



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2011

**OFFICE OF
INSPECTOR GENERAL**

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

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
FISCAL YEAR 2011 BUDGET ESTIMATES

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**INSPECTOR GENERAL'S OVERVIEW
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**

The Inspector General Act of 1978, as amended, established the Office of Inspector General (OIG) as an independent and objective organization within the Department of Transportation (DOT). The OIG is committed to fulfilling its statutory mission to promote economy, efficiency, and effectiveness and detect fraud, waste, and abuse in Departmental programs and operations.

We respectfully submit the Office of Inspector General's fiscal year (FY) 2011 budget request. **Our FY 2011 total budget request is for \$86.406 million, in support of 426 full-time equivalents (FTEs).** The 426 FTE level does not include FTEs funded separately by the American Recovery and Reinvestment Act (ARRA).

Of the \$86.406 million, we request \$79.772 million in direct appropriations, a \$2 million transfer from the Federal Transit Administration (FTA), and \$4.634 million in offsetting collections.

The \$2 million transfer from FTA will support FTEs that perform audit and investigative efforts relating to transit issues. The \$4.634 million in offsetting collections includes \$3.524 million from the Federal Highway Administration (FHWA) to support FTEs that will perform audit and investigative efforts relating to highway issues, and \$1.110 million to acquire contractual financial statement services as follows.

- \$860,000 to acquire contract services to perform DOT financial statement audits (\$500,000 from the Federal Aviation Administration (FAA), \$285,000 from FHWA, and \$75,000 from FTA).
- \$150,000 from FAA to acquire contract services to perform the Enterprise Services Center SAS-70 audit.
- \$100,000 from the National Transportation Safety Board (NTSB) to acquire contract services to perform an audit of NTSB's financial statements.

Additional FTEs

We have requested \$1.525 million to fund an additional 8 FTEs in FY 2011 *with another 10 FTEs annualized in FY 2012*. These additional FTEs will enable us to continue to support the Office of the Secretary (OST), the Office of Management and Budget (OMB), and congressional requests. They will also enable us to address key issues and vulnerabilities that, due to other time-sensitive priorities, we otherwise would have to postpone and would allow us to enhance our abilities to provide heightened audit and investigative attention to meet the needs of the Secretary and Congress in addressing transit and rail safety matters. The \$1.525 million will fund salaries, benefits, and operating costs associated with the additional FTEs.

Our requested increase would better enable us to meet our enhanced oversight responsibilities which include:

- aviation and surface transportation safety audits;
- surface transportation program stewardship and accountability reviews;
- safety-related and alleged whistleblower retaliation investigative cases referred to us by the Office of Special Counsel and received through the OIG hotline; and
- audit and investigative coverage of DOT acquisition programs, including oversight and administration of contracts and grants.

With transit ridership at its highest levels in 5 decades and significant investments planned for new or enhanced high speed and inter-city rail systems, it will be critical to ensure that existing and planned systems provide for the safety of passengers and individuals on or near the right-of-way. While mass transit and heavy rail travel are historically safe, the recent incident on the Washington Metropolitan Area Metrorail points to the complex challenges associated with the safe operation of these systems. In the coming years, as the United States, under DOT's leadership, invests billions in transit and high speed rail programs, the Department will be called on to ensure that existing and newly constructed systems meet the high safety standards the American public expects.

To oversee the Department's increased safety responsibility, we anticipate the need to reexamine our surface transportation oversight priorities and devote resources beyond our current capabilities. These resources would support our work on transit and rail safety, particularly with respect to:

- design standards and specifications;
- operator qualifications, training, and screening;
- construction quality and oversight;
- management of aging transit assets to adequately address safety ramifications; and
- assessment of current safety transit oversight and the impact of any proposed legislative changes.

Additional Operating Costs

OIG requests an increase of \$285,000 to fund critical contracting requirements for individuals with specialized expertise to assist in conducting highly technical and complex audits. Contracting is the most efficient way to obtain this expertise and does not involve the hiring of permanent FTEs. Since OIG must maintain its independence and objectivity, we can not always enlist and rely on the expertise of the Operating Administrations, and must use outside experts for highly technical audits and investigations. This increase would return OIG to an appropriate level for advisory and assistance contract services. Expertise would be required in the following areas.

♦ Aviation Safety Engineering

Funding is required to obtain aerospace engineering expertise in support of ongoing and planned aviation safety audits and emerging aviation issues affecting aviation safety. The planned work derives from congressional requests and interest in airline maintenance practices and aircraft manufacturing. This work is extremely complex, thus requiring independent analyses and technical expertise.

For example, an aerospace engineer with expertise in understanding complex design and repair instructions is crucial to properly evaluate the adequacy of the oversight that FAA and air carriers provide of air carrier maintenance practices. Also, engineering expertise in airframe structures and power plants is needed to assess whether FAA's approvals of complex aircraft design and specifications are adequate. In addition, given the scope of our reviews, knowledge is needed in foreign and domestic aircraft systems of varying sizes, i.e. large transport and regional aircraft models.

◆ **Infrastructure Engineering**

Funding is required to obtain services from the Army Corps of Engineers and consultants who specialize in the analysis of construction scheduling using Primavera software.

Consultants skilled in the use of Primavera software are required to: (1) review and analyze the schedules of large construction projects including data related to specific delays, construction progress, and projections to verify whether a project completion date is feasible or if additional delay costs are justified; (2) prepare professional documentation that reports on the results of the Primavera reviews and offers recommendations to resolve problems; and (3) provide technical support during discussion of report findings with the project officials and contractors.

Technical issues identified in audits and investigations of large infrastructure projects demand very specialized engineering knowledge. The requested funding will provide OIG with access to the Corps' national pool of engineers, scientists, technicians, and laboratories. This special expertise is not available within the ranks of OIG employees.

Consultant services such as these were critical in our review of FHWA's oversight of the Central Artery/Tunnel Project following the collapse of a tunnel ceiling panel that killed a motorist. This expertise also was used in our audit of FHWA's oversight of structurally deficient bridges on the National Highway System.

◆ **Competition and Economic Issues**

Funding is required to obtain contractor analytical support in the area of surface transportation competition and economic issues. This will allow OIG to supplement our in-house staff with contractors who have specialized economic modeling capabilities. The types of issues to be addressed with these funds include evaluation and analysis of policy and program considerations by the Department concerning analyses of the financial viability of and benefits to be derived from different specific high speed rail projects, and an analysis of alternative congestion pricing mechanisms.

◆ IT Computer Security

Funding is required to obtain contractor assistance in support of ongoing and planned information technology audits and information technology issues affecting computer security and to perform annual computer security reviews in accordance with the Federal Information Security Management Act of 2002.

◆ Defense Contract Audit Agency (DCAA)

FHWA and FTA award approximately \$50 billion annually in grants--most of which is subsequently used by the grantees to award contracts to accomplish the grants' transportation and safety objectives. OIG requires funding to obtain the services of DCAA technical specialists to assist in providing oversight of those grant-making and contracting activities.

In the past, DCAA expertise has been used to assist our audits of engineering, design, and construction firms that receive contracts from states and transit authorities under grants that FHWA or FTA awarded. For example, DCAA technical specialists' services were needed to help review highly technical cost elements or practices, such as compensation, insurance, labor charging, and employee benefits. DCAA also has provided audit assistance on investigations involving false claims and other contract fraud schemes.

Accomplishments

In carrying out oversight responsibilities, our overall goal is to assist DOT in reaching its strategic goals. OIG performance is measured by the successful accomplishment of its statutory responsibilities prescribed by the Inspector General Act and the completion of specific actions to support departmental goals.

As such, our entire budget request is placed under the departmental organizational goal of organizational excellence. However, our work assists the Operating Administrations in meeting their performance targets in all departmental strategic and organizational goals.

The following is a brief statistical overview of our accomplishments and a summary of our work as it relates to the strategic and organizational goals in DOT's Strategic Plan. Attached with our budget submission is OIG's current FY 2011 Performance Plan which includes historical tables for OIG performance measures.

OIG consistently provides a favorable rate of return on the investment made in the Office. *According to a recent Government Accountability Office report (GAO-*

09-88, December 2008), our FY 2007 work resulted in a \$15.31 budget return in monetary accomplishments for each budget dollar, the third highest return of the 30 offices reviewed that were headed by presidentially appointed, Senate-confirmed Inspectors General. In contrast, our budget represented about .06 percent of DOT's budgetary resources, ranking us in the bottom third of 30 OIGs.

In FY 2009 we issued 107 audit reports; testified 10 times before Congress; and conducted investigations resulting in 89 indictments, 123 convictions, and 69 administrative actions. Recoveries from court-ordered fines and restitutions from OIG investigations totaled over \$302 million. Also, in FY 2009, we recommended that DOT put over \$401 million to better use and identified over \$53 million in questioned costs. These monetary accomplishments represent a \$10 budget return for each budget dollar spent.

The OIG's mission is unique within DOT. OIG's work products provide the only independent source of recommendations that lead to recoveries of large amounts of improper payments, cost reductions, funds to be put to better use, and both financial and program improvements, including increased operational efficiencies and improved safety. Examples of our recent audit and investigative work follow.

Safety

Transportation safety is DOT's top strategic priority. In FY 2009, over 30 percent of DOT's resources were devoted to this area. To support DOT in its goal to improve transportation safety, OIG will continue to commit high levels of investigative and audit resources to transportation safety issues in all modes of transportation.

The following are examples of our recent work in this area.

Regional Airline Safety. In June 2009, the Inspector General testified before House and Senate committees regarding regional air carriers, pilot workforce issues, and concerns with the FAA's oversight of the aviation industry. The NTSB's hearing after the crash of Colgan flight 3407 highlighted the need to closely examine regulations governing pilot training and rest requirements and the oversight necessary to ensure their compliance. This is a particular concern of regional carriers, which constitute an increasing proportion of U.S. operations. Given NTSB's concerns with regional carriers and the previously identified vulnerabilities of FAA's safety oversight, Congress requested that the OIG conduct a comprehensive review of aspects of pilot training and rest requirements. In response, OIG is conducting a review that focuses on FAA oversight of commuter and regional pilot training, the number of training hours

needed before a pilot can assume pilot-in-command responsibilities, and how U.S. airlines update pilots on the latest technologies on the aircraft they operate. The review will also examine the information pilots are required to provide airlines and determine whether it is sufficient to verify pilot employment and training.

Actions Needed to Improve Safety Oversight and Security at Aircraft Repair Stations. Air carriers' use of repair stations has risen dramatically in the last several years, both in the volume and type of repairs outsourced. In November 2009, the Inspector General testified before Congress, noting that we have reported since 2003 that FAA's oversight of aircraft repair facilities is insufficient to ensure that outsourced repairs meet FAA standards. Specifically, FAA does not know where all critical outsourced repairs are performed, for both certificated and non-certificated facilities. Instead, it relies heavily on air carriers' oversight of repair stations, even air carriers with known quality assurance problems.

In his testimony, the Inspector General stated that several OIG recommendations aimed at improving FAA's oversight of foreign and domestic repair stations remain open. Successfully implementing these recommendations would allow FAA to identify and target repair facilities in need of safety oversight as well as meet its statutory mandate to provide the Transportation Security Administration with information needed to improve security oversight.

Air Traffic Control: Potential Fatigue Factors. In June 2009, we issued a report on an audit conducted at the request of Senator Richard Durbin. The audit focused on 3 critical Chicago area air traffic control facilities, which are among the top 10 busiest in the United States--Chicago O'Hare International Airport Air Traffic Control Tower, Chicago Terminal Radar Approach Control Facility, and Chicago Air Route Traffic Control Center.

We identified a number of factors that could create potential fatigue conditions for controllers including minimal hours between shifts, scheduled overtime, and on-the-job training, which requires a high level of concentration and focus from the instructing controller. Facility personnel also identified other factors that could cause fatigue, such as inadequate staffing levels, increased work load (i.e., traffic volume and complexity), and extended time on position or lack of position rotation.

Although NTSB has identified controller fatigue as a potential contributing factor in several operational errors, FAA does not consistently address human factors issues, such as fatigue and situational awareness, during its operational

error investigation processes. However, FAA has begun actions at the national level to address NTSB recommendations regarding fatigue, such as amending FAA Order 7210.3 to increase the time available to controllers for rest between shifts. FAA has also developed a computer-based training module on the effects of fatigue on controller performance. At the time of our review, however, none of these actions had been implemented at the three facilities.

While our review focused on only the three Chicago facilities, it is likely that the fatigue factors that we identified exist at other large air traffic control facilities throughout the Nation. Our recommendations focus on actions FAA needs to take at the national level to mitigate potential fatigue factors and enhance the level of safety of the National Airspace System.

Controller Staffing at Key California Air Traffic Facilities. In April 2009, we issued our report on controller staffing at three key California air traffic control facilities--the Los Angeles International Airport Traffic Control Tower (LAX), the Southern California Terminal Radar Approach Control (TRACON) (SCT), and the Northern California TRACON (NCT). As FAA hires and trains nearly 17,000 new controllers nationwide through 2017, it must focus on training new controllers to the certified professional controller (CPC) level at major locations such as these, while maintaining a sufficient number of veteran CPCs. We conducted this review at the request of Senator Dianne Feinstein.

We found that while FAA has taken steps at LAX, SCT, and NCT to offset controller attrition, each facility is facing an increased number of new controllers over the next 2 years. FAA must take several actions in four areas to maximize its staffing efforts and maintain enough veteran controllers at these facilities: (1) make SCT and NCT a top priority in the Agency's ongoing efforts to validate staffing ranges at large TRACON facilities, (2) expand the use of relocation and retention incentives to maintain a cadre of experienced controllers at LAX and SCT, (3) provide enough instructors and other training resources at all three facilities to handle the influx of new controllers, and (4) ensure appropriate use of overtime hours, which increased significantly at all three facilities over the last 2 years.

These actions are particularly critical at SCT, FAA's busiest TRACON. SCT is facing the most significant staffing issues, has the highest percentage of existing and planned new controllers of the three facilities, and has experienced a sharp decline in CPCs over the last 5 years.

