



U.S. Department of  
Transportation

# **BUDGET ESTIMATES**

## **FISCAL YEAR 2022**

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**OFFICE OF  
INSPECTOR GENERAL**

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**SUBMITTED FOR THE USE OF  
THE COMMITTEES ON APPROPRIATIONS**

Office of Inspector General  
Fiscal Year 2022 Budget Estimates

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Not Applicable

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# SECTION 1: OVERVIEW

## **INSPECTOR GENERAL'S ADMINISTRATIVE OVERVIEW**

We respectfully submit the Department of Transportation (DOT) Office of Inspector General's (OIG) fiscal year (FY) 2022 budget proposal. This proposal requests \$103.15 million to support an estimated 406 full-time equivalents (FTE). The request reflects an additional three FTEs supported by carryover funding from the Disaster Relief Appropriations Act of 2013 (DRAA) and five FTEs supported by carryover funding from the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act), for an estimated total of 414 FTEs.

In accordance with guidance from the Department and the Office of Management and Budget, our request includes current-services level increases for a 2022 pay raise of 2.7 percent, an annualization of a 2021 pay raise of 1 percent, Federal Employees Retirement System contribution increases, General Services Administration rent estimates, departmental Working Capital Fund (WCF) estimates, and a non-pay inflation rate of 1 percent. Our request also includes \$1.141 million in adjustments to the FY 2022 base to fund increased or previously absorbed costs for information technology (IT) support contracts, hardware maintenance, and software licenses.

Our request also includes \$1.0 million for 6 additional FTEs (12 positions) and \$714,000 for IT operations and initiatives. We explain these increases in more detail later in this request.

Since Congress created Offices of Inspector General 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, and significant returns on taxpayer investments. In FY 2020, we issued 51 audit reports with 215 recommendations, and our investigations resulted in 73 indictments and 47 convictions. Our work produced nearly \$7.4 billion in financial recommendations and over \$145 million in fines, restitutions, recoveries, and forfeitures. Between FYs 2016 and 2020, we achieved an average return on investment (ROI)<sup>1</sup> of \$33 to \$1.

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<sup>1</sup> ROI calculations consider the cost for us to do business compared to the revenue and other savings generated through our work comprised of court-ordered fines, restitutions, recoveries, forfeitures, recoveries of improper payments, recommended cost savings, and recommendations for funds put to better use.

## **Inspector General Reform Act Statement**

Section 6 of the IG Act was amended by the Inspector General Reform Act of 2008, Public Law Number 110-409, to require certain information about budget submissions. In accordance with section 6(g) of the act, we submit the following information:

- OIG submitted multiple requests as part of the FY 2022 budget process. The final request totaled \$102.15 million, including various adjustments to base funding and new requests as listed and described in this submission. OIG received \$103.15 million, including additional funding for a higher estimated FY 2022 pay raise of 2.7 percent.
- OIG's FY 2022 budget request is for \$103.15 million in support of an estimated 414 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 Inspectors General on Integrity and Efficiency is \$340,000.

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

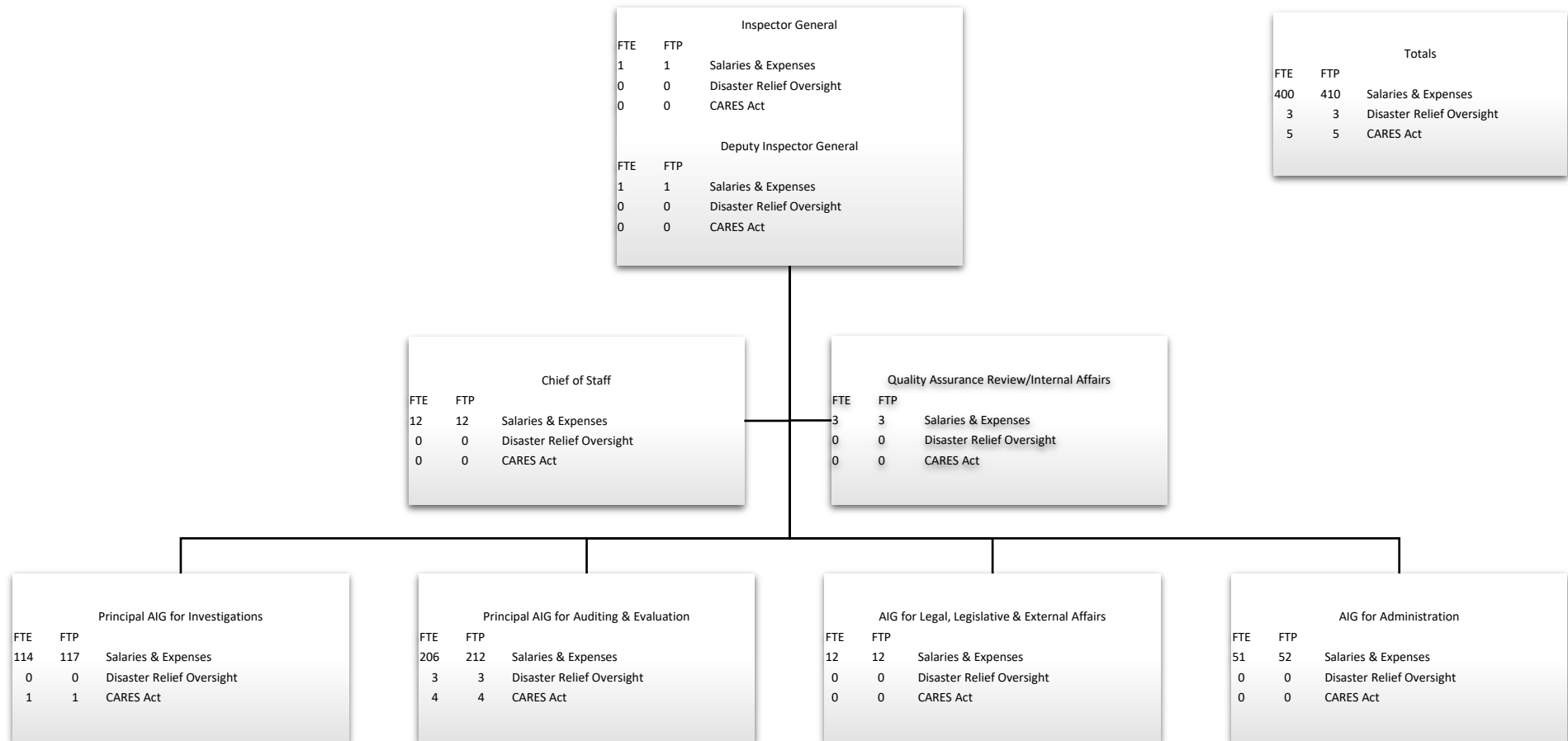
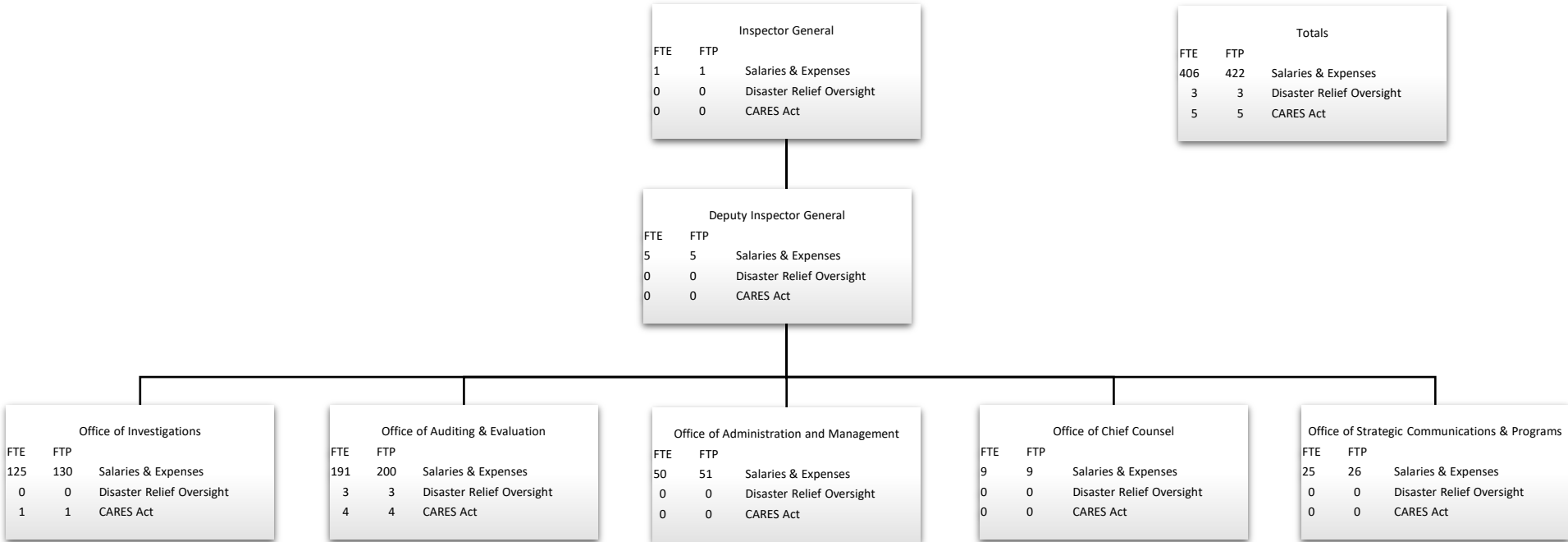


