. Hamilton admitted that VVSS, a certified DBE, acted as a DBE front on approximately 35 public works construction projects for numerous general contractors in the New York City area. He further admitted that he helped negotiate some of these fraudulent subcontracts between VVSS and the general contractors. In return, VVSS agreed to receive fees from the general contractors of approximately 5 percent of the value of the subcontracts for the use of their DBE status. VVSS served as a payroll and invoice processing service for the general contractors.

Hamilton admitted that he falsified the books and records of VVSS and submitted false documentation to various unions and union benefit funds to conceal the fact that the VVSS DBE subcontracts were actually performed by the general contractors. VVSS prepared and routinely submitted false certified payrolls and other documents to public contracting agencies who received DOT grant funds, including the New York State Department of Transportation, the New York City Department of Transportation, the New York State Metropolitan Transportation Authority, and the Port Authority of New York & New Jersey.

Hamilton was sentenced to serve 3 years probation and ordered to pay a \$100 special assessment fee and restitution to the Internal Revenue Service in the amount of \$12,161.86 for unpaid taxes, interest, and penalties.

This investigation was conducted by the Federal Construction Fraud Task Force for the Eastern District of New York, whose members include the Internal Revenue Service (IRS), Criminal Investigation Division; the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations; and the New York City Department of Investigation.

May 25, 2011

Former Fort Worth Police Officer Indicted in Local Court for Traffic Ticket Scheme Involving NHTSA Grant Money

Herman Young, former Fort Worth police officer, was indicted in Tarrant County District Court, Fort Worth, Texas, on 12 counts of tampering with a governmental record and one count of theft by a public servant.

Young is accused of entering false times on 12 traffic tickets and receiving more than \$20,000 in overtime for hours he did not work in 2008, 2009, and 2010. Young is one of several Fort Worth police officers suspected in this traffic ticket scheme. The officers allegedly issued tickets during normal duty hours but indicated that the tickets were issued while working overtime under the Selective Traffic Enforcement Program, which is federally funded through a NHTSA grant.

In March 2011, the Fort Worth City Council approved reimbursing the Texas Department of Transportation (TXDOT) \$231,000 in grant money that had been used to pay the questioned overtime.

This investigation is being conducted jointly with the Fort Worth Police Department and the FBI, with assistance from NHTSA and TXDOT.

Note: Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.

May 31, 2011

Georgia Couple Sentenced in Conspiracy To Violate FMCSA Hazardous Materials Regulations

Thomas Watson and Cathy Watson, principal operators of now dissolved TomCat Trucking, Inc., were sentenced in U.S. District Court, Macon, Georgia, for conspiring to violate FMCSA's Hazardous Materials Regulations.

In January 2009, following a FMCSA safety compliance review, TomCat Trucking was issued an Out-of-Service Order, which included revoking their certificate and registration to operate. The subsequent investigation revealed that between January and July 2009, the Watsons transported numerous loads of placardable quantities of hazardous materials including ammonium nitrate and Telone II, a flammable and toxic pesticide. The Watsons were each sentenced to 3 years probation, fined \$5,000, and ordered to pay a \$100 special assessment fee.

This investigation was conducted with assistance from FMCSA.

June 1, 2011

Former Federal Motor Carrier Safety Supervisor Pleads Guilty to Bribery Charge

James H. Wood, former Supervisory Highway Safety Specialist with FMCSA, Buffalo, New York, pleaded guilty in U.S. District Court, Buffalo, New York to an Information charging him with bribery.

The investigation disclosed that Wood requested and accepted payments from Canadian safety consultants to postpone safety audits of Canadian trucking companies; to provide satisfactory ratings to Canadian trucking companies; and to provide internal FMCSA information, including lists of scheduled safety audits, to Canadian trucking safety consultants. Subsequent to his arrest, FMCSA terminated Wood's employment. Sentencing is scheduled for October 19, 2011.

This investigation was conducted jointly with the FBI.

June 17, 2011

New York Construction Company President Sentenced to 3 Years Probation for DBE Fraud Scheme

Stephen Funny, president of Fairview Contracting Corporation, was sentenced in U.S. District Court, Central Islip, New York, to 3 years probation and ordered to pay \$100 special assessment for his role in a \$7.9 million DBE fraud scheme.

Between January 2000 and December 2001, Fairview, a certified DBE, obtained three DBE subcontracts from the Perini Corporation to install rebar. Funny conspired with Walter Bale, the owner of Walter Construction Associates (WCA), to have WCA perform the work on the subcontracts. Funny also transferred Bale's employees and expenses to Fairview's books and records to give the false appearance that Fairview was performing the DBE subcontracts for Perini.

The investigation was conducted by the Federal Construction Fraud Task Force for the Eastern District of New York, whose members include the IRS's Criminal Investigation Division; the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations; and the New York City Department of Investigation.

June 20, 2011

Corporations Plead Guilty and Owner Sentenced in Iowa Ready-Mix Concrete Anti-Trust Investigation

Tri-State Ready Mix, Inc. (TRM) pleaded guilty in U.S. District Court, Sioux Falls, Iowa, to Sherman Antitrust Act charges for its role in the scheme to manipulate the ready-mix concrete market. TRM admitted that as early as January 2006 and continuing through August 2009, Chad Van Zee, owner and president, TRM, engaged in discussions and reached agreements with Steven VandeBrake of GCC Alliance Concrete and its predecessor entity regarding the conspirators' prices for ready-mix concrete sold in Iowa.

On June 21, 2011, Van Zee was sentenced to 45 days incarceration followed by 36 months of supervised release and 80 hours of community service. In addition, Van Zee was ordered to pay a \$50,000 fine and pay a \$100 special assessment.

On August 24, 2011, Great Lakes Concrete, Inc., pleaded guilty to participating in a price-fixing and bid-rigging conspiracy for the sales of ready-mix concrete. Great Lakes, particularly through its President, Kent Robert Stewart, and sales manager Steven Keith VandeBrake, admitted to conspiring to fix prices and rig bids with another ready-mix concrete company for the sale of ready-mix concrete in Iowa. Stewart and VandeBrake previously pleaded guilty and have been sentenced in connection with this investigation.

This investigation was conducted with the U.S. Attorney's Office, Antitrust Division, Chicago, and the FBI.

June 21, 2011

Former Vice President of FTA Grantee Convicted of Conspiracy, Wire Fraud, and False Claims in Massachusetts Trial

Christopher Willson, former senior vice-president of EV Worldwide LLC (EVW), was convicted after a 2-week jury trial in U.S. District Court, Boston, Massachusetts, of one count of conspiracy to defraud the United States, six counts of wire fraud, and four counts of submitting false claims to the United States.

EVW and its wholly-owned subsidiary ElectraStor LLC received funding from FTA through the Pioneer Valley Transit Authority (PVTA) to develop a nickel-hydride battery to power a bus. EVW received approximately \$4.2 million in FTA funds via congressional earmarks between 2000 and 2006.

The investigation disclosed that between November 2004 and July 2006, Willson, EVW, and Michael Armitage, former EVW CEO, conspired to defraud FTA by submitting fraudulent invoices to FTA through PVTA, which claimed that the FTA share of project costs did not exceed the 50-percent level required under the terms of the funding and sought reimbursement for fictitious, inflated, or ineligible expenses. Through proceeds from the invoices, Willson, Armitage, and EVW received wire transfers of approximately \$703,000, which they used for their own benefit as well as for the benefit of HSM Systems, Inc., a Canadian company founded by Armitage and Willson.

Willson, EVW, and Armitage were indicted in April 2009 on various charges, including wire fraud, conspiracy, false claims, and endeavoring to obstruct a DOT OIG audit. Armitage was also charged with numerous unrelated criminal tax violations and pleaded guilty to all charges on October 20, 2010. In June 2011, charges against Willson related to obstruction of an audit were dismissed, and the indictment against the defunct EVW was dismissed in its entirety.

The investigation was jointly conducted with IRS's Criminal Investigative Division and assisted by the Defense Contract Audit Agency.

June 28, 2011

New York Construction Company Owners Plead Guilty in Connection With DBE Fraud Scheme

Balu Kamat and Carmine Desio, president and vice president, respectively, of Environmental Energy Associates (EEA), pleaded guilty in the U.S. District Court, New York City, New York, to mail fraud charges. EEA is a Disadvantaged and Minority Business Enterprise (D/MBE) that was used as a front DBE on projects receiving DOT grant funds.

Kamat and Desio admitted that since 1997, they participated in a scheme wherein they entered EEA into public contracts to perform an array of subcontract work knowing that their company lacked the labor, equipment, and financial wherewithal to perform the work. As part of the scheme, they agreed to put employees of a specific general contractor (unnamed in the indictment) on EEA's certified payrolls. This scheme occurred on the Metropolitan Transportation Authority (MTA) New York City Transit Authority (NYCTA) Fulton Street Transit Center-Dey Street Concourse, with a total DBE subcontract value of \$5.2 million.

This investigation is being conducted jointly with the New York State Metropolitan Transportation Authority OIG; the U.S. Department of Labor, Office of Labor Racketeering and Fraud Investigations; and the Port Authority of New York and New Jersey OIG.

July 19, 2011

South Carolina Department of Motor Vehicle Employee Indicted for Issuing Fraudulent Commercial Driver Licenses

Brenda Kay Poston, a former South Carolina Department of Motor Vehicles (SCDMV) Customer Service Representative, was indicted in U.S. District Court, Columbia, South Carolina, on multiple counts of making false statements related to a scheme that resulted in CDLs being issued to unqualified applicants.

This investigation resulted from a request for assistance from SCDMV following its discovery that Poston aided several individuals in creating false CDL test scores; knowledge and road test scores; and operational enhancements, such as HAZMAT and passenger endorsements by entering false information into SCDMV databases. OIG and SCDMV reviewed the Driver History Records System, which identified 19 drivers with suspicious or unverifiable credentials dating back to 2004. Poston confessed to her role in issuing 19 CDLs, and 13 drivers admitted to obtaining their CDL or endorsements fraudulently. SCDMV officials instituted administrative revocations of those drivers' credentials and offered re-examinations of all drivers believed to be the recipient of a fraudulent CDL. Poston was terminated from her position. She fled the jurisdiction of U.S. District Court in South Carolina and remains at large.

This investigation was conducted jointly with the South Carolina Department of Law Enforcement Division.

Note: Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.

July 27, 2011

FMCSA Motor Carrier Safety Specialist Pleads Guilty to Accepting a Bribe

Eric Hernandez, FMCSA Carrier Safety Specialist, pleaded guilty in U.S. District Court, Laredo, Texas to bribery of public officials. Hernandez sold a Level I Commercial Vehicle Safety Alliance (CVSA) decal to the driver of a commercial motor vehicle knowing that the vehicle had not been inspected. A CVSA decal is issued to commercial motor vehicles passing roadside or periodic inspections performed under the authority of FMCSA or any State government. The alleged activity was reported to the Texas Department of Public Safety, which initiated an investigation and obtained video footage capturing the incident. Hernandez was subsequently arrested.

In June 2011, Hernandez was removed from his position with FMCSA. The Texas Department of Public Safety and FMCSA are assisting in this ongoing investigation.

July 29, 2011

Minnesota Trucking Company Owner Pleads Guilty to Wire Fraud

Marlon Louis Danner, operator of Danner, Inc., and Bulldog Leasing, Inc., pleaded guilty in U.S. District Court Minneapolis, Minnesota, to wire fraud for his role in a scheme to defraud truck drivers out of settlement funds the drivers should have received pursuant to an agreement between Danner and the Minnesota Department of Transportation (MnDOT).

In 2008 and 2009, Danner supplied drivers for a federally funded Minnesota highway reconstruction project and was required to pay a minimum truck rental rate to the drivers. The investigation determined that Danner underpaid the drivers more than \$185,000 in back wages. A settlement was reached, which required Danner to pay the back wages to the drivers. Shortly after, Danner informed certain drivers that the money did not belong to them and that they were required to return the money to Danner once they received the money from MnDOT. From March through May 2010, many of the drivers wrote checks to the Danner, Inc., and Bulldog Leasing as directed by the defendant and through his office manager. Danner failed to disclose and affirmatively concealed these repayments to MnDOT.

This investigation was conducted jointly with the MnDOT Labor Compliance Unit and the FBI.

August 15, 2011

Former Tennessee Department of Transportation Employee Sentenced for Soliciting and Accepting Bribes From a Subcontractor

In U.S. District Court, Nashville, Tennessee, James D. Hagar, former Tennessee Department of Transportation (TDOT) Operations Specialist, was sentenced to 6 months incarceration and 2 years supervised release, ordered to pay \$30,000 in restitution payable to FHA, and fined \$4,000 in connection with his guilty plea to accepting a bribe from a subcontractor in connection with a roadway project receiving Federal funds.

While working on the federally funded contract in his capacity as a TDOT Operations Specialist, Hagar approved the installation of additional impact attenuators (impact reduction devices) by a subcontractor over and above the original number of devices specified in the initial contract. In exchange for his approval of \$272,000 in additional devices, Hagar solicited and accepted \$30,000 in unauthorized payments from the subcontractor.

This investigation was conducted jointly with the Tennessee Bureau of Investigation, with assistance from the State Attorney General's Office.

August 24, 2011

Minnesota Transit Constructors, Inc., Agree To Pay \$4.6 Million To Resolve False Claims

A \$4.6 million False Claims Act Civil Settlement Agreement was executed between the Department of Justice and the U.S. Attorney's Office for the District of Minnesota, and the Minnesota Transit Constructors, Inc. (MnTC), a joint venture comprised of several contractors—Granite Construction, C.S. McCrossan, Inc., and Parson Transportation Group—as well as a number of subcontractors.

MnTC designed and built the Hiawatha Light Rail System, linking the Minneapolis-St. Paul airport and the Mall of America. Because the project was funded by FTA, MnTC was required to comply with DBE requirements as well as use its own resources and workforce to perform subcontracted work. The United States contends that between June 2000 and July 2005 MnTC claimed that materials and services for the project were provided by four legitimate DBEs—Summit Electric, B&L Electrical Supply, L&S Contracting, and Lanier Steel—when in fact they were provided by non-DBEs. The legitimate DBEs were merely used as pass-throughs to make it appear as if a DBE had performed the work.

Although the contractors deny the contentions, they entered into the Settlement Agreement to avoid the inconvenience and expense of a protracted litigation and agreed to pay the United States \$4.6 million to resolve the allegations.

This investigation was conducted with the Department of Justice and the Civil Division for the U.S. Attorney's Office in the District of Minnesota, along with FTA.

