



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

# ORDER

DOT 8000.3B

2-1-90

**Subject:** INSPECTOR GENERAL AWARDS FOR DISCLOSURES OF FRAUD,  
WASTE, OR MISMANAGEMENT

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1. PURPOSE. This Order describes the policies and procedures for making cash awards to Department of Transportation (DOT) employees (employees) and uniformed members of the United States Coast Guard (members) whose disclosures of fraud, waste, or mismanagement to the Inspector General (IG) have resulted in cost savings to the Department, and provides a method for making recommendations to the Director of the Office of Personnel Management (OPM) concerning Presidential awards to employees for similar disclosures.
2. CANCELLATION. DOT 8000.3A, Office of Inspector General Awards for Disclosures of Fraud, Waste, or Mismanagement, dated October 17, 1987.
3. GENERAL PROVISIONS. Effective the date of this Order, cash awards may be granted to employees and members to encourage disclosures of fraud, waste, or mismanagement. Employees and members at all levels can create a positive effect in helping to identify and eliminate fraud, waste, and mismanagement in Government. Positive, timely recognition for those who assist in this way will help reinforce the perception that management encourages and will recognize such actions.
4. LEGAL AUTHORITY.
  - a. Under Title 5, United States Code (U.S.C.), Sections 4511-4514, the IG was formerly authorized to grant monetary awards for employee disclosures of fraud, waste, or mismanagement which resulted in a cost savings to the agency. The amount of an award could not exceed the lesser of \$10,000 or an amount equal to 1 percent of the Department's total cost savings attributable to the employee's disclosure. Whereas this authority expired on September 30, 1984, the Department of Defense Authorization Act, 1986, Public Law 99-145, enacted on November 8, 1985, reauthorized the IG cash awards program until September 30, 1988. Public Law 100-611 signed on November 4, 1988, amended Title 5 U.S.C. and extended the authorization until September 30, 1990.
  - b. The Defense Authorization Act, 1986, also amended Title 10, U.S.C., Armed Forces, Section 1124, Cash Awards for Suggestions, Inventions, or Scientific Achievements. This amendment added "disclosures" to Section 1124 as an additional basis for a cash award. The term "disclosures" was not defined under the Act but is taken to mean a cost savings disclosure similar to what is described in Title 5, U.S.C., Section 4512.

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DISTRIBUTION: All Secretarial Offices  
All Operating Administrations

OPI: Office of  
Inspector General

## 5. DEFINITIONS.

- a. Employee. "Employee" means an officer and an individual who is (1) appointed in the civil service by a Federal officer or employee, (2) engaged in the performance of a Federal function under authority of law or an executive act, and (3) subject to the supervision of a Federal officer or employee while engaged in the performance of the duties of his or her position (Title 5, U.S.C., Section 2105). As used in this Order, the term excludes the employees of the Office of Inspector General (OIG) (see paragraph 6.d.).
- b. Disclosure. "Disclosure" occurs when an employee or member voluntarily exposes fraud, waste, or mismanagement to the IG, or a representative of the IG, or provides evidence concerning such matters to those parties. It includes a disclosure to a supervisor or a designated agency liaison official for referral to the OIG.
- c. Member. "Member" means active duty U.S. Coast Guard personnel and those in an active reserve status and not otherwise eligible for an award under Chapter 45 of Title 5.
- d. Cost Savings. "Cost savings" means present or projected tangible net benefits to DOT for which the monetary value can be reasonably estimated for a period of one year. Cost savings may result from reduction or avoidance of costs or losses; collection or recoupment of funds expended for Government grants or cooperative agreements; contracts for property or services; or money disbursed as program expenditures for program entitlements, loans, and loan guarantees. However, matters which are routinely disclosed by an agency's internal controls and matters which the employee or member is responsible to disclose in the normal course of his or her duties would not qualify as "cost savings."

## 6. RELATIONSHIP TO GENERAL INCENTIVE AWARDS PROGRAMS.

- a. The OIG awards described in this Order are available only for cost savings disclosures. By comparison, the civilian incentive awards program, established under the Government Employees' Incentive Awards Act (Title 5, U.S.C., Chapter 45), described in the Code of Federal Regulations (CFR), Part 451, Incentive Awards, provides that all employees may receive a cash award for a contribution in the form of a suggestion, invention, or a special act or service that contributes to the efficiency, economy, or other improvement of Government operations, or achieves a significant reduction in paperwork. The award can be either a monetary or nonmonetary award for a contribution resulting in tangible benefits or savings and/or intangible benefits to the Government. An employee may be considered for both an OIG award and an incentive award for the same disclosure in circumstances where a substantial cost savings resulted from the disclosure.