EXHIBIT I-B  
FY 2022 ORGANIZATIONAL CHART  
OFFICE OF THE INSPECTOR GENERAL



## SECTION 2: BUDGET SUMMARY TABLES



**EXHIBIT II-1**  
**FY 2022 BUDGET AUTHORITY**  
**OFFICE OF INSPECTOR GENERAL**  
**(\$000)**

<b>ACCOUNT NAME</b>	<b>M / D</b>	<b>FY 2020 ACTUAL</b>	<b>FY 2020 CARES Act</b>	<b>FY 2021 ENACTED</b>	<b>FY 2021 CRRSA</b>	<b>FY 2021 American Rescue Plan</b>	<b>FY 2022 PRESIDENT'S BUDGET</b>
<b>Salaries &amp; Expenses</b>	<b>D</b>	\$ 94,600	\$ 5,000	\$ 98,150	\$ -	\$ -	\$ 103,150
Rescissions							
Transfers							
Offsets							
<b>TOTALS</b>							
<b>Gross New Budget Authority</b>	<b>D</b>	<b>\$ 94,600</b>	<b>\$ 5,000</b>	<b>\$ 98,150</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,150</b>
<b>Rescissions</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Transfers</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Offsets</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET NEW BUDGET AUTHORITY:</b>		<b>\$ 94,600</b>	<b>\$ 5,000</b>	<b>\$ 98,150</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,150</b>
Mandatory BA							
Discretionary BA		\$ 94,600	\$ 5,000	\$ 98,150	\$ -	\$ -	\$ 103,150

**EXHIBIT II-2**  
**FY 2022 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT**  
**OFFICE OF INSPECTOR GENERAL**  
**Appropriations, Obligation Limitations, and Exempt Obligations**  
**(\$000)**

<u>ACCOUNT NAME</u>	<u>M / D</u>	<u>FY 2020 ACTUAL</u>	<u>FY 2020 CARES Act</u>	<u>FY 2021 ENACTED</u>	<u>FY 2021 CRRSA</u>	<u>FY 2021 American Rescue Plan</u>	<u>FY 2022 PRESIDENT'S BUDGET</u>
<b>SALARIES &amp; EXPENSES</b>	<b>D</b>	\$ 94,600	\$ 5,000	\$ 98,150	\$ -	\$ -	\$ 103,150
Rescissions							
Transfers							
Offsets							
<b>TOTALS</b>							
<b>Gross New Budgetary Resources</b>	<b>D</b>	<b>\$ 94,600</b>	<b>\$ 5,000</b>	<b>\$ 98,150</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,150</b>
<b>Rescissions</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Transfers</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Offsets</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL BUDGETARY RESOURCES:</b>		<u><u>\$ 94,600</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 98,150</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103,150</u></u>
Mandatory							
Discretionary		\$ 94,600	\$ 5,000	\$ 98,150	\$ -	\$ -	\$ 103,150
Obligation Limitation							

**EXHIBIT II-4**  
**FY 2022 OUTLAYS**  
**OFFICE OF INSPECTOR GENERAL**  
**(\$000)**

	(A)	(B)	(C)			(F)
	FY 2020	FY 2020	FY 2021	FY 2021	FY 2021	FY 2022
<u>M / D</u>	<u>ACTUAL</u>	<u>CARES Act</u>	<u>ENACTED</u>	<u>CRRSA</u>	<u>American</u> <u>Rescue Plan</u>	<u>PRESIDENT'S</u> <u>BUDGET</u>
Salaries & Expenses	\$ 92,939		\$ 98,295	\$ -	\$ -	\$ 102,650
Salaries & Expenses, Emergency Disaster Relief Oversight	\$ 477		\$ 750			\$ 750
Salaries & Expenses, CARES Act	\$ -	\$ 82	\$ 1,250			\$ 1,250
<b>TOTAL:</b>	<b>\$ 93,416</b>	<b>\$ 82</b>	<b>\$ 100,295</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,650</b>
Mandatory						
Discretionary						

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

Salaries & Expenses	Baseline Changes										FY 2022 Baseline Estimate	Program Increases/ Decreases	FY 2022 President's Budget	
	FY 2020 Actual	FY 2021 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2021 FTE	FY 2022 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base					
PERSONNEL RESOURCES (FTE)													0	0
Direct FTE	400	408									408	6	414	
FINANCIAL RESOURCES														
ADMINISTRATIVE EXPENSES														
Salaries and Benefits	\$72,000	\$74,408	\$208	\$0	\$1,583	\$0				\$718	\$76,917	\$1,000	\$77,917	
Travel	\$2,425	\$2,425									\$2,425		\$2,425	
Transportation	\$5	\$5									\$5		\$5	
GSA Rent	\$5,825	\$5,935					(\$774)				\$5,161		\$5,161	
Communications, & Utilities	\$1,025	\$1,025									\$1,025		\$1,025	
Printing	\$0	\$0									\$0		\$0	
Other Services:	\$7,547	\$7,674							\$1,259		\$8,933		\$8,933	
-WCF	\$4,718	\$5,623						\$292			\$5,915		\$5,915	
Supplies	\$275	\$275									\$275		\$275	
Equipment	\$750	\$750									\$750	\$714	\$1,464	
Insurance Claims and Indemnities	\$10	\$10									\$10		\$10	
Unvouchered	\$20	\$20									\$20		\$20	
Admin Subtotal	\$94,600	\$98,150	\$208	\$0	\$1,583	\$0	(\$774)	\$292	\$1,977	\$101,436	\$1,714		\$103,150	
TOTAL	\$94,600	\$98,150	\$208	\$0	\$1,583	\$0	(\$774)	\$292	\$1,977	\$101,436	\$1,714		\$103,150	

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

	<b><u>FY 2020 ACTUAL</u></b>	<b><u>FY 2021 ENACTED</u></b>	<b><u>FY 2022 PRESIDENT'S BUDGET</u></b>
<b>DIRECT:</b>			
<b>Salaries &amp; Expenses</b>	<u>4,718</u>	<u>5,623</u>	<u>5,915</u>
<b>SUBTOTAL</b>	<b>\$ 4,718</b>	<b>\$ 5,623</b>	<b>\$ 5,915</b>
 <b>REIMBURSABLE:</b>			
<b>Salaries &amp; Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>TOTAL</b>	 <b><u><u>\$ 4,718</u></u></b>	 <b><u><u>\$ 5,623</u></u></b>	 <b><u><u>\$ 5,915</u></u></b>

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

	<b>FY 2020 ACTUAL</b>	<b>FY 2021 ENACTED</b>	<b>FY 2022 PRESIDENT'S BUDGET</b>
<b><u>DIRECT FUNDED BY APPROPRIATION</u></b>			
Salaries & Expenses	397	400	406
Salaries & Expenses, Emergency Disaster Relief Oversight	3	3	3
<b><u>CARES ACT</u></b>			
Salaries & Expenses	0	5	5
<b><u>CRRSA Act</u></b>			
Salaries & Expenses	0	0	0
<b><u>American Rescue Plan</u></b>			
Salaries & Expenses	0	0	0
<b>SUBTOTAL, DIRECT FUNDED</b>	<b>400</b>	<b>408</b>	<b>414</b>
<b><u>REIMBURSEMENTS / ALLOCATIONS / OTHER</u></b>			
Reimbursements and 'Other'			
Salaries & Expenses	0	0	0
Allocations from other Organizations			
Salaries & Expenses	0	0	0
<b>SUBTOTAL, REIMBURSE./ALLOC./OTH.</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FTEs</b>	<b>400</b>	<b>408</b>	<b>414</b>

INFO:

Allocations to Other Agencies

Notes--

FY 2021 Enacted column represents current hiring projection based on the SF-113G and available funding.

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

	<b><u>FY 2020 ACTUAL</u></b>	<b><u>FY 2021 ENACTED</u></b>	<b><u>FY 2022 PRESIDENT'S BUDGET</u></b>
<b><u>DIRECT FUNDED BY APPROPRIATION</u></b>			
Salaries & Expenses	410	410	422
Salaries & Expenses, Emergency Disaster Relief Oversight	3	3	3
<b><u>CARES ACT</u></b>			
Salaries & Expenses	0	5	5
<b><u>CRRSA Act</u></b>			
Salaries & Expenses	0	0	0
<b><u>American Rescue Plan</u></b>			
Salaries & Expenses	0	0	0
SUBTOTAL, DIRECT FUNDED	<u>413</u>	<u>418</u>	<u>430</u>
<b><u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u></b>			
Reimbursements and 'Other'			
Salaries & Expenses	0	0	0
Allocations from other Organizations			
Salaries & Expenses	0	0	0
SUBTOTAL, REIMBURSE./ALLOC./OTH.	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL POSITIONS</b>	<b><u>413</u></b>	<b><u>418</u></b>	<b><u>430</u></b>

INFO:  
Allocations to Other Agencies

Notes--  
FY 2021 Enacted column represents approved funded positions as enacted in the FY 2021 budget.

**EXHIBIT II-9**  
**FY 2013 – FY 2022 FUNDING HISTORY**  
**OFFICE OF INSPECTOR GENERAL**

Request	Appropriation
2013 .....\$84,499,000	2013..... \$75,459,187 <sup>2</sup>
2013 SANDY ..... N/A	2013 SANDY..... \$ 5,700,000 <sup>3</sup>
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
2020 CARES Act.... N/A	2020 CARES Act... \$ 5,000,000
2021.....\$98,150,000	2021..... \$98,150,000
2022.....\$103,150,000	

<sup>2</sup> 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.

