



U.S. Department of
Transportation

Office of the Secretary
of Transportation

ORDER

8000.6B

Subject: **OFFICE OF INSPECTOR GENERAL RESPONSIBILITIES AND
DEPARTMENTAL COORDINATION FOR AUDITS AND REVIEWS**

1. PURPOSE. This Department of Transportation (DOT) Order provides a summary of the policies and procedures of the Office of Inspector General (OIG) for audits and reviews, and clarifies interactions between OIG and Department management during the conduct of such audits and reviews. Policies and procedures for OIG investigations can be found in DOT Order 8000.8, Office of Inspector General Investigative Responsibilities.
2. CANCELLATION. This Order cancels the following DOT Orders:
 - a. DOT Order 8000.4, Chapter I, Office of Inspector General Audit and Investigative Responsibilities, of March 8, 1984. This action completes cancellation of DOT 8000.4. Chapter II, Investigations, was cancelled by DOT Order 8000.8, Office of Inspector General Investigative Responsibilities, dated January 9, 2001.
 - b. DOT Order 8000.6A, Office of Inspector General Audit Procedures, of December 3, 1990.
3. REFERENCES.
 - a. Inspector General Act of 1978 (Public Law 95-452).
 - b. Inspector General Act Amendments of 1988 (Public Law 100-504).
 - c. Government Auditing Standards (1994 Revision) by the Comptroller General of the United States.
 - d. DOT Order 4600.17A, Financial Assistance Management Requirements, of March 30, 2000.
4. BACKGROUND.
 - a. The Inspector General Act of 1978, as amended, authorizes the Inspector General (IG) of DOT to conduct and supervise audits relating to the programs and operations of DOT. Types of audits performed by or on behalf of the OIG may include:
 - (1) Financial Audits. Including financial statement and financial-related audits.
 - (2) Performance Audits. Including audits reviewing the efficiency and effectiveness of DOT and its Operating Administration (OA) programs, including audits of regulated entities.

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- (3) Financial and Compliance Audits of Grantees. Audits of state and local governments in accordance with Office of Management and Budget (OMB) Circular A-133 and DOT Order 4600.17A.
- b. Information to the Secretary and Congress. The IG keeps the Secretary of Transportation and the Congress fully and currently informed about his/her findings and recommendations.
- c. Audit Standards. The OIG conducts audits in accordance with the Comptroller General's Government Auditing Standards.
- d. Reviews of DOT Elements. The OIG often needs to gather information and data but does not use that data in a formal audit report. These reviews are frequently in response to a congressional inquiry or request for testimony. In these instances, the OIG must obtain sufficient, competent, and relevant information to reach a reportable conclusion. In preparing these reviews, to the greatest extent practicable, the OIG will follow the same procedures used for audits in this Order and will, at a minimum, keep the OA Audit Liaison informed of its activity. DOT management will also, to the greatest extent practicable, follow the procedures in this Order when responding to these reviews. In conducting these reviews, the OIG maintains its full authority to access documents, information, and personnel needed to complete its work.

Because of the OIG's direct statutory reporting relationship with the Congress, OIG testimonies are not routinely vetted with the Department prior to delivery. Where a testimony includes new recommendations, it is the OIG's general practice to subsequently issue the testimony as an audit report and allow 30 days for an agency response.

- e. Access to Records/Personnel. During the course of the audit work, OIG is authorized to request the OA to provide access to official Government records, paper and electronic documents, and personnel with information that relate to programs and operations of DOT.
- (1) Section 6(a)(1) of the Inspector General Act authorizes the OIG to have access to all records and information needed to complete its audit work.
- (2) Under section 9(a)(1)(K) and (2) of the IG Act, the Secretary of Transportation is authorized to transfer functions, powers, or duties as determined by the Secretary to the OIG. The Secretary of Transportation has, by memorandum dated April 27, 1979, specifically authorized the OIG access to all records, reports, reviews, documents, papers, recommendations, and any other material

the OIG considers pertinent to the DOT program being audited. The memorandum further emphasized that DOT personnel are expected to comply with this provision.