September 7, 2011

New York Construction Company Owner Sentenced for Highway Fraud

Oscar Rayford was sentenced in U.S. District Court in Buffalo, New York. Rayford—owner of Rayford Enterprises, Inc., a certified DBE—was sentenced to 8 months of home confinement, 1 year of probation, a \$7,500 fine, and a \$100 special penalty assessment. Rayford was also ordered to forfeit \$1.8 million to the Government.

Rayford previously pled guilty to a mail fraud charge, admitting that between 2001 and 2007 he falsely represented to various Government agencies that his company was performing a “commercially useful function” as a DBE manufacturer of concrete. In fact, he entered into a series of agreements with Lafarge North America, a non-DBE, where Lafarge performed virtually all of the work functions associated with concrete production and delivery on five FHWA-funded highway construction projects. Rayford obtained payments from the general contractors, retained a small percentage as his fee, and passed on the remainder to Lafarge. The total value of the work performed by Lafarge on behalf of Rayford was in excess of \$3.2 million.

September 20, 2011

Main Defendants Plead Guilty on the Eve of Trial in Pennsylvania CDL Fraud Case

On September 8, 2011, Vitaliy Kroshnev, Tatyana Kroshnev, and Tair Rustamov each pled guilty in Philadelphia, Pennsylvania, to one count of conspiracy to produce and aid and abet in the production of identification documents. Vitaliy Kroshnev also pled guilty to an additional false statement count. On September 20, 2011, following a 5-day trial, Irina Rakhman was found guilty by a Federal jury in Philadelphia, Pennsylvania, of conspiracy to produce identification documents without lawful authority.

A Federal Grand Jury had charged Vitaliy and Tatyana Kroshnev, Rustamov, Rakhman, and six others with false statements, identification document fraud, and bank fraud for their roles in a conspiracy that allegedly aided more than 400 unqualified individuals in obtaining false Pennsylvania CDLs. The conspirators operated as the International Training Academy (ITA), which purported to be both a truck-driving school and a business that rented tractor-trailers for FMCSA's regulated CDL Skills Tests. The conspirators allegedly bypassed FMCSA regulations by providing customers with false Pennsylvania residency documents used to satisfy requirements of the Pennsylvania Department of Transportation. Once ITA established the false Pennsylvania residency of the unqualified applicant, corrupt interpreters nefariously provided answers to customers taking the CDL Knowledge Test.

This is a joint investigation with the FBI, with assistance from FMCSA and the Pennsylvania State Police.

September 19, 2011

Company Employee Pleads Guilty in Fraud Scheme Involving Highway Projects

Santos Eliazar Rivas pled guilty in U.S. District Court in Baltimore, Maryland, to three counts of making false statements in a matter involving FHWA. According to the plea agreement, Rivas became the Director of Quality Control for Frederick Precast Concrete, Inc. (FPC), a company that produced precast concrete structures, including structures for drainage, used in construction projects involving the Woodrow Wilson Bridge and the I-70/Baltimore National Pike Project. Rivas' duties included overseeing the manufacturing of the company's precast products and ensuring the company's compliance with State regulations.

The investigation disclosed that FPC's products delivered to federally funded project sites failed to conform to State-approved specifications. Certain structures contained the wrong number and/or type of steel rebar pieces in their frames; others contained unapproved substitutions of wire mesh in place of steel rebar. Accordingly, none of these structures conformed to State-approved specifications, and all of them were materially weaker than if they had been produced according to design. The investigation further disclosed that on numerous occasions, Rivas signed off on shipping tickets listing precast

structures with concrete mix that either had not been tested at all, or had been tested and failed to reach the requirement to withstand at least 4,500 pounds per square inch. Based on the shipping tickets that Rivas falsely certified on behalf of FPC, the Maryland State Highway Administration (MSHA) paid three prime contractors at least \$131,410 for the deficient materials, who in turn paid FPC.

Rivas is an illegal alien and is currently being detained by ICE pending sentencing.

This is a joint investigation with ICE, with assistance from FHWA, and MSHA.

September 2011

Three Former Fort Worth Police Officers Indicted in Local Court for Traffic Ticket Scheme Involving NHTSA Grant Money

In early September 2011, Marcus B. Mosqueda, Maurice Middleton, and James Dunn, former Fort Worth police officers, were indicted in Tarrant County District Court, Fort Worth, Texas. Mosqueda, Middleton, and Dunn were all indicted on charges of tampering with a governmental record and theft by a public servant.

Mosqueda, Middleton, and Dunn are accused of entering false times on 18 traffic tickets, 19 traffic tickets, and 21 traffic tickets, respectively. In addition, all three are accused of receiving overtime pay for hours they did not work in 2008, 2009, and 2010. Mosqueda, Middleton, and Dunn are three of nine Fort Worth police officers

suspected in this traffic ticket scheme. The officers allegedly issued tickets during normal assigned duty hours but indicated that the tickets were issued while working overtime under the Selective Traffic Enforcement Program, which is funded through a NHTSA grant.

In March 2011, the Fort Worth City Council approved reimbursing the Texas Department of Transportation \$231,000 in grant money that had been used to pay the nine officers' overtime.

This investigation is being conducted jointly with the Fort Worth Police Department and the FBI, with assistance from the NHTSA and the Texas Department of Transportation.

Note: Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.



In Focus: Ensuring the Continued Safety of Nation's Highways Under NAFTA's Cross-Border Pilot Program

With the signing of the 1992 North American Free Trade Agreement (NAFTA), the United States and Mexico consented to cross-border trucking throughout both countries by the year 2000. However, in 1995, the United States indefinitely delayed the implementation of NAFTA cross-border provisions, citing safety concerns. In 2007, the Secretary of Transportation announced a 1-year pilot program that would permit up to 100 Mexican motor carriers to begin operating beyond border commercial zones. The pilot program ended in 2009 without authorizing Mexico-domiciled carriers to conduct long-haul operations. Subsequently, Mexico imposed tariffs on several categories of goods imported from the United States.

During fiscal year 2010, both DOT and FAA earned their third consecutive clean audit opinions without material weaknesses in internal control. Of particular note, property management—

which has plagued DOT and FAA for many years and resulted in disclaimers of opinion, qualified opinions, and material weaknesses in internal control—was not identified as a concern.

To resolve this long-standing impasse, the U.S. Secretary of Transportation and the Mexico Secretaria de Comunicaciones y Transportes signed a memorandum of understanding on July 6, 2011, to allow long-haul, cross-border trucking services between the United States and Mexico. In the same month, the Federal Motor Carrier Safety Administration (FMCSA) authorized Mexico-domiciled motor carriers to transport cargo, under a pilot program, beyond the commercial zones.

Since 1998, we have issued 13 reports and testified 10 times on FMCSA programs that have been established to address congressional pre-conditions for allowing Mexico-domiciled

motor carriers to operate within and beyond commercial zones along the United States-Mexico border. FMCSA has taken action to meet most of the mandates that are required before it processes pilot program applications, but more work is needed.

FMCSA continues to face the challenge of finalizing the process it will use to comply with requirements to conduct 50 percent of pre-authorization safety audits (PASA) and compliance reviews in Mexico. While FMCSA plans to conduct PASAs in Mexico, it has yet to address where in Mexico the reviews will be conducted or when.

FMCSA must also issue site-specific plans for conducting border inspections to ensure that drivers entering the country are properly licensed and that trucks displaying a valid Commercial Vehicle Safety Alliance safety inspection

decal have received a safety inspection within the last 3 months. Without such plans, there is an increased risk that Mexican carriers will not be inspected in accordance with FMCSA's pilot program provisions. In conjunction with validating truck inspections, FMCSA must develop a system to verify that drivers are eligible for the pilot program. One specific eligibility requirement for drivers is that they be sufficiently proficient in English.

Establishing controls and processes to monitor the safety performance of Mexico-domiciled motor carriers with long-haul operating authority will help FMCSA maintain safety on the Nation's highways. Should the Secretary elect to initiate the pilot program, we will monitor and review the program and submit interim and final reports to the Secretary and Congress, as required.



Rail and Maritime Programs and Economic Analysis

Audits

May 31, 2011

Semiannual Report on Amtrak's Financial and Operating Performance and Savings From Reform

Mandated by the fiscal year 2010 Consolidated Appropriations Act

Our semiannual report to the House and Senate Appropriations Committees provides an assessment of Amtrak's projected savings from operational reforms and year-to-date financial performance. The report also includes an update on Amtrak's use of key performance indicators to improve company performance and assess progress of improvement initiatives.

In the first 7 months of fiscal year 2011, Amtrak's operating loss of \$238.8 million was \$76.4 million (24.2 percent) less than budget projections, and \$24.4 million less than its actual operating loss for the first 6 months of fiscal year 2010. The less-than-budgeted operating loss was primarily due to less-than-expected expenses. Amtrak projects that some of the savings achieved in the first half of the year will be maintained through the end of the fiscal year. The projected year-end operating loss is \$506.9 million—\$85.1 million (14.4 percent) less than budget projections, but \$87.0 million more than fiscal year 2010. Key performance indicators appear to be useful to management in its efforts to improve services and financial management.

July 28, 2011

Financial Analysis of Transportation-Related Public Private Partnerships

Self-initiated

Transportation-related Public Private Partnerships (PPP) have several financial disadvantages when compared to traditional public sector financing. However, certain private sector efficiencies can meaningfully offset PPPs' cost disadvantages. PPPs have a higher cost of capital than traditional public financing, and they incur certain tax obligations that do not exist for public entities. Principal among private sector efficiencies that can offset cost disadvantages are those that lower new facility design and construction costs, as well as efficiencies in revenue generation. Innovative financing mechanisms, such as those provided under the Transportation Infrastructure Finance and Innovation Act and DOT's Private Activity Bonds, may also improve PPPs' financial attractiveness.

In addition, PPPs are not likely to significantly decrease the infrastructure funding gap because private sector investment in transportation through PPPs generally does not entail new or incremental funds. Ultimately, the difference in the relative values that PPP financing and conventional public financing can provide must be determined on a project-by-project basis after careful consideration of all factors, including those such as the potential impacts of risk sharing arrangements or the ability of the private sector to deliver a project more expeditiously, which can be significant.

September 14, 2011

FRA's Progress Implementing the Passenger Rail Investment and Improvement Act

Testimony before the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security

The Assistant Inspector General for Rail, Maritime, and Economic Analysis testified on the progress the Federal Railroad Administration (FRA) has made in meeting its responsibilities outlined in the Passenger Rail Investment and Improvement Act (PRIIA). While FRA has made significant progress to improve its oversight of Amtrak, delays in implementing certain PRIIA provisions—particularly finalizing the National Rail Plan—significantly challenge FRA's ability to improve and expand intercity passenger rail. Without a final National Rail Plan, other PRIIA requirements cannot be completed and stakeholders' roles are uncertain. Further, FRA has obligated more than half of its \$10 billion High-Speed Intercity Passenger Rail grant program budget for dozens of projects without providing applicants detailed guidance on how to prepare reasonable and reliable ridership and revenue forecasts, public benefits valuations, and operating cost estimates. As a result, FRA cannot be sure that it based these awards on the relative value of competing projects, or that its high-speed rail investments are prudent.

September 22, 2011

Amtrak Faces Challenges Sustaining Increased Utilization of Its Heavy Maintenance Facilities

Mandated by the Passenger Rail Investment and Improvement Act of 2008

Amtrak used part of its ARRA funding to increase its heavy maintenance workforce and more fully use available capacity at two of its three heavy maintenance facilities, including its largest facility at Beech Grove, Indiana. When ARRA funding expires in September 2011, Amtrak will no longer be able to sustain this expanded workforce and will have to lay off the majority, if not all, of these employees and incur costs associated with the layoffs. To help address this challenge, Amtrak has decided to market its maintenance services to other rail carriers to increase utilization and generate new revenues through its Beech Grove facility. We made two recommendations to the FRA Administrator regarding Amtrak's plans to meet its workforce challenges and increase the Beech Grove facility's utilization. FRA concurred with both recommendations, and we consider those recommendations open pending completion of FRA's planned actions to address them.

Investigations

August 24, 2011

Virginia Man and Tank Cleaning Company Sentenced for Refuse Act and Clean Water Act Violations

In the U.S. District Court, Norfolk, Virginia, Jerry Askew, general manager for Marine Environmental Services, Inc. (MESI), and MESI were sentenced in connection to their guilty pleas to Refuse Act and Clean Water Act violations, respectively. Askew and MESI had previously admitted during their guilty pleas to the illegal discharge of approximately 500,000 gallons of contaminated ballast water into the Elizabeth River and the Hampton Roads Sanitation District sewer system, which are violations of the Refuse Act and the Clean Water Act. MESI, a tank cleaning company located in Portsmouth, Virginia, was the subcontractor hired by Bay Bridge Enterprises to remove fluids from the USS Pawcatuck as part of a ship scrapping contract with the U. S. Maritime Administration (MARAD). MARAD's contract required compliance with all Federal, State, and local environmental laws and regulations.

Askew was sentenced to 30 days incarceration, 1 year supervised release, and a \$15,000 fine. MESI was sentenced to 5 years probation, a \$10,000 fine, and was ordered to contribute \$60,000 to a community service project associated with the environmental maintenance of the Elizabeth River.

This investigation was conducted jointly with the Environmental Protection Agency's Criminal Investigations Division, Defense Criminal Investigative Service, Naval Criminal Investigative Service, and Coast Guard Investigative Service.



Financial and Information Technology

Audits

April 6, 2011

Cost in Support of the Kabul Afghanistan Airport Infrastructure Improvement and Capacity Building Project Are Supported and Valid

Requested by FAA

Under agreement with the U.S. Agency for International Development, FAA's Office of International Aviation (API) received \$25 million to carry out infrastructure and capacity building improvements at the Kabul Afghanistan

International Airport (KAIA). In support of this effort, API entered into a \$19.6 million agreement with FAA's Logistics Center (AML) to provide services, including terminal surveillance equipment and appropriate training, airport security equipment and services, control tower refurbishment, and communications equipment.

At the request of AML, we conducted this audit on a reimbursable basis, focusing on the \$19.6 million agreement between API and AML. Our objective was to determine if costs in support of the KAIA infrastructure and capacity building project were supported and valid under the terms and conditions of that agreement. Overall, we found these costs to be supported and valid.

April 15, 2011

Quality Control Review on the Vulnerability Assessment of FAA's Operational Air Traffic Control System

Requested by the Chairmen of the House Transportation and Infrastructure Committee and its Subcommittee on Aviation

FAA's 21 Air Route Traffic Control Centers (ARTCC) are the major communication hubs for flight plan routing and systems that provide radar and communication services to aircraft operating above 18,000 feet. ATC systems communicate with one another via the same technology used for Internet communication, and FAA has designed some support systems in its Mission Support System Network (MSSN) with accessibility through the Internet.

