U.S. Department of Transportation

BUDGET ESTIMATES

FISCAL YEAR 2021

OFFICE OF INSPECTOR GENERAL

SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS

Office of Inspector General
Fiscal Year 2021 Budget Estimates

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SECTION 1: OVERVIEW

INSPECTOR GENERAL'S ADMINISTRATIVE OVERVIEW

We respectfully submit the Department of Transportation's (DOT) Office of Inspector General (OIG) fiscal year (FY) 2021 budget proposal. This proposal requests $98.15 million to support OIG operations, with $74.41 million to fund personnel costs to support an estimated 403 full-time equivalents (FTE) and $23.74 million to fund operating costs. The 403 FTEs include 3 FTEs funded by carryover funding from the Disaster Relief Appropriations Act of 2013.

This request includes current services-level payroll increases for annualization of the 2019 and 2020 pay raises, a 1.0 percent 2021 pay raise, FY 2021 mandated awards increases, FY 2021 Federal Employees Retirement System contribution increases, and one less FY 2021 compensable day.

Current services-level operating costs increases are included for General Services Administration rent, the DOT Working Capital Fund, and non-pay inflation (at a rate of 1.0 percent).

Since Congress created OIG in 1978, we have been dedicated to providing independent, objective reviews regarding the efficiency and effectiveness of DOT programs and operations. Our work leads to substantial departmental financial and program improvements in safety and other areas, as well as significant returns on taxpayer investments. In FY 2019, we issued 87 audit reports with 261 recommendations, and our investigative work resulted in 67 indictments and 87 convictions. This work produced over $71 million in financial recommendations and $107 million in fines, restitutions, recoveries, and forfeitures. These results generated a return on investment (ROI)[1] of $1.9 to $1. From FY 2015 through FY 2019, OIG achieved an average ROI of $23 to $1.

Inspector General Reform Act Statement

Section 6 of the IG Act was amended by the Inspector General Reform Act of 2008[2] to require certain information about budget submissions. In accordance with section 6(g) of the act, OIG submits the following information:

- OIG requested and received $95.85 million for FY 2021 from the Department. OIG requested $95.85 million for FY 2021 from the Office of Management and Budget and received $98.15 million.
- OIG's FY 2021 budget request is $98.15 million in support of an estimated 403 total FTEs.
- The amount included in this request to support training is $750,000.
- The amount included in this request to support the Council of the Inspectors General on Integrity and Efficiency is $324,000.

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

[2] Public Law No. 110-409.

EXHIBIT I-A
FY 2020 ORGANIZATIONAL CHART
OFFICE OF THE INSPECTOR GENERAL

Inspector General

FTE	FTP	
1	1	Salaries & Expenses
0	0	Disaster Relief Oversight

Deputy Inspector General

FTE	FTP	
1	1	Salaries & Expenses
0	0	Disaster Relief Oversight

Totals

FTE	**FTP**	
400	**410**	**Salaries & Expenses**
3	**3**	**Disaster Relief Oversight**

Chief of Staff

FTE	FTP	
12	12	Salaries & Expenses
0	0	Disaster Relief Oversight

Quality Assurance Reviews/Internal Affairs

FTE	FTP	
3	3	Salaries & Expenses
0	0	Disaster Relief Oversight

Principal AIG for Investigations

FTE	FTP	
114	117	Salaries & Expenses
0	0	Disaster Relief Oversight

Principal AIG for Auditing & Evaluation

FTE	FTP	
206	212	Salaries & Expenses
3	3	Disaster Relief Oversight

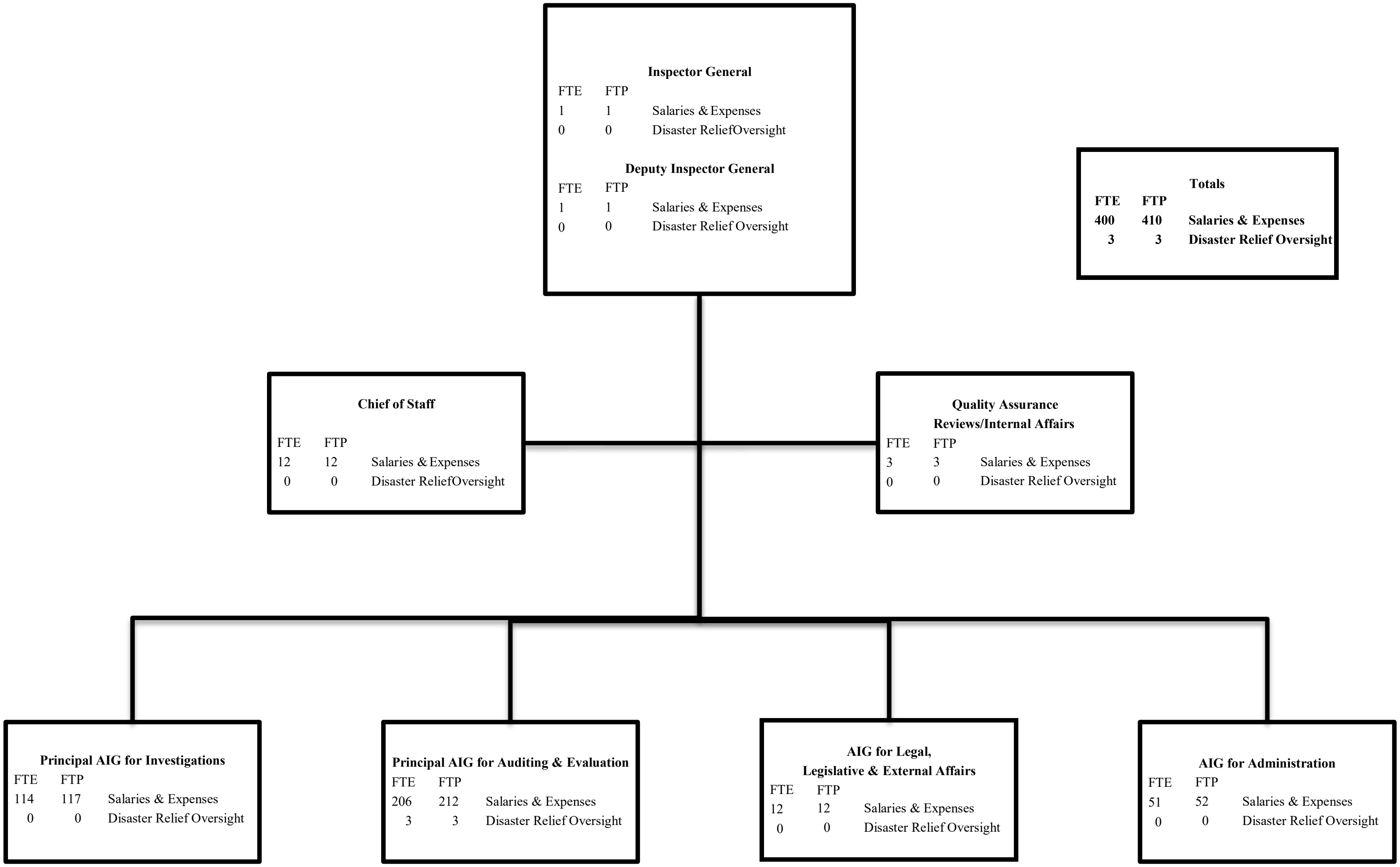
AIG for Legal, Legislative & External Affairs

FTE	FTP	
12	12	Salaries & Expenses
0	0	Disaster Relief Oversight

AIG for Administration

FTE	FTP	
51	52	Salaries & Expenses
0	0	Disaster Relief Oversight

EXHIBIT I-B
FY 2021 ORGANIZATIONAL CHART
OFFICE OF THE INSPECTOR GENERAL



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SECTION 2: BUDGET SUMMARY TABLES

EXHIBIT II-1

FY 2021 BUDGET AUTHORITY
OFFICE OF INSPECTOR GENERAL
($000)

ACCOUNT NAME	M/D	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST
Salaries & Expenses	**D**	**$ 92,600**	**$ 94,600**	**$ 98,150**
Rescission				
Transfers				
Offsets				
TOTALS				
Gross New Budget Authority	**D**	**$ 92,600**	**$ 94,600**	**$ 98,150**
Rescissions		$ -	$ -	$ -
Transfers		$ -	$ -	$ -
Offsets		$ -	$ -	$ -
NET NEW BUDGET AUTHORITY		**$ 92,600**	**$ 94,600**	**$ 98,150**
Mandatory BA				
Discretionary BA		$ 92,600	$ 94,600	$ 98,150