FAA's Process for Reporting and Investigating Operational Errors. Prompted by our prior investigations at the Dallas/Fort Worth International Airport (DFW) Terminal Radar Approach Control (TRACON) facility, which

we conducted after whistleblowers alleged that facility management was intentionally misclassifying operational errors, Congress requested that OIG perform a review of FAA's process for reporting and investigating operational errors. In both investigations, we found that failures by TRACON's Quality Assurance Office and the Headquarters-based Safety Service of FAA's Air Traffic Organization (ATO-Safety) enabled DFW TRACON management to underreport operational errors/deviations.

In March 2009, we reported that while the events that transpired at DFW TRACON were not occurring system-wide, there were control and oversight weaknesses in FAA's process for reporting and investigating operational errors. These weaknesses were due in part to inadequate FAA guidance for investigating these events and insufficient staffing in the ATO-Safety Office. Further, FAA's current processes do not ensure that all losses of separation are accurately reported across terminals and enroute facilities or consistently evaluated for severity. We made a number of recommendations to FAA to address control and oversight weaknesses.

U. S. Office of Special Counsel Releases Report of OIG Findings on Newark Airport Runway Safety Investigation. In September 2008, the Office of Special Counsel (OSC) referred whistleblower allegations to the Secretary of Transportation regarding the potential for safety problems with the intersecting runways at Newark Liberty International Airport. The Secretary delegated the matter to the Office of Inspector General.

We investigated the underlying safety disclosures and found that although the runway configurations did not violate any FAA regulation or policy, the concerns raised about the safety of the runway configurations were valid. In our report on investigation to the Secretary, we made various recommendations, including that FAA complete a safety analysis. The Secretary provided that report to OSC on October 14, 2009.

The OSC reviewed the report and on November 19, 2009, issued its analysis to Congress and the President, stating in part, "OSC found the [(DOT's)] report deficient because FAA has not implemented critical procedures to mitigate the safety hazards confirmed by DOT's investigation, allowing potential safety risks to the flying public to persist." Our review of the matter confirmed that FAA has taken some but not all actions necessary to fully implement the additional safety improvements.

FAA Oversight of On-Demand Operators. In July 2009, we issued our first of two reports on FAA's less stringent safety requirements and oversight for on-demand operators compared to larger, commercial air carriers. We

conducted this audit at the request of the Chairmen of the House Transportation Committee and its Aviation Subcommittee. Our report evaluated the differences between FAA regulation and oversight for on-demand operators and larger, commercial air carriers.

We found that on-demand operators do not have to meet many of the regulatory requirements that large, commercial air carriers must follow. These operators also have more risk in their operating environments and receive less oversight from FAA. Further, FAA does not effectively target inspections to higher risk on-demand operators. The number of fatalities from on-demand operations makes it imperative that FAA address our recommendations, which focused on actions FAA needs to take to enhance safety and oversight of on-demand operators as it plans regulatory and oversight changes for this growing industry. Our second report will identify specific issues that may hinder FAA's oversight of on-demand operators.

FAA's Implementation of the Aviation Safety Action Program. In May 2009, we issued our report on the FAA Aviation Safety Action Program (ASAP). We conducted this audit following a complaint from an FAA inspector regarding the acceptance of a fatal accident into ASAP. ASAP is a joint FAA and industry program that allows aviation employees to self-report safety violations to air carriers and FAA without fear of reprisal. Incidents reported through ASAP by aviation employees are reviewed for acceptance by an Event Review Committee (ERC), which also may recommend corrective actions. Our audit objective was to assess FAA's implementation of ASAP and identify any improvements that will help FAA to maximize the program's safety benefits.

While ASAP is a potentially valuable safety tool, we found that FAA's ineffective implementation and inadequate guidance have allowed inconsistent use and potential abuse of the program. Further, FAA has not devised a method to fully compile data reported through ASAP for analysis on a national level. Therefore, little is understood about nationwide trends in the types of violations reported under ASAP, and ASAP reports do not help FAA determine whether systemic, nationwide causes of those violations are identified and addressed.

As a result of these issues, ASAP, as currently implemented, is a missed opportunity for FAA to enhance the national margin of safety. To realize the full benefits of ASAP, FAA must improve the program. Our recommendations included: (1) revising ASAP guidance to clarify which incidents should be excluded from the program, (2) emphasizing to employees that ASAP is not an amnesty program, (3) clarifying the ERC's authority and role in ASAP and

ensuring ERC members are unbiased, (4) requiring inspectors to examine repetitive reports of ASAP-related safety concerns and enhancements to ensure effective corrective actions, and (5) developing a central database of all air carriers' ASAP reports that FAA can use for trend analysis at a national level.

Follow-up Review of FAA's Air Transportation Oversight System (ATOS). At the direction of the Senate Committee on Appropriations, we are conducting a follow-up audit to determine whether FAA completed timely inspections of air carrier systems for monitoring critical maintenance programs, tested and validated that air carrier systems are operating effectively, and effectively implemented ATOS for remaining air carriers.

Review of Web Applications Security and Intrusion Detection in Air Traffic Control Systems. In May 2009, we issued our report on FAA web applications security and intrusion detection in air traffic control (ATC) systems. We found that web applications used in supporting ATC systems operations were not properly secured to prevent attacks or unauthorized access. In addition, FAA had not established adequate intrusion-detection capability to monitor and detect potential cyber security incidents at ATC facilities. The intrusion-detection system has been deployed to only 11 (out of hundreds of) ATC facilities. Also, cyber incidents detected were not remediated in a timely manner. We made a series of recommendations to help enhance security over web applications used in supporting ATC operations and improve the effectiveness of FAA's cyber incident monitoring and response capabilities.

Review of FAA's Progress in Enhancing Air Traffic Control Systems Security. In November 2009, we issued our final report on FAA's progress in enhancing Air Traffic Control Systems Security. The audit objectives were to determine FAA's progress in correcting security weaknesses previously identified in the ATC system by assessing: (1) the status of Business Continuity Plan implementation and (2) the enhanced methodology used in the certification and accreditation of air traffic control systems security at operational site.

We found that the FAA made good progress in preparing the Technical Center to serve as the recovery site; yet several unresolved technical challenges, staffing issues, and funding requirements could delay recovery site readiness. Beyond this, FAA has not assessed how activating the recovery plan during an emergency would affect air travel and the economy across the country, a key concern in Homeland Security Presidential Directive 7. Further, while FAA has enhanced the process of reviewing ATC systems security, the reviews were

not properly carried out to ensure security protection of operational ATC systems.

We made a series of recommendations to FAA relating to an enroute business continuity plan and the Air Traffic Control System Security Review.

Annual Report on the Department of Transportation's Information Security Program. In November 2009, we issued our report presenting the results of our annual audit of the Department's information security program and practices, as required by the Federal Information Security Management Act of 2002 (FISMA). Consistent with FISMA and OMB requirements, our overall audit objective was to determine the effectiveness of DOT's information security program and practices.

We found, overall, the departmental information security program is not as effective as it should be, and is not compliant with all key FISMA and OMB requirements. During FY 2009, the Department made notable improvements in two key information security areas; they issued information about Department-wide security policy and improved the Common Operating Environment's compliance with the Federal Desktop Core Configuration.

Despite these improvements, the Department still has weakness in five critical areas: information security policy, enterprise-level controls, management of information security weaknesses, system-level controls, and protection of privacy related information. We made 27 specific recommendations to address urgent vulnerabilities in these areas.

FHWA Oversight of the Highway Bridge Program and the National Bridge Inspection Program. In January 2009, we issued a report on FHWA's implementation of data-driven, risk-based oversight of the National Bridge Inspection Program. We found that FHWA made limited progress implementing data-driven, risk-based bridge oversight from our 2006 report, (which was issued before the tragic collapse of the I-35W Bridge in Minneapolis, Minnesota, in 2007). In addition, we are conducting an audit to assess whether FHWA adequately evaluates states' use of Highway Bridge Program funds and whether the agency effectively enforces bridge inspection standards under the National Bridge Inspection Program through the use of its statutory authority to suspend Federal-aid funds when states fail to adequately comply with the standards. We plan to issue this report in January 2010.

Implementation of the North American Free Trade Agreement's (NAFTA) Cross-Border Trucking Provisions. In August 2009, we issued our report on the Federal Motor Carrier Safety Administration's (FMCSA)

implementation of the NAFTA cross-border trucking provisions. This report is required under Section 350(c) of the FY 2002 DOT Appropriations Act.

We found that FMCSA continually took actions to address our August 2007 recommendations for improving the border safety program, but needed to enhance both the consistency of information reported to the Mexican Conviction Database and its capacity to perform safe and efficient bus inspections at border crossings.

We made a series of recommended actions for FMCSA to take to improve the reporting of data and the capacity to perform bus inspections at United States-Mexico border bus crossings.

Federal Railroad Administration's (FRA) Oversight of Track Safety Inspections. In February 2009, we issued a report on Federal Railroad Administration's (FRA) oversight of track-related safety issues. The objective of this audit was to evaluate FRA's oversight of track safety on the Nation's freight rail lines. From 1998 through 2007, track defects were the second leading cause of train accidents, comprising 32 percent of the train accidents reported to FRA by the railroads.

In our audit, we found that FRA's safety regulations for internal rail flaw testing did not require the railroads to report the specific track locations during inspections, and that FRA's inspection data system did not provide adequate information for determining the extent to which FRA's track inspectors have reviewed the railroads' records for internal rail flaw testing and visual track inspections to assess compliance with safety regulations.

We recommended that FRA revise its track safety regulations for internal rail flaw testing to require the railroads to report all track locations covered during internal rail flaw testing. We also recommended that FRA improve its systems and procedures for its inspectors to report on the extent to which they assessed the railroads' compliance with safety regulations for conducting internal rail flaw testing and visual track inspections.

PHMSA's Process for Granting Special Permits and Approvals for Transporting Hazardous Materials Raises Safety Concerns. In September 2009, the Inspector General testified before Congress regarding the Pipeline and Hazardous Materials Safety Administration's (PHMSA) Special Permits and Approvals Program. The Inspector General highlighted concerns with how PHMSA authorizes the transport of hazardous materials under these regulatory exemptions across three areas: (1) PHMSA grants special permits and approvals without assessing applicants' prior incidents and enforcement

violations or coordinating with other affected Operating Administrations; (2) PHMSA's risk-based oversight criteria do not target holders of special permits and approvals for compliance reviews; and (3) PHMSA has not addressed long-standing safety issues raised by the OIG, FAA, and the NTSB. The Inspector General stated that these issues call into question the effectiveness of PHMSA's process for granting special permits and approvals.

FTA's Oversight of the Dulles Corridor Metrorail Project. In November 2009, we began an audit of FTA's oversight of Phase 1 of the Dulles Corridor Metrorail Project in the Washington, D.C., metropolitan area. The project would extend the existing Metrorail line more than 11 miles through the Tyson's Corner commercial district and to Reston, Virginia. Our audit objectives are to (1) evaluate the effectiveness of FTA's oversight of the Dulles Corridor Metrorail Project and (2) assess potential safety concerns.

This high profile infrastructure project involves a Federal investment of \$900 million through FTA's New Starts program, including \$77.3 million in ARRA funds. FTA executed a full funding grant agreement with the project sponsor, the Metropolitan Washington Airports Authority (MWAA), in March 2009 and construction is underway.

In July 2007, we reported on our baseline assessment of the project while it was still under development. In that report we identified risk indicators that warranted FTA's close monitoring and stressed the need for vigilant FTA oversight to prevent the same type of cost increases, schedule delays, and construction quality problems we had observed on other projects with similar risk indicators.

Now that project construction has begun, FTA's oversight role is to ensure that MWAA is effectively managing the project and maximizing the return on the significant Federal investment. FTA is also charged with adhering to Office of Management and Budget requirements to provide enhanced levels of Federal oversight to ARRA-funded projects (that is, beyond standard business practices) and ensuring that measures are being taken to prevent fraud, waste, and abuse. Further, the need for FTA to focus on safety and quality of construction on all transit projects is underscored by the deadly June 2009 crash on the Washington Metropolitan Area Transit Authority's Metrorail red line.

Safety Investigations. Safety investigations remain one of OIG's top investigative priorities. Currently, we have 91 ongoing investigations concerning aviation safety, 46 open investigations concerning motor carrier safety, and 41 investigations concerning allegations of illegal transportation of hazardous materials.

The following are examples of our recent investigative work in these areas.

Owner of Aircraft Parts Company Sentenced for Fraud Involving Aircraft Parts. In November 2009, the owner of an aircraft parts company was sentenced in the Central District of California to 30 months imprisonment and 3 years supervised release on charges he engaged in fraud involving aircraft parts. Additionally, the owner was ordered to pay restitution in the amount of nearly \$217,000 and can no longer be employed in the aviation parts industry.

In 2004, the owner and operator of Chattsworth Rubber and Gasket Company (Chattsworth), Canoga Park, California, sold commercial grade O-rings to aircraft parts brokers by falsely claiming that the O-rings were certified for use in the manufacture of aircraft parts. Specifically, he purchased the commercial grade O-rings, which are cheaper, do not require an aircraft quality manufacturing process, and do not come with any type of certification, and sold the nonconforming O-rings along with bogus certificates of conformance. In addition, he painted markings on the O-rings to make them appear as if they had been manufactured by aviation quality manufacturers. The O-rings were used in manufacturing acoustic filters that were part of landing gear hydraulic pumps for Boeing 737 aircraft. The FAA issued an Unapproved Parts Notice to advise those in the aviation industry about the nonconforming parts discovered during the course of this investigation.

Charter Jet Company Director Pleads Guilty to Using Unqualified Pilots, Resulting in a Plane Crash at a New Jersey Airport. In July 2009, the Director of Charters of a luxury charter jet company that operated a flight from Teterboro Airport, New Jersey, which crashed on takeoff pled guilty to conspiracy to defraud charter customers and brokers and to impede and obstruct the FAA. During the plea hearing, the individual admitted that as the "Director of Charters" for Platinum Jet Management he dispatched unqualified or unrested pilots, including the pilot of the jet that crashed at Teterboro on Feb. 2, 2005, to fly charter customers for the Fort Lauderdale, Florida, based company. He further admitted that from November 2003 until shortly after the Teterboro crash he booked charter flights for Platinum Jet Management using charter brokers and dispatched Platinum Jet pilots to fly those flights. The individual dispatched a pilot who was not commercially

qualified to fly the ill-fated flight from Teterboro to Chicago, and the plane crashed into a warehouse after failing to lift off. He admitted that he knew the pilot was not qualified to fly that flight. He further admitted to dispatching him on other flights.