- (3) The OIG Audit Team and the OA staff will make every effort to cooperate with each other to ensure that the OIG Audit Team receives timely and full responses to its information requests with as little disruption to the OA as possible. If the OIG Audit Team is denied access to records, or is unreasonably refused assistance or information, attempts will be made to resolve the issue at the appropriate management level. However, under the statutory authority cited in paragraphs e. (1) and e. (2) above, the IG will take necessary actions, including notifying the Secretary and/or the Congress, to obtain the documents.
- (4) If the request for information is particularly voluminous and requires substantial or extraordinary efforts on the part of OA personnel, the OA may ask OIG to provide a written request for the documentation and/or information. Whenever possible, OIG will endeavor to ensure adequate time is provided to fulfill such requests.

5. DEFINITIONS.

- a. OIG Project Manager is the OIG staff person directing the OIG Audit Team. The OIG Project Manager is responsible for maintaining communications with Headquarters OA Audit Liaisons and the Office of the Secretary of Transportation (OST) Departmental Audit Liaison during the audit.
- b. OA Audit Liaison is the staff person in each OA who is responsible for coordinating with the OIG. The OA Audit Liaison is the point of entry used by the OIG on such issues as arranging Headquarters or regional site visits; arranging entrance and exit conferences; and working with OA Program Officials to ensure that the OIG is provided with necessary information and comments.
- c. OST Departmental Audit Liaison is the OST (M-1) staff person who serves as the primary Audit Liaison on OST or intermodal audits. For such audits, the OST Departmental Audit Liaison will perform the OA Audit Liaison's duties described in this Order for the OA Audit Liaison.
- d. OA Program Officials are the OA staff members who have specific information, involvement, or authority regarding the program, activity, or function being audited.

- e. Announcement Letter is the OIG's formal notification to the OA of the commencement of an audit, which lists the elements within the DOT to be audited, the objectives of the audit, the expected starting date, and the OIG Audit Team Program Director and Project Manager.
 - f. Entrance Conference is a meeting held between the OIG Audit Team, the OA Audit Liaison, and OA Program Officials at the outset of each audit to explain the purpose of the audit and the audit objectives, establish necessary working arrangements, and obtain preliminary information relating to the audit.
 - g. Discussion Draft is an early draft of the report prepared by the OIG Audit Team, which reflects the conclusions of the OIG Audit Team. The discussion draft has OIG management's tacit approval of its findings and recommendations but does not necessarily have OIG management's final approval of its specific wording. Discussion drafts are informational documents and are not formal drafts that require a written reply.
 - h. Exit Conference is a meeting, held at an appropriate point during the report writing phase, between the OIG Audit Team, the OA Audit Liaison, and Program Officials. The purpose of the exit conference is to present the findings leading to the recommendations, discuss the potential effectiveness of the recommendations, discuss the OA's position on the findings and recommendations, and correct any factual problems.
 - i. Draft Report is the formal draft of the report issued by the OIG for OA comment. It represents the position of the OIG prior to agency comment. Draft reports are distributed to the OA for comment, but do not become public documents.
 - j. Final Report is the concluding document for the OIG Audit Team. It is a public document (unless there are overriding proprietary, sensitive security information, national security, or law enforcement reasons). It reflects the OA's comments on the draft report and the OIG's response to those comments.
6. COMMUNICATION BETWEEN OIG AND AUDITED AGENCIES.
The OIG works with OST and OA Program Officials to ensure that programs within DOT operate economically, efficiently, and effectively and to identify areas that may be vulnerable to fraud, waste, or abuse. OIG and DOT management will work to ensure an optimal flow of information and exchange of ideas so the OA may gain maximum benefit from OIG efforts.

It is OIG policy to maintain effective working relationships with audited organizations. The OIG Audit Team will keep the audited organizations fully

informed by discussing tentative findings and recommendations, providing informal discussion drafts, conducting entrance and exit conferences, and issuing draft and final reports. Where possible, the OIG will attempt to use electronic means to facilitate the communication between OIG and the audited organizations.