Clifton Gunderson LLP, under contract to OIG, assessed ATC systems and networks located at two FAA facilities in the continental United States to determine whether the systems could be accessed by unauthorized users from inside ATC facilities through MSSN. Clifton Gunderson concluded that they were unable to gain access to FAA's operational ATC systems. However, it identified several weaknesses at the Air Route Traffic Control Centers: (1) information disclosure vulnerabilities, (2) inadequate system patch levels and unsupported operating systems, (3) improper network configurations, and (4) communication system vulnerabilities.

OIG's quality control review of Clifton Gunderson's audit work disclosed no instances in which Clifton Gunderson did not comply in all material

respects with generally accepted Government auditing standards.

May 23, 2011

Quality Control Review of Single Audit on the Port Authority of New Jersey and New York

Self-initiated

The Port Authority of New York and New Jersey expended approximately \$311 million from DOT grant programs for the fiscal year ending December 31, 2010. Deloitte & Touche rendered an unqualified (clean) opinion on the Port Authority's financial statements, and did not question any costs concerning DOT programs. Deloitte & Touche also rendered an unqualified opinion on each of DOT's major programs (Federal Transit Cluster, Airport Improvement Program, and the Highway Planning and Construction Program). However, Deloitte & Touche made recommendations to correct internal control and compliance deficiencies that directly affect the Highway Planning and Construction Program.

We determined Deloitte & Touche's work met the requirements of generally accepted Government auditing standards, the Single Audit Act, as amended, and OMB Circular A-133. We found nothing to indicate that Deloitte & Touche's opinion on the Port Authority's financial statements or reports on the Port Authority's internal controls and compliance were inappropriate or unreliable.

June 27, 2011

Quality Control Review of Single Audit on Dallas Area Rapid Transit

Self-initiated

The Dallas Area Rapid Transit (DART) expended approximately \$198 million from DOT grant programs for the fiscal year ending September 30, 2010. Deloitte & Touche, LLP, rendered an unqualified (clean) opinion on DART's financial statements, and did not question any costs concerning DOT programs. Deloitte & Touche also rendered an unqualified opinion on DOT's major program, the Federal Transit Cluster.

We determined Deloitte & Touche's work met the requirements of generally accepted Government auditing standards; the Single Audit Act of 1984, as amended; and OMB Circular A-133. We found nothing to indicate that Deloitte & Touche's opinion on DART's financial statements or reports on DART's internal controls and compliance were inappropriate or unreliable.

August 24, 2011

Quality Control Review of Single Audit on the New Jersey Transit Corporation

Self-initiated

The New Jersey Transit Corporation (NJT) expended approximately \$715 million from DOT grant programs for the fiscal year ending June 30, 2010. Ernst & Young, LLP, rendered an unqualified (clean) opinion on New Jersey Transit's financial statements, and did not question any costs concerning DOT programs. Ernst & Young

also rendered an unqualified opinion on two major DOT programs: the Federal Transit Cluster and Formula Grants for Other Than Urbanized Areas Program.

We determined Ernst & Young's work met the requirements of generally accepted Government auditing standards; the Single Audit Act of 1984, as amended; and OMB Circular A-133. We found nothing to indicate that Ernst & Young's opinion on NJT's financial statements or reports on NJT's internal controls and compliance were inappropriate or unreliable.

September 29, 2011

Audit of FAA's Automatic Dependent Surveillance-Broadcast System Security Requirements

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

Concerns over the security of the Automatic Dependent Surveillance-Broadcast (ADS-B) system—an important part of FAA's plans for NextGen—prompted our audit. Our objectives were to determine (1) whether FAA's contract for ADS-B's development properly specifies the system's security requirements and if the contractor has satisfied them, including security risk identification and mitigation, and (2) whether the contractor follows FAA's security architecture in its development of ADS-B. Because this report contains sensitive security information, it is not publicly available.

September 29, 2011

Quality Control Review of Single Audit on the Michigan Department of Transportation

Self-initiated

We conducted a quality control review of a single audit performed by the Auditor General of the State of Michigan on the Michigan Department of Transportation's (Michigan DOT) use of DOT grants for the fiscal year ending September 30, 2010. During this period, Michigan DOT expended approximately \$2.7 billion from DOT grant

programs. The major DOT programs tested by the Auditor General included (1) the Highway Planning and Construction Program, (2) the Federal Transit Cluster, (3) the Federal Transit Services Cluster, (4) the Formula Grants for Other Than Urbanized Areas, and (5) AIP. We determined that the work of the Auditor General was acceptable and, therefore, met the requirements of generally accepted Government auditing standards, the Single Audit Act, and OMB Circular A-133. We found nothing to indicate that the Auditor General's opinion on Michigan DOT's financial statements or reports on Michigan DOT's internal controls and compliance were inappropriate or unreliable.



Acquisition and Procurement

Audits

May 19, 2011

FAA Must Strengthen Its Cost and Price Analysis Processes To Prevent Overpaying for Noncompetitive Contracts

Self-initiated

In October 2009, OMB issued instructions to Federal agencies on the use of high-risk contracts. These instructions emphasized ensuring price reasonableness for noncompetitive awards and improving controls over the quality of contract award data. FAA's Acquisition Management System (AMS) permits noncompetitive

procurements, provided FAA contracting officials perform cost and price analyses to prevent overpaying for noncompetitive awards.

FAA did not perform effective cost and price analysis for 8 of the 25 contracts we reviewed (totaling about \$11.6 million). As a result, FAA was unable to demonstrate that prices paid were reasonable and may have overpaid for two contracts by about \$670,000. Specifically, FAA officials either used inadequate methods to determine price reasonableness or did not perform price analyses. In addition, FAA does not accurately account for its noncompetitive contract awards because it does not use a contract writing system capable of verifying data accuracy at the time of award, as required by OMB. While FAA uses its procurement system, the Purchase

Request Information System (PRISM), to record new contract awards, we found that PRISM has a significant number of blank data fields where the extent of contract competition should be identified. Further, 13 of 33 contracts we reviewed were incorrectly recorded as “Not Competed,” instead of “Competed Action” or “Not Available for Competition.”

We made six recommendations calling on FAA to improve planning for completing price analyses; enhance pricing techniques and training; and to implement guidance, controls, and improved software for recording new contract awards. FAA fully concurred with all recommendations.

May 25, 2011

Weaknesses in the Office of the Secretary's Acquisition Function Limit Its Capacity To Support DOT's Mission

Self-initiated

In fiscal year 2010, DOT spent \$5.8 billion on contracts for goods and services. The Office of the Secretary of Transportation (OST) is tasked with ensuring that all of DOT's Operating Administrations use these funds effectively and safeguard them against fraud and abuse. Within OST's Office of the Senior Procurement Executive (OSPE), which establishes DOT's acquisition policies and procedures, strong leadership and acquisition practices are critical.

However, OST's current acquisition organizational structure creates an additional layer of management and review that restricts the flow

of information and diminishes OSPE's ability to effectively perform acquisition duties. In addition, the acquisition function lacks adequate and comprehensive policies and procedures to effectively manage and perform its acquisition tasks. While OST is responsible for maintaining the Transportation Acquisition Regulation (TAR) and Transportation Acquisition Manual (TAM), long-standing staff shortages at OSPE have resulted in TAR and TAM policies remaining out-of-date since 2005 and 2006, respectively. Finally, OST lacks management controls to ensure its acquisition data are accurate, complete, and timely. Specifically, OST had inaccurate data entered into the Government-wide procurement information system and timely removal of former OST employees' access to DOT's system for reporting procurement data.

We made 15 recommendations to the Deputy Secretary and the Senior Procurement Executive to address these weaknesses. OST concurred with all but four of our recommendations and provided acceptable planned actions and implementation dates.

August 3, 2011

FAA Policies and Plans Are Insufficient To Ensure an Adequate and Effective Acquisition Workforce

Self-initiated

In October 2009, OMB issued an Acquisition Workforce Development Strategic Plan, which provides a structured approach to improving both the capacity and capability of the civilian

acquisition workforce. Acquisition planning is critical for FAA as it transitions to NextGen—a system intended to accommodate increased air traffic. In 2009, FAA issued its initial Acquisition Workforce Plan on the Agency’s workforce needs from fiscal year 2009 through fiscal year 2011, and updated the plan in 2010 to project these needs through fiscal year 2014.

The 2009 plan excluded acquisition employees in a number of FAA’s lines of business, as well as its support contractor and service contract staff. While FAA’s updated 2010 plan includes acquisition staff from additional lines of business, the plan continues to omit both Federal and contractor acquisition employees working on FAA’s support services contracts. Additionally, FAA did not sufficiently address gaps in hiring and developing its acquisition workforce and could not accurately determine whether it hired enough program managers and engineers for NextGen. FAA also did not fully implement the programs, policies, and practices needed to ensure an adequate workforce.

We made 11 recommendations aimed at strengthening FAA’s acquisition workforce planning. FAA concurred with 10 and partially concurred with 1. Overall, FAA provided acceptable actions for 8 recommendations and has begun actions to address many of the issues identified during our audit. We requested that FAA clarify how it plans to meet the intent of the remaining three recommendations.

Investigations

May 13, 2011

City of Palmer (Alaska) Pays \$857,000 False Claims Settlement Regarding Usage of Airport Funds

The U.S. Department of Justice and the City of Palmer, Alaska, settled a qui tam civil action resulting in the city paying \$813,000 to the U.S. Government and \$44,000 to the qui tam complainant for expenses associated with filing the action. According to the complaint, the city made false claims on FAA grant applications by attesting that it would collect rent at fair market value for the lease of airport property for non-aeronautical uses, as required by FAA rules.

The Department of Justice intervened in this qui tam civil action following an investigation by OIG. In the settlement agreement, the U.S. Government alleged that the airport failed to collect rent at fair market value for airport property that was used for non-aviation purposes, such as for a municipal golf course and little league field on airport property. Although the City of Palmer denies the allegations, they entered into the Settlement Agreement to avoid delay and the inconvenience and expense of a protracted litigation.

This investigation was conducted by OIG, with assistance from the Department of Justice.



Departmentwide Issues

Audits

April 29, 2011

Letter to Chairman Issa on OIG's Open Audit Recommendations

*Requested by Rep. Darrell Issa, Chairman of the
House Committee on Oversight and Government
Reform*

Between March 24, 2010, and April 13, 2011, we have closed 404 recommendations from 188 audit reports. As of April 13, 2011, 425 open recommendations, included in 136 audit reports, remain open.

Of the 425 open recommendations, 42 (included in 31 reports) carry an estimated monetary benefit or cost savings totaling over \$2 billion. As requested, we determined the three most significant open recommendations—one from each of the following reports: Air Traffic Control: Potential Fatigue Factors, Quality Control Review of Audited Consolidated Financial Statements for Fiscal Years 2010 and 2009, and National Highway Traffic Safety Administration's Alcohol-Impaired Driving Highway Traffic Safety Program. Our determination was based on whether the recommendation would lead to significant safety improvements, financial benefits, or increased economy or efficiency of the program audited.

May 4, 2011

Ensuring ARRA Funds Are Spent Appropriately To Maximize Program Goals

Testimony before the House Committee on Transportation and Infrastructure

DOT's Inspector General testified on key challenges DOT faces in ensuring ARRA dollars are spent appropriately to maximize program goals. DOT faces substantial challenges in ensuring its High-Speed Intercity Passenger Rail and Transportation Investment Generating Economic Recovery programs meet ARRA's reporting, transparency, and program and financial management requirements, and that the significant ARRA dollars obligated under these programs are not wasted. OIG ARRA audits—which have primarily targeted FHWA, the largest custodian of DOT's ARRA dollars, and FAA—can help inform DOT regarding the critical decisions it must make in the future. Specifically, DOT needs to improve jobs data reporting and grant selection processes to meet ARRA's transparency and accountability requirements and its goal to optimize economic growth; strengthen project and financial oversight to ensure quality and maximize efficiency; and take proactive measures to combat fraud, waste, and abuse.



OIG's other accomplishments and contributions extend beyond the legal reporting requirements of the Inspector General Act.

April 10, 2011

Presentations on Transportation Economics

Two OIG economists spoke on transportation economics at the annual International Industrial Organization Conference. One presented OIG's analysis of the causes of Amtrak delays, with a focus on the data development and statistical techniques used to conduct the analysis. The other provided a discussion of another presenter's model of a corporation's transportation decision process. Conference attendees were primarily academic economists specializing in analyses of industry structures, characteristics, and activities.

May 11, 2011

Presentation on Becoming a Higher Performing Organization

The Deputy Inspector General participated in a panel session—along with the Acting Associate Executive Director, Office of Human Resources, Securities and Exchange Commission (SEC) and the Director of Leadership, Education and Delivery Services, Internal Revenue Service—at the Partnership for Public Service's Event of Excellence before executives and emerging leaders from over 20 Federal agencies. The Partnership singled out OIG, IRS, and SEC as higher performing organizations. Panelists spoke on five key areas for motivating employees: a positive work environment, recognition, development opportunities, meaningful work, and effective leadership.

May 12, 2011

Presentation on NextGen Audit Work

The Director for Aviation Acquisition and Safety Audits participated in a panel discussion at the Aviation Week Air Transportation Modernization conference on our work related to FAA's NextGen system. The Director highlighted the status of FAA's efforts to integrate new instrument flight procedures with changes to airspace that affects multiple airports near large metropolitan areas. A key theme of the panel discussion was the need for FAA to clearly articulate the benefits of NextGen technologies with respect to enhancing operations, boosting capacity, and reducing operating costs. Other panel members included representatives from FAA, airlines, and airports. The conference was attended by leaders of FAA and other Government agencies, aerospace companies, and airline industry executives.

June 2, 2011

Keynote Presentation on OIG Returns on Investments

The Deputy Inspector General spoke at the Mid-Atlantic Intergovernmental Audit Forum. The keynote presentation consisted of audit and investigative processes, successes, and challenges; how to streamline operations and have greater impact. The Deputy Inspector General specifically focused on ways for us as auditors to get more "bang for our buck" and demonstrate the positive effects of having a strong audit community. In attendance were auditors from the Federal, State, and local levels.

June 8, 2011

Keynote Address at Summer Law Clerk Program Kick Off

The Inspector General provided the keynote address at the Council of Counsels to the Inspector General's (CCIG) kick off for the OIG Summer Law Clerk Program, held at the Department of Homeland Security in Washington, D.C. OIG interns from throughout the Federal Government came to this event to learn more about the OIG community and working in the public sector.