<sup>3</sup> 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).



## SECTION 3: BUDGET REQUEST BY APPROPRIATION ACCOUNT

**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, [\$98,150,000] \$103,150,000: *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)**

	<b>FY 2020 ACTUAL</b>	<b>FY 2020 CARES Act</b>	<b>FY 2021 ENACTED</b>	<b>FY 2021 CRRSA</b>	<b>FY 2021 American Rescue Plan</b>	<b>FY 2022 PRESIDENT'S BUDGET</b>
Salaries & Expenses	\$ 94,600	\$ 5,000	\$ 98,150	\$ -	\$ -	\$ 103,150
<b>TOTAL</b>	<b>\$ 94,600</b>	<b>\$ 5,000</b>	<b>\$ 98,150</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,150</b>

FTEs						
Salaries & Expenses	397		400			406
Salaries & Expenses, Emergency Disaster Relief Oversight	3		3			3
Salaries & Expenses, CARES Act		0	5			5
Reimbursable, allocated, other						

**Program and Performance Statement:**

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 2021 TO FY 2022  
Appropriations, Obligations, Limitations, and Exempt Obligations  
(\$000)**

	<u><b>\$000</b></u>	<u><b>FTE</b></u>
<b>FY 2021 ENACTED</b>	<b>\$98,150</b>	<b>408</b>
<b>ADJUSTMENTS TO BASE:</b>		
Annualization of Prior Pay Raises	208	
Annualization of FY 2021 FTE	0	
FY 2022 Pay Raise (2.7%)	1,583	
Adjustment for Compensable Days	0	
GSA Rent	(774)	
Working Capital Fund	292	
Federal Employees Retirement System contribution	718	
IT support contracts, hardware maintenance, and software licenses	1,141	
Non-Pay Inflation (1.0%)	118	
<b>SUBTOTAL, ADJUSTMENTS TO BASE</b>	<b>3,286</b>	<b>0</b>
<b>PROGRAM REDUCTIONS</b>		
Adjustments to non-pay operating costs	0	
<b>SUBTOTAL, PROGRAM REDUCTIONS</b>	<b>0</b>	<b>0</b>
<b>PROGRAM INCREASES</b>		
Additional FTEs	1,000	6
IT data center infrastructure cloud migration	500	
IT equipment	214	
<b>SUBTOTAL, PROGRAM INCREASES</b>	<b>1,714</b>	<b>6</b>
<b>FY 2022 REQUEST</b>	<b>103,150</b>	<b>414</b>

**DETAILED BUDGET JUSTIFICATION FOR DEPARTMENT OF TRANSPORTATION  
OFFICE OF INSPECTOR GENERAL FISCAL YEAR 2022**

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

<b>Program Activity</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Enacted</b>	<b>FY 2022 President's Budget</b>
Salaries and Expenses	\$94,600	\$98,150	\$103,150
Salaries and Expenses, CARES Act	\$5,000	\$0	\$0
<b>TOTAL</b>	<b>\$99,600</b>	<b>\$98,150</b>	<b>\$103,150</b>
FTEs <sup>4</sup>	400	408	414

Our office requests \$103.15 million to support an estimated 406 full-time equivalents (FTE). This request reflects an additional three FTEs supported by carryover funding from the Disaster Relief Appropriations Act of 2013 (DRAA) and five FTEs supported by carryover funding from the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act), for an estimated total of 414 FTEs.

**What is the 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. Since Congress established Offices of Inspector General in 1978, we have been dedicated to fulfilling our unique role as the Department of Transportation's (DOT) only in-house source for objective examinations of DOT programs.

The IG Act, as amended, requires that Offices of Inspector 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.

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<sup>4</sup> FTE totals in table 1 include three FTEs per year for FYs 2020, 2021, and 2022 supported by carryover funding from DRAA and five FTEs in FYs 2021 and 2022 supported by carryover funding from the CARES Act.

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. We engage in ongoing communications with Congress and Department leadership to help identify emerging issues that require immediate response.

In accordance with guidance from the Department and the Office of Management and Budget (OMB), our request includes current-services level increases for a 2022 pay raise of 2.7 percent, an annualization of a 2021 pay raise of 1 percent, Federal Employees Retirement System contribution increases, General Services Administration rent estimates, departmental Working Capital Fund estimates, and a non-pay inflation rate of 1 percent. Our request also includes \$1.141 million in adjustments to the FY 2022 base to fund increased or previously absorbed costs for information technology (IT) support contracts, hardware maintenance, and software licenses.

Our request includes \$1 million to support 6 FTEs (12 full-time permanent positions for one half of FY 2022) to give our office the flexibility to respond more effectively to emerging transportation safety issues while expanding critical work in other areas such as grant management and infrastructure investment.

We anticipate these FTEs will be used to:

- Help us maintain our focus on aviation safety issues in areas such as reviewing international pilot training standards; airlines' safety management systems and maintenance practices; helicopter air tours; and the Federal Aviation Administration's (FAA) safety critical staffing model for aviation safety inspectors.
- Enhance our oversight in areas critical to improving the safety of our Nation's roads, pipelines, and rail lines. These areas include the Federal Highway Administration (FHWA) and States' risk-based approaches to use Federal aid that impacts travel safety; the Federal Motor Carrier Safety Administration's (FMCSA) safety inspections, enforcement, commercial licensing, and use of data to inform its safety-related actions; the use of special permitting and other related measures to support the adherence to national pipeline and hazardous material standards; and the Department's efforts to reduce railroad incidents and fatalities.
- Initiate audits of FAA's Airport Improvement Program, FHWA's highway assistance program, and the Federal Transit Administration's (FTA) public transit sector support programs. These Federal grant programs have long histories of distributing significant amounts of funding without adequate stewardship to efficiently and effectively execute spending.
- Increase our focus on grant and procurement fraud. A significant portion of our work in this area is on fraud related to disadvantaged business enterprises (DBE). We are conducting DBE investigations primarily in the Northeast part of the country and would like to grow this expertise in our Midwest and Western regional offices.

- Conduct investigations and reviews of major infrastructure projects across the country in areas such as existing rail and metro lines; overhaul of transportation hubs; and the replacement of aging infrastructure including rail cars, bridges, and pipelines. Our investigations in these areas often lead to the identification and prosecution of fraudulent activities and may deter others from engaging in similar activities.
- Enhance our Data Analytics and Computer Crimes Unit's efforts to conduct cyber investigations; support investigations through the preservation, collection, and analysis of digital evidence; and perform data analytics in support of audits and investigations.
- Support our focus on DOT's efforts in the areas of emerging technologies and rapidly growing industries, including automated vehicles, Unmanned Aircraft Systems, and commercial space activities.

Our request also includes \$714,000 to support IT operations and initiatives as follows:

- \$500,000 to fund one-time costs associated with migrating our data center infrastructure into an IT cloud environment, including data and services migration. This migration will comply with the Federal Government's mandate for modernization of IT capabilities, cybersecurity compliance, and the Federal Chief Information Officer's Cloud First directives. As part of this migration, we will reduce our physical data center and hardware footprint to leverage economies of scale and function, and as a result, save costs associated with maintaining physical IT infrastructure.
- \$214,000 to fund costs for components of critical IT equipment; including equipment phased into an industry-standard refresh cycle and associated costs for items such as employee laptops. Costs also include new and refresh cycle costs associated with our Data Analytic and Computer Crimes Unit and Audit Computer Lab where current technology is essential for the use of sophisticated statistical and data analytical tools for effective operation.

Our work helps the Department and each Operating Administration (OA) meet performance targets for all strategic 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 possible benefits to the Department and the public, we have a comprehensive 24-month tactical audit plan that we update 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 identified 121 audits in critical areas across the OAs that we plan to initiate.

To maximize our investigative resources, ensure effective resource allocation, and deliver impactful results to the Department and the public, we review our investigative priorities annually. Such reviews give us the flexibility to address emerging regional and national trends and tackle issues of high interest to the Department, Congress, and the American public.

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.

Each year, we issue a 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. For FY 2021, we have identified the following top management challenge areas:

- **Aviation safety.** Key challenges: improving FAA oversight of aircraft certification processes and enhancing aviation safety oversight while working in a collaborative environment.
- **Surface transportation safety.** Key challenges: ensuring compliance with safety regulations and programs and continuing progress in safety monitoring and enforcement.
- **Air traffic control and airspace modernization.** Key challenges: modernizing new systems while introducing new capabilities and implementing new performance-based navigation flight procedures and delivering benefits to airspace users.
- **Surface transportation infrastructure.** Key challenges: enhancing oversight of surface transportation projects and employing effective asset and performance management.
- **Contract and grant fund stewardship.** Key challenges: awarding pandemic relief and other DOT contracts and grants efficiently, effectively, and for intended purposes, and enhancing contract and grant management and oversight to achieve desired results and compliance with requirements.
- **Information security.** Key challenges: addressing longstanding cybersecurity weaknesses and developing departmentwide policy to validate the proper adoption and security of cloud services.
- **Financial management.** Key challenges: strengthening procedures to monitor and report grantee spending and preventing increases in improper payments.
- **Innovation and the future of transportation.** Key challenges: adapting oversight approaches for emerging vehicle automation technologies and ensuring the safe integration of Unmanned Aircraft Systems in the National Airspace System.