- b. The Secretary of Defense, or the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, may authorize the payment of a cash award to a member of the Armed Forces, under his or her jurisdiction, who by his or her suggestion, invention, or scientific achievement contributes to the efficiency, economy, or other improvement of operations or programs relating to the Armed Forces.
- c. The total amount of the award, or awards, made under Title 10, U.S.C., Section 1124 for a suggestion, invention, or scientific achievement may not exceed \$25,000, regardless of the number of persons who may be entitled to share therein.

7. ELIGIBILITY FOR AWARDS.

- a. General. Recognition under this program shall be granted to employees and members without discrimination on the basis of race, color, religion, national origin, age, sex, lawful partisan political affiliation, marital status, physical or mental handicap, or labor organization membership or nonmembership.
- b. Employee. Except as provided in paragraph 6.d., awards authorized hereunder may be granted to any employee of the DOT, to any former employee who made a disclosure while employed by the DOT, or to the legal heirs or assigns of a deceased employee.
- c. Members. An award under this section may be paid notwithstanding the member's death, separation, or retirement from the Coast Guard. However, the disclosure forming the basis for the award must have been made while the member was on active duty, or in an active reserve status and not otherwise eligible for an award under Title 5, U.S.C., Chapter 45.
- d. Employees of the OIG. An employee of the OIG is not eligible for an award under this Order. Such employees remain eligible for recognition under other incentive awards authorities (5 CFR 451.201) in accordance with existing DOT policy and procedures. Parallel authority for Performance Management Recognition System employees is provided in Title 5, U.S.C., Chapter 54.

8. PROVISIONS FOR CONFIDENTIALITY AND OTHER PROTECTION.

- a. Confidentiality and Protection Against Reprisals. Section 7 of the Inspector General Act of 1978 prohibits the OIG from revealing the identity of an employee who brings information to the OIG concerning fraud, waste, or mismanagement, without the consent of the employee, unless the OIG determines that such disclosure is unavoidable during the course of the investigation. The section also prohibits reprisals against employees for having made complaints to the OIG, unless the complaint was made with the knowledge that it was false or with willful disregard for its truth or falsity. Therefore, as a general rule, the identity of an

employee who discloses fraud, waste, or mismanagement shall be kept confidential and the employee shall be protected from reprisals. Employees who elect to make a disclosure to the OIG via agency channels are also protected from reprisals. The OIG also has the discretion to protect the identity of any person who provides assistance to the OIG on any particular investigation.

- b. Referrals to the OIG. Employees and members may make confidential referrals directly to the OIG Complaint Center, Washington, DC, FTS 366-1461, or 800-424-9071, or by letter to the Office of Inspector General, P.O. Box 23178, Washington, DC, 20026-0178. Supervisors or management officials to whom a disclosure is made for referral to the OIG should properly safeguard and forward such information without delay or change to the OIG as follows:
- (1) Regions - To the servicing OIG Special Agent-in-Charge in Baltimore, Atlanta, Chicago, Fort Worth, or San Francisco at locations set forth in Attachment 1.
  - (2) Washington Headquarters - To the Director, Office of Washington Operations, Washington, DC, 20590 (FTS- 366-1457).
- c. Anonymity of Awards. The identity of any employee or member who receives a cash award under this program shall remain confidential at the recipient's request.

9. CRITERIA FOR GRANTING MONETARY AWARDS.

- a. Quality of the Disclosure. In determining whether to approve an award, the OIG may consider the timeliness, accuracy, specificity, scope, and usefulness of the disclosure. The OIG may also consider: (1) the circumstances under which the employee or member acquired the information disclosed; (2) the individual's culpability, if any, for the matters disclosed; (3) the potential risk to the employee or member, if any, for having made the disclosure; and (4) the individual's regular position, duties, and responsibilities. As a prerequisite to granting an award, the OIG may require a nominee to submit an affidavit detailing how the information was obtained which formed the basis for the disclosure.
- b. Results of Disclosure. For an employee or member to receive an OIG cash award, the DOT must realize a cost savings directly attributable to the employee's or member's disclosure.
- c. Time of Disclosure. For an individual to receive an award, the disclosure must have been made while the employee was an employee of the DOT or while the member was on active duty, or in an active reserve status, in the Coast Guard.