June 15, 2011

Presentation on NextGen Audit Work

The Deputy Assistant Inspector General for Aviation and Special Programs spoke at the RTCA's annual symposium on the challenges in delivering the promised benefits of FAA's multi-billion dollar NextGen initiative. The Deputy Assistant Inspector General highlighted changes in the aviation landscape, past and ongoing OIG work, and the factors for successfully managing NextGen and delivering much needed benefits to airspace users and airline passengers. A key theme of the presentation was the need for FAA to establish metrics for how new investments can improve the efficiency of air traffic operations and reduce costs for the FAA as well as the airlines. The symposium was attended by leaders of U.S. and foreign aerospace companies, airline industry executives, trade associations, and various Government agencies, including the Department of Defense and the National Aeronautics and Space Administration.

July 7, 2011

Impact Magazine

OIG's Investigations Office published its first issue of *Impact* to provide a behind-the-scenes look at some of the more significant investigations conducted by OIG's special agents. The publication highlights the unique nature of our investigative work in the areas of transportation safety, procurement and grant fraud, consumer and workforce fraud, and employee integrity. The publication also aims to further inform stakeholders of our investigative efforts and raise public awareness of transportation fraud schemes.

July 11, 2011

Presentations at Excellence in Government Conference

The Deputy Inspector General and the Assistant Inspector General for Aviation and Special Programs participated as panelists in separate seminars at the Excellence in Government Conference in Washington, D.C. Attendees included Government executives.

The Deputy Inspector General participated on the "Creating a Performance Culture" panel, along with the Government Practice Director at the Corporate Executive Board; the Department of Education's Deputy Secretary; and the Department of Treasury's Assistant Secretary for Management, Chief Financial Officer, and Chief Performance Officer. The Deputy Inspector General described OIG's efforts to elevate Agency performance—including 360 reviews, mentoring, *Impact*, and efforts to streamline internal processes—and how

the Agency measures the success of these efforts.

The Assistant Inspector General participated in the “Risk: Rewards and Lessons” seminar along with the Deputy Chief of Naval Operations. The seminar addressed questions on how leaders can create a climate where people feel free to take reasonable risks in pursuit of innovation and improved performance, and how agencies create systems for learning from mistakes in an unthreatening environment. The Assistant Inspector General discussed the importance of good communication up and down the ranks, the need for leaders to be open to criticism, and the criticality of assessing risk carefully. The discussion also included aviation accident investigation findings of risks that were not properly mitigated, and efforts by FAA to improve its climate and systems to better manage risky ventures, such as NextGen, based on our audit findings and recommendations.

September 9, 2011

Presentation on Leveraging Contracting Expertise

A Program Director, Acquisition and Procurement Audits, spoke on audit matrixing at the Federal Audit Executive Council’s Training Conference, “The Future of Accountability,” in

Washington, D.C. Audit matrixing aims to leverage the knowledge of auditors with acquisition and contracting expertise to assist other audit groups that specialize in reviews of specific Department programs. Combining acquisition expertise with program auditors’ understanding of specific programs produces more robust and relevant audit findings and recommendations related to acquisitions and contracts. Conference attendees included auditors from across all Federal Inspectors General offices and the Federal audit community.

September 13, 2011

Presentation on SWIM Audit Work

A Program Director, Aviation and Special Program Audits, participated on a panel at the Avionics Magazine’s first “Avionics for NextGen” conference, held in Atlantic City, New Jersey. The Program Director spoke on our work on FAA’s System Wide Information Management (SWIM) program, a key NextGen integrated technology system, on which we reported on June 15, 2011. Participants included professionals from the avionics industry, major airlines, aviation trade associations, the military, and large consulting firms. Other panelists included the Assistant Director of the Joint Planning and Development Office, and executives from Boeing, MITRE, and Accenture.



This section describes OIG's work planned or in progress for October 1, 2011, through March 31, 2012. The work focuses on the Department's Strategic Plan and its core missions of transportation safety and mobility, and responds to requests by Administration officials and Congress. We take into account the need to support DOT's most critical programs and to ensure that the Department's resources are protected from fraud and waste.

AVIATION AND SPECIAL PROGRAMS

IN PROGRESS

FAA's Air Traffic Safety Action Program (ATSAP)

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation and its Subcommittee on Aviation Operations, Safety, and Security as well as the Ranking Member of the House Transportation and Infrastructure Subcommittee on Aviation, we are assessing FAA's implementation of ATSAP and identifying any improvements necessary for FAA to maximize program benefits. ATSAP is a voluntary safety reporting program for employees at all air traffic control facilities. The program encourages employees to report safety and operational concerns to build awareness of events that may lead to safety breakdowns so that actions can be taken to reduce risk.

FAA's Federal Contract Tower Program

At the request of the Chairman and Ranking Member of the House Committee on Appropriations, OIG is reviewing FAA's Contract Tower Program, which employs contractors to provide air traffic control services at low activity airports

at lower costs than FAA could otherwise provide. The Committee noted that it has been nearly a decade since OIG last evaluated the program, and that another review of the program's safety benefits, costs, and overall value to users would be beneficial.

FAA Implementation of RTCA's NextGen Task Force Recommendations

At the request of the former Chairmen and Ranking Members of the House Committee on Transportation and Infrastructure, and its Subcommittee on Aviation, OIG is assessing FAA's implementation of recommendations regarding NextGen made by RTCA, an advisory committee made up of Government, industry, and academic organizations. Specifically, we are determining the extent to which FAA is (1) responding to RTCA's recommendations, including budget adjustments and the establishment of mechanisms for continued industry collaboration, and (2) addressing potential barriers to FAA's ability to successfully implement the recommendations.

DOT and FAA Oversight of Domestic Code-Share Relationships

At the request of the former Chairmen of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation, OIG is conducting an audit of DOT and FAA oversight of code-share agreements between domestic air carrier partners. Our audit objectives are to (1) examine DOT's and FAA's legal authorities to review agreements between mainline air carriers and their regional partners, (2) assess FAA policies and procedures for ensuring one level of safety between mainline carriers and their regional partners, and (3) determine whether passengers have adequate information to make informed decisions when purchasing airline tickets.

FAA Implementation of the En Route Automation Modernization (ERAM) System

At the request of the former Chairman and Ranking Member of the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, OIG is reviewing FAA's implementation of ERAM—a \$2.1 billion program to replace existing hardware and software at facilities that manage high-altitude NAS traffic. Our objectives are to (1) determine FAA's progress in implementing ERAM and addressing persistent software problems, and (2) identify the risks these problems present to FAA's plans for implementing NextGen. OIG's Office of Acquisition and Procurement Audits is supporting this audit by evaluating ERAM's design and administration for managing costs and achieving outcomes.

FAA's Air Traffic Facility Realignment and Consolidation Efforts

At the request of the former Ranking Members of the House Transportation and Infrastructure Committee and its Subcommittee on Aviation, OIG is reviewing FAA's air traffic facility realignment and consolidation efforts. We are assessing (1) FAA's current plans for realigning and consolidating its air traffic facilities; (2) FAA's process for evaluating the feasibility and cost effectiveness of these plans; and (3) the major cost, technical, and workforce challenges involved with realigning and consolidating air traffic facilities.

PHMSA Oversight of Hazardous Liquid Pipeline Operator Integrity Management Programs

In the United States, 324 operators control roughly 175,000 miles of hazardous liquid pipelines, which carry crude oil, refined petroleum products, and other highly volatile liquids. To reduce the likelihood of pipeline failures, the Federal Government requires pipeline operators to maintain integrity management programs (IMP) for these pipelines. We are assessing the adequacy of PHMSA's oversight and enforcement of hazardous liquid pipeline operators' adherence to IMP requirements.

FAA Oversight of ARRA Expenditures

ARRA requires Inspectors General to conduct audits of ARRA-funded projects to ensure the effective and efficient use of ARRA funds. Accordingly, OIG is assessing FAA's oversight of ARRA grants for airports to determine whether FAA is prevent-

ing improper payments and ensuring ARRA funds are used only for authorized purposes.

FAA Oversight of Aircraft Repair Stations

At the request of the former Chairman of the House Transportation and Infrastructure's Subcommittee on Aviation, OIG is assessing U.S. airlines' use of aircraft repair stations. The objectives of our audit are to (1) examine changes that FAA has made to its repair station oversight, (2) assess the effectiveness of these changes in bolstering FAA's oversight of both domestic and foreign repair stations, and (3) identify challenges to effective oversight that FAA still needs to address.

FAA's Terminal Automation Modernization Program

FAA plans to invest about \$1 billion through 2018 to modernize terminal automation systems that controllers rely on to manage air traffic near airports. This effort is key to replacing aging equipment and achieving FAA's goals for NextGen. Our audit objective is to determine whether FAA's acquisition strategy for terminal modernization effectively addresses technological and operational risks.

FAA Implementation of the Wildlife Hazard Mitigation Program

In January 2009, US Airways flight 1549 incurred multiple bird strikes and was forced to land in the Hudson River. This accident and similar incidents

call into question the effectiveness of oversight and enforcement of airports' compliance with FAA's Wildlife Hazard Mitigation Program. We are assessing FAA's (1) policies and guidance for monitoring, reporting, and mitigating wildlife hazards; (2) coordination with various Federal, State, and local government agencies responsible for reducing wildlife hazards at airports and their vicinities; and (3) oversight and enforcement of airports' adherence to wildlife hazard reporting and assessment requirements and implementation of wildlife hazard management plans.

FAA Oversight of Pilot Training and Regional Airlines

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation and its Subcommittee on Aviation Operations, Safety, and Security; the then Chairman of the House Transportation and Infrastructure's Subcommittee on Aviation; and Representatives Louise Slaughter, Christopher Lee, and Brian Higgins, OIG is assessing FAA's oversight of pilot training and regional airlines following the February 2009 crash of Colgan Air 3407. The requesters expressed concern that FAA's safety regulations and oversight of air carrier pilot training may not be effective. Accordingly, we are assessing (1) FAA's oversight for air carrier pilot training and proficiency programs, and (2) the process and data FAA and air carriers use to evaluate the competence and qualifications of pilots when they are hired.

FAA and Air Carriers Efforts To Enhance Safety in Response to the Colgan Accident

At the request of the Chairman and Ranking Member of the House Committee on Transportation and Infrastructure, we are reviewing FAA and industry efforts to enhance safety. Since the fatal crash of Colgan Air flight 3407 in February 2009, FAA, Congress, and air carriers have recognized the need for safety initiatives in pilot fatigue, training, and professionalism. These initiatives, while ongoing, were not completed during FAA's Call to Action on Airline Safety and Pilot Training and subsequently became requirements under the Airline Safety and FAA Extension Act of 2010. Accordingly, we are (1) examining FAA and industry progress in implementing elements of the Airline Safety and FAA Extension Act of 2010, and (2) identifying any challenges to completing these actions.

FAA's Aviation Safety Inspector and Analyst Staffing

The Airline Safety and FAA Extension Act of 2010 directed OIG to review staffing levels for FAA's aviation safety inspectors and operations research analysts. The 2009 Colgan crash raised concerns about the experience and numbers of inspectors and analysts that have been assigned to oversee air carriers and review inspection data. Accordingly, our audit objectives are to (1) evaluate FAA's process for assigning Aviation Safety Inspectors (ASIs) and Operations Research Analysts (ORAs) to each Part 121 air carrier; (2) assess the number and level of experience of ASIs and ORAs assigned

to each Part 121 air carrier; and (3) evaluate FAA's use of other surveillance processes to supplement the inspections performed by assigned oversight offices.

FAA's Methodologies To Measure, Rate, and Mitigate Risks of Losses of Standard Separation

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation; its Subcommittee on Aviation Operations, Safety, and Security; and the Ranking Member of the House Transportation and Infrastructure Subcommittee on Aviation, we are assessing how operational errors are categorized and how their risks are mitigated. Operational errors occur when a controller fails to ensure required separation between two aircraft—a serious threat to aviation safety. The number of recorded operational errors has risen dramatically over the past few years, but FAA has not clearly explained the reasons for this rise. Accordingly, we are evaluating the effectiveness of FAA's policies and processes to (1) collect, measure, evaluate, and report separation losses, and (2) mitigate the risk of separation losses.

Management of the Metropolitan Washington Airports Authority (MWAA)

At the request of Congressmen Frank R. Wolf and Tom Latham, OIG is reviewing whether (1) the policies and processes under which MWAA operates comply with the terms of the law and the lease between DOT and MWAA, and (2) MWAA's policies and processes are sufficient to ensure

accountability and transparency of its board's activities. OIG's Office of Acquisition and Procurement Audits is supporting this audit by evaluating MWAA's process for awarding contracts and its compliance with the Metropolitan Washington Airports Act of 1986.

PLANNED

Aviation Safety Information Analysis and Sharing (ASIAS) System

The February 2009 Colgan crash prompted Congress to mandate that OIG assess the feasibility of FAA establishing a comprehensive repository containing data from multiple sources that is accessible by aviation safety inspectors and analysts. FAA has developed the Aviation Safety Information Analysis and Sharing (ASIAS) system, which contains data from numerous safety databases, including voluntary programs, such as the Aviation Safety Action Program (ASAP). In the past, access to the data has been limited. We plan to conduct an audit to (1) determine status of FAA's efforts to implement ASIAS; (2) how FAA is using the system to assist in oversight of air carriers; and (3) whether aviation safety inspectors and operational research analysts have access to the ASIAS data.

DOT's Oversight of Inactive Research, Development, and Technology Grants and Interagency Agreements

DOT spends nearly \$1 billion annually on research, development, and technology (RD&T) through contracts, grants, and interagency agreements.

During our 2009 audit of the Research and Innovative Technology Administration's (RITA) Intelligent Transportation Systems Joint Program Office, we identified nearly \$20 million in inactive RD&T funds—most of which remained on old grants and agreements. These grants and agreements also involved FHWA and FTA. We will assess the effectiveness of DOT's policies and procedures for identifying and de-obligating unneeded funds remaining on old RD&T grants and agreements.

Review of FAA Policy Regarding Use of Unmanned Aerial Systems (UAS)

Federal and State governments, along with private sector companies use evolving UAS technology, making it an important issue for developing NextGen. We plan to conduct an audit to (1) determine FAA's progress with developing policies for UAS use in the NAS and whether these efforts are aligned with NextGen goals, and (2) assess how FAA plans to mitigate technological and safety risks and meet the needs of other agencies.

Review of Updates to FAA's Controller Workforce Plan (CWP)

FAA was directed by Congress in 2003 to prepare a plan to ensure adequate staffing within the controller workforce, in response to the anticipated surge in air traffic controller retirements. In December 2004, FAA issued the first Controller Workforce Plan outlining FAA's plans for addressing that challenge. The plan detailed FAA's strategy for hiring approximately 12,500 new controllers to replace those controllers expected to leave from 2004-2014. The CWP is updated by

FAA on an annual basis and outlines various initiatives for increasing controller productivity and for decreasing on-the-job training (OJT) time and costs. We plan to conduct an audit to (1) evaluate FAA's progress in implementing key staffing and training elements of its CWP, including FAA's streamlined hiring process, tower simulator improvements, and multi-path hiring and training; and (2) assess the effectiveness of other initiatives designed to increase controller productivity such as FAA's plan to stop placing newly hired controllers at the most complex facilities.