We will continue to leverage the institutional knowledge of our 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 the general framework we use to focus our resources and encompass the Department and its OAs, covering the following array of topics.



## **Departmentwide**

- Assess DOT's oversight of financial and procurement-related issues, such as research and development agreements, contract administration, and management of contracts for IT products and services.
- Review departmental cybersecurity, financial statements, and improper payments.
- Review departmental and OA oversight of the funding provided by the CARES Act.
- Conduct outreach activities to enhance fraud prevention awareness and generate investigative referrals from departmental, State, and local stakeholders in relation to procurement and grant fraud.

## **Federal Aviation Administration**

- Evaluate aviation safety issues resulting from recent commercial air carrier accidents, such as FAA's processes and procedures for grounding aircraft and implementing corrective actions.
- Assess FAA's acquisition and Next Generation Air Transportation System (NextGen) modernization programs, ranging from risk reduction to improvement of 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 the Digital Voice Communication System.
- Assess aviation safety, including FAA's oversight of pilot medical screening, airlines' safety practices, and integration of unmanned aircraft systems into commercial airspace; FAA's oversight of domestic repair stations; and Agency plans to improve the predictive capabilities of the Aviation Safety Information Analysis and Sharing system.
- Investigate the sale of unapproved aircraft parts, false commercial airman certificates, and illegal air shipments of hazardous materials.

## **Federal Highway Administration**

- Evaluate FHWA's oversight of the billions of dollars it provides to States and localities to build, maintain, and repair the Nation's roads and bridges. Audits will include assessments of FHWA's oversight of bond financing, pavement projects, and tunnel programs, and oversight of the States' quality assurance and quality control standards for highway and bridge design.
- Investigate deceptive practices in FHWA-funded projects, such as product substitution, overbilling, substandard work, cost mischarging, and fraud related to DBEs.

## **Federal Motor Carrier Safety Administration**

- Audit FMCSA's efforts to collect comprehensive commercial motor carrier safety data; 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 assess FMCSA's oversight to ensure States meet minimum Federal standards for issuing Commercial Driver's Licenses and Certified Learners Permits.
- Investigate violations of FMCSA regulations governing interstate transportation of household goods to protect consumers and workers from fraudulent and deceptive practices.
- Investigate motor carrier safety violations, such as unsafe transport of hazardous materials, 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 (NHTSA)**

- Assess NHTSA's 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 NHTSA's 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 by automobile manufacturers and suppliers to the automotive industry.

## **Federal Railroad Administration (FRA)**

- Evaluate FRA's oversight of railway grade-crossing safety in response to the hundreds of fatalities that occur annually, and FRA's oversight of the over \$1 billion in grants it provides annually to Amtrak.
- Evaluate FRA's regional office oversight processes for track inspections.
- Investigate illegal shipments 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, FTA's certification of State safety oversight programs, and FTA's safety culture.

- Evaluate FTA's oversight of DRAA funds, including DRAA relief awards, and risk mitigation in DRAA contract awards.
- Assess whether FTA's financial management systems used to process, track, and distribute \$25 billion dollars in CARES Act Funds are secure.
- Investigate FTA-funded projects, focusing on issues such as product substitution, overbilling, substandard work, cost mischarging, and fraud involving DBEs.

### **Maritime Administration (MARAD)**

- Evaluate the U.S. Merchant Marine Academy's (USMMA) acquisition function in accordance with OMB Circular A-123 to identify possible internal control weaknesses.
- Address MARAD employee integrity matters, including responses to allegations of sexual assault at USMMA, and allegations of harassment and retaliation against USMMA midshipmen who report sexual assaults.

### **Pipeline and Hazardous Materials Safety Administration (PHMSA)**

- Assess PHMSA's oversight of Federal requirements for conducting fitness reviews of applicants seeking hazardous materials approvals or special permits.
- Assess whether PHMSA addresses risk areas when planning, conducting, and documenting integrated inspections.
- Investigate fraud that may impact PHMSA's programs, including pipeline safety, cylinder retesting, and falsification of DOT-required hazardous materials' packing and marking.

Following are examples of OIG's recently issued audit 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**

*NextGen Benefits Have Not Kept Pace with Initial Projections, but Opportunities Remain To Improve Future Modernization Efforts* (issued March 30, 2021)

FAA's Next Generation Air Transportation System is a multibillion dollar infrastructure project aimed at modernizing our Nation's aging air traffic system to provide safer and more efficient air traffic management. Since 2006, our office and others have identified a number of challenges in implementing NextGen programs and capabilities, which have led to program delays and lower usage of new capabilities. Given these concerns, the FAA Reauthorization Act of 2018 mandated that OIG study the potential impacts of a significantly delayed, diminished, or completely failed delivery of NextGen. Our audit objectives were to (1) compare the current expected benefits of NextGen with the initial

projections and identify the reasons for revising those projections and (2) identify lessons learned from developing and implementing significant air traffic modernization programs.

NextGen's actual and projected benefits have not kept pace with initial projections due to implementation challenges, optimistic assumptions, and other factors. FAA's most recent business case projects total NextGen benefits to be over \$100 billion less than the Joint Planning and Development Office's original estimate, and benefits actually achieved to date have been minimal and difficult to measure. FAA's projections were optimistic about traffic growth and did not account for risk factors. We also found that significant declines in air traffic due to the coronavirus pandemic (COVID-19) have further extended the timeframe for realizing expected NextGen benefits. In addition, prior OIG NextGen-related work has identified lessons that FAA could use to improve NextGen delivery. For example, while FAA has collaborated with industry to prioritize, implement, and measure benefits of NextGen programs, there are still opportunities for improving transparency, which will be critical to secure industry's long-term investment. Further advancing NextGen will depend on resolving complex implementation challenges, including effectively prioritizing programs, integrating interdependent capabilities, and harnessing controller automation tools to achieve benefits.

FAA concurred with our three recommendations to improve NextGen delivery and other future National Airspace System modernization efforts, and provided appropriate actions and completion dates.

*Weaknesses in FAA's Certification and Delegation Processes Hindered Its Oversight of the 737 MAX 8* (issued February 23, 2021)

FAA has historically maintained an excellent safety record. However, two fatal accidents in 2018 and 2019 involving the Boeing 737 MAX 8 raised concerns about FAA's oversight and certification of civilian aircraft manufactured and operated in the United States. At the request of Secretary of Transportation Elaine L. Chao and several members of Congress, our office has undertaken a series of reviews related to FAA's certification of the MAX and its safety oversight, including the Agency's oversight of Boeing's Organization Designation Authorization (ODA). Our overall audit objective was to determine and evaluate FAA's process for certifying the Boeing 737 MAX series of aircraft. In this report, we focused on assessing (1) the effectiveness of FAA's guidance and processes for managing the certification of the 737 MAX 8 and (2) FAA's oversight of the Boeing ODA.

While FAA and Boeing followed the established certification process for the 737 MAX 8, we identified limitations in FAA's guidance and processes that impacted certification and led to a significant misunderstanding of the Maneuvering Characteristics Augmentation System (MCAS), the flight control software identified as contributing to the two accidents. First, FAA's certification guidance does not adequately address integrating new technologies into existing aircraft models. Second, FAA did not have a complete understanding of Boeing's safety assessments performed on MCAS until after

the first accident. Communication gaps further hindered the effectiveness of the certification process. In addition, management and oversight weaknesses limit FAA's ability to assess and mitigate risks with the Boeing ODA. For example, FAA has not yet implemented a risk-based approach to ODA oversight, and engineers in FAA's Boeing oversight office continue to face challenges in balancing certification and oversight responsibilities. Moreover, the Boeing ODA process and structure do not ensure ODA personnel are adequately independent. While the Agency has taken steps to develop a risk-based oversight model and address concerns of undue pressure at the Boeing ODA, it is not clear that FAA's current oversight structure and processes can effectively identify future high-risk safety concerns at the ODA.

We made 14 recommendations to improve the Agency's aircraft certification process and oversight of the Boeing ODA.

*Gaps in FAA's Oversight of the AIP State Block Grant Program Contribute to Adherence Issues and Increase Risks (issued February 10, 2021)*

FAA's Airport Improvement Program (AIP) provides grants to public and private entities to enhance safety and security, maintain infrastructure, increase capacity, and mitigate airport noise. According to FAA, between 2019 and 2023, U.S. airports will need approximately \$35.1 billion for these types of projects. Under the State Block Grant Program (SBGP), FAA provides AIP funds directly to block grant States (BGS), which then take on certain responsibilities for administering AIP. Given the need to ensure that Federal funds are spent appropriately, as well as Congress' recent expansion of SBGP, we initiated this audit with the following objectives: to assess FAA's oversight of (1) State project selection and (2) grantee and subgrantee compliance with Federal laws and regulations on the use of funds.

FAA performs few oversight activities during the project selection process. For example, while entitlement funds represent the majority of SBGP awards, FAA policy directs Agency officials to focus on projects seeking discretionary funds. We estimate that, as a result, FAA did not evaluate projects awarded \$87.9 million in Federal funds. FAA did not provide BGS with consolidated guidance for almost three decades; consequently, BGS still do not fully understand their responsibilities. FAA also has never performed an assessment to ensure compliance with Federal requirements or required BGS to document their decisions. Thus, FAA may be funding airport projects that do not meet national priorities. Furthermore, FAA's oversight does not prevent compliance gaps or resolve persistent programmatic issues. Finally, the Agency's own reviews of the program have been inconsistent and do not assign responsibility for corrective actions or track grantee compliance. As a result, staff are unsure where to direct their oversight.