10. COMPUTATION OF THE AWARD.

- a. Employee Awards. For employee awards, the amount of award may not exceed the lesser of \$10,000 or an amount equal to one percent of what the OIG determines to be the DOT's total savings attributable to the employee's disclosure. For purposes of the one percent criteria, the OIG may take into account projected savings for which the monetary value can be reasonably estimated for a period of one year. In reaching a determination as to cost savings, the OIG may consult the affected Departmental Officers and Heads of Operating Administrations.
- b. Member Awards. For member awards, the total amount of an award, or awards, made for a disclosure shall not exceed \$25,000 regardless of the number of members who may be entitled to share therein.
- c. Supplemental Awards. A supplemental award may be granted if additional savings are subsequently identified.
- d. Interagency Awards. The OIG shall review employee and member disclosures or proposals for potential application elsewhere in the Federal Government. Where appropriate, employee disclosures or proposals shall be referred in accordance with OPM regulations (5 CFR 451) and guidelines (Federal Personnel Manual, Chapter 451). If, as a result of wider application, greater benefits to the Government result, an additional award may be granted to the employee under Title 5 U.S.C., Chapter 45, Subchapter I and to members under Title 10, U.S.C., Section 1124.
- e. Prorating Awards. If the IG or a representative should receive substantially the same information from more than one employee or member, any award for the disclosure may be divided among the employees or members based on the criteria in paragraph 8 and the dollar ceilings imposed by law (see subparagraphs a and b above).
- f. Funding of Awards. Awards shall be paid out of the funds or appropriations available to the DOT organizational element (Operating Administration or OST) that realized the cost savings.

11. PROJECTING COST SAVINGS.

- a. General Approach. Projected savings may be included as cost savings at such time as the realization of those projected savings appears reasonably certain, including but not limited to the time at which: (1) action is instituted to discontinue planned expenditures; (2) recommendations that will result in foreseeable savings are accepted by the official responsible for implementation; or (3) line items in Departmental Offices' or Operating Administrations' budget plans submitted to the Office of Management and Budget are reduced as a result.

- b. Salaries and Expenses. Cost savings that will result in the need for fewer personnel, supplies, or other resources are realized at such time as: (1) the planned budget is altered; (2) the resources are reprogrammed; or (3) plans to acquire additional resources are reduced or abandoned.

12. AUTHORITY FOR RECOMMENDING AND APPROVING AWARDS.

- a. Recommendations. Recommendations for cash awards should be in writing to the IG by the Assistant Inspectors General, or other officials as designated by the IG. The OIG will solicit comments from Departmental Officers and Heads of Operating Administrations when considering the merits and the amount of an award. The OIG shall consider any comments of employee unions or public officials when considering the merits of an award. Comments will be solicited from the Deputy Secretary where awards are proposed for Schedule C and career and non-career Senior Executive Service employees.
- b. Approval. Final approval of an award is solely within the discretion of the IG, who shall be guided by the criteria established in paragraph 8.

13. TIMING OF AWARDS. Awards should be granted as soon as an assessment can be made of the cost savings to the DOT.

14. ACCEPTANCE OF AN AWARD. A cash award under this authority is in addition to the regular pay of an employee or pay and allowance for members. Acceptance of a cash award shall constitute (1) an agreement that the use by the Government of an idea, method, or device for which the award is made does not form the basis of a further claim of any nature against the Government by the employee or member, or by the employee's or member's legal heirs or assigns, or by any person whose claim is alleged to be derived through the employee or member and (2) a warranty by the recipient that he or she has not at the time of acceptance transferred, assigned, or otherwise divested himself or herself of legal or equitable title in any property right residing in the idea, method, or device for which the award is made.

15. DOCUMENTATION SUBSTANTIATING AWARDS. The OIG shall maintain documentation substantiating any award made under this authority. The documentation shall include (1) the amount of the award, (2) action taken by the agency as a result of the disclosure, and (3) the actual or estimated cost savings to the Government. The OIG shall retain full documentation of awards for at least 5 years.

16. REPORTS TO OFFICE OF PERSONNEL MANAGEMENT. On an annual basis the IG shall advise the Assistant Secretary for Administration of the number and amount of awards by employee grade levels and pay schedules. That office will include this information in the DOT's annual report to OPM on the Incentive Awards Program.