Review of PHMSA's Oversight and Enforcement of the State Pipeline Safety Program

The September 2010 pipeline explosion in San Bruno, California, that killed 8 people and destroyed 37 homes, as well as other recent accidents, calls into question the effectiveness of Federal and state oversight and enforcement of pipeline operators' compliance with federally mandated safety requirements. We plan to conduct an audit to evaluate the effectiveness of PHMSA's (1) policies and processes for authorizing states to oversee and enforce Federal pipeline safety regulations; (2) program oversight to ensure Federal funds are used for eligible activities in accordance with Federal law, regulations, and state certifications or agreements; and (3) program oversight to ensure that states are effectively executing their pipeline safety oversight and enforcement responsibilities in accordance with state certifications or agreements.

HIGHWAY AND TRANSIT PROGRAMS

IN PROGRESS

FTA Oversight of the Dulles Corridor Metrorail Project

OIG is conducting an audit of FTA's oversight of Phase 1 of the Dulles Corridor Metrorail Project in the Washington, D.C., metropolitan area. This infrastructure project involves a Federal investment of \$900 million through FTA's New Starts program, including \$77.3 million in ARRA funds. Our audit objectives are to (1) determine whether FTA's oversight of the Metropolitan Washington Airports Authority's process to test the 30-year-old foundations was sufficient to resolve all safety concerns, and (2) if FTA's oversight activities effectively addressed significant project schedule, cost, and funding risks.

FTA's Challenges to Improving Oversight of Rail Transit Safety

OIG is conducting an audit of issues that may impact the Department's legislative proposal to develop and implement an enhanced Federal role in oversight of rail transit safety. We are identifying future challenges FTA would likely face in developing and implementing enhanced rail transit safety oversight, and actions FTA could take now, under its current authority, to improve safety oversight.

NHTSA's Office of Defects Investigation

At the request of Congress and the Secretary, OIG is reviewing NHTSA's Office of Defects Investiga-

tion (ODI) processes for identifying and addressing vehicle safety defects. Our audit objectives are to (1) assess ODI's industry-wide UA-related complaints and investigations and ODI's investigation of these complaints; (2) ODI's tools, processes, and resources for identifying and addressing potential safety defects; and (3) comparative data on defect investigation, recall processes, and potential best practices from four foreign countries and their coordination with ODI.

FHWA Oversight of High-Dollar ARRA Highway Projects

OIG is conducting an audit to determine whether FHWA's oversight of selected high-dollar ARRA projects has resulted in project compliance with key Federal-aid highway requirements for cost, quality, and construction schedule. ARRA provided \$27.5 billion to FHWA for ARRA highway infrastructure investments and requires FHWA to ensure that states receiving ARRA funds adhere to all Federal-aid highway program requirements.

FMCSA's Response to NTSB Recommendations on New Entrant Safety Assurance Program

OIG is conducting an audit evaluating FMCSA's response to NTSB recommendations addressing weaknesses in Federal oversight of passenger carriers identified through an investigation into a 2008 motor coach crash near Victoria, Texas, that

killed one passenger and injured 47 others. Our audit objectives are to (1) assess FMCSA's efforts to detect and deter reincarnated motor carriers; (2) revise regulations, implement new rulemakings, or obtain increased statutory authority to strengthen passenger carrier safety; and (3) develop the capability to better identify and track motor carriers whose vehicles do not comply with Federal safety requirements.

OST's Transportation Investments Generating Economic Recovery (TIGER) Grants

OIG is conducting an audit of DOT's oversight of the TIGER discretionary grant program. ARRA created this \$1.5 billion program to fund surface transportation infrastructure projects, to be administered by the Office of the Secretary (OST). Our audit objectives are to (1) evaluate OST's management of the TIGER program, including performance measures for determining the economic and transportation-related impact of each project, and (2) each operating administration's oversight of its TIGER projects.

FTA's Charter Bus Regulation

In a report accompanying the fiscal year 2010 appropriations bill for the Department of Transportation, Housing and Urban Development, and Related Agencies, the Senate Committee on Appropriations directed the OIG to conduct an audit of FTA's implementation of the charter bus regulation. This regulation generally prohibits a transit agency that receives Federal transit grant funds from providing charter services, such as shuttle buses to sporting events, when a private

charter operator is interested in providing the service. Our audit objectives are to (1) assess the impact of the charter bus regulation on the cost, availability, and quality of charter services related to specific events and markets, and (2) evaluate FTA's oversight of the charter service regulation.

FTA's Regional Oversight of Transit Grants

OIG is assessing FTA's regional oversight of transit grants to determine whether the efforts ensure proper stewardship of Federal funds and prevent fraud, waste, and abuse. For each selected regional office, we are assessing the use of key oversight tools to identify grantees' management weaknesses and make funding decisions, and evaluate efforts to ensure that grantees correct management weaknesses.

NHTSA's Highway Safety Grants to the State of Mississippi

OIG is conducting an audit of the State of Mississippi, Department of Public Safety, Office of Highway Safety's (MOHS) management of highway safety grants. Over the past 4 years, NHTSA provided more than \$57 million in highway safety grants to the MOHS, and in 2011, NHTSA placed the Mississippi Highway Safety Program on its "high risk" list. Our audit objectives are to (1) determine whether MOHS has sufficient management controls to ensure its compliance with Federal grant requirements and proper expenditure of Federal grant funds, and (2) assess NHTSA's actions designed to ensure MOHS's compliance with Federal grant requirements.

FHWA's Full Oversight of ARRA Projects

OIG is conducting an audit of FHWA's oversight of ARRA. FHWA has undertaken "full oversight" of a number of ARRA projects. By undertaking full oversight, FHWA retains project level approval responsibilities regarding project design, plans, specifications, and estimates and contract awards and inspections—responsibilities typically delegated to the states in accordance with Stewardship and Oversight Agreements. Our audit objectives are to (1) assess FHWA's guidance for conducting full oversight during project construction and (2) determine whether FHWA's implementation of its full oversight guidance results in ARRA projects meeting quality and cost requirements.

FHWA's Stewardship and Oversight Agreements

OIG is assessing whether FHWA's stewardship and oversight agreements clearly define FHWA and state oversight roles and responsibilities, and address laws and regulations. Federal law requires FHWA and each state to enter into an agreement documenting the extent to which the state assumes FHWA's responsibilities under 23 U.S.C.

PLANNED

Dulles Corridor Metrorail Project/Phase 2

At the request of Representatives Wolf and Latham, the OIG plans to conduct an audit of phase 2 of the Dulles Corridor Metrorail Project in Northern Virginia. The requestors' concerns are that MWAA may not have the management or financial capabilities to complete the entire project on-time and on-budget, and without dramatic Toll Road increases. We plan to determine whether MWAA has (1) evaluated risks that could impact the project's cost, schedule, or local funding sources; and (2) implemented mitigation strategies to address the identified risks.

Cross-Border Trucking

The OIG plans to conduct an audit of FMCSA's North American Free Trade Agreement (NAFTA) cross-border trucking pilot program. This audit is required by Section 6901 of the U.S. Troop Readiness, Veteran's Care, Katrina Recovery, and Iraq Accountability Act, 2007. Based on the Section 6901 requirements, we plan to assess adverse effects on motor carrier safety, Federal and State monitoring and enforcement activities, compliance with applicable laws and regulations, and the adequacy of the sample of Mexico-domiciled carriers in the pilot program.

RAIL AND MARITIME PROGRAMS AND ECONOMIC ANALYSIS

IN PROGRESS

High-Speed Rail Program State-Freight Railroad Access Agreements

OIG is conducting an audit to (1) evaluate the extent to which FRA's interim guidance for railroad access agreements includes provisions intended to ensure those agreements support High-Speed Intercity Passenger Rail (HSIPR) program goals, and (2) whether final railroad access agreements comply with the requirements set forth in FRA's interim guidance.

High-Speed Intercity Rail Forecasting

OIG is conducting an audit to identify key considerations in the assessment of high-speed intercity rail (HSIPR) project viability. Specifically, we identified: (1) the elements with the greatest impact on ridership and revenue forecasts, public benefits valuations, and operating cost estimations; (2) the level of analytical detail required for these viability analysis components at various phases in the development of a HSIPR proposal; and (3) critical issues that HSIPR proposal evaluators should be aware of in reviewing these components of viability analyses.

Adequacy of Measures Taken To Address the Solvency of the Highway Trust Fund

At the request of the Ranking Member of the Senate Budget Committee, OIG is conducting

an audit to evaluate the reasonableness of DOT's policies and procedures to monitor the solvency of the Highway Trust Fund, and to compare these policies and procedures to those used by FAA to manage the Airport and Airway Trust Fund.

Causes of Amtrak Delays

OIG constructed an econometric model to determine the causes of delays on Amtrak, and to assign relative importance to the different causes. Among the causes we are investigating are capacity limitations and the effects of different host railroads. In addition, we are identifying the locations at which capacity limitations are the most severe, and are using the model to simulate the minutes of delay related to those limitations.

FRA and Amtrak Implementation of PRIIA Provisions

As required by PRIIA Section 221, OIG is conducting an audit to (1) evaluate FRA's progress in implementing its PRIIA responsibilities; (2) assess the effectiveness of FRA's process for implementing grants, studies, and oversight as required by PRIIA; and (3) determine the impact of PRIIA's implementation on rail stakeholder operations.

FRA Progress in Developing a Grants Management Framework

The new High-Speed Intercity Passenger Rail (HSIPR) program greatly expanded FRA's responsibilities. One new responsibility requires the Agency to distribute \$10.5 billion in grants to states for passenger rail-related projects in a short amount of time. We are (1) evaluating FRA's grant management framework; (2) evaluating FRA's process for determining its workforce needs; and (3) identifying the challenges FRA faces in awarding, obligating, and disbursing funds to states.

MARAD's Oversight and Coordination of Port Infrastructure Development Projects

Since 2003, MARAD has engaged in port infrastructure development projects, with a role in providing oversight and coordination of projects, acting as a central procurement organization, leveraging Federal and non-Federal funding resources, and streamlining environmental review and permitting processes. OIG's Office of Rail, Maritime, and Economic Analysis is evaluating MARAD's oversight and risk management of port infrastructure development projects. OIG's Office of Acquisition and Procurement Audits is evaluating MARAD's oversight of port infrastructure projects' contract awards and administration.

PLANNED

Amtrak Semiannual Report on Operational Savings

As requested by Congress in the annual appropriations process, OIG is issuing semiannual reports to the House and Senate Committees on Appropriations on Amtrak's savings from operational reforms and financial performance.

Amtrak Annual Budget and 5-Year Plan

Pursuant to Section 204 of the Passenger Rail Investment and Improvement Act of 2008, we will review the annual budget and the 5-year financial plans prepared by Amtrak to determine whether they meet the requirements of the Act and furnish any relevant findings to the Committee on Transportation and Infrastructure of the House of Representatives, the Committee on Appropriations of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Appropriations of the Senate.

Amtrak's Financial Accounting and Reporting System

As required by Section 203(b) of PRIIA, OIG plans to conduct a review of Amtrak's new PRIIA-mandated financial accounting and reporting system to determine whether it accomplishes the purposes for which it was intended.

FRA's Progress in Implementing RSIA

OIG is planning an audit to assess FRA's implementation of the provisions of the Rail Safety Improvement Act (RSIA) of 2008. We plan to evaluate FRA's progress in implementing its RSIA responsibilities and determine the impact of RSIA's implementation on rail stakeholder operations.

Implications of Airline Mergers on Small Communities

OIG plans to conduct an audit to assess how recently approved mergers may have affected service to small communities.

FINANCIAL AND INFORMATION TECHNOLOGY

IN PROGRESS

Quality Control Review of Standards for Attestation Engagements (SSAE-16) Review of DOT's Enterprise Services Center

OIG is performing a quality control review of the audit performed by an independent public accounting firm to (1) determine management's description of the service organization's systems are fairly presented; (2) controls are suitably designed; and (3) controls operate effectively during the period of October 1, 2010, to June 30, 2011.

Security Protection of Airmen Registry Systems

OIG is assessing FAA's registry systems for airmen certification, rating, and authorization to (1) determine whether personally identifiable information is secure from unauthorized use or access; (2) information in the registry systems is sufficient for managing aircraft registrations and airmen's records; and (3) registry contingency planning ensures FAA's continued ability to accomplish its mission of aviation safety.

DOT's Information Security Program and Practices for Fiscal Year 2011

As mandated by the Federal Information Security Management Act of 2002, OIG is performing its annual review of DOT's information security pro-

gram and practices to determine their effectiveness.

The United States Merchant Marine Academy's Technical Security Controls

OIG is assessing the United States Merchant Marine Academy's (USMMA) technical security controls for its local area network (LAN) and Web site. Our audit objectives are to (1) evaluate the implementation of USMMA's LAN and Web site technical security controls intended to prevent intrusion and protect personally identifiable information, and (2) identify security vulnerabilities and weaknesses.

Implementation of DOT's Enterprise Architecture for Information Technology Investment

OIG is performing a review of DOT's development and implementation of an enterprise architecture to direct future IT system development efforts. Our audit objectives are to determine whether DOT (1) has established adequate baseline and target architectures; (2) has effective management practices, policies, and processes for developing, implementing, maintaining, and overseeing the program; and (3) is reporting actual results from the program.

Quality Control Review of DOT's Fiscal Years 2011 and 2010 Consolidated Financial Statements; and FAA's, SLSDC's, and NTSB's Financial Statements

OIG is performing a quality control review of the audits performed by independent public accounting firms to determine if the audits were performed in accordance with applicable auditing standards.

Quality Control Reviews of Single Audits on DOT Grantees

OIG is performing a quality control review of the audits performed by independent public accounting firms on grant recipients' use of DOT funds.

Security and Controls Review Over FAA's En Route Automation Modernization (ERAM)

OIG is performing an Information Security Controls audit of FAA's En Route Automation Modernization (ERAM) Program. ERAM will replace the 30-year old En Route Host computer and backup system, as well as more than 800 controller workstations at FAA's Air Route Traffic Control Centers nationwide. The program will facilitate reduced aircraft separation and improved flight plan processing by offering flexible routing options, provide safety alerts to prevent collisions and congestion, and enable controllers to better handle unplanned events. We are determining the effectiveness of ERAM's information security controls, including

whether or not FAA is identifying security risks and properly mitigating them.