We made 13 recommendations to improve FAA's oversight of SBGP project selection and grantee compliance with Federal financial laws and regulations.

*January 7, 2021: Airplane Manufacturer Charged with Conspiracy To Defraud FAA and Agrees To Pay Over \$2.5 Billion*

We initiated this investigation involving the Boeing Company following the October 2018 Lion Air, Flight 610 plane crash in Indonesia that killed all 189 crew members and passengers on board. The plane involved in the crash was a Boeing 737 MAX that was delivered to Lion Air in August 2018. News media outlets alleged that Boeing did not notify FAA, airline customers, or airline pilots that a combination of sensor failure, pilot actions, and automatic nose commands could result in a serious safety risk. After the crash, Boeing issued an operational bulletin related to the MAX's angle of attack sensor and how to correct the anti-stall problem, and warned operators of the risk. In March 2019, an Ethiopian Airlines, Flight 302 crashed shortly after takeoff in Ethiopia, killing all 157 crew members and passengers on board, including eight Americans. This crash also involved the Boeing 737 MAX. Prior to the crash, the plane exhibited erratic elevation changes. Following this crash, regulators grounded the 737 MAX worldwide.

The U.S. Department of Justice Criminal Division's Fraud Section charged Boeing with conspiracy to defraud the United States. On the same date, Boeing entered into a deferred prosecution agreement (DPA). The DPA requires Boeing to pay over \$2.5 billion, including a \$243.6 million criminal penalty and \$1.77 billion in compensation payments to 737 MAX airline customers. The agreement also requires Boeing to establish a \$500 million crash-victim beneficiaries fund to compensate the heirs, relatives, and legal beneficiaries of the 346 passengers who died in the Boeing 737 MAX crashes.

According to the information, Boeing willfully conspired and agreed with others to defraud the FAA Aircraft Evaluation Group by lying about the 737 MAX's Maneuvering Characteristics Augmentation System, including for purposes of a 737 MAX Flight Standardization Board Report and the 737 MAX differences-training determination.

*September 24, 2020: Pennsylvania Individual Convicted and Sentenced for Unlawfully Operating a Drone and Illegally Possessing Guns and Homemade Bombs*

A Pennsylvania individual who pleaded guilty to possession of firearms by a person subject to a domestic violence protective order, possession of a destructive device, and knowingly operating an unregistered drone, was sentenced to 5 years in prison, 3 years of supervised release, and a \$300 special assessment.

Between March and June 2019, residents in the area of Washington Township, PA, heard multiple explosions in the area. After one explosion, the bomb squad responded and found a cylinder device that contained a fuse. The unexploded device was taken to the Federal Bureau of Investigation (FBI) Laboratory for analysis. The analysis revealed deoxyribonucleic acid, or DNA, on the device, and the FBI later identified the individual. Search warrant affidavits were drafted, sworn out, and executed at the individual's residence and business. The effected warrants revealed a cache of weapons including ArmaLite rifles (AR-15s) and semi-automatic pistols; ammunition; and homemade, undetonated improvised explosive devices, among other items. The

individual also admitted knowledge of the requirement to register the drones flown regularly—including a DJI Phantom 3 seized by law enforcement—but had not done so.

June 11, 2020: *Imprisoned Former FAA Inspector Ordered To Pay Restitution*

Our investigation revealed that between 2010 and 2013, an FAA Aviation Safety Inspector entered into a criminal conspiracy with Avcom Avionics & Instruments, an FAA-authorized repair station in south Florida. In violation of safety inspectors' official duties, the individual conspired to provide Avcom with unauthorized technical publications, notices, and warnings about inspections and investigations, and competitors' confidential information in exchange for money and gifts. Though safety inspectors are assigned various repair stations, this inspector was not assigned to Avcom.

In June 2013, the inspector resigned from FAA to accept a position with an undisclosed company. The inspector's first-line supervisor told the Flight Standards District Office Manager that the new employer was Avcom.

In U.S. District Court for the Southern District of Florida, the owners of Avcom were charged with conspiracy to bribe the safety inspector, a public official. Avcom's owners pled guilty and were sentenced to 24 months in prison, 8 years of supervised release/probation, \$20,100 in fines and assessments, and \$711,940 in restitution.

A Federal jury convicted the former inspector on all 21 counts filed, and in December 2019, the individual was sentenced to 75 months in prison, 3 years of supervised release, and \$12,100 in fines and assessments. In June 2020, the former inspector was ordered to pay \$148,145.81 in restitution to FAA and Honeywell Aerospace.

February 5, 2020: *Former Michigan Airport Official Sentenced in Bribery and Kickback Scheme*

We received allegations of fraud related to a de-icing contract at the Detroit Metropolitan Airport (DTW). An audit conducted by the Wayne County Airport Authority (WCAA) questioned \$3 million in costs between May 2011 and June 2014. DTW received Airport Improvement Program grants from FAA.

The investigation determined that four businesses owned by three individuals bribed a WCAA manager in the utilities and infrastructure division. The manager accepted the kickbacks and provided information to the contractors that was not available to others, allowing those companies to win or maintain contracts at DTW.

Six individuals were charged and found guilty. The defendants were sentenced to over 13 years in imprisonment, 10 years of probation/supervised release, \$70,000 in fines, and over \$11 million in restitution. The last defendant was sentenced in February 2020.

## Federal Highway Administration

### *Gaps in FHWA's Guidance and the Florida Division's Process for Risk-Based Project Involvement May Limit Their Effectiveness* (issued May 12, 2020)

After the fatal collapse of a pedestrian bridge at Florida International University (FIU) in March 2018, the Secretary of Transportation and the Ranking Member of the Senate Committee on Commerce, Science, and Transportation asked us to review DOT's oversight role in the FIU project. In July 2018, citing safety concerns, three Florida members of the House of Representatives asked us to examine DOT's role in a project to improve Interstate 4 in Orlando. Within DOT, FHWA had primary responsibility for both projects and designated them for greater oversight under its risk-based stewardship and oversight framework. We conducted this audit to assess FHWA's oversight of transportation projects in Florida, with a focus on the FIU and I-4 projects.

FHWA has general guidance for implementing its framework for risk-based project involvement Agency-wide, but it does not clearly explain how FHWA Divisions should assess and document project risks, use experts to evaluate technical risks, or help Division staff determine when greater oversight is warranted. This lack of a fully developed process could reduce the effectiveness of FHWA's risk-based oversight for Florida projects. In addition, FHWA's guidance and the Florida Division's process lack detail to help staff develop effective risk-based project oversight plans. For example, the Florida Division does not always clearly define its role in the plans or their associated documentation. As a result, FHWA's risk-based project oversight plans do not provide complete records of the Agency's involvement or help management determine whether that involvement adds value—a core principle of FHWA's framework. Finally, FHWA Headquarters lacks a process for monitoring and evaluating the impact of its risk-based project involvement; as a result, the Agency has limited its ability to determine whether it is achieving its goal to improve projects and make efficient and targeted use of its limited resources.

We made eight recommendations to improve FHWA's guidance and the Florida Division's process for risk-based project involvement.

### *June 10, 2020: Former West Virginia Division Administrator Enters Guilty Plea for Health Care Fraud*

The former Administrator for FHWA's West Virginia Division pleaded guilty to one count of Federal health care fraud in United States District Court of the Southern District of West Virginia. As a Federal employee, the former Administrator was eligible for health insurance provided by the Federal Government. Between 2005 and 2017, the former Administrator enrolled extended family members in their Federal health care plan, knowing they were not eligible for Federal health care benefits. The former Administrator defrauded the health insurance company out of \$151,660 in premium payments and reimbursements.



The former Administrator faced a maximum penalty of 10 years in prison, a \$250,000 fine, and 3 years of supervised release when sentenced in October 2020. The individual was also subject to an order of restitution for \$151,660.

## **Federal Motor Carrier Safety Administration**

### *FMCSA Has Not Fully Met Oversight Requirements as It Rebuilds the National Registry of Certified Medical Examiners* (issued January 13, 2021)

In the last 5 years, fatalities in crashes involving large trucks or buses have increased by 10.6 percent. As part of its mission, FMCSA oversees its medical certification program and promotes safety through regulations, policies, and monitoring of certified medical examiners and driver examinations. In May 2014, FMCSA initiated the National Registry of Certified Medical Examiners (National Registry) to assist in verifying that medical examiners can effectively determine whether interstate commercial drivers meet FMCSA's physical qualification standards. We initiated this audit given the significant safety risk posed by drivers who do not meet physical qualification requirements. Our audit objectives were to evaluate FMCSA's procedures for overseeing its medical certificate program. Specifically, we analyzed FMCSA's procedures for (1) validating and maintaining data quality in the National Registry and (2) monitoring medical examiner eligibility and performance, and reviewing driver examinations.