17. PUBLICIZING DEPARTMENTAL AWARDS. Although the names of award recipients will not be released without their consent, the OIG will disseminate the following information within the DOT and, as appropriate, to the public: (1) the number and amounts of awards; (2) the savings to the Government; and (3) where advisable, a synopsis of actions taken because of the disclosures.
18. PRESIDENTIAL AWARDS.
  - a. Legal Authority. Title 5, U.S.C., Section 4513, provides the President authority to grant up to 50 awards each fiscal year of \$20,000 to employees whose disclosures of fraud, waste, or mismanagement have resulted in substantial cost savings to the Government. The Director of OPM has responsibility for administering this program and for recommending potential award recipients to the President. Title 10, U.S.C., Section 1124(b) provides authority for Presidential awards to members.
  - b. DOT Recommendations to OPM. The IG, other Secretarial Officers, and the Heads of Operating Administrations may recommend potential employee Presidential award recipients to the Secretary. Each recommendation shall be submitted to the OIG for an evaluation of the cost savings resulting from the employee's disclosure. The IG shall forward the recommendation and evaluation to the Office of the Assistant Secretary for Administration for presentation to the Secretary through the Director of Personnel those recommendations that are deemed appropriate for Presidential recognition.
  - c. Criteria. In making recommendations to the Secretary, DOT officials shall be guided by the criteria set forth in paragraph 8. However, an employee should not be recommended for a Presidential award unless the cost savings to the Government substantially exceed those that would qualify for a \$10,000 award (e.g., cost savings that substantially exceed \$1,000,000).
  - d. Member Awards. Whenever the President considers it desirable, the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, are authorized to pay a cash award to, and incur necessary expense for, the honorary recognition of a member of the Armed Forces who, by his/her disclosure, suggestion, invention, or scientific achievement, contributes to the efficiency, economy, or other improvement of operations to the Government of the United States. Such award is in addition to any other award made to that member under paragraph 5.b.

FOR THE SECRETARY OF TRANSPORTATION:



Jon H. Seymour  
Assistant Secretary for  
Administration

Inspector General Investigative Office Locations

TO REPORT FRAUD, WASTE OR ABUSE WITHIN DOT, YOU MAY CALL OR WRITE THE INSPECTOR GENERAL'S HOTLINE, OR CALL OR VISIT THE SPECIAL AGENT-IN-CHARGE, IN YOUR AREA. YOU MAY BE ANONYMOUS OR REQUEST THAT YOUR IDENTITY BE PROTECTED.

SPECIAL AGENT-IN-CHARGE

GEOGRAPHICAL AREAS OF COVERAGE

OFFICE OF WASHINGTON OPERATIONS

FTS:8-366-1463  
COMM: (202) 366-1463  
400 Seventh Street, S.W. Room 7422  
Washington, D.C. 20590

District of Columbia  
Maryland counties contiguous  
to DC  
Virginia  
West Virginia

BALTIMORE REGIONAL OFFICE

FTS: 8-922-6175  
COMM: (301) 962-6175  
31 Hopkins Plaza, Room 1022  
Baltimore, Maryland 21201

Connecticut New Jersey  
Delaware New York  
Maryland (less counties  
contiguous to D.C.)  
Massachusetts Rhode Island  
New Hampshire Vermont  
Pennsylvania Maine

ATLANTA REGIONAL OFFICE

FTS: 8-257-7836  
COMM: (404) 347-7836  
1718 Peachtree Road, NW, Suite 397  
Atlanta, Georgia 30309

Alabama Tennessee  
Florida North Carolina  
Georgia South Carolina  
Kentucky Puerto Rico  
Mississippi Virgin Islands

CHICAGO REGIONAL OFFICE

FTS: 8-353-0106  
COMM: (312) 353-0106  
165 North Canal Street, Suite 1400S-D  
Chicago, Illinois 60606

Illinois Missouri  
Indiana Ohio  
Iowa North Dakota  
Michigan South Dakota  
Minnesota Wisconsin

FORT WORTH REGIONAL OFFICE

FTS: 8-334-2911  
COMM: (817) 334-3236  
819 Taylor Street, Room 9A27  
Forth Worth, Texas 76102

Arkansas New Mexico  
Colorado Oklahoma  
Kansas Texas  
Louisiana Utah  
Nebraska Wyoming

SAN FRANCISCO REGIONAL OFFICE

FTS: 8-454-9875  
COMM: (415) 974-9875  
211 Main Street, Suite 1022  
San Francisco, California 94105

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