EXHIBIT II-2
FY 2021 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

ACCOUNT NAME	M/D	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST
Salaries & Expenses	**D**	$ 92,600	$ 94,600	$ 98,150
Rescissions				
Transfers				
Offsets				
TOTALS				
Gross New Budget Authority	**D**	**$ 92,600**	**$ 94,600**	**$ 98,150**
Rescissions		$ -	$ -	$ -
Transfers		$ -	$ -	$ -
Offsets		$ -	$ -	$ -
TOTAL BUDGET RESOURCES:		**$ 92,600**	**$ 94,600**	**$ 98,150**
Mandatory BA				
Discretionary BA		$ 92,600	$ 94,600	$ 98,150
Obligation Limitation				

EXHIBIT II-3
FY 2021 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS
Appropriations, Obligation Limitation, and Exempt Obligations
OFFICE OF INSPECTOR GENERAL
($000)

	Safety	Infrastructure	Innovation	Accountability	Total
ACCOUNT					
Salaries & Expenses	$ -	$ -	$ -	$ 98,150	$ 98,150
TOTAL	$ -	$ -	$ -	$ 98,150	$ 98,150

EXHIBIT II-4
FY 2021 OUTLAYS
OFFICE OF INSPECTOR GENERAL
($000)

	M / D	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST
Salaries & Expenses	D	$ 94,876	$ 94,400	$ 97,795
Salaries & Expenses, Emergency Disaster Relief Oversight	D	$ 1,033	$ 1,000	$ 1,000
TOTAL:		**$ 95,909**	**$ 95,400**	**$ 98,795**
Mandatory				
Discretionary		$ 95,909	$ 95,400	$ 98,795

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

			Baseline Changes									
Salaries & Expenses	**FY 2019 Actual**	**FY 2020 Enacted**	**Annualization of Prior Pay Raises**	**Annualization of new FY 2020 FTE**	**FY 2021 Pay Raises**	**Adjustment for Compensable Days (261 days)**	**GSA Rent**	**WCF Increase/ Decrease**	**Inflation and other adjustments to base**	**FY 2021 Baseline Services**	**Program Increases/ Decreases**	**FY 2021 Request**
PERSONNEL RESOURCES												
(FTE)												
FTE	406	403								403		403
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Salaries and Benefits[3]	$69,027	$72,000	$851	$0	$515	($268)			$1,310	$74,408		$74,408
Travel	$2,425	$2,425								$2,425		$2,425
Transportation	$5	$5								$5		$5
GSA Rent	$5,700	$5,825					$110			$5,935		$5,935
Communications, & Utilities	$1,250	$1,025								$1,025		$1,025
Printing	$0	$0								$0		$0
Other Services	$7,901	$7,547							$127	$7,674		$7,674
WCF	$4,320	$4,718						$905		$5,623		$5,623
Supplies	$275	$275								$275		$275
Equipment	$1,667	$750								$750		$750
Insurance Claims and Indemnities	$10	$10								$10		$10
Unvouchered	$20	$20								$20		$20
Admin Subtotal	**$92,600**	**$94,600**	**$851**	**$0**	**$515**	**($268)**	**$110**	**$905**	**$1,437**	**$98,150**	**$0**	**$98,150**
TOTAL	**$92,600**	**$94,600**	**$851**	**$0**	**$515**	**($268)**	**$110**	**$905**	**$1,437**	**$98,150**	**$0**	**$98,150**

[3]Consistent with OMB Memoranda M-19-24 dated July 2019, the amount shown above for Salaries and Benefits includes an estimated increase of $510,000 for awards spending, from $720,000 in FY 2020 to $1,230,000 in FY 2021. This increase is calculated by increasing the FY 2020 base award pay, relative to non-SES salaries, and increasing that percentage by one full percent. These percentages are 1.5% and 2.5% for FY 2020 and 2021, respectively. Additional increases shown on this line are attributable to various Pay Raise and FERS contribution percentage increases for FY 2020 and 2021 as prescribed by OPM and OMB guidance.

EXHIBIT II-6
WORKING CAPITAL FUND
OFFICE OF INSPECTOR GENERAL
($000)

	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST	CHANGE
DIRECT:				
Salaries & Expenses	4,320	4,718	5,623	905
SUBTOTAL	$ 4,320	$ 4,718	$ 5,623	$ 905
TOTAL	$ 4,320	$ 4,718	$ 5,623	$ 905

EXHIBIT II-7
OFFICE OF INSPECTOR GENERAL
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS

	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST
DIRECT FUNDED BY APPROPRIATION			
Salaries & Expenses	401	400	400
Salaries & Expenses, Emergency Disaster Relief Oversight	5	3	3
SUBTOTAL, DIRECT FUNDED	406	403	403
REIMBURSEMENTS / ALLOCATIONS / OTHER			
Reimbursements and 'Other'	0	0	0
Allocations from other Organizations	0	0	0
SUBTOTAL, REIMBURSE./ALLOC./OTH.	0	0	0
TOTAL FTEs	406	403	403
INFO:			
Allocations to Other Agencies	0	0	0

EXHIBIT II-8
OFFICE OF INSPECTOR GENERAL
RESOURCE SUMMARY – STAFFING
FULL-TIME PERMANENT POSITIONS

	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST
DIRECT FUNDED BY APPROPRIATION			
Salaries & Expenses	423	410	410
Salaries & Expenses, Emergency Disaster Relief Oversight	3	3	3
SUBTOTAL, DIRECT FUNDED	426	413	413
REIMBURSEMENTS/ALLOCATIONS/OTHER			
Reimbursements and 'Other'	0	0	0
Allocations from other Organizations	0	0	0
SUBTOTAL, REIMBURSE./ALLOC./OTH.	0	0	0
TOTAL POSITIONS	426	413	413
INFO:			
Allocations to Other Agencies	0	0	0

EXHIBIT II-9
FY 2012 – FY 2021 FUNDING HISTORY
OFFICE OF INSPECTOR GENERAL

Request	Appropriation
2012……………$89,185,000	2012……………$79,624,000
2013……………$84,499,000	2013……………$75,459,187[4]
2013 SANDY… N/A	2013 SANDY… $ 5,700,000[5]
2014……………$85,605,000	2014……………$85,605,000
2015 …………...$86,223,000	2015……………$86,223,000
2016 …………...$87,472,000	2016……………$87,472,000
2017 …………...$90,152,000	2017…..………...$90,152,000
2018 …………...$90,152,000	2018……………$92,152,000
2019……………$91,500,000	2019……………$92,600,000
2020……………$92,152,000	2020……………$94,600,000
2021……………$98,150,000	

[4] FY 2013 reflects the net reduction of $4,005,565 pursuant to the Joint Committee sequester ordered on March 1, 2013 and an across-the-board rescission of $159,248 included in P.L. No. 113-6, Consolidated and Further Continuing Appropriations Act, 2013.

[5] FY 2013 reflects the net reduction of $300,000 pursuant to the Joint Committee sequester ordered on March 1, 2013. Reflects Disaster Relief Appropriations Act, 2013 (P.L. 113-2).

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SECTION 3: BUDGET REQUEST BY APPROPRIATION

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

Appropriations Language

For necessary expenses of the Office of the Inspector General to carry out the provisions of the Inspector General Act of 1978, as amended, [$94,600,000] *$98,150,000*: *Provided*, That the Inspector General shall have all necessary authority, in carrying out the duties specified in the Inspector General Act, as amended (5 U.S.C. App. 3), to investigate allegations of fraud, including false statements to the government (18 U.S.C. 1001), by any person or entity that is subject to regulation by the Department of Transportation.

EXHIBIT III-1
OFFICE OF INSPECTOR GENERAL
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2019 ACTUAL	FY 2020 ENACTED	FY 2021 REQUEST
Salaries & Expenses	$ 92,600	$ 94,600	$ 98,150
TOTAL	$ 92,600	$ 94,600	$ 98,150
FTEs			
Salaries & Expenses	401	400	400
Emergency Disaster Relief Oversight	5	3	3
Reimbursable, allocated, other	0	0	0

The Department of Transportation (DOT) Inspector General conducts independent audits, investigations, and evaluations to promote economy, efficiency, and effectiveness in the management and administration of DOT programs and operations, including contracts, grants, and financial management; and to prevent and detect fraud, waste, abuse, and mismanagement in such activities. This appropriation provides funds to enable the Office of the Inspector General to perform these oversight responsibilities in accordance with the Inspector General Act of 1978, as amended (5 U.S.C. App. 3).