FMCSA's ability to oversee whether drivers meet physical qualification standards to safely operate commercial vehicles is limited because of a lengthy outage of the National Registry and a resulting backlog of driver examination reports that were not entered into the Registry. In addition, weaknesses associated with the accuracy and completeness of data in the National Registry limit the effectiveness of FMCSA's oversight. Furthermore, FMCSA has not fully implemented requirements for random periodic monitoring of medical examiners' eligibility and performance. While FMCSA has conducted initial certification reviews of medical examiners' eligibility qualifications, the Agency is not yet conducting annual eligibility audits after initial certification. Without these oversight reviews, FMCSA may miss fraud indicators or other risks that may require mitigation and has less assurance that drivers are physically qualified to safely operate a commercial vehicle.

We conducted our audit of FMCSA's medical certification program during a transition period while the Agency worked to design and deploy a new National Registry. FMCSA concurred with our four recommendations to improve FMCSA's oversight of its medical certification program once the Agency deployed its new National Registry.

### *June 17, 2020: Rhode Island Individual Charged and Arrested for Mail and Wire Fraud*

A criminal complaint issued by the U.S. District Court for the District of Rhode Island charged the former owner of CAT Inc., a for-hire motor carrier transport company, with one count of wire fraud and one count of mail fraud. The former owner was arrested on the day the complaint was issued.

In March 2020, while the former owner was on pretrial release for a previous charge, Amazon.com contacted investigators with information regarding the individual. Amazon alleged that since March 2017, the former owner had held approximately 30 Amazon customer accounts under various names and email addresses and used them to place approximately 10,795 orders worth approximately \$713,970, most of which was refunded due to the former owner's returns of the purchased items. The individual received approximately \$643,324 in concessions or refunds on approximately 7,450 orders. In an attempt to deceive Amazon's incoming inspection process, many of the returned items were in the original packaging. Amazon's standard inspections process flagged 149 of the returned items—from 10 different accounts belonging to the former owner—as possibly fraudulent and worth approximately \$23,872.

The majority of the purchases and returns consisted of motor vehicle parts. Allegedly, the individual often replaced the ordered product with an item that appeared similar to the ordered product but was sometimes used or inferior. Amazon cannot guarantee that these used or unsellable items did not make it back into its inventory.

#### *January 9, 2020: New Jersey Moving Company Owner Sentenced to 5 Years in Prison*

A New Jersey moving company owner was sentenced in the U.S. District Court for the District of New Jersey to 5 years in prison incarceration, 3 years of supervised release, \$72,709 in restitution, and a \$100 special assessment. In November 2019, the individual pleaded guilty to a one count of conspiracy to commit wire fraud related to their role in a household goods moving fraud scheme.

The information alleged that the moving company owner and co-conspirators controlled and operated a number of New Jersey-based moving companies. The companies were separate legal entities but shared bank accounts, post office boxes, employees, and an office space. The co-conspirators would quote customers "low ball" price estimates for moving household goods, and then raise prices after the goods were loaded on trucks and the customers were in vulnerable positions. Between 2013 and 2015, the companies handled hundreds of moves, raising their final prices above the maximum amount allowed by Federal regulations. To avoid detection by law enforcement, the moving company owner and co-conspirators created various moving companies and registered them with fictitious owner names and addresses. When customers complained about one company, the co-conspirators would shut it down and create a new one.

#### **National Highway Traffic Safety Administration**

##### *August 21, 2020: Former Dallas Police Officer Sentenced for Making False Statements*

Our investigation revealed that between February and May 2019, a Dallas police officer was paid for approximately 160 hours of overtime, during which the officer wrote approximately 29 false and fraudulent traffic citations. The officer created and submitted citations for people who did not exist and for events that did not occur, and also issued citations to drivers after they left traffic stops; those drivers were often unaware that the fraudulent citations were written to them.

The officer also created false moving violation citations for unattended, parked, and inoperable vehicles. The officer filled out the citations by unlawfully accessing law enforcement databases to obtain driver information, using incorrect dates of birth, and forging signatures. To collect the NHTSA-funded overtime pay, the officer submitted a false report to the Dallas Police Department.

The officer was charged and pleaded guilty to making a false statement, and in August 2020, was sentenced to 3 years of probation, \$10,691.20 in restitution, 120 hours of community service and \$100 special assessment.

## **Federal Railroad Administration**

### *FRA Lacks Sufficient Oversight Controls To Consistently Assess Conductor Certification Compliance* (issued September 28, 2020)

Freight trains in the United States generally operate with a conductor, who is responsible for the train, freight, and crew, and an engineer, who operates the locomotive. To ensure that only people who meet minimum Federal safety standards serve as conductors, in 2011, FRA issued a rule for the certification of conductors, codified at Title 49 of the Code of Federal Regulations, Part 242. This rule requires railroads to have a formal program for training prospective conductors and determining that they are competent before they are certified. Given the impact of the conductor certification rule on railroad safety, we initiated this audit to assess FRA's oversight of railroad conductor certification programs.

FRA does not have sufficient oversight controls to consistently assess railroads' compliance with Part 242 requirements. Specifically, FRA's reviews of railroad conductor certification programs lack formal procedures. FRA officials currently evaluate programs using a checklist with some Part 242 requirements, an industry group program template, and officials' professional judgment. These reviews are not comprehensive, however, because programs are not evaluated at a consistent level of detail, and the process remains undocumented. FRA officials also perform Part 242 inspections and compliance audits without comprehensive procedures. As a result, the audit documentation and inspection data do not identify all of the Agency's Part 242 compliance audits or demonstrate audit quality. However, FRA is responsive to Part 242 waiver requests and conductor certification petitions. Specifically, the Agency has procedures in place for handling waiver requests and is meeting its goal timelines for reviewing and deciding on petitions.

We made five recommendations to improve FRA's oversight of railroad conductor certification programs, guidance for program officials and inspectors, and quality of its audit data.

### *Oversight Weaknesses Limit FRA's Review, Approval, and Enforcement of Railroads' Drug and Alcohol Testing Programs* (issued April 29, 2020)

Preventing accidents in railroad operations that result from employees' illicit drug and/or alcohol impairment is critical to ensuring the safety of the traveling public. Illicit drug use discovered during investigation of fatal railroad accidents and a recent increase

in the percentage of railway workers testing positive for drug use underscore the importance of FRA's oversight of railroads' drug and alcohol testing programs.

Given the importance of drug and alcohol testing to protecting transportation safety, our office is conducting a series of reviews on drug testing programs within the transportation industry. Our objectives for this audit were to assess FRA's (1) review and approval of railroads' random alcohol and drug testing program plans and (2) controls for enforcing compliance with the plans and minimum annual random alcohol and drug testing rates.

FRA has not adequately reviewed and approved railroads' drug and alcohol testing plans as required in its review and approval process. We found that FRA reviewed and approved incomplete plans that do not adhere to FRA regulations. Specifically, we reviewed 102 drug and alcohol testing plans from applicable railroads and determined that approximately 51 percent of the reviewed and approved plans were incomplete and did not contain elements required by FRA regulations. In addition, FRA's ability to verify and enforce railroads' compliance with drug and alcohol testing requirements is limited by internal control weaknesses. For example, FRA's program guidance for overseeing drug and alcohol testing compliance is outdated and does not reflect current regulations or provide for supervisory review. FRA has also not established a process for following up on action items issued to railroads during compliance audits to verify the railroads undertake recommended actions. Furthermore, FRA procedures do not fully meet its drug and alcohol testing compliance audit goals.

FRA concurred with our four recommendations to improve its guidance and oversight of the drug and alcohol testing program.

## **Federal Transit Administration**

### *January 8, 2021: Connecticut Contractor Agrees To Pay \$3.2 Million To Resolve DBE Criminal and Civil Investigation*

The U.S. Attorney's Office for the District of Connecticut entered into a civil settlement agreement with Ducci Electrical Contractors, Inc. Ducci agreed to pay more than \$3.2 million plus interest to resolve allegations that it violated the False Claims Act. On the same date, Ducci entered into a non-prosecution agreement with the U.S. Attorney's Office. In this agreement, Ducci admitted it caused false statements to be submitted to DOT and the Connecticut Department of Transportation (ConnDOT) by reporting that a Disadvantaged Business Enterprise was performing a commercially useful function when it was not, thereby depriving other DBE companies of that or other work.

Also, Ducci and the FTA entered into an Administrative Settlement and Compliance Agreement, wherein additional administrative sanctions will not be initiated in consideration of Ducci's agreement to: adopt a Code of Business Conduct, create a Compliance Officer position, and retain an independent monitor for a period of 3 years from the effective date of the agreement.

In April 2007, ConnDOT awarded Ducci a federally funded \$79.2 million contract to replace electrical wires used to power trains. In March 2012, Ducci received a subcontract on a federally funded \$6.7 million Bus Rapid Transit system contract. The

contracts required Ducci to comply with DBE regulations. Ducci submitted periodic DBE update forms and certified payroll and payment verifications to ConnDOT and other entities, claiming the DBE performed work that would qualify for DBE credit. However, the DBE never performed a commercially useful function for either contract, as required.

March 11, 2020: *Former Program Manager at New York State Metropolitan Transportation Authority Pleads Guilty to Obstruction of Justice*

A former program manager and engineer at the New York State Metropolitan Transportation Authority (MTA) pleaded guilty in the U.S. District Court for the Southern District of New York to obstruction of justice. The individual was charged by information in February 2020.

According to the information, the former program manager was employed at MTA for over 30 years. The former program manager's responsibilities included oversight of capital projects, including Hurricane Sandy-related projects funded by DOT. During the individual's employment at MTA, the former program manager and a coworker created Satkirti Consulting Engineering LLC and allegedly placed it in their children's names in an attempt to bypass MTA's conflict-of-interest rules.