7. COORDINATION BETWEEN THE OIG AUDIT TEAM AND DEPARTMENTAL OFFICIALS AT EACH STAGE OF THE AUDIT.

- a. Research and Objective Development Phase. During this phase the OIG explores a topic for a possible audit. The goals are to develop targeted objectives that will maximize the value of the proposed OIG review and to develop possible methodologies and staffing requirements.

The OIG Project Manager will issue an informal notification, via e-mail or otherwise, to inform the OA Audit Liaison that the OIG Audit Team may initiate contact with Program Officials to obtain background information. The OIG Project Manager will use the OA Audit Liaison as the primary point of entry with the OA to arrange site visits or to request information.

- b. Survey Phase. The goal of this audit phase is to learn enough about the subject area to develop a detailed verification methodology, a practical staffing plan, and a timeline.

Formal notification to the OA is accomplished by the following procedures.

- (1) Announcement Letter. The OIG Project Manager will distribute a signed Announcement Letter to the senior official of the OA being audited. The OIG Project Manager will send an e-mail or hard copy of the Announcement Letter to the Headquarters OA Audit Liaison and the OST Departmental Liaison at the same time.

When an OA Audit Liaison or the OST Departmental Liaison (in the case of OST or intermodal audits) receives an Announcement Letter, they will distribute the letter to appropriate Program Officials and ensure that those Program Officials begin working with the OIG to facilitate the audit. The OA Audit Liaison's work includes identifying appropriate personnel to meet with the OIG, assembling background information, and arranging for access to records.

- (2) Entrance Conference. An entrance conference will be convened to initiate OIG's activity in the OA for the survey phase. At the request of the OIG Project Manager, the OA Audit Liaison (or the OST Departmental Liaison in

the case of OST or intermodal audits) will arrange an entrance conference between appropriate OIG and OA Program Officials. The entrance conference may be waived with joint agreement by the OA Audit Liaison and the OIG Project Manager.

- (3) Notification of Redirected, Discontinued, or Postponed Audits. Sometimes after the survey phase, the OIG may decide to modify the objectives of the audit, postpone the audit, or cancel the audit altogether. In each case, the OIG Project Manager, within one week of the OIG decision, will notify the OA Audit Liaison and the OST Departmental Liaison via e-mail. A revised Announcement Letter may also be distributed, if necessary.
- c. Verification Phase. The goal of this audit phase is to implement the audit methodology to meet the audit objectives. The OIG Audit Team will communicate regularly with the OA to discuss the ongoing work, accuracy of data collected by OIG, potential findings, and concerns the OA may have while the audit is being conducted.
 - d. Draft Report Phase. The goal of this audit phase is to create a draft report that clearly and logically presents the major findings and recommendations developed during the audit, and to get OA comments on the draft report. OA Audit Liaisons are to be notified when the following situations occur.
 - (1) Potential Need for an Exit Conference. Where possible the OIG Project Manager will send the OA Audit Liaison an e-mail or other notice that the report is being drafted. This will include a potential date the OIG anticipates an exit conference.
 - (2) Need for an Exit Conference. The OIG Project Manager will request the OA Audit Liaison to arrange an exit conference. The purpose of the exit conference is to present the findings leading to the recommendations, discuss the potential effectiveness of the recommendations, discuss the OA's position on the findings and recommendations, and correct any factual problems. It is a best practice for the OIG Project Manager to provide the OA Audit Liaison a discussion draft at least 48 hours before the exit conference. If the report is going directly to final (rather than being issued as a draft for OA comments), the OIG Audit Team must (at a minimum) provide a copy of the proposed final report before the exit conference. On some very straightforward audits (such as Chief Financial Officers Act financial statements audits), the OIG may determine to share the draft findings and recommendations in writing in lieu of an exit conference.

(3) Issuance of Draft Report. When a signed draft report is issued, the OIG Project Manager will distribute copies to the addressees and the OA Audit Liaison. OA Audit Liaisons are responsible for distributing the draft report to the OA staff and for coordinating comments on the draft report.