EXHIBIT III-1a

OFFICE OF INSPECTOR GENERAL
SUMMARY ANALYSIS OF CHANGE FROM FY 2020 TO FY 2021
Appropriations, Obligations, Limitations, and Exempt Obligations
($000)

	$000	FTE
FY 2020 ENACTED	**94,600**	**403**
ADJUSTMENTS TO BASE:		
Annualization of Prior Pay Raise(s)	851	0
Annualization of FY 2020 FTE	0	0
FY 2021 Pay Raise (1%)	515	0
Adjustment for Compensable Days	(268)	0
GSA Rent	110	0
Working Capital Fund	905	0
Non-Pay Inflation (1.0%) and Other Adjustments to Base	1,437	0
SUBTOTAL, ADJUSTMENTS TO BASE	**3,550**	**0**
FY 2021 REQUEST	**98,150**	**403**

`DETAILED BUDGET JUSTIFICATION FOR DEPARTMENT OF TRANSPORTATION OFFICE OF INSPECTOR GENERAL FISCAL YEAR 2021

Table 1. Office of Inspector General Budget Request ($000)

Program Activity	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Salaries and Expenses	$92,600	$94,600	$98,150
TOTAL	**$92,600**	**$94,600**	**$98,150**
FTEs[6]	406	403	403

What is this program and what does this funding level support?

The Office of Inspector General (OIG) employs a highly trained, specialized workforce to conduct audits, investigations, and other administrative and enforcement activities. These activities allow the Department of Transportation (DOT) to identify and recoup money it is owed, point out opportunities for program management to ensure money is spent efficiently, and avoid future misappropriations of funds. We fulfill a unique role as the Department's only in-house source for objective examination of its programs. Since Congress established Offices of Inspector General in 1978, we have been dedicated to providing independent reviews regarding the efficiency and effectiveness of DOT programs and operations in order to detect and prevent fraud, waste, and abuse.

The IG Act, as amended, requires that Offices of Inspectors General:

- conduct independent and objective audits and investigations;
- promote economy, efficiency, and effectiveness;
- prevent and detect waste, fraud, and abuse;
- refer criminal violations to the Attorney General for prosecution;
- review pending legislation and regulations; and
- keep Congress and the Secretary fully and currently informed.

The fiscal year (FY) 2021 budget request for the Department of Transportation's Office of Inspector General is $98.15 million in total budgetary resources to support an estimated 403 full-time equivalents (FTE). The 403 FTEs include 3 FTEs funded by carryover funding from the Disaster Relief Appropriations Act of 2013 (DRAA). Of the $98.15 million, $74.41 million will

[6] Full-time equivalent (FTE) totals in table 1 in each year presented include three FTEs supported by carryover funding from the Disaster Relief Appropriations Act of 2013.

support personnel costs and $23.74 million will support operating costs.

This request includes current services-level payroll increases for annualization of the 2019 and 2020 pay raises, a 1.0 percent 2021 pay raise, FY 2021 mandated awards increases, FY 2021 Federal Employees Retirement System contribution increases, and one less FY 2021 compensable day.

Current services-level operating costs increases are included for General Services Administration rent, the DOT Working Capital Fund, and non-pay inflation (at a rate of 1.0 percent).

Funding for oversight of the financial statement audit of a non-DOT Federal entity, the National Transportation Safety Board (NTSB), remains at the FY 2020 level. However, this request does not include funding for oversight of the financial management and operations of the Surface Transportation Board (STB), which will continue to be funded via reimbursement from STB.

OIG is committed to fulfilling its statutory responsibilities under the IG Act while supporting DOT's mission and the Secretary's strategic goals of transportation safety, infrastructure, innovation, and accountability. Our work helps each OA and the Department meet performance targets in all strategic and organizational goals. Our 5-year strategic plan aligns with the Department's mission and describes the goals, strategies, related risks, and performance measures we have identified to help us achieve our mission.

To maximize our available audit resources and provide the greatest potential benefits to the Department and the public, we have developed a comprehensive 24-month tactical audit plan and update it annually. As part of this plan, we maintain a catalogue of possible audit areas, developed from reviews of DOT budget data, business plans, performance reports, modal websites, and Agency publications. We have also identified an additional 170 audits in critical areas that we plan to initiate across DOT's OAs.

To maximize our investigative resources, ensure effective allocation, and deliver impactful results to the Department and the public, we review our investigative priorities annually. Generally, we prioritize cases involving public safety, procurement and grant fraud, and employee integrity. Our goal is to conduct a minimum of 90 percent of our casework in these priority areas. The annual review allows us the flexibility to address emerging regional and national trends and tackle issues of high interest to the Department, Congress, and the American public.

Our tactical audit plan and investigative priorities provide a general framework to focus our resources. Our ongoing proactive communications with Congress and Department leadership help us identify emerging issues that require immediate response. All of our work supports the Secretary's priorities and the OAs' strategic objectives.

We issue an annual report on DOT's top management challenges that presents our assessment of the Department's management and operations, and identifies issues that require the most immediate attention to minimize financial and safety risks. We identified the following top challenges for FY 2020:

- Restoring Confidence in the Federal Aviation Administration's (FAA) Aircraft Certification Process;

- Effectively Leveraging Collaboration and Enforcement in FAA's Evolving Air Carrier Safety Oversight Approach;

- Maximizing FAA's Airspace Modernization Investments and Ensuring New Capabilities Achieve Expected Benefits;

- Enhancing Oversight and Internal Controls To Address Longstanding Cybersecurity Vulnerabilities;

- Maintaining and Enforcing Pipeline and Hazardous Materials Safety;

- Enhancing Enforcement and Data Analysis To Reduce Commercial Vehicle-Related Fatalities;

- Continuing National Efforts To Improve Railroad Safety;

- Effectively Overseeing Billions in Surface Infrastructure Investments; and

- Preparing for the Future of Transportation.

What benefits will be provided to the American public through this request and why is this program necessary?

OIG is the only source of internal, independent, and objective recommendations for the Department's senior executives and managers. Working closely with Congress, the Secretary, and senior DOT officials, we focus on issues that impact public safety and the best use of taxpayer dollars while enhancing the effectiveness and integrity of the programs that DOT administers through savings, recoveries, and efficiency gains.

In executing our mission, we benefit the American public by keeping safety issues at the forefront through consistent and focused program reviews and investigations. OIG's work also adds value for the American taxpayer by promoting economy, efficiency, and effectiveness in the administration of DOT programs and spending. Furthermore, we seek to prevent and detect waste, fraud, and abuse in those programs and keep the Secretary and Congress fully and currently informed.

Our audit recommendations lead to significant financial efficiencies by identifying large amounts of improper payments, cost reductions, funds to be put to better use, and financial and program improvements including those that enhance transportation safety. Our investigations protect taxpayer investments through fines, restitutions, recoveries, and forfeitures; and enhance safety by thwarting criminal activities that put lives at risk.

Our audits and investigations produce a significant return on taxpayer investments. In FY 2019, we issued 87 audit reports with 261 recommendations, 67 indictments, and 87 convictions. Our work produced $71 million in financial recommendations and $107 million in fines, restitutions, recoveries, and forfeitures. These results generated a return on investment (ROI) of $1.9 to $1. From FY 2015 through FY 2019, OIG achieved an average ROI of $23 to $1.

We will continue to leverage the institutional knowledge of our professional staff—our most valuable resource for achieving our mission—and execute the work identified in our tactical plans and investigative priorities. These plans and priorities provide a general framework to focus our resources on an array of topics, including:

Departmentwide

- Assess DOT's oversight of financial and procurement-related issues such as travel card abuse, research and development agreements, contract administration, and management of contracts for information technology products and services.
- Review departmentwide cybersecurity, financial statements, improper payments, and drug testing and abatement programs.
- Conduct procurement, grant fraud, and outreach activities to enhance fraud and prevention awareness and generate investigative referrals from departmental, State, and local stakeholders.

Federal Aviation Administration

- Evaluate aviation safety issues resulting from recent commercial air carrier accidents, such as FAA's certification practices and implementation of the Organization Designation Authority program for delegating oversight to manufacturers.
- Assess FAA's acquisition and Next Generation Air Transportation System (NextGen) modernization programs, ranging from risk reduction to improving the execution of billion-dollar efforts. These audits will help determine overall program costs, schedule, and performance of individual NextGen programs such as en route automation modernization, and weather and data communications.
- Assess aviation safety, including FAA's oversight of pilot medical screening, airlines' safety practices, helicopter air tours, and integration of unmanned aircraft systems into commercial airspace; FAA's safety-critical staffing model for aviation safety inspectors; and Agency plans to improve the predictive capabilities of the Aviation Safety Information Analysis and Sharing system.
- Investigate use of unapproved aircraft parts, false commercial airman certificates, and illegal shipments of hazardous materials (hazmat) by air.

Federal Highway Administration

- Evaluate the Federal Highway Administration's (FHWA) oversight of the billions of dollars it provides to States and localities to build, maintain, and repair the Nation's roads and bridges and of compliance with statutes such as the Fixing America's Surface Transportation Act of 2015 (FAST Act). Audits will include assessments of FHWA's oversight of bond financing, pavement projects, and tunnel programs, and FHWA's implementation of eInvoicing.