Indiana Man Sentenced for the Willful Destruction of an Aircraft and Sending False Distress Calls. In August 2009, an individual was sentenced to 51 months imprisonment, followed by 3 years supervised release, and ordered to pay \$34,649 restitution to the U.S. Coast Guard and \$871,387 to Harley Davidson Credit Corporation. In June, he pled guilty to willfully wrecking an aircraft and causing the U.S. Coast Guard to attempt to save his life and property when no help was needed. In January 2009, while enroute to Destin, Florida, he made several false distress calls to the Atlanta Air Route Traffic Control Center, stating his windshield was cracking and he was injured. In response to the call, the U.S. Coast Guard launched a search and rescue effort in anticipation of a potential crash. Subsequent search and rescue efforts discovered no body at the scene of the crash and no damage to the aircraft's windscreen. It was later determined that he set the plane on autopilot and parachuted out of the aircraft. He subsequently admitted to making the false distress calls intending to crash the aircraft in the Gulf of Mexico.

Company President Pleads Guilty to Making False Reports in Light Rail Project. In March 2009, the president of Appleby NW, Inc., a steel fabrication company located in Granite Falls, Washington, pled guilty to making and using false documents in relation to his work on the \$2.4 billion Tukwila, Washington, Light Rail Line Project. The individual successfully bid to fabricate steel casings for the footings for the 4- mile elevated portion of the Tukwila, Washington, section of the \$2.4 billion Sound Transit Light Rail Project, which is funded by FTA. Between May 2005 and November 2006, he falsified 36 reports to make it appear that Appleby NW, Inc., had fabricated the casings out of M270 grade 50 steel as required by the contract, when in fact casings had been fabricated out of a lesser grade steel, grade 36.

Georgia Commercial Shipper Sentenced for Hazardous Materials Violations. The owner and his company, Trans Design, Inc., Forest Park, Georgia, were sentenced in February 2009, in connection with a scheme to illegally transport hazardous materials in air commerce. The investigation revealed that the individual and Trans Design, Inc., shipped chemicals via United Parcel Service and Federal Express on multiple occasions without declaring them as hazardous materials. These activities were discovered when a shipment leaked on board an aircraft causing the entire aircraft to be unloaded and cleaned. The owner was sentenced to serve 5 years probation, and ordered to perform 100 hours of community service. Trans Design, Inc.,

was sentenced to serve 5 years probation, fined \$119,000, and assessed a \$137,500 administrative penalty by FAA.

Florida Air Parts Broker Sentenced to 3 Years Imprisonment for Illegally Manufacturing Aircraft Parts. In October 2009, the owner of Zerene Aerospace (ZA) was sentenced in U.S. District Court, Miami, Florida, to 3 years imprisonment, followed by 2 years supervised release for his role in aircraft parts fraud. We initiated an investigation based on information obtained through the Florida Department of Law Enforcement from an anonymous complaint alleging that the owner and ZA, who were not approved by FAA or the Department of Defense (DoD), had manufactured aircraft parts and changed data plates on military and civilian aircraft. The investigation revealed that the owner of ZA sold aircraft panels to an aviation parts broker and an approved DoD contractor that the owner fraudulently represented as a Boeing panel. ZA manufactured the panels without authorization and not to any approved aviation standards.

Reduced Congestion

Mobility is essential to America's economic prosperity and quality of life. Congestion is costing America an estimated \$200 billion per year. Therefore, implementing strategies to help the states use their existing transportation networks better, add capacity where it makes the most sense, and develop better policy choices to reduce congestion is a DOT top priority.

Examples of OIG's efforts to support DOT in its goal to reduce congestion include continued oversight of FAA's actions involving increasing capacity as well as modernizing the National Airspace System, scrutiny of DOT's multi-billion dollar investments in transportation infrastructure to help DOT reduce congestion and other impediments to using the Nation's transportation system, and oversight in areas relating to Amtrak and the future of inter-city passenger rail.

The following are examples of our recent work in these areas.

FAA's System-wide Information Management Program (SWIM). Our office is reviewing FAA's SWIM Program, an important part of FAA's Next Generation Air Transportation System (NextGen) initiative to transform how it provides air traffic services. SWIM is a secure, web-based architecture that is expected to provide National Airspace System users with streamlined information sharing. Our audit objectives are to examine: (1) the strengths and weaknesses of FAA's approach for developing and funding SWIM efforts and (2) the effectiveness of FAA's plan to identify and manage key risks that could affect a nationwide deployment or limit anticipated benefits. A comprehensive

understanding of these risks will be critical for FAA decision makers and stakeholders.

Actions Needed to Meet Expectations for the Next Generation Air Transportation System in the Mid-Term. In October 2009, the Inspector General testified before the House Subcommittee on Aviation regarding FAA actions required to address the recommendations of a joint Government/Industry task force report for achieving mid-term goals for the NextGen.

The Inspector General noted that NextGen is a high risk effort and a top management challenge for the Department and FAA. A number of operational and management decisions must be addressed to successfully transition to NextGen and address the task force's recommendations. These include maximizing the benefits of performance-based navigation initiatives and managing NextGen efforts as integrated portfolios of investments. The Inspector General noted that the findings of the task force are consistent with our work but also identified several new areas for FAA's attention.

To move beyond endorsing the task force's recommendations, the Inspector General stated that FAA must set realistic expectations for NextGen. Specifically, FAA must: (1) develop plans to initiate action and establish a 5-year funding profile for the NextGen mid-term, (2) establish metrics for assessing and measuring progress, and (3) develop and implement a strategy for linking near- and mid-term efforts with the Agency's long-term plans for transforming the National Airspace System.

Challenges in Implementing Performance-Based Navigation in the U.S. Air Transportation System. In July 2009, the Principal Assistant Inspector General for Auditing and Evaluation (PAIGAE) testified before the House Subcommittee on Aviation regarding FAA's efforts to modernize airspace through Area Navigation (RNAV) and Required Navigation Performance (RNP). The PAIGAE noted that RNAV and RNP are key to NextGen's success and have shown some benefits, but fundamental issues need to be addressed. While RNAV and RNP have considerable industry support, some stakeholders are dissatisfied with the Agency's overall method for implementing these initiatives. Of particular concern is FAA's practice of laying most new routes over existing routes and the fact that air carriers are not using them. Stakeholders and FAA also disagree on the potential role and responsibilities of non-Government third parties in speeding the adoption of RNP. Unless these are clearly defined, it will be difficult to establish an effective oversight framework for third parties.

To ensure the safe and effective implementation of RNAV and RNP, and to realize their full benefits, the PAIGAE stated that FAA will need to focus on the following areas: (1) aligning Agency goals with producing quality RNP procedures that have significant benefits rather than focusing on the number of procedures, (2) establishing priorities for new routes and funding requirements for related airspace redesign projects and systems that controllers rely on to manage traffic, (3) performing cost-benefit analyses in close coordination with all stakeholders before and after implementing RNP procedures, (4) ensuring controllers and pilots are aware of and trained on procedures before they are implemented, and (5) developing and establishing a policy on how and to what extent third parties will be used to help support FAA's NextGen efforts and ensure an effective oversight approach.

Review of FAA's Automatic Dependent Surveillance Broadcast (ADS-B) Program. We are conducting an audit of FAA's ADS-B program. ADS-B is a cornerstone technology planned for FAA's NextGen. Our audit objectives are to examine key risks to FAA's successful implementation of ADS-B and assess the strengths and weaknesses of FAA's proposed contracting approach. In July 2009, we issued a Management Advisory to FAA that outlined several ADSB's with the contract that required attention, including the need to improve contract administration and how operating and capital costs are tracked.

Status of the Aviation Rulemaking Committee's 77 Initiatives for Reducing Delays in the New York Area. In October 2009, we issued our report on FAA's actions to implement 77 initiatives of the New York Aviation Rulemaking Committee (ARC), conducted at the request of the Chairman of the House Aviation Subcommittee.

We found that, while FAA reported many of these initiatives as complete, most are not being used or are used infrequently due to limited tactical need, operational and technical problems, unfinished testing, and controller/airline issues. Other initiatives face challenges, such as special equipment and training requirements or litigation, or are part of nationwide FAA programs that will not be completed until 2012 or later.

We found that while FAA has begun addressing these issues, much work remains to be done. We recommended that FAA: (1) assess completed and remaining initiatives to determine whether they are providing benefits or should be discontinued or recategorized, (2) resolve technical, operational, and controller/airline issues affecting many of the initiatives reported as completed, and (3) fully operationalize the Integration Office's New York Area Delay Reduction Plan and Schedule.

Review of DOT and FAA Actions Related to Slot Auctions at New York Airports. In January 2009, we issued our review of DOT and FAA's actions regarding final rulemaking activities related to the auction of take-off and landing slots at LaGuardia, John F. Kennedy, and Newark airports. This review was requested by the Chairman of the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies and the Chairman of the House Committee on Transportation and Infrastructure.

FAA planned to auction up to 66 slots at the three New York airports in January 2009. However, in September 2008, GAO found that FAA does not have the statutory authority to auction the slots and stated that if FAA moves forward and uses the auction proceeds, it would violate the Anti-deficiency Act and the Purpose Statute. DOT disagreed and, based on a legal opinion from the Department of Justice (DOJ), FAA signed the final rules to auction the slots. In December, the U.S. Court of Appeals issued a stay, which prevented FAA from auctioning the slots pending further judicial review.

Consistent with the Chairmen's request, we focused our review on two issues related to the rulemaking activities. First, in light of the GAO opinion, did FAA and DOT actions constitute a willful violation of the Act and Purpose Statute? Second, were career FAA and DOT staff coerced, compelled, or otherwise required by their supervisors to knowingly engage in illegal conduct?

We found that FAA and DOT officials have a valid defense against the anti-deficiency charge because they can demonstrate a good faith belief that what they were doing was lawful, based on DOJ's external, legal opinion. In addition, while FAA staff felt considerable pressure from the Department, they told us that they were not coerced or otherwise compelled to agree with the decision to sign the final rules for the slot auctions.

Training Failures Among Newly Hired Air Traffic Controllers. In our June 2009 audit, we found that FAA's reported rate of training failures is not accurate and issued recommendations to FAA that focused on developing procedures to obtain accurate data on training failures in order to effectively monitor and improve its controller training program. We are further examining the common causes and factors that are contributing to the high number of training failures among newly hired air traffic controllers.

FAA's Process for Screening, Placing, and Training Newly Hired Air Traffic Controllers. Our office is currently conducting an audit to assess: (1) how FAA determines whether candidates have the requisite abilities to become

successful controllers, (2) what procedures FAA uses to place controllers at air traffic facilities, and (3) whether the initial training at the FAA Academy adequately prepares controller candidates for facility training.

FTA's Oversight of New Jersey Transit Project. Our office is conducting an audit of the New Jersey Transit Corporation's Access to the Region's Core Project in Northern New Jersey to assess the main risks facing this \$9 billion transit project. The project is in preliminary engineering status and is under consideration for a \$3 billion grant through FTA's New Starts program--currently the largest amount slated for any New Starts project. The objective of this audit is to determine whether FTA's oversight provides reasonable assurance that cost, schedule, funding, and other risks have been identified and strategies are underway to mitigate them.

Reports on Amtrak's Operational Reforms Savings and Financial Performance. As mandated by the House and Senate Appropriations Committees, we have issued periodic reports on Amtrak's savings from operational reforms and year-to-date financial performance.

Amtrak's Five-Year Capital Plan. We are conducting an audit of Amtrak's 5-year plan to determine: (1) Amtrak's 5-year capital requirements and how these align with its business and strategic goals, (2) how Amtrak prioritizes its capital projects among competing needs, (3) Amtrak's FY 2009 capital needs and ability to implement its increased FY 2008 capital budget, and (4) how Amtrak evaluates the performance of its capital projects.

Rail Service Disruptions to Selected Rail Shippers. Pursuant to the FY 2008 Transportation Appropriations Act, we are conducting an audit of railroad service disruptions since 2004, in which rail carriers failed to make shipments of coal, wheat, ethanol, and lumber in a timely manner. The objectives of this audit are to determine the standard of railroad service owed to the shippers of these commodities either by regulation or by contract; the timeliness and reliability of the actual rail service provided to these shippers; and the causes of any railroad service deficiencies which are identified.

Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service Programs. We are conducting a series of audits on risks associated with the FRA's implementation of the new Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service programs, which were mandated by ARRA. Specifically, we will focus on: (1) the capability of states and FRA to plan and manage high speed rail projects, (2) state-freight railroad capital agreements, (3) financial forecasting best practices, and (4) intercity passenger rail service bottlenecks.

Amtrak's Cascades and Coast Starlight Routes Audit. Pursuant to the Passenger Rail Investment and Improvement Act of 2008 (Public Law 110-432), we are conducting an audit of service issues on two of Amtrak's West Coast routes, the Amtrak Cascades and the Coast Starlight, both of which have struggled with ongoing delays and disruptions in recent years. The objective of this audit is to identify the source of service delays and disruptions on the Amtrak Cascades and Coast Starlight routes and make recommendations for improving their on-time performance.

Stewardship

OIG will continue to provide oversight of DOT actions to control the costs of business operations and multi-billion dollar investments, and to perform cost-effective and timely acquisitions. We have made contract and grant fraud, including Disadvantaged Business Enterprise (DBE) fraud, one of our top investigative priorities and currently have 173 related ongoing investigations into potential contract and grant fraud in DOT programs and operations.

The following are examples of our recent work in these areas.