DOT's Purchase Card Program

OIG is performing an audit on the U.S. Department of Transportation's (DOT) purchase card program. Issued via the General Services Administration's SmartPay® program, these cards offer a convenient and efficient way for government agencies to purchase a wide variety of goods and services. In fiscal year 2010, Department employees made more than \$200 million in purchases with purchase cards. Recent OIG investigations have identified internal control issues leading to instances of fraud within the program. We are assessing the adequacy of controls established to prevent and detect inappropriate or unauthorized use of DOT-issued purchase cards.

FTA's Improper Payment Controls

The Improper Payments Information Act of 2002 holds Federal agencies accountable for preventing and detecting improper payments within their programs. More recent legislation has implemented consequences for non-compliance with statutory requirements for the reduction and recovery of improper payments. The Department of Transportation has identified FTA's Formula Grant and Capital Investment Grant Programs as susceptible to significant improper payments. Ninety-nine percent of FTA's ARRA funds were awarded through these programs. We are evaluating whether FTA has adequate internal controls to prevent and detect improper payments to ARRA grant recipients.

PLANNED

DOT's Implementation of the Improper Payments and Elimination Act of 2010

OIG will review departmental compliance with the act and evaluate efforts to prevent and reduce improper payments.

DOT/NHTSA Drug Control Reporting

OIG will perform a review of the reasonableness of the FY 2011 DOT/NHTSA Drug Control Funds and Performance Summary Report submitted to the Office of National Drug Control Policy.

FHWA's Improper Payment Controls

OIG will perform a review of the controls implemented by FHWA to prevent and detect improper payments to the states under the Federal Aid Highway Program.

DOT's Travel Card Program

OIG will perform a review of DOT's controls to prevent and detect the improper use of travel cards.

DOT's Information Security Program and Practices for Fiscal Year 2012

As mandated by the Federal Information Security Management Act of 2002, OIG will perform its annual review of DOT's information security

program and practices to determine their effectiveness.

Quality Control Review of Standards for Attestation Engagements (SSAE-16) Review of DOT's Enterprise Services Center

OIG will perform a quality control review of the audit performed by an independent public accounting firm and (1) determine whether management's description of the service organization's systems are fairly presented; (2) controls are suitably designed; and (3) controls operate effectively from October 1, 2011, to June 30, 2012.

DOT's Common Operating Environment Assessment (COE)

OIG will perform a review of the COE to (1) determine the effectiveness of the Department's COE processes and execution of those processes in supporting DOT and Operating Administrations, and (2) evaluate the preparedness of key COE processes for continuous monitoring.

FAA's Cyber Security Management Center (CSMC)

OIG will perform a review of the CSMC to (1) determine whether CSMC has an effective cyber incident response program, and (2) if CSMC has implemented adequate security controls. requested

ACQUISITION AND PROCUREMENT

IN PROGRESS

FHWA Oversight of Federal-aid State ARRA Contract Award Practices

ARRA added \$26.7 billion to FHWA's \$40 billion a year Federal-aid highway program funding for state DOT highway investment and improvement projects. OIG is determining whether FHWA's oversight of state-level contract award practices is adequate to ensure compliance with laws and regulations. We are reviewing FHWA and state DOT policies and procedures, surveying FHWA division offices on state and FHWA procurement oversight practices, and analyzing a statistical sample of ARRA contract bidding and award data.

Management and Oversight of FAA's Systems Engineering 2020 Contracts

At the request of the Chairman of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation, OIG is reviewing FAA's Systems Engineering 2020 contracts. This portfolio of contracts for support services to implement NextGen has a maximum value of \$7.1 billion. OIG is preparing its draft report on whether FAA (1) plans and manages its SE-2020 contract costs effectively, and (2) uses sound contracting practices to select contractors and oversee their performance.

DOT's Administration of the Disadvantaged Business Enterprise (DBE) Program

OIG is reviewing DOT's management and oversight of its DBE program. We are assessing DOT's and states' policies, internal controls, and management of the program to determine whether they are adequate to ensure that only eligible firms are certified as DBEs and funds are effectively utilized to meet the program's objectives.

Departmental Review Processes for FAA's High-Risk Major Systems Acquisitions

FAA's fiscal year 2012 request for its capital investment portfolio exceeds \$3.1 billion. The DOT's Investment Review Board (IRB) and FAA's Joint Resources Council (JRC) are executive governance boards responsible for approving and overseeing the annual investment of billions of dollars in major systems acquisitions. Our audit objective is to assess the effectiveness of IRB's and JRC's investment and acquisition review processes to ensure that FAA's high-risk major program acquisitions are effectively planned and implemented to meet mission needs and achieve desired cost, schedule, and performance goals.

PLANNED

FTA's Oversight of Grantee's ARRA Contract Award and Administration Practices

FTA has awarded 1,072 ARRA-funded grants that support the construction or renovation of over 850 transit facilities at a total cost of over \$4 billion, the purchase of nearly 12,000 transit vehicles at a total cost of more than \$2 billion, and preventative maintenance projects totaling \$700 million. We plan to conduct an audit to determine whether FTA's oversight of transit agencies' ARRA construction and renovation grants is sufficient to ensure (1) that grantees' contract award and administration practices comply with laws, regulations, policies, and procedures; and (2) that grantees achieve the cost, schedule, and performance goals of their ARRA-funded infrastructure investments.

DOT's Use of Support Service Contracts

Management support service contracts are widely used throughout DOT to support agency missions and staffing needs. These types of contracts require strong oversight and management to protect against cost growth and are the current focus of the Office of Federal Procurement Policy in efforts to reduce costs in the current budget climate. However, management support services contracts have also raised concerns regarding appropriate performance of government work by contractor employees. We plan to conduct an audit to determine whether

OST and DOT operating administrations have properly structured support service contracts and maintain effective processes for awarding and administering these contracts.

DOT's Contract Closeout Procedures

Contract closeout is an important phase of the procurement process because it protects the Department's interests, minimizes administrative costs for both DOT and the contractor, and frees excess funds for possible use elsewhere. We plan to conduct an audit to determine whether OST and DOT's Operating Administrations are closing contracts efficiently and effectively, including de-obligating excess funds on completed contracts.



Summary of Performance

Office of Inspector General

April 1 - September 30, 2011

(Dollars in Thousands)

Reports Issued	109
Recommendations Issued	318
Congressional Testimonies	4
Total Financial Recommendations	\$73,510
That Funds Be Better Used	\$426
Questioned Costs	\$68,084
Unsupported Costs	\$5,000
Indictments	41
Convictions	44



Audits

Completed OIG Reports

April 1 - September 30, 2011

(Dollars in Thousands) *

Type of Review	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs	Funds to Be Put to Better Use
Internal Audits					
Performance Audits	17	98	\$493	\$5,000	\$426
Financial Audits	0	0	\$0	\$0	\$0
Attestation Engagements	0	0	\$0	\$0	\$0
Other OIG Reports	0	0	\$0	\$0	\$0
Total Internal Audit Reports	17	98	\$493	\$5,000	\$426
Grant Audits					
Audits of Grantees under Single Audit Act	92	220	\$67,591	\$0	\$0
Total Completed OIG Reports	109	318	\$68,084	\$5,000	\$426

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

Department of Transportation programs and operations are primarily carried out by Department personnel and recipients of Federal grants. As a result, audits by DOT's Office of Inspector General generally fall into three categories: internal audits of departmental programs and operations, audits of grant recipients, and other OIG reports.

OIG Reports With Recommendations That Questioned Costs

April 1 - September 30, 2011

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs ^a
A. For which no management decision had been made by the start of the reporting period	0	0	\$0	\$0
B. Which were issued during the reporting period	40	57	\$73,084	\$5,000
Totals (A+B)	40	57	\$73,084	\$5,000
C. For which a management decision was made during the reporting period	36	51	\$72,173	\$5,000
(i) dollar value of disallowed costs ^b	31	44	\$60,013	\$5,000
(ii) dollar value of costs not disallowed ^b	6	8	\$12,164	\$0
D. For which no management decision had been made by the end of the reporting period	5	6	\$911	\$0

^a Unsupported costs are also included in the figures shown as questioned costs.

^b Includes reports and recommendations where costs were both allowed and disallowed.

OIG Reports With Recommendations That Funds Be Put to Better Use

April 1 - September 30, 2011

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Funds to Be Put to Better Use
A. For which no management decision had been made by the start of the reporting period	1	1	\$160,700
B. Which were issued during the reporting period	1	1	\$426
Totals (A+B)	2	2	\$161,126
C. For which a management decision was made during the reporting period	0	0	\$0
(i) dollar value of recommendations that were agreed to by management ^a	0 ^a	0 ^a	\$0
ii) dollar value of recommendations that were not agreed to by management ^a	0 ^a	0 ^a	\$0
D. For which no management decision had been made by the end of the reporting period	2	2	\$161,126

^a Includes reports and recommendations where costs were both allowed and disallowed.

OIG Reports Recommending Changes for Safety, Economy or Efficiency

April 1 - September 30, 2011

	Number of Reports	Number of Recommendations
A. For which no management decision had been made by the start of the reporting period	21	55
B. Which were issued during the reporting period	86	260
Totals: (A+B)	107	315
C. For which a management decision was made during the reporting period ^a	84	222
D. For which no management decision had been made by the end of the reporting period ^a	42	93

^a Includes reports where management both made and did not make a decision on recommendations.

Management Decisions Regarding OIG Recommendations

April 1 - September 30, 2011

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs ^a	Funds to Be Put to Better Use
Unresolved as of 4/1/2011	22	56	\$0	\$0	\$160,700
Audits with Findings During Current Period	100	318	\$73,084	\$5,000	\$426
Total to be Resolved	122	374	\$73,084	\$5,000	\$161,126
<i>Management Decisions:</i>					
Audits Prior Period ^b	12	29	\$0	\$0	\$0
Audits Current Period ^b	85	244	\$72,173	\$5,000	\$0
Total Resolved	97	273	\$72,173	\$5,000	\$0
<i>Aging of Unresolved Audits: ^c</i>					
Less than 6 months old	32	74	\$911	\$0	\$426
6 months – 1 year	6	13	\$0	\$0	\$160,700
1 year – 18 months	1	1	\$0	\$0	\$0
18 months – 2 years	1	5	\$0	\$0	\$0
Over 2 years old	4	8	\$0	\$0	\$0
Unresolved as of 09/30/2011	44	101	\$911	\$0	\$161,126

^a Unsupported costs are also included in the figures shown as questioned costs.

^b Includes reports and recommendations where costs were both allowed and disallowed.

^c Considered unresolved if management decisions have not been made on all report recommendations.

Office of Inspector General Reports

April 1 - September 30, 2011

DEPARTMENTWIDE

Internal Audits: Performance/Attestation – 1 report

Report	Date	Title	Focus of Report/ Recommendations
ZA-2011-119	05/25/2011	Weakness in the Office of the Secretary's Acquisition Function Limit Its Capacity to Support DOT's Mission	Significant weaknesses in OST's acquisition functions limit its ability to carry out its responsibilities in support of DOT's mission. OST's current acquisition organizational structure does not support an effective acquisition function for the Department. The acquisition function lacks adequate and comprehensive policies and procedures to effectively manage and perform its acquisition tasks.

Grant Audits: Audits of Grantee under Single Audit Act – 1 report

Report	Date	Title	Focus of Report/ Recommendations
QC-2011-179	09/29/2011	Quality Control Review of the Single Audit of the State of Idaho	We determined that the work was acceptable with deficiencies. We identified a deficiency in the audit documentation for suspension and debarment testing and determined that the State Auditor needed to expand its compliance testing on the special tests and provisions compliance requirement.

FEDERAL AVIATION ADMINISTRATION

Internal Audits: Performance/Attestation – II reports

Report	Date	Title	Focus of Report/ Recommendations
FI-2011-073	04/06/2011	Cost in Support of the Kabul Afghanistan Airport Infrastructure Improvement and Capacity Building Project Are Supported and Valid	Costs in support of the Kabul Afghanistan Airport infrastructure and capacity building project were supported and valid under the terms and conditions of that agreement.
QC-2011-074	04/15/2011	Quality Control Review on The Vulnerability Assessment of FAA's Operational Air Traffic Control System	Clifton Gunderson complied with applicable auditing standards and concluded that it was unable to gain access to FAA's operational ATC systems.
ZA-2011-089	05/19/2011	FAA Must Strengthen Its Cost and Price Analysis Processes to Prevent Overpaying for Noncompetitive Contracts	FAA needs to improve cost and price analysis and its tracking of noncompetitive contract awards.
AV-2011-120	06/09/2011	FAA Needs to Strengthen Controls Over the 2009 FAA/NATCA Collective Bargaining Agreement	FAA needs to ensure its internal control policies are sufficient to prevent cost escalations.
AV-2011-131	06/15/2011	FAA's Approach to SWIM Has Led to Cost and Schedule Uncertainty and No Clear Path for Achieving NextGen Goals	SWIM is a key program in NextGen that, as envisioned, will streamline data communications among all NextGen air traffic systems. FAA is still in the early stages of developing SWIM, but costs have already increased while completion has been delayed.
AV-2011-136	06/29/2011	FAA Needs to Strengthen Its Risk Assessment and Oversight Approach for Organization Designation Authorization and Risk-Based Resource Targeting Programs	FAA needs to improve its oversight of ODA programs and the RBRT system. Under the ODA program, FAA has significantly limited its role in approving individuals who perform work on FAA's behalf by delegating this approval to private companies.

ZA-2011-148	08/03/2011	FAA Policies and Plans Are Insufficient to Ensure an Adequate and Effective Acquisition Workforce	FAA's Acquisition Workforce Plan is not comprehensive and has not sufficiently addressed gaps in hiring and developing its acquisitions workforce. FAA needs to strengthen its acquisition workforce planning and implement the programs, policies, and practices needed to ensure an adequate workforce.
AV-2011-149	08/04/2011	FAA Oversight Is Key for Contractor-Owned Air Traffic Control Systems That Are Not Certified	It is too early to fully assess the impact of FAA's revised certification policy given that FAA is still in the initial stages of its experience with overseeing non-certified systems. However, FAA's monitoring oversight approach to ADS-B presents risks, particularly in regards to limited data analysis resources and ensuring network reliability.
AV-2011-176	09/12/2011	FAA and Industry are Taking Action to Address Pilot Fatigue, but More Information on Pilot Commuting is Needed	FAA has generally ensured compliance with current Federal flight, duty, and rest requirements. However, FAA inspectors do not fully review carriers' self-disclosure data in instances of non-compliance with flight crew rest requirements, and there are areas where carriers can improve internal oversight controls.
AV-2011-180	09/29/2011	More Rigorous Oversight Is Needed to Ensure Venice Municipal Airport Land Sales and Leases Are Used Appropriately	FAA's oversight did not prevent the City of Venice from misallocating lease revenue and parking lot improvement costs. FAA needs to improve its oversight of airport property sales and Venice airport's self-sustainability. Put \$426,329 in funds to better use and \$493,070 questioned.
FI-2011-181	09/29/2011	FAA Has Not Adequately Implemented Security Requirements for Its Automatic Dependent Surveillance-Broadcast System	Our audit objectives were to determine whether (1) FAA's contract for ADS-B's development properly specifies the system's security requirements, and if the contractor has satisfied them, including security risk identification and mitigation, and (2) the contractor follows FAA's security architecture in its development of ADS-B. This report contains sensitive security information and is not publically available.