In 2014, the New York City Transit Authority, which is part of MTA, issued a request for proposals for a consultant construction management contract on a Sandy-related project. The prime contractor listed Satkirti as a subcontractor, and Satkirti responded with a bid for services that cost approximately \$1 million. The former program manager allegedly took steps to conceal interest the individual had in Satkirti from MTA and to obstruct the subsequent Federal investigation by deleting corporate emails and requesting others to conceal the individual's involvement when they were questioned by Federal agents.

January 17, 2020: *New Jersey Scrap Metal Company Officials Ordered To Pay \$25.4 Million in Restitution*

Cinelli Iron & Metal Co. (CIMCO), headquartered in Secaucus, New Jersey, held multiple contracts with DOT grantees, including MTA, the Port Authority of New York and Jersey, and New Jersey Transit. CIMCO transported scrap metal from job sites, weighed the metal, purchased it from contracting agencies based on weight and later resold the metal. The allegation indicated that CIMCO fraudulently under-reported the weight of scrap metal to pay less than contractually obligated amounts, including at MTA's 2nd Avenue Subway construction project, which was funded by the American Recovery and Reinvestment Act of 2009.

The investigation concluded that between approximately 1999 and 2016, CIMCO and its employees used fraudulent business practices when dealing with their customers that resulted in paying less than the true amount owed. CIMCO then resold the scrap metal at a profit.

The owners and employees were charged and sentenced in the U.S. District Court for the District of New Jersey. They were sentenced to 69 months in prison, 14 years of

supervised release/probation, 16 months of home confinement, \$10,000 in fines, and \$341,052 in criminal forfeiture. Additionally, three individuals were ordered to collectively pay \$25.4 million in restitution to 59 victims of the scheme. As a result of the investigation, FTA instituted five suspensions and debarments to those involved.

## **Maritime Administration**

### *Vulnerabilities in MARAD's NSMV Program Management May Hinder Efficient Achievement of Program Goals (issued March 2, 2021)*

MARAD provides ships from the National Defense Reserve Fleet as training vessels for cadets at State maritime academies to become licensed mariners. In FY 2015, MARAD began the design of National Security Multi-Mission Vessels (NSMV) to replace five training ships nearing the end of useful life. Congress directed MARAD to use an entity other than itself to contract for NSMV construction using commercial design standards and construction practices, and has thus far appropriated approximately \$1.3 billion for the NSMV program. Given this significant investment and MARAD's support of national security, we initiated this audit. Our objective was to assess MARAD's management of the NSMV Program, including oversight of the vessel construction manager (VCM) contract and use of commercial design standards and commercial construction practices consistent with the best interests of the Federal Government.

Vulnerabilities in MARAD's NSMV program management may hinder achievement of program goals. Though it has taken some risk mitigation steps, MARAD's program risk management is inadequate. Its risk assessment lacked complete analysis of important elements such as individual risk likelihood, consequences, and mitigation strategies. It also does not sufficiently update and monitor program risks. These deficiencies could affect the Agency's ability to achieve timely and cost-effective vessels that meet its needs. Furthermore, MARAD has not reviewed complete versions of three required oversight plans that describe key areas of the VCM's strategy for managing and overseeing NSMV design and construction. Incomplete plans impede MARAD's ability to effectively oversee the VCM. Lastly, delays in the VCM contract and shipyard subcontract awards may increase MARAD's exposure to program risks. Later-than-planned awards reduced the time between first vessel delivery and placement into service from 17 months to 1. This lost cushion increases the possibility that the VCM and shipyard will not have enough time to address issues and that contingency plans for late vessel delivery will be implemented, thus adding cost to the program's billion-plus dollar investment.

MARAD concurred with both recommendations to improve its management of the NSMV Program.

*MARAD's Policy and Procedures for the Title XI Program's Application Review Process Do Not Ensure Full Compliance with Requirements* (issued July 8, 2020)

Title XI of the Merchant Marine Act of 1936 established MARAD's Federal Ship Financing Program (Title XI), which provides loan guarantees to private companies for ship construction and shipyard modernization. The FY 2019 John S. McCain National Defense Authorization Act required us to audit MARAD's policies and procedures for reviewing and approving loan guarantee applications. Our audit objectives were to assess (1) the completeness of the program's policy for application reviews and (2) the program's adherence to the policy in its application reviews.

MARAD's Title XI policy manual does not fully cover 13 of 28 regulatory requirements that address program eligibility and applications. A MARAD official acknowledged that the manual does not cover all requirements but pointed out that missing requirements are not frequently relevant to application reviews. However, lack of inclusion of all requirements creates a risk that the program will omit attention to relevant requirements, and in turn, diminish the reliability of information the program uses to assess applicants' eligibility and creditworthiness.

MARAD also lacks adequate procedures to ensure that staff fully comply with requirements. Furthermore, the program takes longer to process applications than the 9-month statutory review period, and its controls are inadequate to ensure that staff comply with policy requirements. According to the Government Accountability Office, management must enforce accountability for the entity's internal control, including through supervisory feedback. However, the program supervisor reviews applications for completeness on an ad-hoc basis. The lack of internal controls could inhibit assessments of applicants' eligibility and creditworthiness.

We made three recommendations to MARAD.

## **Pipeline and Hazardous Materials Safety Administration**

*PHMSA's Safety Culture Efforts* (issued January 13, 2021)

PHMSA aims to protect people and the environment by advancing the safe transportation of energy and other hazardous materials. An essential element of PHMSA's safety mission is its underlying safety culture—the organization's safety-related values and behaviors. A positive safety culture is essential to any organization that directly or indirectly addresses high-hazard risks, such as the regulatory agencies of DOT. We initiated this audit to help Agency leaders make informed decisions about their organizational safety culture and focused on PHMSA because it had publicly identified fostering a positive safety culture as a strategic goal.

While PHMSA exhibits several indicators of a positive safety culture, we also found opportunities to further enhance its efforts. For example, many employees have positive perceptions of their immediate supervisors and the Agency's impact on industry safety. However, some non-supervisors indicated that they do not trust management to share information and perceive that industry and PHMSA are not sufficiently separate, which

may impact the way employees share concerns with management. PHMSA also developed a number of safety culture–related initiatives but did not always complete or document its actions. For example, in 2015, PHMSA allocated \$1.5 million for safety culture planning and, over the next 4 years, expended one-third of that amount. Additionally, no one individual is focused wholly on fostering a positive safety culture at all times, including during changes of administrations. While most employees believe PHMSA’s leadership is committed to safety, some express doubt about the leadership’s commitment to fostering a positive safety culture.

PHMSA concurred with our two recommendations to enhance its efforts to foster a positive safety culture.

*PHMSA Has Incomplete Guidance for Evaluating the Siting of Proposed Liquefied Natural Gas Facilities and Monitoring State Pipeline Safety Programs (issued April 28, 2020)*

PHMSA is responsible for determining whether proposed and existing liquefied natural gas (LNG) facilities meet Federal safety standards. According to the U.S. Energy Information Administration, LNG exports from the United States are projected to rise from about 2 trillion cubic feet in 2020 to 6 trillion cubic feet in 2030. Given the importance of PHMSA’s oversight of LNG facilities, we initiated this audit. Our audit objectives were to assess PHMSA’s (1) review of new LNG facilities’ plans for compliance with Federal siting requirements, (2) inspection of existing LNG facilities in accordance with Agency policies and Federal standards, and (3) evaluation of State gas programs’ oversight of LNG facilities.

PHMSA’s standard operating procedures for its reviews of LNG facility developer applications are generally comprehensive, but do not include a second-level verification of reviews by engineers. Second-level verification steps reduce the risk that PHMSA’s analysis will be incomplete, contain errors, or lack consistency. In addition, while PHMSA’s inspections of existing interstate LNG facilities met Agency standards, the Agency’s evaluations of State gas programs missed deficiencies in inspection intervals and inspector training. One factor is that PHMSA’s guidance does not require evaluators to document which records they review. Evaluators described using their own judgment when selecting records but that means some State records may never be reviewed due to the inherent biases in judgmental sampling. As a result, there is an increased risk that the Agency’s evaluation results will neither accurately measure State gas program performance nor give PHMSA the information it needs to respond to inquiries, conduct inspections, and pass on institutional knowledge to new evaluators.

We made three recommendations to improve PHMSA’s guidance on reviewing applications and evaluating State programs.

*June 23, 2020: Columbia Gas of Massachusetts Has Been Sentenced for Violations of the Pipeline Safety Act*

In February 2020, the U.S. Attorney’s Office (USAO), District of Massachusetts, filed a one-count information against Columbia Gas for violating the Pipeline Safety Act. The USAO also announced a plea agreement with the company. The company agreed to pay



a criminal fine and have an external entity monitor its operations for 3 years to ensure compliance with Federal and State safety regulations. The fine amount was double the profits Columbia Gas earned between 2015 and 2018 from the Gas System Enhancement Plan, a State-run pipeline infrastructure program. To date, this fine is the largest Federal criminal fine imposed under the Pipeline Safety Act.

According to the charging document, in September 2018, Columbia Gas was replacing aging pipeline infrastructure for the South Union Project in Lawrence, Massachusetts, when fires and explosions occurred throughout the Merrimack Valley area. One person was killed and over 20 others—including responding firefighters—sustained injuries. Over 130 structures were damaged in the cities of Lawrence, Andover, and North Andover, and thousands of people were displaced.