DOT Top Management Challenges. In November 2009, we issued our annual report on the top management challenges facing the Department in FY 2010. The issues comprising this year's report are: maximizing the Department's transportation economic recovery investments; enhancing surface safety programs to reduce injuries and fatalities while defining a new Federal role in transit safety; maximizing Federal surface infrastructure investments by helping states better allocate resources and proving effective oversight; addressing human factors and strengthening the regulatory and oversight framework for aviation safety; moving toward the NextGen and improving performance of the National Airspace System; improving contract management and oversight; enhancing the ability to combat cyber attacks and improving the governance of information technology resources; developing a funding framework for the next surface transportation reauthorization; strengthening the Department's acquisition workforce; and successfully implementing the newly created multi-billion dollar high-speed intercity passenger rail program.

In March 2009, the Inspector General testified on DOT's FY 2009 top management challenges before the House Subcommittee on Transportation, Housing and Urban Development, and Related Agencies.

DOT's Projections of Highway Trust Fund Solvency. In June 2009, we issued results of our review related to the solvency of the Highway Trust Fund, conducted at the request of Senator Judd Gregg, Ranking Member of the Senate Budget Committee. As requested, our objectives were to evaluate: (1) the basis for the Department's projection of the magnitude and timing of a Highway Account cash shortfall; (2) how that projection would vary under different assumptions; and (3) the triggers the Department uses to decide that the risk of insolvency for the Highway Account requires action by the Administration and Congress.

We found that the Department used a reasonable methodology to project the magnitude and timing of a cash shortfall. However, some of its assumptions were outdated, as the Department did not use actual year-to-date data to adjust total revenue or outlay estimates. This could yield a margin of error in those projections of up to \$1 billion in magnitude and 2 weeks in timing. We also found that the Department's cash balance forecasts vary largely due to factors outside the Department's control. While the accuracy of the Department's projections could be incrementally improved, the range of defensible values for the factors influencing those projections makes it difficult to estimate precisely either the magnitude or timing of the cash shortfall. Finally, we found that the Department relies on cash balance forecasts to trigger formal notification to Congress and the states of a potential insolvency in the Highway Account. While the Department greatly increased the amount of data publicly available regarding the balance of the Highway Account, until recently it has lacked a consistent and easily understood message regarding the timing and magnitude of a cash shortfall.

Audit Initiated of NHTSA's Consumer Assistance to Recycle and Save Program (CARS). The Office of Inspector General is conducting an audit of the National Highway Traffic Safety Administration's (NHTSA) Consumer Assistance to Recycle and Save Program (CARS). In August 2009, legislation added \$2 billion to the original \$1 billion program. The legislation requires us to review NHTSA's administration of CARS. Further, at the request of Senator Charles Grassley, we will focus on NHTSA's implementation of the program. The objective of this audit is to assess whether NHTSA's oversight and management controls ensure that CARS transactions: (1) meet Federal requirements; (2) use data that are accurate and reliable; and (3) are protected against fraud, waste, and abuse.

DOT's Audited Consolidated Financial Statements for FY 2009 and FY 2008. In November 2009, we issued a quality control report of the audit of the DOT's FY 2009 and FY 2008 financial statements. Clifton Gunderson LLP, under contract to us and under our supervision, issued a clean (unqualified)

audit opinion with no material weaknesses for the second straight year. In FY 2008, we reported \$300 million of unneeded obligations that might be freed for other uses. As a result of this audit, in FY 2009, approximately \$800 million was identified in unneeded obligations that might have been released for other use.

FAA's Audited Financial Statements for FY 2009 and FY 2008. In November 2009, we issued a quality control report of the audit of FAA's FY 2009 and FY 2008 financial statements. Clifton Gunderson LLP, under contract to us and under our supervision, issued a clean (unqualified) audit opinion with no material weaknesses for the second straight year. However, Clifton Gunderson reported one internal control significant deficiency, accounting for its Property, Plant, and Equipment accounts, which was determined not to be a material weakness, and found no instances of potential or known noncompliance with laws and regulations. In addition, it was reported that FAA needs to continue directing management's attention to the oversight of payments made to grantees.

FHWA's Oversight of Design and Engineering Firms' Indirect Costs Claimed on Federal-Aid Grants. In 2009, we issued a report on FHWA's implementation of section 307 of the National Highway Systems Designation Act (NHSDA), which requires the use of the Federal Acquisition Regulation as criteria to determine allowable costs when performing indirect cost rate audits of design and engineering (D&E) firms. Indirect cost rate claims from 21 of our sample of 41 D&E firms included unallowable costs totaling over \$15 million (including automobile leases with no documented business purposes, executive compensation in excess of the Federal statutory cap, and items such as social dinners with clients; dining club memberships; outings to professional and college sporting events; theme and holiday parties; and trips to Atlantic City, a city zoo, and a county expo fair). Of the total, state DOT contracts were charged about \$5.5 million, of which about \$4.4 million (the Federal share) was reimbursed with Federal-aid funds. Based on the sample test results, we projected, overall, that D&E firms overcharged state DOT contracts for unallowable executive compensation of over \$41 million (with about \$33 million representing the Federal share).

Lack of accountability at D&E firms and insufficient transaction testing by Certified Public Accountant (CPA) firms were the immediate causes of unallowable costs we found. Further, FHWA and state DOT oversight did not ensure effective monitoring of D&E firms' indirect cost rate claims or indirect cost rate audits performed by CPA firms. We recommended that FHWA: (1) require D&E firms to certify their claims and authorize state DOT's to assess penalties when D&E firms claim known unallowable costs, (2) assign

responsibility to specific states for overseeing CPA audit work, (3) issue guidance on how to effectively procure audit services, (4) establish an oversight program and process for monitoring state DOTs' implementation of section 307 of NHSDA, and (5) recover the unallowable executive compensation costs and other unallowable expenses identified in this audit.

Report on Effectiveness of DOT's Suspension and Debarment Program:

In January 2010, we issued our audit of DOT's Suspension and Debarment (S&D) Program, focusing on: (1) the timeliness of Operating Administration's (OA) S&D decisions and reporting, and (2) the effectiveness of DOT's policies and oversight to exclude prohibited parties from receiving DOT contracts and grants. In May 2009, we issued an ARRA Advisory to alert DOT of our initial findings.

In our audit report, we found that the OAs S&D decisions needed to be more timely--on average they took over 300 days for a suspension decision and 400 days for a debarment. Also, we found that 76 percent of the OIG referrals made to the OAs were not processed within 45 days, as required by DOT policy. Nearly half of the 132 completed S&D decisions did not adhere to Federal and DOT regulations to report excluded parties to the government's Excluded Party Listing System within 5 days of a suspension or debarment. Additionally, DOT does not provide sufficient management oversight to ensure it has an effective S&D Program. For example, DOT's policy does not assign monitoring of the program to a specific office and does not clearly establish that OAs must suspend or propose debarment within 45 days of a suspension or debarment referral (from OIG Investigations or other sources). These weaknesses increase the risk that DOT and other agencies will award contracts and grants to parties DOT may ultimately suspend or debar.

To address these deficiencies, we recommended that the OST Office of Senior Procurement Executive revise DOT's S&D Order to strengthen its internal controls and modify its corresponding data systems. We also recommended FAA take similar actions to strengthen its S&D Program through its Acquisition Management System.

Report on the FHWA's Oversight of the Transportation Technology Innovation and Demonstration Program. In December 2009, we issued our final report on FHWA's management and oversight of the \$54 million awarded under the Transportation Technology Innovation Demonstration Program (TTID), which we performed at the request of Senator Orrin Hatch and Representative Anthony Weiner.

Our audit objectives were to assess whether FHWA: (1) achieved statutory goals and optimized TTID benefits for the public partners and (2) complied with 2005 statutory provisions for a competitive private partner selection process. We reported that TTID addressed statutory goals, but FHWA did not optimize the program's benefits for the public partners. The private service provider deployed traffic data collection systems in metropolitan areas, shared revenues, and produced software to generate traffic reports for Federal and state agencies. However, FHWA allowed the service provider to control significant aspects of the program and, as a result, diminished TTID's value to the public partners.

We recommended that FHWA: (1) define and document a more optimal methodology for revenue sharing between the service provider and the metropolitan areas, considering any exclusions or deductions from the service provider's gross revenues; (2) test the service provider's revenue sharing for accuracy according to the documented methodology; (3) develop and implement options to increase integration of traffic information and posting on highway message signs; and (4) develop and implement a data service plan that requires timely communication of test results and prompts remediation of any results below the minimum performance level.

Improper Payments in FAA's Airport Improvement Program. We are conducting an audit of Improper Payments in FAA's Airport Improvement Program (AIP). Federal agencies are required to report annually on the amount of improper payments in their programs under the Improper Payments Information Act of 2002. Annually, FAA distributes approximately \$3 billion in grant funds through the AIP. Our audit objective is to evaluate whether FAA has adequate internal controls to prevent and detect improper payments to AIP grant recipients.

Use of Cost-Plus-Award Fee Contracts Within DOT. We are conducting an audit to determine whether cost-plus-award-fee contracts were effectively designed and administered in the best interest of the Government. Specifically, we will determine whether award-fee plans established adequate criteria for evaluating contractor performance and if the amount of award fees paid to contractors was adequately supported.

FAA's Use of Non-Competitive Contracts and Price and Cost Analysis. We are conducting an audit to determine whether FAA: (1) sufficiently justified and properly approved the use of non-competitive contracts and (2) adequately performed and properly documented price and cost analysis applicable to these contracts.

The following are recent stewardship investigations.

Central Artery/Tunnel (CA/T) Project.

In the summer of 2009, six individuals who were in managerial positions in the Aggregate Industries concrete division were convicted of fraud and related offenses for engaging in a scheme to provide approximately 5,000 truckloads of concrete that did not meet specifications to Big Dig contracts between 1996 and 2005.

In December 2008, as a result of a joint investigation OIG participated in with the Commonwealth of Massachusetts Attorney General's Office (MAGO) and multiple Federal agencies, MAGO announced that they had reached an agreement in December 2008 with Powers Fasteners, Incorporated (PFI), resolving state criminal manslaughter and pending civil claims in connection with the I-90 Connector Tunnel Ceiling Collapse that occurred on July 2006. The investigation determined that the cause of the ceiling collapse was the use of PFI's Fast Set epoxy product to secure the bolts anchoring the bracket system for the I-90 Connector Tunnel ceiling panels. PFI agreed to pay a total of \$16 million to the Commonwealth in civil damages and was required to stop selling the Fast Set epoxy, ordered to recall all of its Fast Set epoxy products, publish warnings about the performance problems of the product, and develop a MAGO approved independent monitoring system to conduct annual compliance reviews.

This is in addition to the \$407 million agreement with Bechtel/Parsons Brinckerhoff in January 2008 to resolve its criminal and civil liabilities in connection with the collapse of part of the tunnel ceiling and defects in the slurry walls of the Tip O'Neil tunnel, and the \$51 million from other contractors who worked on various parts of the project agreed to pay to resolve certain cost recovery issues associated with the design of the CA/T Project, known as the Big Dig.

Major Air Carriers Admit to Fixing Prices on Cargo Rates and Agree to Pay \$843 Million in Fines. In April 2009, Luxembourg-based Cargolux Airlines International S.A., Japan-based Nippon Cargo Airlines Co. Ltd, and Korea-based Asiana Airlines Inc., were sentenced to pay criminal fines totaling \$214 million for conspiring to fix prices in the air cargo industry. In addition, Asiana pled guilty to fixing the passenger fares charged on flights from the United States to Korea. Each of these airlines, along with 12 others, and 4 airline executives, have admitted their roles in a conspiracy in the United States and elsewhere to eliminate competition by fixing the cargo rates charged to customers for international air shipments and/or

passenger fares. The periods of the conspiracy range from as early as September 2001 until February 2006.

These judicial actions are part of a large-scale investigation into price fixing and collusion in the airline industry that has in total resulted in fines of approximately \$843 million.

Former Owners of Pennsylvania Business Indicted in \$136 Million DBE Fraud. In November 2009, in the largest reported DBE fraud scheme in DOT history, a Federal Grand Jury returned a 32 count indictment charging the former owners of Schuylkill Products, Inc. (SPI), with various crimes in connection with a "pass-through" scheme to defraud the DOT DBE Program.¹ The scheme is alleged to have run for over 15 years, and involved the improper award of over 300 federally funded highway and transit contracts in Pennsylvania, valued at over \$136 million. Specifically, the indictment alleged that the former owners and others used a small Connecticut highway construction firm, Marikina Construction Company (Marikina), as a front company to obtain lucrative government contracts reserved for small and disadvantaged businesses. The indictment alleged that between 1993 and 2008, Marikina received over \$136 million DOT funded contracts, but personnel from SPI and CDS Engineers (CDS)--a subsidiary of SPI--actually performed the work. The contract money merely passed through Marikina to make it appear that a DBE was involved, when in reality, SPI and CDS personnel actually found, negotiated, coordinated, performed, managed, and supervised all the contracts awarded to Marikina. All the profits from the contracts allegedly ended up with SPI and CDS and in exchange for allowing SPI and CDS to use its name, Marikina was paid a small fixed fee.

California Man Gets 70 Months in Prison, Pays Restitution of \$2.9 Million, and Forfeits \$1.4 Million for Defrauding Trucking Companies. In June 2009, a Russian citizen of Glendale, California, was sentenced to 70 months in prison for computer fraud, mail fraud, and aiding and abetting following a guilty plea. He was ordered to pay restitution to the victims of the scheme in which he was involved in the amount of \$2,897,629. He will also forfeit a TD Ameritrade account containing \$1,455,697. He and a business partner were involved in a scheme to defraud trucking companies. In June 2008, OIG began the investigation

¹ An indictment or Information is not evidence of guilt but simply a description of the charge made by the Grand Jury and/or United States Attorney against a defendant. A charged defendant is presumed innocent until a jury returns a unanimous finding that the United States has proven the defendant's guilt beyond a reasonable doubt or until the defendant has pled guilty to the charges.

based on numerous complaints from other trucking companies. In their scheme, the individuals fraudulently established a trucking company and a broker company by illegally gaining access to the Safety and Fitness Electronic Records System or SAFER System, which is maintained by FMCSA. The individuals accessed these web sites to register and use fictitious brokerages to offer trucking loads and collect payment from the original brokers. This allowed them to "double broker" the trucking jobs to legitimate trucking companies that were never paid for their actual deliveries. The individuals then tricked legitimate brokers into paying them by attesting that their fraudulent companies actually transported loads. In October 2008, an indictment charged the Russian citizen and his business partner with computer fraud, mail fraud, and wire fraud. The other individual subsequently pled guilty.