- Investigate deceptive practices in FHWA-funded projects, such as product substitution, overbilling, substandard work, cost mischarging, and fraud related to disadvantaged business enterprises (DBE).

Federal Motor Carrier Safety Administration

- Investigate violations of Federal Motor Carrier Safety Administration's (FMCSA) regulations governing interstate transportation of household goods to protect American consumers and workers from fraudulent and deceptive commercial practices.

- Audit FMCSA's efforts to collect comprehensive commercial motor carrier safety data, as well as review the oversight of the Motor Carrier Safety Assistance Program—which provides over $200 million to States to reduce the incidence and severity of commercial motor vehicle crashes—and medical certification requirements for commercial drivers' licenses.

- Investigate unsafe transport of hazardous materials; motor carrier safety violations, such as commercial driver's license fraud by schools and third-party testers; and carriers that reincarnate with different identities to circumvent safety regulations and penalties.

National Highway Traffic Safety Administration

- Assess the National Highway Traffic Safety Administration's (NHTSA) procedures for collecting, analyzing, and managing information to identify safety-related vehicle defects and oversight and enforcement of manufacturers' compliance with Federal motor vehicle safety standards.

- Evaluate Agency preparedness to regulate, oversee, and promote advancements in vehicle technology.

- Investigate possible fraud in NHTSA grant programs, targeting Strategic Traffic Enforcement Program grants awarded to law enforcement agencies and allegations of false statements to NHTSA—the Government's regulator of motor vehicle safety—by automobile manufacturers and suppliers to the automotive industry.

Federal Railroad Administration

- Evaluate the Federal Railroad Administration's (FRA) oversight of railway grade-crossing safety in response to the hundreds of fatalities that occur annually, and grants to Amtrak.

- Evaluate FRA's efforts to ensure that railroads perform drug and alcohol testing as required by regulation, and whether FRA conducts consistent track inspections across FRA's regions.

- Investigate illegal shipment of hazardous materials, violations of rail safety regulations, and fraud on FRA-funded projects.

Federal Transit Administration

- Assess initiatives to maintain public transportation projects in a state of good repair, the Federal Transit Administration's (FTA) certification of State safety oversight programs, and implementation of eInvoicing.

- Evaluate FTA's oversight of DRAA funds, including the execution of DRAA relief awards, and risk mitigation in DRAA contract awards.

- Investigate FTA-funded projects, focusing on items such as product substitution, overbilling, substandard work, cost mischarging, and fraud involving DBE.

Maritime Administration

- Evaluate the U.S. Merchant Marine Academy's (USMMA) acquisition function in accordance with the Office of Management and Budget's (OMB) Circular A-123 to identify internal control weaknesses, and the security of USMMA's IT systems.

- Address Maritime Administration (MARAD) employee integrity matters, including responses to allegations of sexual assault at USMMA and examination of allegations of harassment and retaliation against USMMA midshipmen who report sexual assaults.

Pipeline and Hazardous Materials Safety Administration

- Assess the Pipeline and Hazardous Material Safety Administration's (PHMSA) oversight processes for pipeline inspections, and evaluate PHMSA's oversight of operators of liquefied natural gas facilities.

- Evaluate Agency efforts to foster a positive safety culture.

- Investigate fraud that may impact PHMSA's programs, including pipeline safety, cylinder retesting, and falsification of DOT-required hazardous materials' packaging and marking.

Following are examples of OIG's recently issued reports and results of criminal investigations that demonstrate the impact of our work in relation to the Department's strategic objectives and major programs and our ability to provide timely and relevant oversight of emerging issues.

Federal Aviation Administration

FAA Has Made Progress in Implementing Its Metroplex Program, but Benefits for Airspace Users Have Fallen Short of Expectations (issued August 27, 2019).

> Performance-Based Navigation (PBN) is a top investment priority for FAA and the aviation industry under NextGen. PBN delivers new routes and flight procedures that primarily use satellite-based navigation aids and on-board aircraft equipment to navigate with greater precision and accuracy. To accelerate PBN, FAA began the Metroplex program in 2010 to increase efficiencies in congested, metropolitan areas with multiple airports. The Chairmen of the House Committee on

Transportation and Infrastructure and its Subcommittee on Aviation requested that we examine the Metroplex program, including whether FAA had delivered new routes and procedures that yielded measurable benefits to airspace users and resolved obstacles to PBN. Accordingly, our objectives were to (1) assess FAA's progress in implementing its Metroplex program, including its efforts to resolve key barriers to PBN; (2) compare planned to actual benefits for PBN identified by FAA; and (3) assess the soundness of the methods used by FAA to estimate PBN benefits.

FAA has made progress implementing Metroplex but has experienced difficulties meeting timelines and has yet to fully resolve key obstacles. While FAA has completed 7 of 12 Metroplex locations, the Agency does not expect to complete all remaining locations until 2021, 4 years later than planned. Delays have occurred largely due to increased community concerns about aircraft noise. In addition, other previously identified PBN obstacles remain, including a lack of automated decision support tools for controllers, unclear terminology used by pilots and controllers to refer to flight paths, and the lengthy procedure amendment process. Further, Metroplex benefits to airspace users have fallen well short of predictions in post-implementation reports, FAA estimated annual benefits of $31.1 million—$30.5 million (49.5 percent) less than the minimum amount that FAA expected when it planned each Metroplex site. Finally, FAA's methods for estimating benefits overly rely on judgment and are not well documented and, as a result, inhibit testing of the estimates' robustness and replicate results. FAA concurred with all five of our recommendations.

FAA Plans To Modernize Its Outdated Civil Aviation Registry Systems, but Key Decisions and Challenges Remain (issued May 8, 2019).

The Civil Aviation Registry processes and maintains ownership information on approximately 300,000 private and commercial aircraft and records on almost 1.5 million airmen. The Registry is critical for ensuring that aircraft are legally owned, maintained, and operated; many users in law enforcement, safety, the aviation industry, and the public rely on the accuracy and timeliness of its data. The Chairman of the House Transportation and Infrastructure Committee and its Subcommittee on Aviation requested that we assess FAA's overall management of the Registry and public access to certain Registry elements. We received a similar request from the Chairman of the Senate Committee on Commerce, Science, and Transportation. Our audit objective was to assess FAA's management of the Civil Aviation Registry. Specifically, we assessed FAA's (1) progress in modernizing the Registry and (2) policies for providing public access to Registry-related activities.

The Registry's systems are outdated, and FAA has yet to develop a detailed plan for modernization. The Registry's current systems cannot support online access outside of the Registry's offices in Oklahoma City. While FAA is in the early stages of developing plans to modernize the Registry's systems, the Agency has not yet made key decisions regarding the system. Consequently, the cost and timeframes for Registry modernization remain uncertain, even though FAA is mandated to complete Registry upgrades by October 2021. In addition, the regulations that govern aircraft registration do not reflect current technology or business practices, and FAA will likely need to conduct a rulemaking in conjunction with Registry modernization. If FAA does not complete the rulemaking in coordination with the development of the new system, the Agency risks spending resources on a system that lacks key capabilities.

Due to the current system's limitations, users who need to access aircraft registration information in real time must access the system through Government-owned computer terminals located at the Registry's Public Documents Room in Oklahoma City. Users who cannot or do not want to travel to Oklahoma City can obtain aircraft information online, but that information is updated once a day, rather than in real time. Moving towards a more efficient process hinges on modernizing the Registry, but FAA has not yet developed a plan for allowing real-time access to aircraft information. FAA concurred with all four of our recommendations.

FAA Has Made Progress but Additional Actions Remain To Implement Congressionally Mandated Cyber Initiatives (issued March 20, 2019).

FAA manages air traffic control operations through a complex network of information systems and air traffic control facilities. Cyber-based threats are rapidly evolving and could threaten the connectivity of this complex aviation infrastructure. In 2016, Congress passed the FAA Extension, Safety, and Security Act. Section 2111 of the act establishes requirements for FAA to enhance cybersecurity. The Chairmen and Ranking Members of the House Committee on Transportation and Infrastructure and the Subcommittee on Aviation requested that we assess FAA's progress in addressing section 2111's requirements.

As required by section 2111, FAA has completed a cybersecurity strategic plan, coordinated with other Federal agencies to identify cyber vulnerabilities, and developed a cyber threat model and cyber research and development plan. However, the Agency has not completed a comprehensive, strategic policy framework to identify and mitigate cybersecurity risks. For example, the Agency has not established target dates to complete implementation of recommendations from its working group established to recommend cybersecurity rulemaking and policies for aircraft systems. Furthermore, while FAA is applying its cyber threat model across the National Airspace System, mission support, and research and development areas, the Agency has not established target dates for full model implementation. Finally, as outlined in its cybersecurity research and development plan, FAA anticipates increased investments in research areas, but has not completed decisions on its research and development priorities in upcoming fiscal years. FAA concurred with all three of our recommendations.