Grant Audits: Audits of Grantee Under Single Audit Act – 17 reports

Report	Date	Title	Focus of Report/ Recommendations
SA-2011-076	04/28/2011	Puerto Rico Ports Authority (also listed under Federal Transit Administration)	\$18,044 questioned
SA-2011-078	04/28/2011	State of Texas	Improve grantee oversight
SA-2011-083	04/29/2011	Airport Commission, City and County of San Francisco, California	\$276,736 questioned
SA-2011-086	04/29/2011	State of Georgia (also listed under Federal Transit Administration)	\$47,469 questioned
QC-2011-090	05/23/2011	Quality Control Review of Single Audit on the Port Authority of New Jersey and New York (also listed under Federal Highway Administration and Federal Transit Administration)	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.
SA-2011-099	05/23/2011	Colorado River Indian Tribes, Arizona	\$25,413 questioned
SA-2011-108	05/24/2011	Cochise County, Arizona	\$41,744 questioned
SA-2011-111	05/24/2011	County of Yolo, California	Improve grantee oversight
SA-2011-125	06/13/2011	Tupelo Airport Authority, Mississippi	Improve grantee oversight
SA-2011-129	06/13/2011	State of Minnesota, (also listed under Federal Highway Administration and Federal Transit Administration)	\$15,398,000 questioned
SA-2011-139	07/14/2011	City of Long Beach, California	\$22,113 questioned
SA-2011-145	07/14/2011	Puerto Rico Ports Authority (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-159	08/18/2011	Federal States of Micronesia National Government	\$126,746 questioned
SA-2011-170	09/08/2011	City and County of Denver, Colorado	Improve grantee oversight
SA-2011-173	09/08/2011	Metropolitan Washington Airports Authority (also listed under Federal Transit Administration)	\$79,804 questioned
SA-2011-175	09/08/2011	Commonwealth Ports Authority, Northern Mariana Islands	Improve grantee oversight

QC-2011-178	09/29/2011	Quality Control Review of Single Audit on the Michigan Department of Transportation (also listed under Federal Highway Administration and Federal Transit Administration)	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.
-------------	------------	---	---

FEDERAL HIGHWAY ADMINISTRATION

Internal Audits: Performance/Attestation – 2 reports

Report	Date	Title	Focus of Report/ Recommendations
MH-2011-146	07/15/2011	FHWA's Oversight of Federal-Aid and Recovery Act Projects Administered by Local Public Agencies Needs Strengthening	OIG identified weaknesses in the actions FHWA has taken in addressing State LPA oversight weaknesses, \$5 million of unsupported costs, and concluded that FHWA needs to improve its oversight.
CR-2011-147	07/28/2011	Financial Analysis of Transportation-Related Public Private Partnerships	OIG found that PPPs have several financial disadvantages when compared to traditional public sector financing. However, certain private sector efficiencies can meaningfully offset PPPs' cost disadvantages.

Grant Audits: Audits of Grantee Under Single Audit Act – 45 reports

Report	Date	Title	Focus of Report/ Recommendations
SA-2011-078	04/28/ 2011	State of Texas	Improve grantee oversight
SA-2011-079	04/28/2011	State of Colorado (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-081	04/29/2011	State of Nevada	Improve grantee oversight
SA-2011-085	04/29/2011	Wyoming Department of Transportation (also listed under Federal Transit Administration)	\$88,958 questioned
SA-2011-087	04/29/2011	State of Kansas	Improve grantee oversight
SA-2011-088	04/29/2011	State of North Carolina	\$91,160 questioned

QC-2011-090	05/23/2011	Quality Control Review of Single Audit on the Port Authority of New Jersey and New York (also listed under Federal Aviation Administration and Federal Transit Administration)	We determined that the work was acceptable, and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.
SA-2011-091	05/23/2011	Commonwealth of Kentucky	Improve grantee oversight
SA-2011-092	05/23/2011	State of Washington (also listed under Federal Transit Administration)	\$835,017 questioned
SA-2011-094	05/23/2011	State of California	Improve grantee oversight
SA-2011-095	05/23/2011	State of New Hampshire	Improve grantee oversight
SA-2011-096	05/23/2011	State of Louisiana	\$15,312 questioned
SA-2011-097	05/23/2011	Oglala Sioux Tribe, South Dakota	\$14,679 questioned
SA-2011-098	05/23/2011	State of Connecticut (also listed under Federal Transit Administration)	\$7,133,989 questioned
SA-2011-100	05/23/2011	State of Florida	Improve grantee oversight
SA-2011-101	05/23/2011	State of Nebraska	Improve grantee oversight
SA-2011-102	05/23/2011	State of Oklahoma (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-105	05/24/2011	The Port Authority of New York and New Jersey	Improve grantee oversight
SA-2011-106	05/24/2011	State of Delaware (also listed under Federal Transit Administration)	\$7,470,914 questioned
SA-2011-110	05/24/2011	State of Hawaii, Department of Transportation, Highways Division	Improve grantee oversight
SA-2011-112	05/24/2011	The City of New York, New York	\$31,884 questioned
SA-2011-114	05/24/2011	State of Vermont (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-116	05/24/2011	State of Mississippi	Improve grantee oversight
SA-2011-117	05/24/2011	State of Wisconsin	Improve grantee oversight
SA-2011-124	06/13/2011	State of Tennessee (also listed under Federal Transit Administration)	\$554,902 questioned
SA-2011-126	06/13/2011	Ouzinkie Tribal Council, Alaska	\$110,000 questioned
SA-2011-128	06/13/2011	State of New Jersey	Improve grantee oversight
SA-2011-129	06/13/2011	State of Minnesota, (also listed under Federal Aviation Administration and Federal Transit Administration)	\$15,398,000 questioned
SA-2011-130	06/13/2011	State of Arizona	\$22,356 questioned
SA-2011-132	06/16/2011	State of Rhode Island and Providence Plantations	\$60,267 questioned

SA-2011-140	07/14/2011	South Carolina Department of Transportation (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-141	07/14/2011	City of Inglewood, California	Improve grantee oversight
SA-2011-144	07/14/2011	Puerto Rico Highways and Transportation Authority (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-151	08/18/2011	Denver Union Station Project Authority, Colorado (also listed under Federal Railroad Administration)	Improve grantee oversight
SA-2011-152	08/18/2011	Three Affiliated Tribes, North Dakota	\$32,182 questioned
SA-2011-153	08/18/2011	Rosebud Sioux Tribe, South Dakota	Improve grantee oversight
SA-2011-154	08/18/2011	Government of Guam (also listed under Federal Transit Administration)	Improve grantee oversight
SA-2011-155	08/18/2011	State of North Dakota	Improve grantee oversight
SA-2011-162	08/24/2011	Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana	Improve grantee oversight
SA-2011-164	08/24/2011	Bois Forte of Chippewa, Minnesota	Improve grantee oversight
SA-2011-165	08/24/2011	Government of the District of Columbia, Washington, DC	Improve grantee oversight
SA-2011-166	08/24/2011	Shoshone-Paiute Tribes of the Duck Valley Indian Reservation, Nevada	Improve grantee oversight
SA-2011-169	09/08/2011	Michigan Department of Transportation (also listed under Federal Transit Administration)	\$61,300 questioned
SA-2011-171	09/08/2011	Mille Lacs Band of Chippewa Indians, Minnesota	Improve grantee oversight
QC-2011-178	09/29/2011	Quality Control Review of Single Audit on the Michigan Department of Transportation (also listed under Federal Aviation Administration and Federal Transit Administration)	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.

FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION

Internal Audits: Performance/Attestation – I report

Report	Date	Title	Focus of Report/ Recommendations
MH-2011-161	08/19/2011	FMCSA Generally Complies With Statutory Requirements, but Actions Are Needed Prior to Initiating Its NAFTA Cross-Border Trucking Pilot Program	FMCSA has not identified the specific process it will use to comply with five requirements for conducting 50 percent of the pre-authority safety audits and compliance reviews onsite in Mexico.

FEDERAL RAILROAD ADMINISTRATION

Internal Audits: Performance/Attestation – 1 report

Report	Date	Title	Focus of Report/ Recommendations
CR-2011-177	09/22/2011	Amtrak Faces Challenges Sustaining Increased Utilization at Its Heavy Maintenance Facilities	We found that Amtrak used part of its ARRA funding to increase its heavy maintenance workforce and more fully utilize available capacity at two of three heavy maintenance facilities. However, when ARRA funding expires in September 2011, Amtrak will no longer be able to sustain this expanded workforce and will have to lay off the majority, if not all, of these employees and incur costs associated with the layoffs.

Grant Audits: Audits of Grantee under Single Audit Act – 2 reports

Report	Date	Title	Focus of Report/ Recommendations
SA-2011-133	06/16/2011	National Railroad Passenger Corporation (AMTRAK), Washington, DC	\$11,368,701 questioned
SA-2011-151	08/18/2011	Denver Union Station Project Authority, Colorado (also listed under Federal Highway Administration)	Improve grantee oversight

FEDERAL TRANSIT ADMINISTRATION

Internal Audits: Performance/Attestation – 1 report

Report	Date	Title	Focus of Report/ Recommendations
MH-2011-150	08/15/2011	New York City Fulton Street Transit Center: FTA's Sustained Focus on Key Risk Areas Is Needed Until the Project Is Completed	FTA has provided sufficient oversight of the project, but FTA and MTA must maintain vigilance in preventing schedule delays; maintaining the project's budget; ensuring the project remains within current committed funding amounts; and combating fraud, waste, and abuse, with a particular focus on DBE fraud.

Grant Audits: Audits of Grantee Under Single Audit Act – 49 reports

Report	Date	Title	Focus of Report/ Recommendations
SA-2011-075	04/28/2011	Yuma Metropolitan Planning Organization, Arizona	\$344,353 questioned
SA-2011-076	04/28/2011	Puerto Rico Ports Authority (also listed under Federal Aviation Administration)	\$18,044 questioned
SA-2011-077	04/28/2011	City of Lincoln, Nebraska	Improve grantee oversight
SA-2011-079	04/28/2011	State of Colorado (also listed under Federal Highway Administration)	Improve grantee oversight
SA-2011-080	04/29/2011	Capital Metropolitan Transportation Authority, Texas	\$370,435 questioned
SA-2011-082	04/29/2011	Hillsborough Transit Authority, Florida	\$155,323 questioned
SA-2011-084	04/29/2011	Ann Arbor Transportation Authority, Michigan	Improve grantee oversight
SA-2011-085	04/29/2011	Wyoming Department of Transportation (also listed under Federal Highway Administration)	\$88,958 questioned
SA-2011-086	04/29/2011	State of Georgia (also listed under Federal Aviation Administration)	\$47,469 questioned
QC-2011-090	05/23/2011	Quality Control Review of Single Audit on the Port Authority of New Jersey and New York (also listed under Federal Aviation Administration and Federal Highway Administration)	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.
SA-2011-092	05/23/2011	State of Washington (also listed under Federal Highway Administration)	\$835,017 questioned
SA-2011-093	05/23/2011	City of Mesquite, Texas	Improve grantee oversight
SA-2011-098	05/23/2011	State of Connecticut (also listed under Federal Highway Administration)	\$7,133,989 questioned
SA-2011-102	05/23/2011	State of Oklahoma (also listed under Federal Highway Administration)	Improve grantee oversight
SA-2011-103	05/23/2011	City of Detroit, Michigan	Improve grantee oversight
SA-2011-104	05/23/2011	Cape Cod Regional Transit Authority, Massachusetts	Improve grantee oversight
SA-2011-106	05/24/2011	State of Delaware (also listed under Federal Highway Administration)	\$7,470,914 questioned
SA-2011-107	05/24/2011	City of Niles, Michigan	\$31,640 questioned
SA-2011-109	05/24/2011	City of Davis, California	Improve grantee oversight

SA-2011-113	05/24/2011	City of Tracy, California	\$166,701 questioned
SA-2011-114	05/24/2011	State of Vermont (also listed under Federal Highway Administration)	Improve grantee oversight
SA-2011-115	05/24/2011	Puerto Rico Metropolitan Bus Authority	\$19,939 questioned
SA-2011-118	05/24/2011	Mississippi Coast Transportation Authority	\$50,000 questioned
SA-2011-121	06/13/2011	Antelope Valley Transit Authority, California	\$222,216 questioned
SA-2011-122	06/13/2011	Attleboro Redevelopment Authority, Massachusetts	\$208,160 questioned
SA-2011-123	06/13/2011	State of South Dakota	\$23,546 questioned
SA-2011-124	06/13/2011	State of Tennessee (also listed under Federal Highway Administration)	\$554,902 questioned
SA-2011-127	06/13/2011	Lakeland Area Mass Transit District, Florida	\$618,588 questioned
SA-2011-129	06/13/2011	State of Minnesota (also listed under Federal Aviation Administration and Federal Highway Administration)	\$15,398,000 questioned
QC-2011-134	06/27/2011	Quality Control Review of Single Audit on Dallas Area Rapid Transit	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.
SA-2011-137	07/14/2011	Chicago Transit Authority	Improve grantee oversight
SA-2011-138	07/14/2011	Metropolitan Council of the Twin Cities Area, Minnesota	Improve grantee oversight
SA-2011-140	07/14/2011	South Carolina Department of Transportation (also listed under Federal Highway Administration)	Improve grantee oversight
SA-2011-142	07/14/2011	Pace, Suburban Bus Division of the Regional Transportation Authority, Illinois	Improve grantee oversight
SA-2011-143	07/14/2011	Metropolitan Transit Authority of Harris County, Texas	\$20,771,450 questioned
SA-2011-144	07/14/2011	Puerto Rico Highways and Transportation Authority (also listed under Federal Highway Administration)	Improve grantee oversight
SA-2011-145	07/14/2011	Puerto Rico Ports Authority (also listed under Federal Aviation Administration)	Improve grantee oversight
SA-2011-154	08/18/2011	Government of Guam (also listed under Federal Highway Administration)	Improve grantee oversight
SA-2011-156	08/18/2011	City of Fort Collins, Colorado	\$673,333 questioned

SA-2011-157	08/18/2011	The Chickasaw Nation, Oklahoma	Improve grantee oversight
SA-2011-158	08/18/2011	City of Greeley, Colorado	Improve grantee oversight
SA-2011-160	08/18/2011	Broward County, Florida	Improve grantee oversight
SA-2011-163	08/24/2011	Borough of Pottstown, Pennsylvania	Improve grantee oversight
QC-2011-167	08/24/2011	Quality Control Review of Single Audit on the New Jersey Transit Corporation	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.
SA-2011-169	09/08/2011	Michigan Department of Transportation (also listed under Federal Highway Administration)	\$61,300 questioned
SA-2011-172	09/08/2011	City of Michigan City, Indiana	\$7,510 questioned
SA-2011-173	09/08/2011	Metropolitan Washington Airports Authority (also listed under Federal Aviation Administration)	\$79,804 questioned
SA-2011-174	09/08/2011	Miami-Dade County Transit Department, Florida	Improve grantee oversight
QC-2011-178	09/29/2011	Quality Control Review of Single Audit on the Michigan Department of Transportation (also listed under Federal Aviation Administration and Federal Highway Administration)	We determined that the work was acceptable and met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133.