Motor Fuel Tax Fugitive Sentenced to 43 Months in Jail and \$1 Million in Restitution. In July 2009, the former operator of Kings Motor Oils (Kings) was sentenced in U.S. District Court, Camden, New Jersey, to 43 months incarceration and \$1 million restitution for crimes related to the evasion of motor fuel excise taxes. The former operator of Kingston was indicted on motor fuel tax evasion charges in 1995 but fled prior to prosecution. On February 27, 2009, after being a fugitive for 13 years, he pled guilty to numerous criminal charges, including approximately \$138 million in evaded Federal and New Jersey state motor fuel excise taxes. The Federal motor fuel taxes fund the Department of Transportation Highway Trust Fund. In addition, the indictment charged each individual, including the former operation, with substantive offenses of wire fraud, money laundering, and tax evasion. The former operator ran Kings, a wholesale fuel distributorship. According to the indictment, Kings purchases hundreds of millions of gallons of tax-free home heating oil, but through an elaborate scheme the fuel was resold by a wholesaler as diesel fuel for highway use, with Federal and state taxes being charged and collected from the unknowing customers. Instead of remitting payment to the IRS and the state, the taxes were distributed among the former operator and other conspirators. He and other tax evaders insulated themselves by creating "shell companies" and made it appear as though these sham entities bought and sold the fuel. In reality, the companies never took title or possession of the fuel and the former operator created false invoices and other documents to disguise the transactions between wholesale fuel distributorship and fuel wholesaler.

Business Owner Ordered to Pay Over \$524,000 and Sentenced to 41 Months for Making False Claims on Anti-Drunk Driving Billboard Company Project. In March 2009, the owner of Great Plains Group, LCD (GPG) was sentenced in U.S. District Court, Springfield, Illinois, to a term of 41 months imprisonment and 3 years supervised release. He was also ordered to pay \$524,500 in restitution to Sangamon County, NHTSA, and FHWA. In November 2008, after 2 days of jury trial, he pled guilty to submitting false, inflated invoices related to an anti-drunk driving billboard campaign funded through NHTSA, along with lying to Federal agents during an interview. GPG submitted a proposal to the Illinois Department of Transportation (IDOT) to use NHTSA-provided grant funds to produce and to post anti-drunk driving billboards throughout the State of Illinois. In total, between January 1999 and September 2004, more than \$1.5 million in Federal funds were paid through IDOT to the GPG owner and his business. He knowingly submitted false and fraudulent invoices by overstating the number of billboards that were produced and posted. As a result, he and his business were overpaid by more than \$524,000.

The United States and Tutor Perini Corporation Settle Civil Fraud Claims for \$9.75 Million. In November 2009, the United States Attorney for the Eastern District of New York, announced the settlement of claims that Tutor Perini Corporation, formerly Perini Corporation (Perini), a publicly traded construction services corporation, falsely and fraudulently reported that certain minority DBEs were performing subcontracted work on federally funded public works contracts with the City and State of New York, when in fact non-DBE subcontractors were performing the work. Pursuant to the settlement, Perini has paid the United States \$9.75 million.

IG Reform Act Requirements

The Inspector General Reform Act (Pub. L. No. 110-409) was signed by the President on October 14, 2008. Section 6(f) (1) of the Inspector General Act of 1978, 5 U.S.C. app. 3, was amended to require certain specifications concerning OIG budget submissions each fiscal year.

Each Inspector General is required to transmit a budget request to the head of the establishment or designated Federal entity to which the Inspector General reports, specifying:

- the aggregate amount of funds requested for the operations of the OIG;
- the portion of this amount requested for OIG training, including a certification from the Inspector General that the amount requested satisfies all OIG training requirements for that fiscal year; and

- the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

These requirements were met in our submission to the Secretary.

In addition, the head of each establishment or designated Federal entity, in transmitting a proposed budget to the President for approval, shall include:

- an aggregate request for the OIG,
- the portion of this aggregate request for OIG training,
- the portion of this aggregate request for support of the CIGIE, and
- any comments of the affected Inspector General with respect to the proposal.

These requirements were met in our submission to OMB.

The President shall include in each budget of the U.S. Government submitted to Congress:

- a separate statement of the budget estimate submitted by each Inspector General,
- the amount requested by the President for each OIG,
- the amount requested by the President for training of OIGs,
- the amount requested by the President for support of the CIGIE, and
- any comments of the affected Inspector General with respect to the proposal, if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the OIG.

Following the requirements as specified above, the OIG of the Department of Transportation submits the following information relating to the OIG's requested budget for fiscal year 2011.

- OIG's requests to OST and OMB were for \$87.670 million in total budgetary resources in support of 436 FTE, not including FTE's funded separately by ARRA (\$81.036 million in direct appropriations, \$2 million in a direct transfer, and \$4.634 million in offsetting collections).
- The aggregate budget request for the operations of the OIG in this submission is \$86.406 million in support of 426 FTEs, not including FTE's funded separately by ARRA (\$79.772 million in direct appropriations, \$2 million in a direct transfer, and \$4.634 million in offsetting collections). This lower request compared to OIG's requests to OST and OMB is a result

of a revised 2011 pay raise assumption and an agreed upon assumption of partial year funding for new hires in 2011. The annualized staffing level in this submission is 436 FTEs, as OIG originally requested in its submissions to OST and OMB.

- The portion of this amount needed for OIG training is \$725,000.
- The portion of this amount needed to support the CIGIE is \$192,000.

Our requested training amount of \$725,000 includes an additional \$200,000 to enable OIG to fund continuing professional education requirements for auditors and evaluators; training requirements for investigators and audit and investigative information technology specialists; training for positions such as legal, financial, procurement, human resources, and administrative professionals; and training to support other areas such as leadership and equal employment opportunity.

The \$192,000 requested to support CIGIE operations represents 0.24 percent of our 2011 direct appropriation request, as directed by CIGIE.

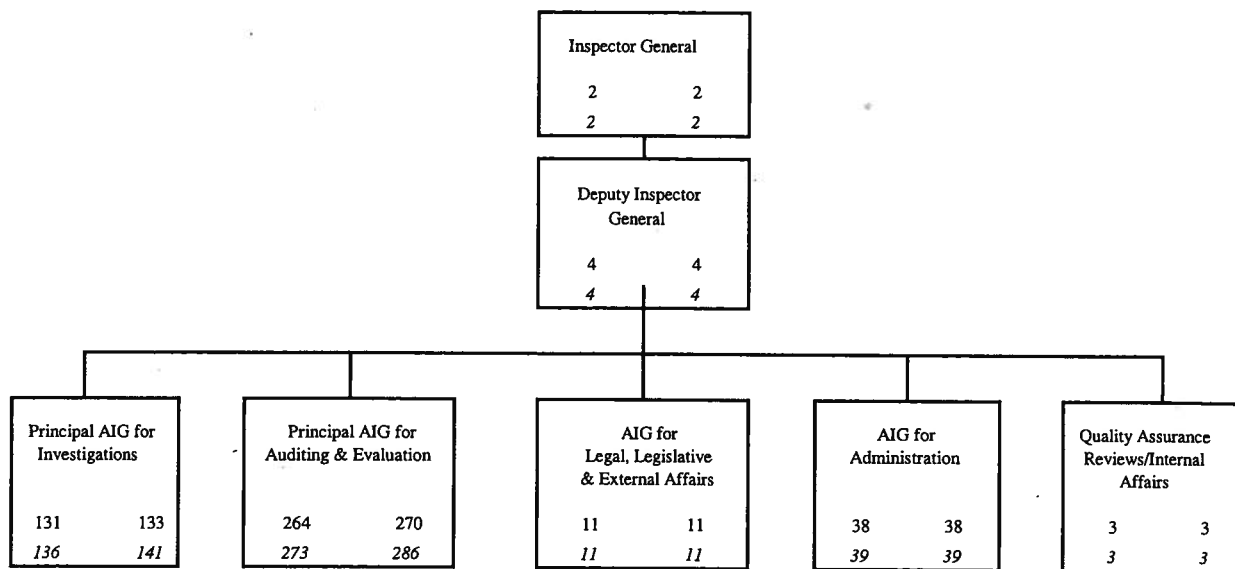
Summary

OIG's requested level of **\$86.406 million in total budgetary resources in support of 426 FTEs** in FY 2011 is essential to carry out our oversight mission mandated under the Inspector General Act of 1978, as amended; conduct audits and investigations requested by the Secretary, OMB, and Congress; and support the Department's strategic and organizational goals.

OIG also plans to fund an estimated 35 additional FTEs in FY 2011 from funding received by the American Recovery and Reinvestment Act of 2009 for audits and investigations in support of ARRA activities. This represents a temporary increase to our FTE level as the ARRA funding supporting these FTEs expires in FY 2013.

EXHIBIT I

ORGANIZATION CHART DEPARTMENT OF TRANSPORTATION OFFICE OF INSPECTOR GENERAL with Estimated FTEs/FTP's for FY 2010 and FY 2011



Top numbers represent FTEs, bottom numbers represent FTPs.

Numbers to the left represent FY 2010 Enacted levels, numbers to the right represent FY 2011 Request.

Numbers reflect an estimated 35 FTEs and FTPs in FYs 2010 and 2011.

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EXHIBIT II-1 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Budget Authority
(\$000)

ACCOUNT NAME	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Salaries & Expenses	71,400	75,114	79,772
Salaries & Expenses, Recovery Act	20,000	0	0
Transfer from FTA	2,000	2,000	2,000
TOTALS: Budget Authority	93,400	77,114	81,772
<u>REIMBURSABLES</u>			
FHWA	3,626	3,809	3,809
FTA	25	75	75
FAA	98	620	650
NHTSA	35	0	0
OST	1	0	0
OSHRC	2	0	0
MULTIPLE OIGs - CIGIE Conf.	24	0	0
NTSB	68	100	100
TOTALS: Reimbursables	3,879	4,604	4,634
TOTALS: OIG	97,279	81,718	86,406

EXHIBIT II-2 FY 2011 TOTAL BUDGETARY RESOURCES BY APPROP. ACCT.
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Approps., Ob. Lims., and Exempt Obs.
(\$000)

ACCOUNT NAME	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Salaries & Expenses	71,400	75,114	79,772
Salaries & Expenses, Recovery Act	20,000	0	0
Transfer from FTA	2,000	2,000	2,000
TOTALS: Approp., Ob. Lims., & Exempt Obs.	93,400	77,114	81,772
<u>REIMBURSABLES</u>			
FHWA	3,626	3,809	3,809
FTA	25	75	75
FAA	98	620	650
NHTSA	35	0	0
OST	1	0	0
OSHRC	2	0	0
MULTIPLE OIGs - CIGIE Conf.	24	0	0
NTSB	68	100	100
TOTALS: Reimbursables	3,879	4,604	4,634
TOTALS: OIG	97,279	81,718	86,406

EXHIBIT II-3

FY 2011 BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT AND STRATEGIC/ORG. GOAL
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL	<u>SAFETY</u>	<u>REDUCED CONGEST.</u>	<u>GLOBAL CONN.</u>	<u>ENVIRON. STEWARD.</u>	<u>SECURITY</u>	<u>ORG. EXCELL.</u>	<u>TOTAL</u>
Salaries & Expenses - Organizational Excellence ¹	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81,772</u>	<u>81,772</u>
TOTAL REQUEST	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81,772</u>	<u>81,772</u>
FTE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>391</u>	<u>391</u>

¹ The Strategic Goals in this exhibit reflect those identified in DOT's 2006 - 2011 Strategic Plan. DOT's new strategic plan will be released in FY 2010.

EXHIBIT II-4

**FY 2011 BUDGET AUTHORITY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

ACCOUNT NAME	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Salaries & Expenses	71,400	75,114	79,772
Salaries & Expenses, Recovery Act	20,000	0	0
Transfer from FTA	2,000	2,000	2,000
TOTALS: Budget Authority	93,400	77,114	81,772
<u>REIMBURSABLES</u>			
FHWA	3,626	3,809	3,809
FTA	25	75	75
FAA	98	620	650
NHTSA	35	0	0
OST	1	0	0
OSHRA	2	0	0
MULTIPLE OIGs - CIGIE Conf.	24	0	0
NTSB	68	100	100
TOTALS: Reimbursables	3,879	4,604	4,634
TOTALS: OIG	97,279	81,718	86,406

EXHIBIT II-5

**FY 2011 OUTLAYS
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

ACCOUNT NAME	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Salaries & Expenses	70,695	76,012	79,506
Salaries & Expenses, Recovery Act	349	6,030	6,000
Transfer from FTA	2,000	1,800	1,800
TOTALS: Outlays	73,044	83,842	87,306

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
 Appropriations, Obligation Limitations, and Exempt Obligations
 (\$000)

SALARIES & EXPENSES

Baseline Changes

	FY 2010 ENACTED	FY 2011 PAY RAISES (1.4%)	FY 2010 ANNUAL PROMOS/WIGS (2.0%)	FY 2010 ANNUAL PERF AWARDS	FY 2011 WORKERS' COMP.	WCF	DHS SECURITY	GSA RENT/ DHS SECURITY	INFLATION ADJ. (0.5%)	REIMB CONTRACT SERVICES	FY 2011 ADJUSTED BASE	FUNDING CHANGE REIMB TO TRANSFER	FTE PROGRAM FY 2011 INCREASES REQUEST
OPERATIONS													
PERSONNEL RESOURCES:													
Total FTE (not incl. ARRA FTE)	418										418		8 426
FINANCIAL RESOURCES:													
Salaries & Benefits	56,242	722	295	903	30	10					58,202		1,200 59,402
Travel	2,680								33		2,713		100 2,813
Transportation of things	3										3		3
Rental payments to GSA/Rental security payments to DHS	5,196						190				5,386		5,386
Rental payments to others	200										200		200
Comm., utilities, & misc. charges	635										635		650
Printing and reproduction	5										5		5
Advisory and assistance svcs.	515										515		285 800
Other services	3,875								61		3,936		250 4,186
WCF	3,458					212					3,670		242 3,670
Other svcs. from Gov. accts.	1,445										1,445		10 335
Supplies and materials	325										325		100 525
Equipment	425										425		100 525
Insurance claims and indemnities	100										100		10 10
Unvouchered	10										10		10 10
Totals: Approp., Oblims., & Exempt Obs.	75,114	722	295	903	30	10	212	190	94	0	77,570	0	2,202 79,772
Totals: Transfers *	2,000	0	0	0	0	0	0	0	0	0	2,000	0	0 2,000
Totals: Reimbursables *	4,604	0	0	0	0	0	0	0	0	0	4,604	30	0 4,634
Totals: OIG	81,718	722	295	903	30	10	212	190	94	0	84,174	30	2,202 86,406

* Total FY 2011 Transfers and Reimbursables request includes \$5,524 M in PC&B.