The information states that Columbia Gas recklessly disregarded known safety risks and focused on timely completion of construction projects to maximize earnings. Furthermore, internal company notices revealed that company officials allegedly knew that failure to properly account for control lines during construction projects could result in a catastrophic event.

Also in February 2020, the USAO entered into a deferred prosecution agreement (DPA) with NiSource Inc., the parent company of Columbia Gas. In the DPA, NiSource agreed to attempt to sell Columbia Gas of Massachusetts and forfeit any profits from the sale. Both companies agreed to cease and desist all gas pipeline and gas distribution operations in Massachusetts and implement all safety recommendations that the National Transportation Safety Board (NTSB) issued on the 2018 incident. The DPA also acknowledged NiSource's voluntary restitution payments to the victims and its agreement to resolve all pending civil claims.

In March 2020, in the same Court, Columbia Gas entered a plea of guilty to a one-count information for violating the Natural Gas Pipeline Safety Act. On June 23, 2020, the U.S. District Court for the District of Massachusetts sentenced Bay State Gas Company, doing business as Columbia Gas of Massachusetts, to a criminal fine of \$53,030,116, a special assessment for \$400, and 3 years of probation. During its probation, Columbia Gas will be required to employ an in-house compliance monitor to oversee its compliance with NTSB's recommendations and applicable laws and regulations. The term of probation will continue until Columbia Gas is sold to a qualified buyer, meeting the terms required by the Court.

### **Great Lakes St. Lawrence Seaway Development Corporation (GLS)**

*Independent Auditor's Report on the Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2020 and 2019 (issued November 12, 2020)*<sup>5</sup>

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of the Saint Lawrence Seaway Development Corporation, a U.S.

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<sup>5</sup> As of the issue date of this report, the Saint Lawrence Seaway Development Corporation had not changed its name to the Great Lakes St. Lawrence Seaway Development Corporation.

Government Corporation, as of and for the fiscal years ended September 30, 2020, and September 30, 2019.

In our opinion, SLSDC's financial statements present fairly, in all material respects, SLSDC's financial position as of September 30, 2020, and September 30, 2019, and its 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 FY 2020, with provisions of the applicable laws, regulations, and contracts we tested. We made no recommendations.

### **Office of the Secretary (OST)**

*Challenges To Implementing DOT's Framework for Return to Normal Operations* (issued January 15, 2021)

The Chairman of the Subcommittee on Government Operations of the House Committee on Oversight and Reform asked 24 Federal offices of inspector general, including our office, to examine agencies' plans for returning employees to Federal offices in the wake of the coronavirus pandemic. Accordingly, we assessed DOT's "Framework for DOT's Return to Normal Operations" to (1) determine the extent to which it is in accord with guidance for safe reopening from the Office of Management and Budget and Office of Personnel Management and incorporates advice from the Centers for Disease Control and Prevention, General Services Administration, and Occupational Safety and Health Administration and (2) identify the initial actions DOT has taken to transition personnel safely back to their normal duty stations.

While we are not making recommendations based on our assessment to the Department or its OAs, we identified five challenges the Department faces in safely transitioning personnel back to their duty stations. By focusing on these challenges, utilizing key internal controls, and providing detailed guidance, DOT can better support its employees and contractors in executing its mission as safely as possible.

*DOT Needs To Strengthen Travel Card Program Internal Controls To Minimize Misuse* (issued December 16, 2020)

According to U.S. Bank, DOT employees made over 1.1 million travel card transactions—totaling \$180 million—in calendar year 2019. In 2014, we reported on internal control weaknesses in the Department's travel card program, and found that excessive or unauthorized cash advances and instances of travel card misuse sometimes went undetected because DOT lacked robust internal controls. In addition, our annual charge card risk assessments disclosed areas that constitute risk to the Department's charge card program, such as outdated and incomplete policies, overdue travel card training, and a travel card account that remained active after a travel cardholder (TCH) separated from the Agency. As a result, we determined that another audit of this program was needed. Accordingly, our objective was to determine whether DOT's internal

controls for its travel card program are effectively designed and operating efficiently to prevent and detect travel card misuse and abuse.

We identified internal control weaknesses that prohibit DOT from preventing or detecting the inappropriate use of travel cards. These weaknesses have resulted in TCHs not consistently following existing controls, increasing the risk of travel card misuse and abuse. Specifically, based on our findings for 71 of 793 travel card transactions in our samples, TCHs did not always follow prescribed controls for an estimated \$18.6 million in purchases. Furthermore, we found that TCHs did not use their Government travel cards to pay for \$28 million in official travel related expenses, thus preventing DOT from receiving the total amount of rebates it would be eligible to receive.

We made 11 recommendations to assist DOT in increasing the effectiveness of its internal controls.

*Memorandum to the Secretary: Key Potential Risk Areas for the Department of Transportation in Overseeing CARES Act Requirements (issued June 17, 2020)*

Implementing the CARES Act is among DOT's highest priorities in this time of national emergency. The act provides DOT with over \$36 billion to prevent, prepare for, and respond to COVID-19 across all modes of transportation. To its credit, DOT swiftly distributed these funds and has begun implementing the act's requirements to provide much-needed relief to American workers, families, and businesses. As the Department is aware, the volume of CARES Act funds and the speed with which the funds have been disbursed create oversight challenges. Therefore, to support the Department in meeting its mission while promoting effective stewardship of significant taxpayer dollars, we provided a summary of key risk areas for DOT's consideration in bolstering its oversight of CARES Act grantees and contractors. These risk areas and our suggested actions to mitigate the risks were drawn largely from our prior work assisting DOT with oversight of a significant influx of funds for economic stimulus and emergency relief. By maintaining focus on these risk areas early on and putting in place internal controls, DOT could promote efficiencies; help ensure compliance; and better prevent fraud, waste, and abuse.

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

The execution of our mission benefits the American public by focusing on safety issues in our program reviews and investigations. Our work also adds value for the American taxpayer by promoting economy, efficiency, and effectiveness in the administration of DOT programs and spending. We seek to prevent and detect waste, fraud, and abuse in those programs and keep the Secretary and Congress fully and currently informed.

OIG is the only source of internal, independent, and objective recommendations on departmental programs for DOT'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.

Our audit recommendations lead to significant financial efficiencies by identifying improper payments, questioned costs, and funds to be put to better use; and program improvements 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.

In FY 2020, we issued 51 audit reports with 215 recommendations, and our investigations resulted in 73 indictments and 47 convictions. Our work produced nearly \$7.4 billion in financial recommendations and over \$145 million in fines, restitutions, recoveries, and forfeitures. Between FYs 2016 and 2020, OIG achieved an average return on investment of \$33 to \$1.

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# SECTION 5: INFORMATION TECHNOLOGY

**FY 2022 INFORMATION TECHNOLOGY BUDGET REQUEST AND NARRATIVE  
OFFICE OF INSPECTOR GENERAL  
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Budget Account	FY 2020 Actual	FY 2021 Enacted	FY 2022 President's Budget
<b>Salaries &amp; Expenses</b>			
Commodity IT Shared Services through the Working Capital Fund	\$1,536	\$1,779	\$1,968
Modal IT Spend	\$7,506	\$7,828	\$9,207
<b>Total</b>	<b>\$9,042</b>	<b>\$9,607</b>	<b>\$11,175</b>

The Office of Inspector General (OIG) is requesting **\$11.2 million** in FY 2022 for information technologies (IT) that support the full spectrum of OIG programs as well as the Department's initiative to transform and consolidate the management of certain IT solutions centrally by the Office of the Chief Information Officer (OCIO).

***Commodity IT Shared Services (SS) through the Working Capital Fund***

OCIO will continue to provide all modes Commodity IT Shared Services in FY 2022 to achieve economies of scale and increase consistency of cybersecurity protections across the Department. Commodity IT Shared Services include IT functions and activities dedicated to basic support services, including network operations, end-user computing, telecommunications services, and server operations.

OIG requests **\$1.97 million** from the Salaries & Expenses account for Commodity IT Shared Services. OIG's share is based on actual commodity IT consumption in prior years as well as planned future consumption. OCIO, in collaboration with OIG, assumes a one-to-one cost estimate to transition all commodity IT to OCIO. OIG will only be charged for services rendered.

***Modal IT***

The following major mission-critical IT systems will be maintained by OIG in FY 2022. This list is only a subset of all IT systems that support OIG and are reported in the Corporate Investment Management System (CIMS). All systems will be funded from the OIG Salaries & Expenses appropriation.

**General Support, Maintenance of Network ADP, Hardware, and Software.** OIG estimates \$5.6 million is required for development, modernization, and enhancement (DME) and operation and maintenance (O&M) of OIG's primary IT infrastructure platform. These resources are fundamental and provide a secure, flexible and robust structure to support OIG's workforce including mission critical audit, data analytics, and investigative staff.

**Audit Information Security Lab.** OIG estimates \$1.0 million is required for DME and O&M of mission critical resources for computer security audit activities including penetration testing and vulnerability assessments of departmental and modal IT systems.

**Data Analytics and Computer Crimes Unit.** OIG estimates \$2.6 million is required for DME and O&M of mission critical resources which enhance OIG's investigative activities by providing liaison, coordination, and research and development services to all OIG program areas.