September 23, 2019: *Aviation Medical Examiner Convicted and Sentenced for Fraudulently Certifying Pilots.*

An airman medical examiner (AME) was charged with falsely certifying thousands of commercial and private medical examinations. Between January 1, 2017, and February 28, 2019, the AME performed approximately 3,814 airman medical examinations, earning an estimated $523,740 in fees. The AME issued medical certificates to airmen who did not pass material portions of their medical examinations. He then transmitted the fraudulent results to FAA, which relied on those results to determine whether the airmen could safely operate aircraft.

The AME was convicted and sentenced to 5 years' probation, $100,000 in fines, and 100 hours of community service. The AME admitted that approximately 75 percent of his examinations were fraudulent and agreed to forfeit $392,805, or 75 percent, of his earnings. He also agreed to reimburse to FAA $48,818 in costs associated with retesting pilots.

Federal Highway Administration

Inadequate Data and Guidance Hinder FHWA Force Account Oversight (issued May 29, 2019).

FHWA oversees more than $40 billion in annual Federal aid for national highway and bridge projects. Federal law requires aid recipients to competitively award contracts for such projects unless some other method is more cost effective or an emergency exists. One such method is force account work, which involves the noncompetitive use of State or local resources to execute highway projects. Given the inherent risk of higher costs associated with noncompetitive practices, we initiated an audit to (1) determine the scope and magnitude of force account projects funded through the Federal-aid Highway Program and (2) assess FHWA's processes for overseeing compliance with Federal force account requirements.

FHWA officials have designated force account as a low-risk activity. As a result, FHWA does not track force account activity and thus cannot readily identify which federally funded projects have used force account or the amount and type of activity that received Federal funding. In addition, the Agency provides minimal oversight, does not monitor States' compliance with force account regulations, and has gaps in its guidance. For example, while Federal regulations detail when staff can waive a cost-effectiveness determination for use of force account, the Agency's guidance does not. Consequently, States may be using force account to perform permanent repairs when there may be a more cost-effective approach. FHWA does have a risk-based stewardship and oversight framework that gives it discretion in determining the scope of its oversight, as long as it is based on objective data and information. However, without adequate policies and procedures, FHWA cannot ensure that States comply with force account requirements and expend Federal dollars in a cost-effective manner.

We made four recommendations to improve FHWA's oversight of States' compliance with Federal force account requirements. FHWA concurred with three recommendations and partially concurred with one recommendation—stating that it neither agreed nor disagreed with our $22.3 million estimate of unsupported costs but will take the necessary corrective actions.

FHWA Needs To Clarify Roles and Processes for Approving and Monitoring Public-Private Partnerships (issued March 6, 2019).

Rising demands on the transportation system and constraints on public resources have led to greater private sector involvement in constructing highway infrastructure through public-private partnerships (P3). The use of P3s marks a shift away from traditional ways of procuring and financing highway projects solely with Government funding. However, P3s must conform to the same Federal requirements as other Federal-aid projects. FHWA is responsible for stewardship and oversight of Federal-aid highway, bridge, and tunnel projects where P3s are being considered or implemented. We initiated this audit to determine whether FHWA provides adequate oversight of P3 highway projects. Our specific objectives were to assess FHWA's (1) approval process for P3 highway and bridge projects that include Federal investments and (2) monitoring of P3s once approved.

FHWA has not followed its procedures for ensuring compliance with a P3-related requirement. Specifically, FHWA has not followed its procedures to ensure project financial plans assess the appropriateness of P3s for project delivery, as required by law. FHWA is also not following its current guidance for approving P3 projects; the guidance notes that P3 projects warrant additional stewardship considerations to address unique risks. Once a P3 project has been approved, FHWA enhances monitoring of the P3 project during construction when the project has been designated a Major Project. However, FHWA has not established processes for providing additional monitoring of P3s that are not Major Projects, even though they may also pose risks. In addition, although FHWA's guidance states that P3s that remain funded by Federal loans warrant additional oversight during the Operations and Maintenance phase, we found that the Agency does not fully carry out this guidance and has not clearly defined roles and responsibilities for this oversight. FHWA concurred with all five of our recommendations.

May 2, 2019: *New York Contractor Sentenced to 18 Months in Jail for Defrauding NYSDOT on Federally Funded Contracts*.

The owner of ACME Powerwashing, Inc. was sentenced in U.S. District Court, Northern District of New York, to 18 months in prison and ordered to pay $600,000 in restitution.

The evidence at trial established that the owner, a former police officer and sheriff's deputy, submitted fraudulent invoices to the New York State Department of Transportation (NYSDOT) to conceal the fact that he had not bought the materials he needed to fulfill his contracts. ACME, a NYSDOT contractor since 2010, had not bought the appropriate amount of sealing chemicals since at least 2012, and had saved at least $500,000 in material costs. Since 2012, NYSDOT has paid ACME more than $3.5 million for bridge sealing work and about $6.7 million for bridge cleaning and other work.

Federal Motor Carrier Safety Administration

FMCSA's Plan Addresses Recommendations on Prioritizing Safety Interventions but Lacks Implementation Details (issued September 25, 2019).

The FAST Act directs FMCSA to commission the National Academy of Sciences (NAS) to evaluate the methodology and data it uses to identify carriers that are not fit to operate commercial motor vehicles, and develop a corrective action plan in response. The act also directs our office to assess FMCSA's plan and its responses to our prior recommendations and those from NAS and the Government Accountability Office (GAO). Accordingly, our audit objectives were to (1) assess the extent to which FMCSA's corrective action plan addresses NAS recommendations and relevant OIG and GAO recommendations and (2) identify challenges FMCSA may face when implementing the corrective action plan.

FMCSA's corrective action plan addresses motor carrier safety interventions, but lacks implementation details for improving transparency and its assessment of carrier safety rankings. For example, in response to recommendations from NAS and GAO, the Agency is testing an Item Response Theory (IRT) statistical model to gauge how it prioritizes motor carrier safety interventions. Regarding NAS recommendation on collecting more accurate and diverse types of data, FMCSA determined that much of the data to be added do not exist. As a result, FMCSA no longer plans to collect additional data. Similarly, the plan describes putting datasets on a publicly available website but does not discuss making them user-friendly, or outline costs and implementation steps—hindering FMCSA's efforts to make its data, safety measures, and rankings more transparent. Finally, the complexity of the IRT model may make implementation and public outreach difficult. We made two recommendations to improve the corrective action plan FMCSA developed in response to the NAS study.

June 5, 2019: *Pennsylvania Doctor Convicted and Sentenced for Falsifying DOT Medical Examination.*

A former DOT-certified medical examiner was sentenced in U.S. District Court, Philadelphia, Pennsylvania, to 3 years' probation, a $1,000 fine, and a $100 special assessment. He had pled guilty to one count of making false statements in connection with a DOT medical examination. Specifically, he admitted to making a false writing or document and aiding and abetting others in the making of a false writing or a document that contained a materially false statement.

The investigation revealed that in April 2017, the medical examiner told staff at his business, Express Med Urgent Care, to conduct a DOT physical examination on a patient seeking to operate commercial motor vehicles. The staff members, who were not certified medical examiners, completed a DOT medical examination report and issued a DOT Medical Examiner's Certificate under the medical examiner's name and his National Registry of Certified Medical Examiners (NRCME) number.

FMCSA regulations require drivers engaged in interstate commerce to be physically able to safely operate a commercial motor vehicle. Only FMCSA-registered medical examiners can perform medical exams and issue DOT Medical Examiner's Certificates. After the investigation, FMCSA removed the examiner from the NRCME program and voided 223 active Medical Examiner Certificates held by commercial drivers.

May 28, 2019: *Former Officer and Operator of Pennsylvania Bus Company Sentenced to Prison and Ordered to Forfeit $1.4 Million.*

The former president of multiple bus companies was sentenced in U.S. District Court, Harrisburg, Pennsylvania, to 10 months' imprisonment, 12 months' supervised release, $600 in fines and fees, and ordered to forfeit $1,492,633 after pleading guilty to conspiring to fraudulently operate multiple bus companies along the East Coast.

In March 2016, 14 individuals were indicted by a Federal grand jury and charged with conspiracy, mail fraud, and wire fraud. The indictment alleged that the defendants conspired to form, control, manage, and operate numerous bus companies—including All-State Travel Bus, Asia Tours, Apex Bus, New Egg Bus, and Universe Bus—in multiple States, and routinely falsified FMCSA Motor Carrier Identification Reports and applications for operating authority. These activities concealed the actual operators of the companies and that the buses were unsafe.