EXHIBIT II-7

**WORKING CAPITAL FUND
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

ACCOUNT NAME	FY 2010 ENACTED	FY 2011 REQUEST	CHANGE
Salaries & Expenses	3,458	3,670	212
TOTAL	3,458	3,670	212

EXHIBIT II-8**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
PERSONNEL RESOURCE - SUMMARY
FULL-TIME EQUIVALENTS EMPLOYMENT**

	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Salaries & Expenses	354	364	372
Salaries & Expenses, Recovery Act	2	35	35
Transfer from FTA	19	19	19
Sub- Total	375	418	426
Reimbursables	35	35	35
TOTAL FTE	410	453	461

EXHIBIT II-9**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS**

	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Salaries & Expenses	375	379	397
Salaries & Expenses, Recovery Act	5	35	35
Transfer from FTA	19	19	19
Sub- Total	399	433	451
Reimbursables	35	35	35
TOTAL FTP	434	468	486

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**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**

Federal Funds

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General to carry out the provisions of the Inspector General Act of 1978, as amended, [\$75,114,000] \$79,772,000: *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: *Provided further*, That the funds made available under this heading [shall] may be used to investigate, pursuant to section 41712 of title 49, United States Code: (1) unfair or deceptive practices and unfair methods of competition by domestic and foreign air carriers and ticket agents; and (2) the compliance of domestic and foreign air carriers with respect to item (1) of this proviso. (*Department of Transportation Appropriations Act, 2010.*)

EXHIBIT III-1

**SUMMARY BY PROGRAM ACTIVITY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Approps., Ob. Lims., and Exempt Obs.
(\$000)**

ACCOUNTS	FY 2009 ACTUAL	FY 2010 ENACTED	FY2011 REQUEST
Organizational Excellence	71,400	75,114	79,772
Organizational Excellence, Recovery Act	20,000	0	0
Organizational Excellence, Transfer from FTA	2,000	2,000	2,000
Total Budget Authority	93,400	77,114	81,772
Reimbursables	3,879	4,604	4,634
Total: OIG	97,279	81,718	86,406
<u>FTE</u>			
Salaries and Expenses	354	364	372
Salaries and Expenses, Recovery Act	2	35	35
Transfer from FTA	19	19	19
Sub-total	375	418	426
Reimbursables	35	35	35
Total FTE	410	453	461

Program and Performance Statement

This appropriation finances the cost of conducting and supervising audits and investigations relating to the programs and operations of the Department to promote economy, efficiency, and effectiveness, and to prevent and detect fraud, waste, and abuse in such programs and operations. Additional funding will be received from the Federal Highway Administration, the Federal Transit Administration, the Federal Aviation Administration, and the National Transportation Safety Board to carry out related activities through transfers and reimbursables.

EXHIBIT III-2

**SUMMARY ANALYSIS OF CHANGE FROM FY 2010 TO FY 2011
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

ITEM	CHANGE FROM FY 2010 ENACTED TO FY 2011 REQUEST	TOTAL
FY 2010 Base (Pres. Budget)		
Salaries & Expenses - Appropriations, Ob. Lims., and Exempt Obligations		\$77,114
Adjustments to Base		
FY 2011 pay raise (1.4%)	\$722	
Annualization of FY 2010 pay raise (2.0%)	\$295	
Annualization of FY 2010 career-ladder promotions and WIGs	\$903	
FY 2011 performance awards	\$30	
Workers' Compensation	\$10	
Working Capital Fund	\$212	
Rental payments to GSA/Rental security payments to DHS	\$190	
Inflation (0.5%)	\$94	
Subtotal, Adjustments to Base		\$2,456
New or Expanded Programs		
8 additional FTEs/ 18 FTPs (salaries, benefits, & operating costs)	\$1,525	
Advisory & assistance services	\$285	
Training	\$200	
CIGIE contribution	\$192	
Subtotal, New or Expanded Programs		
Increases/Decreases		\$2,202
Total FY 2011 Request		\$81,772

**PROGRAM AND FINANCING
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

OMB ACCOUNT ID: 021-56-0130-0	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Obligations by program activity			
1.01 General Administration	73,216	77,114	81,772
1.02 ARRA oversight administration	380	6,000	6,000
1.91 Sub-total Direct	73,596	83,114	87,772
9.01 Reimbursable Program	3,879	4,604	4,634
10.00 Total new obligations	77,474	87,718	92,406
Budgetary resources available for obligation			
21.40 Unobligated balance carried forward, start of year		19,620	13,620
22.00 New budget authority (gross)	97,279	81,718	86,406
23.90 Total budgetary resources available for obligation	97,279	101,338	100,026
23.95 Total new obligations	-77,474	(87,718)	(92,406)
23.98 Unobligated balance expiring or withdrawn	-184	0	0
24.40 Unobligated balance carried forward, end of year	19,620	13,620	7,620
New budget authority (gross), detail			
Discretionary			
40.00 Appropriation	71,400	75,114	79,772
40.01 Appropriation, Recovery Act	20,000	0	0
42.00 Transferred from other accounts (69-1134)	2,000	2,000	2,000
43.00 Appropriation (total discretionary)	93,400	77,114	81,772
Spending authority from offsetting collections:			
58.00 Offsetting collections (cash)	3,873	4,604	4,634
58.10 Change in uncollected customer payments from Federal sources (unexpired)	5	0	0
58.90 Spending authority from offsetting collections (total discretionary)	3,879	4,604	4,634
70.00 Total new budget authority (gross)	97,279	81,718	86,406

**PROGRAM AND FINANCING
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

OMB ACCOUNT ID: 021-56-0130-0	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Change in obligated balances			
72.40 Obligated balance, start of year	8,577	8,440	7,711
73.10 Total new obligations	77,474	87,718	92,406
73.20 Total outlays (gross)	-76,931	(88,446)	(91,940)
73.40 Adjustments in expired accounts (net)	-682	0	0
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-5	0	0
74.10 Change in uncollected customer orders from Federal sources (expired)	7	0	0
74.40 Obligated balance, end of year	8,440	7,711	8,177
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	70,040	74,007	78,229
86.93 Outlays from discretionary balances	6,891	14,440	13,711
87.00 Total outlays (gross)	76,931	88,446	91,940
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	3,887	4,604	4,634
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	5	0	0
88.96 Portion of offsetting collections (cash) credited to expired accounts	-14	0	0
Net budget authority and outlays			
89.00 Budget authority	93,400	77,114	81,772
90.00 Outlays	73,044	83,842	87,306
95.02 Unpaid obligation, end of year	8,482		

OBJECT CLASSIFICATION
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES
(\$000)

		FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
	Personnel Compensation:			
11.1	Full- time permanent.....	37,447	42,801	45,000
11.3	Other than full-time permanent.....	499	2,720	2,720
11.5	Other personnel compensation.....	3,072	3,150	3,300
11.9	Total personnel compensation.....	41,018	48,671	51,020
12.1	Civilian personnel benefits.....	12,303	15,411	16,222
21.0	Travel and transportation of persons.....	2,608	2,840	2,973
22.0	Transportation of things.....	3	3	3
	Rental payments to GSA/FPS			
23.1	payments to DHS	4,898	5,196	5,386
23.2	Rental payments to others	210	200	200
23.3	Comm., utilities, and misc charges	619	635	650
24.0	Printing and reproduction.....	1	5	5
25.1	Advisory and assistance services.....	470	515	800
25.2	Other services.....	4,095	3,875	4,186
25.3	Other purchases of goods and services from Gov. accounts	5,848	4,903	5,357
26.0	Supplies and materials.....	339	325	335
31.0	Equipment.....	1,155	425	525
42.0	Insurance Claims and indemnities.....	24	100	100
91.0	Unvouchered.....	4	10	10
99.0	Subtotal, direct obligations.....	73,595	83,114	87,772
99.0	Reimbursable obligations	3,879	4,604	4,634
99.9	Total obligations.....	77,474	87,718	92,406

**EMPLOYMENT SUMMARY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**

		2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
	Direct:			
10.01	Civilian full-time equivalent employment	375	418	426
	Reimbursable:			
20.01	Civilian full-time equivalent employment	35	35	35

**FY 2001 – FY 2011 FUNDING HISTORY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES**

Estimates	Appropriations
2001.....\$48,450,000	2001.....\$49,341,210 ¹
2002.....\$50,614,000	2002.....\$50,374,000 ²
2002 Suppl.....\$1,300,000	2002 Suppl.....\$1,300,000
2003.....\$57,421,000	2003.....\$54,697,764 ³
2004.....\$55,000,000	2004.....\$55,243,018 ⁴
2005.....\$59,000,000	2005.....\$58,132,000 ⁵
2006.....\$62,499,000	2006.....\$61,874,010 ⁶
2007.....\$64,143,000	2007.....\$64,043,000
2008.....\$66,400,000	2008.....\$66,400,000
2009.....\$70,468,000	2009.....\$71,400,000
2009 ARRA.....N/A	2009 ARRA\$20,000,000
2010.....\$74,839,000	2010.....\$75,114,000
2011.....\$79,772,000	

¹ Reflects reduction of \$108,790 from P.L. 106-554 (sec. 1403).

² Reflects reductions for TASC of \$108,000 (sec. 349), \$93,000 from P.L. 107-117 (sec. 1106), and \$39,000 from P.L. 107-206 (sec. 1403(a)).

³ Reflects reductions for WCF of \$200,000 (G.P. 362), \$373,236 from P.L. 108-7 (sec. 601, Title VI), and transfer of \$2,150,000 from P.L. 107-296 (sec. 1516) to DHS/OIG.

⁴ Reflects WCF reduction of \$426,582 (P.L. 108-199, Div. F, Title V, sec. 517) and .59% across-the-board reduction of \$330,400 (P.L. 108-199, Div. H, sec. 168 (b)).

⁵ Reflects WCF reduction of \$396,000 (P.L. 108-447, Div. H, Title I, sec. 197) and .8% across-the-board reduction of \$472,000 (P.L. 108-447, Div. J, Title I, sec. 122 (a)).

⁶ Reflects 1% across-the-board reduction of \$624,990 (P.L. 109-148, Div. B, Title III, Chapter 8, sec. 3801 (a)).

EXHIBIT IV-1

**FY 2011 BUDGET REQUEST BY STRATEGIC GOAL & PERFORMANCE GOAL
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Approps., Obligation Limitations, and Exempt Obs.
(\$000)**

**STRATEGIC & PERFORMANCE GOALS by
Performance Measure**

	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 REQUEST
Organizational Excellence - Improve Organizational Performance and Effectiveness	73,400	77,114	81,772
TOTAL REQUEST	73,400	77,114	81,772

The performance sections of the FY 2011 budget submissions align with current FY 2006-2011 DOT strategic plan. DOT will release a new strategic plan in FY 2010 that will detail the Department's new priorities and areas of emphasis. DOT expects the performance sections of FY 2012 budget submission will be aligned to this new strategic plan.

*Office of Inspector General
U.S. Department of Transportation*

FY 2011 Performance Plan

FY 2011 PERFORMANCE PLAN

INDEX

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FY 2011 PERFORMANCE PLAN

I. Introduction

The Fiscal Year (FY) 2011 Performance Plan for the Office of Inspector General (OIG), Department of Transportation (DOT), describes our performance measures and future plans in support of DOT's Strategic Plan and its mission of providing fast, safe, efficient, and convenient transportation at the lowest cost consistent with the national objectives of general welfare, economic growth and stability, and the security of the United States. In developing our specific work plans, we take into account the need to support DOT's most critical programs and ensure that departmental resources are protected from fraud, waste, and abuse. In addition, many of our projects result from requests by Administration officials and congressional members.

The OIG's Performance Plan serves as an important blueprint in our ongoing efforts to promote the most effective and efficient operation of DOT.

In FY 2011, OIG will continue to provide oversight of DOT's American Recovery and Reinvestment Act (ARRA) of 2009 funds with phase 1 focusing on three major challenges facing the Department: (1) ensuring that DOT's grantees properly spend ARRA funds; (2) implementing new accountability requirements and programs mandated by ARRA; and (3) combating fraud, waste, abuse, and mismanagement. We are planning to fast track the most time-sensitive results of our audit work to make sure we are providing the Department, Congress, and taxpayers with timely and relevant information. Phase 2 of our strategy is a short-term initiative and involves a structured survey or systematic scan of the DOT agencies that received funding under ARRA. These scans will examine vulnerabilities in program management and planning that could impede DOT's ability to provide effective oversight of ARRA-funded projects and meet new statutory and Office of Management and Budget (OMB) requirements.

We will track the Federal Highway Administration's (FHWA) progress in implementing data-driven, risk-based bridge oversight, including efforts underway to develop a comprehensive plan to use data to identify and address higher priority bridge safety risks in coordination with states.

The OIG will also audit the Federal Transit Administration's (FTA) oversight of complex, major projects in New York and New Jersey that have received New Starts funding and, historically, have experienced significant schedule delays and cost increases. These projects include the Port Authority of New York & New Jersey's PATH Transportation Hub and the New York Metropolitan Transportation Authority's Fulton Street Transit Center, East Side Access, and Second Avenue Subway.

Our safety efforts will include evaluating the effectiveness of actions taken to improve runway safety; Federal Aviation Administration's (FAA) screening, placing, and training of newly hired air traffic controllers; and the oversight of FAA's safety and security programs.