(A) 15 Day Comment Period. Wherever practical, the OIG will give the OA 15 days to respond to the draft report. However, a faster turn-around may be required for some audits, including those supporting congressional testimony or for relatively straightforward drafts that have already received the OA Administrator's concurrence (as discussed below in paragraph d.(3)(D), Coordination of Comments on Draft Report). Extensions in the timeframes must be requested from the Principal Assistant Inspector General for Auditing and Evaluation or the responsible Assistant or Deputy Assistant Inspector General for Auditing and Evaluation.

(B) Draft Report Comment Request. The cover letter to OIG draft reports will generally be addressed to the relevant Program Official. In some instances, OIG transmittals and reports will be addressed to the Secretary of Transportation. These cover letters will include the following paragraph:

We request that you provide written comments within XX days. If you concur with our recommendations, please indicate for each recommendation the specific actions taken or planned and the target dates for completion. If you do not concur with OIG recommendations, please include your rationale. Furthermore, you may provide alternative courses of action that would resolve the findings presented in this draft report.

Where dollar savings are being claimed, the draft report will request the agency's position on these savings.

(C) Comments When Discussion Draft Proceeds Directly to Final. If the OIG determines that it is necessary for a discussion draft report to proceed directly to final in order to meet critical congressional or other commitments, the OIG Project Manager will clearly specify to the OA that the report will be issued directly in final. The OIG will normally request oral comments.

(D) Coordination of Comments on Draft Report. In general, the OA Audit Liaison is responsible for delivering the OA's comments to the OIG

within the comment period specified. Formal written comments should be provided to the OIG in electronic format to facilitate compliance with Section 508 of the Rehabilitation Act of 1973, as amended by Title IV of the Workforce Investment Act of 1998. However, at the discretion of the IG, comments may be obtained directly from the OA Administrator. The OIG Project Manager will notify the OA Audit Liaison via e-mail of this high-level management contact between the IG and OA.

Where the audit report is addressed to the Secretary, it is the responsibility of the OST Departmental Audit Liaison to coordinate the comments of the Secretary, Deputy Secretary or Chief of Staff.

- (E) Existence of External Due Dates. The OIG Project Manager will notify the relevant OA Audit Liaison of any deadline external to the OIG (such as testimony dates or congressional deadlines) that influence any response timeframes included in the draft report.
- e. Final Report Phase. The goal of this audit phase is to reflect formal OA comments in the final version of the report.
- (1) Failure to Comment. If the report addressee does not comment by the due date, the OIG, at the discretion of the Principal Assistant Inspector General for Auditing and Evaluation, may issue the final report without the 'OA's or Department's comments. The relevant OA Audit Liaison will be notified when this decision is made.
- (2) OIG Response to OA Comments. Generally, the OIG will include the full text of management comments on the draft report as an attachment to the final report. However, with appropriate notification/discussion, the OIG may delete non-pertinent comments and note in the final report any such deletions. In the final report, the OIG will also provide its response to management comments, including any agreed upon alternative actions to address OIG recommendations. The OIG will monitor alternative actions to ensure the recommendations are resolved.
- (3) Final Report Distribution. Generally, the OIG will distribute the report to the:
- Addressee(s), usually the Administrator of the OA(s) audited;
 - Audit Liaison of the audited OA(s);
 - The Secretary, Deputy Secretary, Chief of Staff, and Deputy Chief of Staff;
 - Assistant General Counsel for Legislation;
 - Director, Public Affairs;

- OST Departmental Liaison;
 - Assistant Secretary for Budget and Programs/Chief Financial Officer;
 - General Accounting Office;
 - Congressional committee members (as appropriate);
 - OIG Office of Technical Resource Management; and
 - Other OIG and DOT personnel as necessary.
- (4) Outstanding Recommendations. Wherever practical, the OIG will give the Department management 30 days to respond to any outstanding recommendations in a final report. However, a faster turn-around may be required for some audits, including those supporting congressional testimony or for relatively straightforward audits that have already received the OA Administrator's or relevant addressee's concurrence. Thereafter, outstanding recommendations will be addressed through the audit follow-up process.
- (5) Follow-up Information. Further information on audit follow-up procedures can be found in DOT Order 8000.1C Office of Inspector General Audit and Investigations Report Findings, Recommendations and Follow-up Action.

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