The investigation revealed that the defendants conspired to falsify FMCSA-regulated records related to bus safety, maintenance, and driver qualifications to impede Agency inspections and reviews. Specifically, they submitted documents that indicated the fraudulent companies had driver safety and training programs in place when they did not, and false records related to accident registers, hours of service, vehicle maintenance, drug and alcohol testing programs, and their previous company affiliations. The former company president admitted that he falsely certified or omitted information on FMCSA documents causing unsafe buses to be operated by unqualified drivers.

National Highway Traffic Safety Administration

June 4 and 24, 2019: *Three Massachusetts State Troopers Sentenced for Overtime Abuse.*

Two former Massachusetts State Police (MSP) officers—a retired lieutenant and a retired trooper—and a suspended trooper were sentenced in U.S. District Court, Boston, Massachusetts, in connection with an ongoing investigation into overtime abuse at MSP. The retired lieutenant was sentenced to 1 day incarceration (deemed served); 2 years of supervised release, with the first 6 months to be served in home detention; and restitution in the amount of $12,450. The suspended trooper was sentenced to 1 day incarceration (deemed served); 1 year of supervised release, with the first 6 months in home detention; a fine of $4,000; and restitution of $7,860. The retired trooper was sentenced to 1 day incarceration (deemed served); 1 year supervised release; a fine of $5,500; and restitution in the amount of $29,287. Thus far, eight Massachusetts State Troopers have pleaded guilty and been sentenced for their roles in the overtime abuse.

April 2, 2019: *Former Ecru Police Chief Sentenced for Defrauding the Government.*

A former police chief of the Town of Ecru, Mississippi, pleaded guilty and was sentenced in Pontotoc County Court, Pontotoc, Mississippi, to 60 months' incarceration, 12 months' probation, a $1,000 fine, court fees of $434, and $100 in restitution to the State's victims' fund.

Prior to sentencing, the former chief paid the State of Mississippi $59,934 to reimburse funds he obtained through fraud and embezzlement. The Mississippi Office of the State Auditor retained $4,974 for its investigative costs and reimbursed Ecru $54,959, including $29,388 in NHTSA grant funds.

The investigation revealed that between 2011 and 2016, the former chief was the sole participant in a NHTSA overtime grant. Between fiscal years 2014 and 2016, he claimed he issued 346 tickets in order to obtain overtime payments; however, he actually issued only 74 tickets.

Federal Railroad Administration

FRA Collects Reliable Grade Crossing Incident Data but Needs To Update Its Accident Prediction Model and Improve Guidance for Using the Data To Focus Inspections (issued September 4, 2019).

According to data from FRA, roughly 27,000 rail accidents and 29,000 highway-rail grade crossing incidents occurred between 2006 and 2018, causing 10,004 fatalities, 3,508 of which occurred at grade crossings. Crossing incidents are the second leading cause of rail-related deaths after trespassing, and the leading cause of all railroad accidents. Risk of incidents at grade crossings grows as highway and train traffic increase. Both FRA and Members of Congress have expressed concern about these numbers despite long-term focus on the area. Statutes such as the Rail Safety Improvement Act of 2008 and the Fixing America's Surface Transportation Act of 2015 require States to use data-driven action plans to improve crossing safety.

In 2005, we reported that FRA investigated very few crossing incidents, and in 2007, we reported that the information on grade crossing incidents in FRA's national accident database did not always include accurate or timely information, with some incidents being reported up to three years late or not at all. Due to the number of grade crossing fatalities and the need to update OIG's prior work on this topic, we initiated this audit. Our objectives were to assess FRA's (1) collection of grade crossing incident and investigation data and (2) use of these data to reduce grade crossing collisions.

FRA has effective procedures to determine whether grade crossing incident data are complete and accurate. Also, FRA has not updated its accident prediction formula since 2013, and lacks a comprehensive compliance manual for grade crossing teams. We made two recommendations to ensure FRA has the tools and guidance needed to effectively identify, inspect, and improve at-risk grade crossings and FRA concurred with both.

Opportunities Exist To Improve FRA and Volpe's Acquisition and Use of Oversight Contractors (issued July 10, 2019).

In 2009, Congress appropriated $10.5 billion for FRA's High-Speed Intercity Passenger Rail (HSIPR) Program. To implement the program and fund HSIPR projects, FRA took on new oversight responsibilities and entered into cooperative agreements with State departments of transportation and other entities. FRA also established an intra-agency agreement (IAA) with the John A. Volpe National Transportation Systems Center (Volpe). The IAA allowed FRA to implement its Monitoring and Technical Assistance Program with Volpe's assistance and acquire Monitoring and Technical Assistance Contractors (MTAC) to provide oversight support. In November 2013, Volpe competitively awarded 11 master contracts, with an estimated value of $75 million, for MTAC services. Given the significant funds involved and FRA's expanded oversight responsibilities, we initiated this audit to assess (1) FRA's acquisition of MTACs through the Volpe Center and (2) FRA's management and use of MTAC oversight services for HSIPR projects.

Volpe's acquisition and management of the MTACs did not always follow Federal requirements or guidance. For example, Volpe prepared independent Government cost estimates without adequate support, and awarded an MTAC master contract and three task orders valued at $7.6 million to a contractor that lacked a current audit of its accounting system. Also, adding steps to its invoice review process could help Volpe ensure that it pays allowable and reasonable costs for MTAC work. In addition, FRA lacked both the necessary oversight tools and a consistent reporting and recommendation tracking process to ensure effective use of MTAC services when it launched the HSIPR program. As result, the MTACs did not consistently document oversight reviews and much of their work was not formally reported. This in turn impeded FRA and Volpe's ability to realize the full benefit of the MTACs' oversight. We made 11 recommendations to improve FRA and Volpe's acquisition and use of MTACs, and the Department concurred with all of them.

January 18 and July 22, 2019: *Former Amtrak Contracting Officer, Along With a Former Executive of Delaware Manufacturing Company Sentenced for Amtrak Bribery Scheme*.

A former lead contract administrator at Amtrak, along with a former vice president for sales and marketing of a Delaware-based manufacturing firm, were sentenced in U.S. District Court, Philadelphia, Pennsylvania, for their roles in a kickback scheme. The former lead contract administrator was sentenced to 12 months and a day incarceration, 36 months' supervised release, $20,042 in forfeiture, and a $100 special assessment. The former vice president of the manufacturing firm was sentenced to 18 months' incarceration, 3 years of supervised release, and a $100 special assessment fee.

The investigation revealed that two individuals gave, offered, and agreed to give things of value to the former lead contract administrator at Amtrak, to influence and reward the administrator for a series of contractual transactions. Between August 2015 and July 2017, Amtrak awarded the individuals' firm with four federally funded fleet maintenance contracts worth over $7.6 million. The contracts in question were funded, in part, through FRA grants. In return for steering the contracts and providing pricing information to their firm, the Amtrak contract administrator received approximately $20,000 and other things of value, including trips to Rehoboth Beach, Delaware.

March 15, 2019: *Four Charged in New York for Amtrak Ticket Fraud*.

Four individuals were indicted in U.S. District Court, Brooklyn, New York, on charges of wire fraud and conspiracy to commit wire fraud. Two were also charged with conspiracy to commit access device fraud, access device fraud, and aggravated identity theft.

The indictment alleges that from April 2016 through July 2018, the defendants engaged in a scheme to defraud Amtrak. Specifically, they allegedly used unauthorized or stolen credit card account numbers obtained from the "dark web" to make trip reservations on Amtrak's ticketing system. The defendants then canceled the reservations, resulting in the issuance of eVouchers, which the defendants sold at a discount on websites such as eBay. Amtrak refunded approximately $450,000 in unauthorized purchases to victimized consumers. FRA grant funds helped pay for the upgrade of Amtrak's computer ticketing system, which includes the eVoucher system.

Federal Transit Administration

FTA's Limited Oversight of Grantees' Compliance With Insurance Requirements Puts Federal Funds and Hurricane Sandy Insurance Proceeds at Risk (issued October 30, 2019).

After Hurricane Sandy hit in October 2012, FTA awarded approximately $5.03 billion in grant funding to 14 grantees through 2017 for response, recovery, and rebuilding projects. Our prior audits supporting oversight of this funding, as mandated by the Disaster Relief Appropriations Act of 2013, found that FTA established formal reporting and tracking procedures for grantees' receipt of insurance proceeds to help prevent the Agency from funding project expenses for which a recipient already received insurance proceeds. However, we could not assess implementation of these oversight procedures at the time because grantees faced years of ongoing monitoring before reaching settlements with the insurance companies. Now that grantees have begun to receive insurance settlements and develop plans for applying them, we initiated this audit to assess FTA's oversight of its Hurricane Sandy grantees' compliance with insurance requirements. Specifically, we assessed FTA's oversight of Hurricane Sandy recovery grantees' compliance with requirements for (1) carrying required insurance, (2) reporting on insurance proceeds, and (3) applying insurance proceeds.