We also plan to identify key risks and oversight challenges facing FTA as it exercises greater oversight of states' transit safety programs.

II. OIG Statutory Responsibilities

The Inspector General Act of 1978 (Pub. L. No. 95-452), as amended, established OIG as an independent and objective organization within DOT. The Inspector General is committed to fulfilling the statutory mission of the OIG and assisting the Secretary and senior Department officials in meeting the Department's strategic objectives. As prescribed by the Inspector General Act, the OIG will:

- *Maintain independent and objective organizations to conduct and supervise audits and investigations relating to the programs and operations of DOT.*
- *Report violations of law to the U.S. Attorney General.*
- *Recommend policies for activities to promote economy, efficiency, and effectiveness in administration of Departmental programs.*
- *Notify the Congress and Secretary of serious or flagrant problems in DOT or its programs.*
- *Take appropriate actions to prevent and detect fraud, waste, and abuse in the Department's programs and operations.*
- *Review existing and proposed legislation and regulations.*
- *Keep the Congress and Secretary fully and currently informed about problems and deficiencies and the necessity for and progress of corrective action.*
- *Protect the identity of whistleblowers.*
- *Receive and, as appropriate, investigate complaints from any person or entity, including Congress.*
- *Prepare and submit Semiannual Reports to the Congress and Secretary.*

OIG also has significant responsibilities under the Chief Financial Officers Act (Pub. L. No. 101-576), Federal Information Security Management Act (FISMA) (Pub. L. No. 107-347) and the American Recovery and Reinvestment Act (ARRA) (Pub. L. No. 111-5). OIG will fulfill these responsibilities by completing required audits of DOT's financial statements and information security practices; assessing the adequacy of internal control systems; and ensuring tax dollars expended by DOT are well-spent and acquisitions, contracts, and grants—including those under consideration as part of the economic recovery efforts—are well-managed and not subject to fraud. Recovery projects also extend Federal whistle-blower protections to state, local, and private sector employees. In addition, Congress often tasks OIG through requests, report directives, and public law to review certain ongoing and emerging transportation issues, pursuant to OIG's legislative and oversight responsibilities.

III. OIG Resources

OIG's FY 2011 budget request is \$86.406 million. This will be used to support 426 full time equivalents (FTE). In addition to \$79.772 million in direct appropriations, the OIG budget request includes a \$2 million transfer from FTA and \$4.634 million in offsetting collections to support audit and investigative efforts relating to highway and transit issues and to acquire contractual financial statement and Statement on Auditing Standards (SAS) 70 audit services. OIG will also use ARRA funding to support approximately 35 additional FTEs in FY 2011.

OIG's resources are used to carry out our oversight mission mandated under the Inspector General Act of 1978, as amended; conduct audits and investigations requested by the Secretary, OMB, and Congress; and support the Department's strategic and organizational goals.

The OIG is organized to concentrate the talents of our senior executives on OIG's core statutory responsibilities, which are to perform audits and investigations. Moreover, our most senior auditors and analysts are assigned according to key subject areas.

IV. Strategic Plan Goals

The OIG has built its FY 2011 performance plan around the strategic and organizational goals outlined in the DOT Strategic Plan. To improve its service to Congress and the Department, the OIG will focus a major portion of its work towards addressing these goals. The following is a list of DOT's strategic and organizational goals:

DOT Strategic Goals

- **Safety:** *"Enhance public health and safety by working toward the elimination of transportation-related deaths and injuries."*
- **Reduced Congestion:** *"Reduce congestion and other impediments to using the Nation's transportation system."*
- **Global Connectivity:** *"Facilitate an international transportation system that promotes economic recovery and development."*
- **Environmental Stewardship:** *"Promote transportation solutions that enhance communities and protect the natural and built environment."*
- **Security, Preparedness, and Response:** *"Balance transportation security requirements with the safety, mobility, and economic needs of the Nation and be prepared to respond to emergencies that affect the viability of the transportation sector."*

DOT Organizational Goal

- **Organizational Excellence:** *"Advance the Department's ability to manage for results."*

These six goals emphasize the importance of improving America's transportation by making it safer, less congested, better connected, environmentally friendly, and fully operational in all conditions. OIG will work to find solutions to complex transportation issues across this strategic framework. We will also focus our audits and investigations on ensuring that tax dollars expended by DOT are well-spent and that acquisitions, contracts, and grants, including those under consideration as part of the economic recovery efforts, are well-managed and not subject to fraud.

V. Top Management Challenges

The OIG has identified ten top management challenges for DOT for FY 2011. Key focus areas for DOT include maximizing the Department's transportation economic recovery investments; enhancing surface safety programs to reduce injuries and fatalities while defining a new Federal role in transit safety; maximizing Federal surface infrastructure investments by helping states better allocate resources and providing effective oversight; addressing human factors and strengthening the regulatory and oversight framework for aviation safety; moving toward the Next Generation Air Transportation System and improving performance of the National Airspace System; improving contract management and oversight; enhancing the ability to combat cyber attacks and improving the governance of information technology resources; developing a funding framework for the next surface transportation reauthorization; strengthening the Department's acquisition workforce; and successfully implementing the newly created multi-billion dollar high-speed intercity passenger rail program.

Maximizing the Department's Transportation Economic Recovery Investments. In February 2009, Congress passed and the President signed the American Recovery and Reinvestment Act in an effort to jumpstart the economy, create or save jobs, and put a down payment on addressing transportation needs across the country. In the 8 months since ARRA's passage, DOT has obligated \$29.6 billion—62 percent of its total \$48.1 billion ARRA funds—on nearly 9,476 highway, road, bridge, transit, and rail projects nationwide. With much at stake, ARRA calls for unprecedented levels of transparency and accountability to show how, when, and where tax dollars are being spent. DOT took steps to enhance oversight of its ARRA funding, including establishing the DOT-wide Transportation Investment Generating Economic Recovery (TIGER) team to coordinate the Department's role in the recovery program, ensure accountability, and develop a risk management and financial reporting plan. While proactive steps like these are important, DOT still faces key challenges in order to meet ARRA's goals and requirements: (1) implementing the Office of the Secretary's (OST) \$1.5 billion TIGER Discretionary Grants Program; (2) enhancing oversight of ARRA spending on existing and new programs; and (3) reporting accurate and consistent job creation data.

Enhancing Surface Safety Programs To Reduce Injuries and Fatalities While Defining a New Federal Role in Transit Safety. Despite recent decreases, motor vehicle-related crashes cause nearly 95 percent of all transportation deaths. In 2008, such crashes killed more than 37,000 people and injured an estimated 2.35 million. Some types of fatalities, such as those involving motorcycles, increased in 2008, and serious problems—such as alcohol-impaired driving and unrestrained occupants—persist. Motor vehicle-related fatalities and injuries also have significant public health and economic consequences. That is, motor vehicle crashes cost about \$230 billion for medical care, property damage, and lost productivity in 2000, the most recent data available. The Department continues its commitment to improving safety. Recently, the Secretary of

Transportation announced an initiative to combat distracted driving—a contributing factor in about 16 percent of fatal crashes and 22 percent of injury crashes. The key challenges facing the Department in enhancing surface safety are: (1) promoting meaningful performance indicators to consistently measure states' progress in improving safety; (2) targeting unsafe motor carriers and commercial drivers for enforcement and enhancing the Commercial Driver's License (CDL) program; and (3) overseeing the safety of public transit systems.

Maximizing Federal Surface Infrastructure Investments by Helping States Better Allocate Resources and Providing Effective Oversight. A 2009 report from the American Society of Civil Engineers (ASCE) noted that one-third of the Nation's major roads are in poor or mediocre condition and that more than one-quarter of our bridges are deficient. According to ASCE, current spending on roads is well below the estimated \$186 billion needed annually to substantially improve them. Additionally, FHWA recently estimated that \$65 billion could be invested immediately to address current bridge deficiencies. Meanwhile, the Highway Trust Fund, which provides most of the funding for highway and transit programs, faces an ongoing cash flow problem. Consequently, the specific management challenges in maximizing investments and oversight are: (1) developing improved tools and techniques to help states better allocate scarce resources and (2) providing effective oversight of Federal investments through better use of data, management tools, and performance measures.

Addressing Human Factors and Strengthening the Regulatory and Oversight Framework for Aviation Safety. The past several years have been one of the safest periods in history for the aviation industry, largely due to the FAA and the aviation industry's dedicated efforts to improve safety. A dramatic example of aviation skill was witnessed in January 2009 when U.S. Airways flight 1549 made an emergency landing in the Hudson River and all 155 passengers and crew survived. However, the crash of Continental Connection flight 3407, which occurred just weeks later and resulted in 50 fatalities, confirmed the need for constant vigilance over aviation safety. The key challenges FAA now faces are: (1) increasing efforts to address human factors; (2) providing an equivalent level of safety for passengers flying on-demand carriers by strengthening FAA regulations and oversight; and (3) maintaining momentum in joint FAA/industry efforts to improve runway safety.

Moving Toward the Next Generation Air Transportation System and Improving Performance of the National Airspace System. The National Airspace System handles almost 50,000 flights per day and more than 700 million passengers per year. Historically, steadily increasing levels of air traffic have resulted in increasing delays and cancellations, particularly at heavily congested airports such as Newark International, John F. Kennedy International, and Atlanta Hartsfield-Jackson International. To better manage air traffic and congestion, the FAA is developing the Next Generation Air Transportation System (NextGen), which is expected to yield significant benefits in terms of reducing delays, saving fuel, adding capacity, improving access, enhancing safety, and reducing environmental impact. NextGen, however, is a high-risk effort involving billion-dollar investments from both the Government and the airline industry. NextGen also has challenges that are multi-dimensional and involve research and development, complex software development and integration for existing and new systems, workforce changes, and policy questions about how to spur aircraft equipage. Next Gen's specific management challenges are: (1) taking actions to deliver NextGen benefits in the near- and mid-term, (2) maximizing the benefits of performance-based navigation in the national airspace system and keeping airspace redesign projects on track, and (3) improving programs for developing the next generation of air traffic controllers.

Improving Contract Management and Oversight. DOT spent about \$5.5 billion in FY 2009 on contracts for goods and services to support its mission, ranging from strategic planning and program management to software engineering and road maintenance. Our audits and investigations continue to find weaknesses in the Department's contract planning, administration, and oversight. Recent Governmentwide efforts to stimulate the economy and reduce spending heighten the need for DOT to address: (1) strengthening DOT's suspension and debarment program to effectively safeguard against awards to improper parties, (2) improving award-fee contracting processes to meet acquisition outcomes, and (3) maintaining high ethical standards among DOT employees and fund recipients.

Enhancing the Ability To Combat Cyber Attacks and Improving the Governance of Information Technology Resources. In May 2009, the White House reported on the urgent need to secure the Nation's digital infrastructure from hackers, who "pose some of the most serious economic and national security challenges of the 21st Century." DOT's financial systems manage and disburse over \$50 billion in Federal funds each year. At the same time, DOT's information technology (IT) budget covers more than 400 information systems across its 13 Operating Administrations—nearly two-thirds of which belong to the FAA. Given the scope and complexity of these systems, it is critical that DOT effectively manage and secure its IT resources. The key challenges facing DOT's ability to combat cyber attacks include: (1) establishing a robust information security program to support the Department's missions, (2) increasing security protection and resilience of the air traffic control system to reduce the risks of cyber attacks, (3) strengthening the privacy protection program to secure personally identifiable

information, and (4) enhancing control of IT investments through oversight and accountability.

Developing a Funding Framework for the Next Surface Transportation Reauthorization. In FY 2009, the Federal Government spent over \$38 billion to help states preserve and enhance America's roadways. This spending was directed mainly at existing infrastructure not on new capacity. Despite the spending, over one-half of the Nation's roads are in less than good condition and more than one-quarter of the Nation's bridges are structurally deficient or functionally obsolete. Over the past few decades, the total number of miles traveled by automobiles and trucks roughly doubled, while the total number of highway lane miles increased only 4.4 percent. The next surface transportation reauthorization will need to provide a comprehensive funding framework for addressing infrastructure needs. The key challenges facing the next surface transportation reauthorization are: (1) ensuring the short-term solvency of the Highway Trust Fund (HTF), (2) assessing the annual Federal funding needed to preserve and enhance surface transportation infrastructure, and (3) developing a comprehensive funding framework for the future.

Strengthening the Department's Acquisition Workforce. OST's acquisition workforce is responsible for managing and overseeing the Department's contracts for goods and services, which DOT estimated at \$5.5 billion in FY 2009. Since 2001, human capital management has been identified as a Governmentwide high-risk area. With the Department's expanding and increasingly complex acquisition workload, addressing this risk is critical. Succession planning is a major concern across the Government; but at DOT alone, about 46 percent of contracting specialists are eligible for retirement in less than 5 years. DOT has completed several initial assessments of its acquisition workforce to meet OMB and Office of Personnel Management mandates. However, DOT needs to do more to ensure it has the needed size and skill levels to support its mission, especially given its need to oversee billions of dollars in ARRA funds. The key challenges are: (1) addressing acquisition workforce retention and recruitment concerns and (2) ensuring a sufficient and competent acquisition workforce to meet mission needs.

Successfully Implementing the Newly Created Multi-Billion Dollar High-Speed Intercity Passenger Rail Program. In April 2009, the President, along with the Vice President and the Transportation Secretary, announced a new vision for a national network of high-speed rail corridors. Implementing DOT's High-Speed Intercity Passenger Rail (HSIPR) Program represents a significant change to the Nation's transportation system—one that will require substantial planning on the part of states and the Federal Government. Three key pieces of legislation establish the framework for HSIPR: DOT Appropriations Acts for FYs 2008 and 2009, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), and the American Recovery and Reinvestment Act of 2009 (ARRA). The management challenges facing the HSIPR are: (1) designing

and implementing it from the ground up and (2) establishing policies and practices for its grant lifecycle process and oversight activities.