Unresolved Recommendations Over 6 Months Old

Cited in Semiannual Report for April 1, 2007 – September 30, 2007

Title	Report Number	Final Issue Date
Amtrak's Board of Directors Provides Leadership to the Corporation but Can Improve How It Carries Out Its Oversight Responsibilities	CR-2007-074	9/14/2007

Cited in Semiannual Report for April 1, 2008 – September 30, 2008

Title	Report Number	Final Issue Date
Review of FAA's Safety Oversight of Airlines and Use of Regulatory Partnership Programs	AV-2008-057	6/30/2008

Cited in Semiannual Report for October 1, 2008 - March 31, 2009

Title	Report Number	Final Issue Date
FAA's Process for Reporting and Investigating Operational Errors	AV-2009-045	3/24/2009

Cited in Semiannual Report for April 1, 2009 - September 30, 2009

Title	Report Number	Final Issue Date
Air Traffic Control: Potential Fatigue Factors	AV-2009-065	6/29/2009

Cited in Semiannual Report for October 1, 2009 - March 31, 2010

Title	Report Number	Final Issue Date
FAA's Oversight of American Airlines' Maintenance Programs	AV-2010-042	2/16/2010

Cited in Semiannual Report for April 1, 2010 - September 3, 2010

Title	Report Number	Final Issue Date
Information Security and Privacy Controls Over the Airmen Medical Support Systems	FI-2010-069	6/18/2010

Cited in Semiannual Report for October 1, 2010 - March 31, 2011

Title	Report Number	Final Issue Date
Town of Taos, New Mexico	SA-2011-068	3/23/2011
FAA Did Not Ensure Revenue Was Maximized at Denver International Airport	AV-2011-057	2/28/2011
FAA Needs To Implement More Efficient Performance-Based Navigation Procedures and Clarify the Role of Third Parties	AV-2011-025	12/10/2010
Improper Payments Identified in FAA's Airport Improvement Program	FI-2011-023	12/01/2010
FAA Needs To Implement More Efficient Performance-Based Navigation Procedures and Clarify the Role of Third Parties	AV-2011-007	10/28/2010
FAA Faces Significant Risks in Implementing the Automatic Dependent Surveillance–Broadcast Program and Realizing Benefits	AV-2011-002	10/12/2010

Investigations

Statistical Outcomes

April 1 - September 30, 2011

Financial Impact	
Fines (and Special Assessments)	\$13,507,305
Restitution	\$1,769,404
Recoveries	\$31,049,908
Cost Avoided	\$0
Total	\$46,326,617

Investigative Workload

Current Investigations Inventory	403
Investigations Opened	95
Investigations Closed	72

Referrals

Referred for Criminal Prosecution	46
Accepted for Criminal Prosecution	28
Declined for Criminal Prosecution	19
Referred for Civil Prosecution	1
Accepted for Civil Prosecution	1
Declined for Civil Prosecution	3

Judicial and Administrative Actions

Indictments	41
Convictions	44
Years Incarceration	22
Years Supervised Release	46.5
Years Probation	58
Hours Community Service	1,695

Business Debarment	4
Business Suspension	3
Business Suspension Pending Debarment	2
Individual Debarment	6
Individual Suspension	8
Individual Suspension Pending Debarment	5
Termination of Contract	4
Contract/Grant: Other	1
Corrective Action Taken	4
Disallowance of DBE Credit	3
Cert/License/Permit Revoked/Terminated	2
Employee: Counseling	1
Employee: Resigned/Retired During Investigation	5
Employee: Suspension	3
Employee: Removal	3
Substantiated - Enforcement Action Taken	1

OIG Hotline Contacts

Email	2,059
Fax	23
Letters	120
Web	186
Telephone	421
Walk Ins	7
Total	2,816

Profile of All Pending Investigations by Case Type, as of September 30, 2011

Types of Cases										
	Number of Investigations	Aviation Safety	Hazmat	Motor Carrier	Transportation Safety	Grant Fraud	Procurement Fraud	Workforce Protection	Employee Integrity	Other ^a
DOT-wide	1	0	0	0	0	0	1	0	0	0
FAA	109	67	5	0	0	18	4	0	14	1
FHWA	137	0	1	0	0	127	5	0	1	3
FMCSA	58	0	5	29	0	0	0	17	7	0
FRA	1	0	0	0	0	1	0	0	0	0
FTA	32	0	0	0	0	31	0	0	1	0
MARAD	10	0	0	0	0	2	5	0	2	1
NHTSA	19	0	1	0	7	8	1	0	2	0
NTSB	1	0	0	0	0	0	0	0	0	1
OIG	2	0	0	0	0	0	0	0	1	1
OST	3	0	0	0	1	0	1	0	1	0
PHMSA	25	0	25	0	0	0	0	0	0	0
RITA	3	0	0	0	0	0	2	0	1	0
STB	1	0	0	0	0	0	1	0	0	0
SLSDC*	1	0	0	0	0	0	0	0	1	0
Totals	403	67	37	29	8	187	20	17	31	7
Percent of Total	100%	17%	9%	7%	2%	46%	5%	4%	8%	2%

^aIncludes computer intrusion cases.

Within the Office of Investigations, Special Investigations staff investigate and report on whistleblower disclosures of violations of law, rule, or regulation; gross mismanagement; gross waste of funds; abuses of authority; and/or substantial and specific dangers to public health or safety, which the U.S. Office of Special Counsel (OSC) referred to the Secretary of Transportation. OIG's reports of investigation, along with any necessary agency corrective actions, are transmitted by the Secretary to OSC. Upon receipt, OSC reviews OIG's findings and the agency's corrective actions to determine whether they are reasonable and meet statutory requirements. Our current inventory of OSC whistleblower disclosure complaints consists of seven investigations, which are included in the above chart. All seven of those investigations are in the area of Aviation Safety.

* Saint Lawrence Seaway Development Corporation



OIG was not the subject of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) peer review during this reporting period. For reports of the latest peer reviews conducted on our office, go to <http://www.oig.dot.gov/peer-review>.

During this period, OIG conducted a CIGIE peer review at the Environmental Protection Agency (EPA) OIG's Investigative Operations.

The final report was released July 15, 2011. We reported that the system of internal safeguards and management procedures for EPA OIG's investigative functions were in compliance with quality standards established by CIGIE and Attorney General Guidelines. These safeguards and procedures provide reasonable assurance that EPA OIG conforms to professional standards in the conduct of its investigations.



Mission and Organization

The Office of Inspector General for the Department of Transportation was created by Congress through the Inspector General Act of 1978 (Public Law 95-452). The Act sets several goals for OIG:

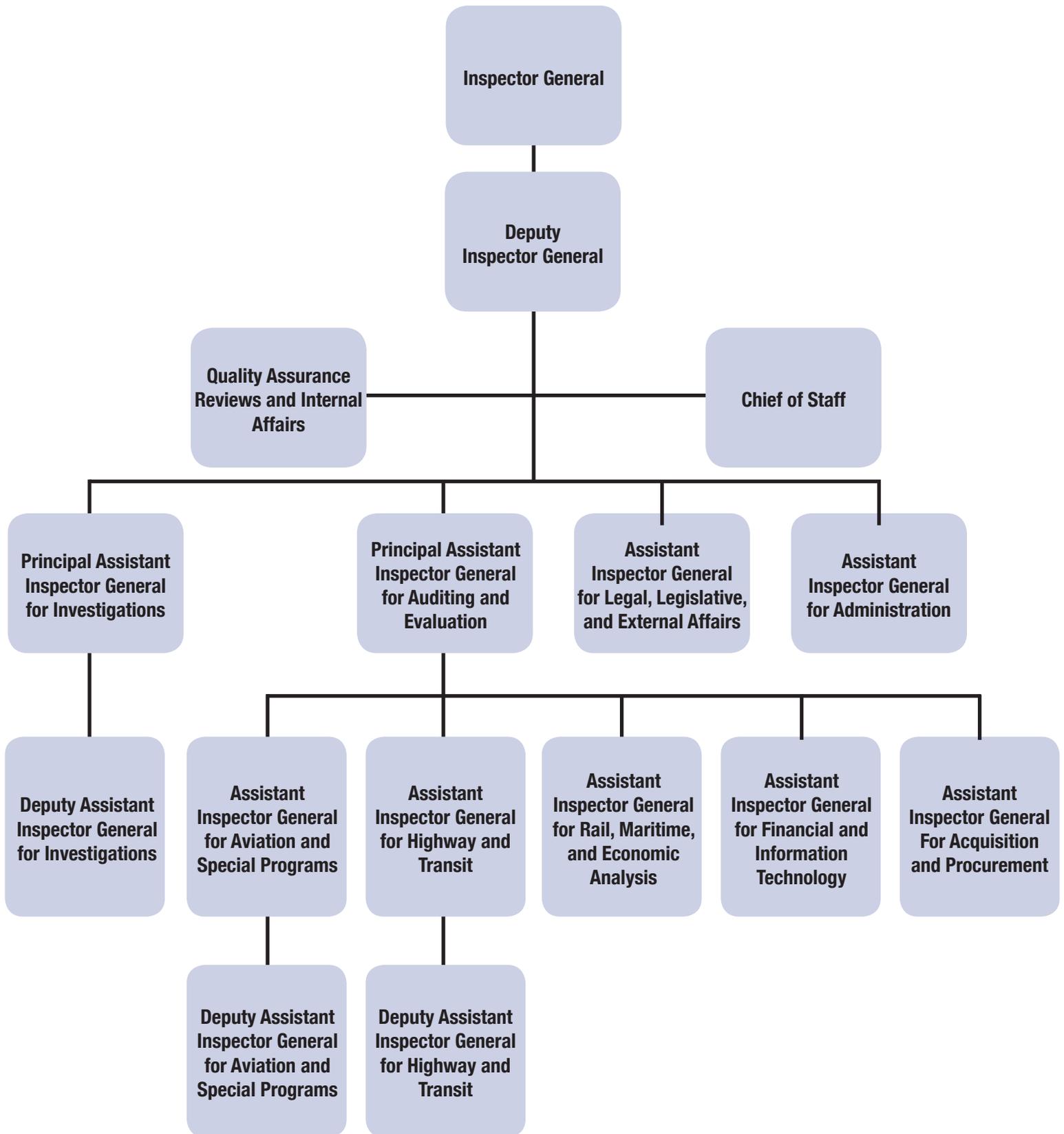
- To conduct or supervise objective audits and investigations of the Department's programs and operations;
- To promote economy, effectiveness, and efficiency within the Department;
- To prevent and detect fraud, waste, and abuse in the Department's programs;
- To review existing and proposed laws or regulations affecting the Department and make recommendations about them;
- To keep the Secretary of Transportation and Congress fully informed about problems in departmental programs and operations.

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

OIG's audits and investigations offices and three support offices work together to fulfill its mission:

- **The Office of the Principal Assistant Inspector General for Auditing and Evaluation** supervises and conducts all audit activities related to DOT programs and operations through its five suboffices, which are divided according to specific DOT program areas: Aviation and Special Programs; Highway and Transit; Rail, Maritime, and Economic Analysis; Financial and Information Technology; and Acquisition and Procurement. Audit staff are located in headquarters and field offices across the country.
- **The Office of the Principal Assistant Inspector General for Investigations** supervises and conducts OIG investigative activities related to DOT programs and operations through its headquarters and seven major regional offices. The headquarters office conducts nationwide special investigations and analyses as well as manages the OIG Hotline Complaint Center and activities generated by complaints.
- **The Office of the Assistant Inspector General for Legal, Legislative, and External Affairs** provides a full-range of professional legal services and advice, facilitates communications with Congress, and manages public and external affairs.

- **The Office of the Assistant Inspector General for Administration** is divided into four suboffices: the Office of Procurement and Administrative Services, the Office of Budget and Financial Management, the Office of Human Resources, and the Office of Information Technology Management.
- **The Office of Quality Assurance Reviews and Internal Affairs**, under the direction of the Deputy Inspector General, ensures that internal operations and functions are performed objectively and in an efficient and effective manner.



Inspector General

Calvin L. Scovel III (202) 366-1959

Deputy Inspector General

Ann Calvaresi-Barr (202) 366-6767

Principal Assistant Inspector General for Investigations

Timothy Barry (202) 366-1967

Principal Assistant Inspector General for Auditing and Evaluation

Lou Dixon..... (202) 366-1427

Assistant Inspector General for Legal, Legislative, and External Affairs

Brian A. Dettelbach (202) 366-8751

Assistant Inspector General for Administration

Susan Dailey (202) 366-1748

Chief of Staff

Madeline Chulumovich (202) 366-6767

Deputy Assistant Inspector General for Investigations

Robert Westbrook (202) 366-1972

Assistant Inspector General for Aviation and Special Programs Audits

Jeffrey Guzzetti (202) 366-0500

Deputy Assistant Inspector General for Aviation and Special Programs Audits

Matt Hampton..... (202) 366-1987

Assistant Inspector General for Highway and Transit Audits

Joe Com  (202) 366-5630

Deputy Assistant Inspector General for Highway and Transit Audits

Thomas Yatsco (202) 366-5630

Assistant Inspector General for Rail, Maritime, and Economic Analysis

Mitchell Behm (202) 366-9970

Assistant Inspector General for Financial and Information Technology Audits

Louis King (202) 366-1407

Assistant Inspector General for Acquisition and Procurement Audits

Mary Kay Langan-Feirson..... (202) 366-5225

U.S. Department of Transportation

Office of Inspector General
1200 New Jersey Avenue, SE
Washington, DC 20590

Hotline to report fraud, waste, and abuse:

Phone: 800-424-9071

Email: hotline@oig.dot.gov

OIG Website: <http://www.oig.dot.gov>