We found that FTA has not verified that grantees have required flood insurance for Hurricane Sandy damages and its other Federal transit investments, in part because FTA: relies on grantees to self-certify that they have the requisite insurance coverage; does not require grantees to produce the necessary data to support their certifications; and lacks procedures to confirm that grantees carry flood insurance when required. As a result, FTA cannot conclusively determine whether its grantees are eligible for the full amount of funding they received for Hurricane Sandy grants or a portion of the billions in Federal transit investments it funds annually. Furthermore, FTA does not have procedures to follow up with grantees that do not submit Insurance Proceeds Reports. The lack of these procedures may diminish the Agency's ability to eliminate duplication between Federal funds and insurance proceeds and ensure proceeds are properly allocated. Lastly, FTA has failed to hold Hurricane Sandy grantees accountable for timely or complete application of their over $1 billion in insurance proceeds, in some cases years after they received them. Consequently, we found over $982.8 million in insurance proceeds that could be put to better use. We made eight recommendations to improve FTA's oversight of its Hurricane Sandy grantees' compliance with insurance requirements.

FTA Has an Opportunity To Improve the Integrity Monitor Program for Hurricane Sandy Grantees (issued September 9, 2019).

To support transportation-related recovery and relief efforts in areas damaged by Hurricane Sandy in October 2012, DRAA appropriated $10.9 billion to FTA. Recognizing that it needed to be especially diligent with DRAA funds, FTA required grantees that received over $100 million to hire independent integrity monitors as a safeguard against fraud, corruption, and cost abuse. DRAA also directed our office to support oversight of the funds. Accordingly, our audit objective was to assess FTA's policies for the use of integrity monitors and evaluate FTA's oversight of integrity monitors.

While FTA performs ongoing collaborative reviews of grantee integrity monitor plans, it lacks formal processes for identifying known risks and determining integrity monitor independence. As a result, internal staff who serve as integrity monitors may have self-interest concerns. For example, integrity monitors participated in settlements that could have included Federal funds and did not always notify FTA of these settlements until late in the process or after the settlements were completed. FTA also has an opportunity to improve the way grantees manage integrity monitor performance. For example, Agency officials did not make sure that grantees resolved integrity monitor recommendations or developed controls to prevent problems from reoccurring—in part because FTA viewed the integrity monitor program as a grantee internal control. Still, FTA recently improved its guidance on the amount of detail grantees should include in their quarterly reports. Until this guidance is implemented by all DRAA grantees, however, FTA may not realize the full benefits of the integrity monitor program, and Hurricane Sandy funds may be at risk.

We made eight recommendations to improve FTA's oversight of Hurricane Sandy relief funds, including a recommendation to recover an estimated $1.1 million in settlement funds.

December 10, 2018: *Owner of New York Bus and Maintenance Companies Sentenced to Prison.*

The owner of a New York bus and maintenance company was sentenced in the U.S. District Court, Southern District of New York, White Plains, to 50 months' imprisonment, 1 year of supervised release, $80,229 in criminal forfeiture, restitution of $206,515, and a $300 special court assessment.

On May 2, 2018, the owner of Brega Transport and Brega D.O.T. Maintenance Corp. was found guilty on multiple fraud, bribery, and theft charges stemming from his role in billing the Rockland County Board of Cooperative Educational Services (BOCES) for services that were never performed and bribery of a BOCES official.

From 2012 through 2014, the owner directed his employees to prepare fraudulent invoices and supporting documentation that indicated his company performed regular preventive maintenance on certain buses. The BOCES official received thousands of dollars in free services on his personal vehicles and vehicles belonging to his family and friends in exchange for participating in the scheme. In 2013, Rockland County awarded Brega Transport a 5 year, $70 million contract funded by FTA to operate the Transport of Rockland and Tappan Zee Express bus routes and perform maintenance on county-owned buses.

August 7, 2018: *Former Florida DOT Employee and Husband Sentenced for Conspiracy to Commit Federal Program Theft.*

A former Florida Department of Transportation (FDOT) transit coordinator and passenger operations specialist was sentenced in U.S. District Court, Tampa, Florida, to 36 months' probation, 6 months' home confinement, $295,891 in restitution, and forfeiture of property up to the value of $373,602. She was sentenced for her role in a conspiracy to commit Federal program theft. On August 15, 2018, her husband was sentenced in the same court to 12 months' and 1 day in Federal prison for his role in a conspiracy to commit Federal program theft. Both sentences included a joint restitution of $295,891 and the forfeiture of property with a maximum value of $373,602.

The former FDOT employee and her spouse held joint ownership in Ebenezer Church and Ministerio A Gran Voz De Trompeta Campus, Inc. Via FDOT, these organizations received $250,000 in FTA grants for programs that provided transportation for low income, disabled, and elderly individuals. The two submitted checks to FDOT indicating that they made payments for real property, services, and materials. However, the checks did not clear, and the couple never actually procured the property, services, and materials. The pair also falsely represented to FDOT that they used grant funds to acquire vehicles to provide transportation services, while the vehicles were actually for their personal use. They also falsely represented that they had incurred expenses for the vehicles' preventative maintenance and repair.

Maritime Administration

The Maritime Administration's Information Technology Infrastructure Is at Risk for Compromise, (issued July 24, 2019).

MARAD's programs promote waterborne transportation and integration with other transportation modes and the viability of the U.S. Merchant Marine. MARAD works in many areas, including ship building and shipping, vessel and port operations, national security, and transportation safety. The Agency has 12 information systems and 1 local area network. MARAD also uses a number of web applications, some of which contain sensitive data and personally identifiable information (PII). We conducted this audit because of the importance of MARAD's programs to the Nation's transportation system and the sensitive nature of some of the Agency's information. Accordingly, our objective for this self-initiated audit was to determine whether MARAD's IT infrastructure contains security weaknesses that could compromise the Agency's systems and data.

We gained unauthorized access to MARAD's network but MARAD did not detect our access or our placement of hacking tools on the network, in part because it did not have an alert system configured to do this, which the National Institute of Standards and Technology recommends. We also gained access to records containing PII. While DOT policy requires the use of encryption to protect sensitive data, these records and other data we obtained were not encrypted. Had malicious attackers obtained these records, they could have used them to steal citizens' identities and MARAD could have lost $103 million in credit monitoring fees. Furthermore, inadequate security awareness training may contribute to some Agency personnel's susceptibility to social engineering. These weaknesses, individually and together, put MARAD's network and data at risk for unauthorized access and compromise. We made several recommendations to help MARAD improve the security of information technology infrastructure.

Pipeline and Hazardous Materials Safety Administration

June 6 and August 23, 2019: *Two Corporations Plead Guilty and Are Sentenced for Their Role in Hazardous Chemical Explosion.*

> Santa Clara Waste Water Company and Green Compass Environmental Solutions, LLC entered no contest pleas in Ventura County, California Superior Court, for their roles in an explosion in Santa Paula, CA, and for storing undisclosed hazardous chemicals. Santa Clara Waste Water Company was sentenced to 36 months of probation and ordered to pay $2,647,621 in victim restitution, and Green Compass Environmental Solutions LLC was sentenced to 36 months of probation and ordered to pay $185,794 in victim restitution.
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> An explosion occurred at a wastewater treatment facility owned and operated by the two corporations. The investigation revealed that the mixing and disposal of hazardous chemicals into a vacuum truck not rated to hold or transport chemicals caused the explosion. Approximately three dozen employees and first responders were injured—either by the explosion itself or because they inhaled toxic vapors. A search warrant served during the investigation led to the discovery of approximately 5,500 gallons of sodium hydroxide stored in a locked shipping container. The corporations had not reported these chemicals in the California Environmental ReportingSystem, as they are legally required to do.

May 6 and 7, 2019: *U-Haul Company of Pennsylvania and Former Manager Sentenced for Violating DOT Hazmat Regulations; U-Haul Pays $1 Million Fine*.

> U-Haul Company of Pennsylvania (U-Haul of PA) and one of its former managers were sentenced in U.S. District Court, Philadelphia, Pennsylvania, for felony violations of DOT's hazmat regulations. The former manager was sentenced to 2 years' probation, 100 hours of community service, and $2,200 in fines. U-Haul of PA was sentenced to a $1 million fine, 2 years' probation, an $800 assessment, and to implement a compliance program for 2 years to ensure adherence to DOT's hazmat regulations and the safety of its employees and the public.
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> OIG initiated this investigation after a propane cylinder exploded on a food truck on a Philadelphia street in July 2014. When the cylinder ruptured, the escaping propane ignited, briefly enveloping the food truck in a fireball. A mother and her teenage daughter were killed and several others were seriously injured. The investigation revealed that U-Haul of PA and the former manager willfully and recklessly allowed untrained workers to fill propane cylinders—a violation of DOT's hazmat regulations. To ensure safety of all parties, DOT regulations permit only trained and certified persons to handle propane unsupervised. The former manager was fully trained and certified to handle propane, but requested or required his employees to do so, knowing they had not been trained. U-Haul of PA and the former manager admitted that they allowed two untrained workers to fill propane cylinders more than 60 times during a single 3-week period in June and July 2014, in violation of the law and the company's own policy.

Saint Lawrence Seaway Development Corporation (SLSDC)

Independent Auditor's Report on the Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2019 and 2018 (issued November 13, 2019).

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of the SLSDC, a U.S. Government Corporation, as of and for the fiscal years ended September 30, 2019, and September 30, 2018.

In our opinion, SLSDC's financial statements present fairly, in all material respects, SLSDC's financial position as of September 30, 2019, and September 30, 2018, and its statements of operations and changes in cumulative results of operations, cash flows, budgetary resources and actual expenses, and changes in equity of the U.S. Government for the years then ended, in accordance with U.S. generally accepted accounting principles. We found no material weaknesses in internal control over financial reporting based on the limited procedures we performed. We also found no reportable noncompliance for fiscal year 2019, with provisions of applicable laws, regulations, and contracts we tested. We made no recommendations.

Office of the Secretary (OST)

Gaps in Internal Controls Impede the Department's Management of Working Capital Fund Laptops (issued November 4, 2019).

Laptop computers are essential information technology assets at DOT. From fiscal years 2013 to 2017, DOT purchased 5,448 laptops—costing approximately $8.6 million—using the Working Capital Fund (WCF). Federal regulations and DOT policy require that the Department ensure the appropriate and effective receipt, inspection, acceptance, and accounting for any property once it is delivered. Given the Department's significant investment in laptop computers and the importance of strong management and oversight, we initiated this audit. Our audit objectives were to (1) determine whether DOT is following the Office of Management and Budget's (OMB) requirements for purchases of laptop computers; (2) assess whether DOT's policies and procedures for receipt, inspection, and acceptance of laptops are sufficient; and (3) assess whether internal controls are in place to account for the laptops in DOT's inventory management system after acceptance.

While most of DOT's Operating Administrations (OA) complied with OMB requirements for the purchase of laptop computers, we identified weaknesses in DOT's laptop management procedures following their purchase. In particular, DOT's current policy defining its process for managing Government equipment is outdated and does not fully address the Department's operating environment. DOT also lacks sufficient internal controls to account for WCF-purchased laptops after acceptance, including tracking laptops once they are transferred to OAs or individual users. Based on our findings, we estimated that DOT could not account for 34.3 percent of the 5,448 laptops in the universe, representing $2.9 million in funds that could have been put to better use. We made eight recommendations to improve the Department's acquisition and oversight of WCF-funded laptops.

DOT's Updated Anti-Harassment Policy Meets EEOC Requirements, but Program Compliance Hinges on Procedure Implementation and Data Usage (issued September 11, 2019).

The U.S. Equal Employment Opportunity Commission (EEOC) requires Federal agencies to establish anti-harassment programs, which are designed to identify and resolve harassment issues before they become severe and pervasive. We initiated this review after a previous audit identified concerns about DOT's OAs anti-harassment policies and procedures. Our audit objectives were to assess the extent to which the Department and its OAs (1) have anti-harassment policies and procedures that comply with EEOC guidance and (2) collect and use data on harassment complaints.

The DOT policy in place during our audit complied with 13 of 18 EEOC requirements but did not clearly explain prohibited conduct, require EEO programs to inform anti-harassment programs about all harassment allegations, provide for periodic training of managers, provide for periodic training of employees, or create firewalls between the decision makers for the anti-harassment and EEO programs. It also did not require OAs to develop implementation procedures, and the Department and four OAs did not have them, as EEOC requires. One reason for the gaps was EEOC's evolving and expanding oversight of anti-harassment programs—which led the Department to develop its U.S. DOT's Policy Framework for the Prevention of Harassment and Unprofessional Conduct (Policy Framework) over several years, including throughout our audit. In response to our findings, the Department closed all the gaps we identified and issued the Policy Framework on June 21, 2019. Also, while the Department was responsible for collecting, monitoring, and analyzing harassment data for 10 OAs, it did not have a system in place that met EEOC requirements. However, the Policy Framework establishes data collection requirements that may enhance the Department's and the OAs' abilities to identify, address, and stop harassment before it becomes severe or pervasive. The Department concurred with our recommendation for improving DOT's anti-harassment procedures.

January 11, 2019: *Former Charter Airline Executive Sentenced for Stealing From Passenger Escrow Account.*

The former chief executive officer (CEO) at Myrtle Beach Direct Air and Tours, a now-defunct air charter operator, was sentenced in U.S. District Court, Newark, New Jersey, to 94 months' imprisonment, 60 months' supervised release, an $800 special assessment fee, and $19.6 million in restitution. The former CEO and a co-defendant were convicted in March 2018 on conspiracy, wire fraud, and bank fraud charges.

In March 2012, Direct Air ceased its public charter operations and filed for bankruptcy protection. After the bankruptcy filing, the Office of the Secretary of

Transportation learned that Direct Air officials may have misappropriated pre-booked ticket revenue that, per DOT regulations, was supposed to be kept in an escrow account.

Evidence presented at trial showed that from October 2007 through March 2012, the former CEO and former vice president and managing partner artificially inflated the amount Direct Air was entitled to receive from the escrow account. They sent the falsified amount in a letter that asked the escrow bank to release the funds. To cover up their fraud, they falsified profit and loss statements to suggest the company was making money. They sent the falsified documents to credit card companies and banks to trick them into continuing their business relationships with Direct Air.

Testimony at trial established that two financial institutions incurred losses of nearly $30 million because they had to issue refunds to thousands of passengers whose money was stolen by the defendants.

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SECTION 5: INFORMATION TECHNOLOGY

FY 2021 INFORMATION TECHNOLOGY BUDGET REQUEST AND NARRATIVE
OFFICE OF INSPECTOR GENERAL
($000)

Budget Account	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
General Support Services	**$5,704**	**$6,501**	**$6,954**
Commodity IT Shared Services through the Working Capital Fund	$1,420	$1,870	$2,180
Modal IT Spend	$4,008	$4,370	$4,505
FAA Franchise Fund	$276	$261	$269
Audit Information Security Lab	**$803**	**$798**	**$744**
Modal IT Spend	$803	$798	$744
Data Analytics	**$2,267**	**$1,810**	**$2,310**
Modal IT Spend	$2,267	$1,810	$2,310
Total	**$8,774**	**$9,109**	**$10,008**

OIG estimates that $10.01 million will be needed in FY 2021 for information technology that supports the full spectrum of OIG's programs as well as the Department's initiative to transform, centralize, and consolidate the management of certain IT solutions through the departmental Office of the Chief Information Officer (OCIO).

OCIO will continue to provide OIG with commodity information technology (IT) shared services in FY 2021. OIG's FY 2021 budget request includes an estimated $2.18 million, funded through the Working Capital Fund, to provide the following commodity IT investments in FY 2021:

- **Commodity IT Shared Services through the Working Capital Fund**. OIG estimates $2.18 million from the General Support, Maintenance of Network Automatic Data Processing (ADP), Hardware, and Software account for its share of Department investments in cybersecurity and commodity information technology, including voice, cable, and networks, desktop services, server operations, directory and messaging services, enterprise licensing, and enterprise dashboards.

OIG will maintain the following modal IT investments in FY 2021:

- **General Support, Maintenance of Network ADP, Hardware, and Software**. OIG estimates $4.5 million is required for operation and maintenance of its information technology infrastructure system. This system provides mission critical resources for our audit, data analytics, and investigative staff, enabling the successful achievement of OIG's mission.

- **Audit Information Security Lab.** OIG estimates $744,000 is required for the operation and maintenance of OIG's security lab. The lab provides mission critical resources for our audit, data analytics, and investigative staff, enabling the successful achievement of OIG's mission.

- **Data Analytics and Computer Crimes Unit**. OIG estimates $2.31 million is required for the maintenance and operation of this organizational unit which enhances OIG’s investigative activities by providing liaison, coordination, and research and development services to all OIG program areas.