VI. Performance Measures

To assess the outcome and effectiveness of OIG performance in terms of meeting statutory responsibilities, we have adopted performance measures developed by the Council of Inspectors General on Integrity and Efficiency (CIGIE). The performance measures are based on the reporting requirements in the Inspector General Act of 1978, as subsequently amended. The performance measures have focused on quantitative results, such as the amounts of questioned and unsupported costs; funds to be put to better use; fines, court ordered restitutions/civil judgments, and Federal recoveries; and the number of indictments, convictions, and testimonies. Annex 1 of the Performance Plan includes a list of current OIG quantitative performance measures with historical data.

Annex 2 lists a number of issue areas we anticipate addressing in FY 2011. These areas are consistent with our legislatively mandated mission, the intent and spirit of DOT's Strategic Plan, the CIGIE Inspectors' General Vision Statement, and the issues identified in our annual list of top management challenges.

Annex 2 does not list specific audits for FY 2011; because much of the OIG's work is tied to current issues or problem areas and requests from senior DOT officials, Congress, transportation industry, and the public. Our planning is designed to emphasize quick turnaround and focused reviews. Consequently, these factors make it difficult to project the OIG's audit or investigation programs 1 to 2 years into the future—especially to the level of citing specific audits, investigations, evaluations, congressional briefings, testimonies, etc. The OIG's planning, therefore, must remain a dynamic process—focusing not only on our statutory requirements, but also on DOT's Strategic Plan, OMB and congressional interest areas, DOT's major dollar programs, and quick redirection, when and where it is needed—to be truly timely, relevant, and effective.

VII. Measurement and Evaluation

Two OIG reporting systems contain substantial information on our audit and investigative efforts (past and present), and is used to compile OIG's performance data. The Transportation Inspector General Reporting (TIGR) system tracks audit data such as the number of reports, number of recommendations issued and resolved, and the amount of questioned and unsupported costs. The Automated Law Enforcement Reporting Tracking System (ALERTS) tracks investigative results, which include the number of indictments, convictions, and hotline complaints and the amount of fines and Federal and state recoveries. Data from these reporting systems are incorporated into the OIG's Semiannual Reports to Congress and annual budget submissions.

The OIG also has a cost management system that enables the Inspector General and senior executives to better track and manage the costs of conducting our audits and investigations.

VIII. Program Evaluations

The OIG Office of Quality Assurance Reviews and Internal Affairs (QAR & IA) evaluates programs within the OIG. A key responsibility of this office is to conduct periodic reviews of OIG audit and investigative offices to: (1) determine their compliance with applicable laws, policies and procedures, and standards; (2) evaluate the adequacy of internal quality control systems; and (3) make recommendations for improvement, when appropriate. The QARs are designed to ensure that internal operations and functions are performed objectively and in an efficient and effective manner. OIG investigative and audit offices are subject to QARs within a 36-month cycle. In addition, the Office of Investigations conducts self-inspections based on CIGIE peer review guidelines.

The OIG investigative and audit operations are also independently evaluated by other OIGs every 3 years as part of the CIGIE external peer review program. In December 2006, the Environmental Protection Agency OIG issued a peer review report concluding that the system of internal safeguards and management procedures for the DOT OIG investigative function in effect for the period April 1, 2005, through March 31, 2006, was in substantial compliance with quality standards established by the CIGIE and the Attorney General Guidelines. In July 2007, the Department of Homeland Security OIG issued a peer review report concluding that the design of our audit quality control system and our compliance with the system for the year ended September 30, 2006, met the standards established by the Comptroller General of the United States for a Federal Government audit organization. We are in the midst of peer reviews for both our investigative and audit operations. We anticipate final reports in January 2010 and March 2010, respectively.

FY 2011 Performance Measures
(Dollars in millions)

Audit Results	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Congressional Testimony	20	24	14	10	11	11	22	16	10
Costs Questioned/Funds to be Put to Better Use	\$1,026.9	\$1,470.2	\$807.7	\$984.8	\$1,562.6	\$893.4	\$903.1	\$347.5	\$454.6
Management Decisions to Seek Recoveries ¹	\$1,031.4	\$990.7	\$537.5	\$429.7	\$2,576.4	\$1,084.1	\$432.9	\$1,519.5	\$442.1
CFO Audits Adjustments	\$20,000.0	\$41,000.0	\$51,000.0	\$29,200.0	\$26,700.0	\$18,600.0	\$1,056.0	\$2,193.0	\$2,274.0
Nonmonetary Program Improvements Recommendations Issued	219	242	292	178	230	212	224	251	236
Nonmonetary Program Improvements Recommendations Resolved	139	288	265	192	210	221	239	305	220
Investigative Results	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Indictments	210	877	524	184	324	171	112	159	89
Convictions	166	387	419	186	250	178	139	122	123
Fines	\$20.2	\$22.7	\$40.8	\$9.6	\$4.8	\$2.9	\$12.6	\$13.1	\$225.5
Court Ordered Restitutions / Civil Judgments	\$13.4	\$11.1	\$5.0	\$14.3	\$29.0	\$13.5	\$93.9	\$475.6	\$27.2
Recoveries	\$65.8	\$13.0	\$86.5	\$8.4	\$39.9	\$32.3	\$77.2	\$41.6	\$49.9
Years Sentenced	104	107	158	195	221	123	140	105	127
Years Probation	334	352	377	282	355	275	213	145	101
Years Supervised Release	105	217	322	223	238	103	126	91	147
Hours of Community Service	10,102	3,450	9,726	1,216	3,970	1,654	10,525	4,690	1,168

¹This includes management decisions to implement recommendations that contain funds to be put to better use.

Office of Inspector General, Department of Transportation

Investigative Results (continued)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Debarments and Other Administrative Actions	274	251	162	176	199	216	198	80	69
Hotline Complaints Received ²									
Hotline Complaints Opened	545	618	580	954	825	633	368	4,303	9,167
Hotline Complaints Investigated by OIG	119	88	120	174	93	69	51	347	396
Hotline Complaints Referred to Operating Administrations or Other Agencies ³	426	530	460	780	732	564	317	66	36
								281	360

²Not previously reported in this document before FY 2008.

³OIG tracks disposition of these complaints.

Advisory Functions	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
FOIA Requests Received	114	101	100	116	111	118	94	82	88
FOIA Requests Processed	185	141	97	109	84	73	96	89	139
Legislation Reviewed	352	514	155	300	169	207	212	205	237
Regulations Reviewed	81	110	107	102	78	76	50	55	60

Annex 2

FY 2011 Issue Areas

In carrying out our oversight responsibilities, the overall goal of the OIG is to assist the Department of Transportation in reaching its long-term strategic and organizational goals. During FY 2011, the OIG's performance will be measured by the accomplishment of its statutory responsibilities, as prescribed by the Inspector General Act and the completion of specific actions to support departmental goals. Although the OIG cannot anticipate the requests that it may receive, it has provided examples of planned actions for FY 2011.

DOT Strategic Goal #1

Safety: "Enhance public health and safety by working toward the elimination of transportation-related deaths and injuries."

Transportation safety is the cornerstone of the Department's mission. Improving aviation and surface transportation safety is also one of the OIG's top management challenges. In its work on transportation safety, the OIG will focus on the following.

Aviation Safety

- Continue to monitor FAA's effectiveness in maintaining public confidence in its ability to provide oversight of a dynamic industry.
- Continue to monitor FAA's oversight of domestic air carriers' use of foreign and domestic repair stations.
- Continue to monitor FAA's efforts to advance risk-based oversight systems for repair stations, air carriers, and aircraft manufacturers and their suppliers.
- Continue to monitor FAA's efforts to address and reduce the risk of accidents as air traffic volume increases, including operational errors, runway incursions, pilot deviations, and near midair collisions.
- Monitor FAA's staffing and utilization of aviation safety inspectors.
- Review FAA's implementation and oversight of regulatory partnership programs.
- Continue monitoring FAA's efforts to address air traffic controller human factor issues, such as fatigue and attention.

Surface Transportation Safety

- Examine methods for improving and targeting highway and motor carrier safety grant programs to reduce highway deaths and injuries.
- Review Federal Railroad Administration's (FRA) use of inspection and enforcement resources as part of implementing the National Inspection Plan for railroads.

- Track Federal Motor Carrier Safety Administration's (FMCSA) implementation of OIG's recommendations for improving oversight of state Commercial Driver's License (CDL) programs and controlling CDL fraud and improving the effectiveness of the commercial driver's license information system.
- Continue required reviews of FMCSA's use of staff and facility resources to implement the cross-border trucking provisions of the North American Free Trade Agreement (NAFTA).
- Examine methods for improving and targeting highway and motor carrier safety grant programs to reduce highway deaths and injuries.
- Assess FRA's efforts to develop a process for assessing the safety of projects constructed as part of the new High-Speed Intercity Passenger Rail Program.

Pipeline Safety

- Continue to monitor the Pipeline and Hazardous Materials Safety Administration's (PHMSA) oversight of integrity management programs for hazardous liquid and natural gas transmission pipelines and natural gas distribution pipelines.

Hazardous Materials Safety

- Continue to monitor DOT oversight of the transportation of hazardous materials (HAZMAT) by rail, trucks, and aircraft and the inspection and enforcement activities of DOT Operating Administrations.

Investigations

- Continue to conduct criminal investigations into the following investigative priority areas: (1) HAZMAT transportation via air, highways, and rail; (2) motor carrier safety involving fraudulent CDL and driver's logs; and (3) aviation safety.

Examples of FY 2009 congressional directives, requests, and testimony in this area include FAA's oversight of foreign and domestic repair facilities and pilot training at regional air carriers, and FAA's efforts to address the risks of runway incursions and operational errors. Other OIG work focused on special permits and approvals for transporting HAZMAT. Motor carrier and rail safety issues included a review and congressional testimony on FMCSA's demonstration project to allow selected Mexican motor carriers to operate throughout the United States and testimony before the National Transportation Safety Board on bus safety issues. In addition, the OIG provided testimony on opportunities to improve railroad safety and the reauthorization of the Federal railroad safety program and completed a review of best practices associated with the National Highway Traffic Safety Administration's (NHTSA) oversight of state highway safety programs. In addition, the OIG reported

on ways to improve track safety inspections, audited the data integrity of the Commercial Driver's License Information System, and assessed FHWA's data-driven, risk-based oversight of the National Bridge Inspection Program.

DOT Strategic Goal #2

Reduced Congestion: “Reduce congestion and other impediments to using the Nation’s transportation system.”

To assist DOT in achieving this goal, the OIG will continue to emphasize reviewing FHWA, FTA, FAA, and FRA programs designed to reduce congestion (e.g., major highway projects nationwide, intercity passenger rail service, FTA-funded major transit projects, and projects to improve the National Airspace System and airport capacity). In doing so, the OIG will focus on the following.

Aviation Congestion

- Continue to monitor the Department’s efforts to improve accountability, enforcement, and the protection of air travelers.
- Continue to monitor various capacity-enhancing initiatives, such as new runways, airspace redesign efforts, and satellite navigation, contained in FAA’s Flight Plan 2006-2010 (the Agency’s strategic plan) and plans for enhancing capacity over the next decade.
- Continue to provide oversight of FAA’s major acquisitions with particular emphases on billion-dollar, software-intensive efforts to modernize terminal and enroute facilities and systems.
- Monitor efforts to define and develop the Next Generation Air Traffic Management System that is expected to allow FAA to triple the number of aircraft it handles.
- Monitor FAA’s efforts to use better weather information to enhance capacity and reduce flight delays.
- Continue to monitor FAA’s process for awarding Airport Improvement Program funds and approving Passenger Facility Charges for enhancing safety and security, maintain the infrastructure, increase capacity to accommodate more passenger and cargo traffic, and mitigate airport noise in surrounding communities.
- Continue to monitor the Department’s, FAA’s, airlines’, and airports’ efforts to mitigate extraordinary flight disruption.

Surface Congestion

- Track FTA’s actions in response to our recommendations for more effectively carrying out the Lower Manhattan reconstruction projects and the Dulles Corridor Metrorail project.
- Continue to examine major FHWA and FTA capital projects and/or oversight efforts to validate that these agencies have identified critical risks related to project cost, funding, and schedule and related project management activities, including safety and quality.

- Review the potential for Public-Private Partnerships to finance infrastructure development.
- Review efforts by the Department to provide for more efficient and cost-effective intercity passenger rail service that meets the Nation's mobility and congestion needs.

Investigations

- Continue to conduct investigations of alleged or suspected fraud involving major airport, highway, and transit infrastructure construction projects, including joint investigations with Federal and local law enforcement authorities. Continue OIG's National Contract and Grant Fraud Awareness Initiative to promote fraud detection and prevention among DOT recipients for oversight of DOT-funded infrastructure construction projects.
- Continue to conduct investigations of alleged fraud involving the Disadvantaged Business Enterprise Program.
- Continue the three-pronged approach to fraud prevention and detection in ARRA funded contracts and projects. The OIG's ARRA strategic investigative plan is designed to provide oversight through 2012 as this time frame will encompass the utilization of the majority of ARRA funding. The three-pronged approach will consist of outreach and fraud awareness training/briefings, proactive oversight, and criminal and civil prosecutions.

Examples of FY 2009 congressional directives, requests, and testimony in this area include examining progress made by FAA in developing the Next Generation Air Transportation System and other air traffic control modernization efforts, delays in the New York region and their impact nationwide, the annual evaluation of Amtrak's financial status and budget request, and quarterly reports on Amtrak's savings resulting from operational reforms; reviewing Amtrak's capital program; and providing a congressionally requested report on FHWA's management and oversight of the Transportation Technology Innovation and Demonstration Program, a traffic information initiative intended to reduce congestion.

DOT Strategic Goal #3

Global Connectivity: “Facilitate an international transportation system that promotes economic growth and development.”

To support the Department’s efforts toward global connectivity, the OIG will review DOT efforts to identify and implement solutions for the Nation’s intermodal transportation needs for the 21st century. Specifically, the OIG will look at FAA, FHWA, FMCSA, Maritime Administration (MARAD), FRA, and FTA programs aimed at advancing efficient and flexible transportation to stimulate economic growth and competitiveness to ensure that these programs are using available funds in the most efficient and effective manner. In support of this strategic goal, the OIG will focus on the following.

Aviation Connectivity

- Continue to provide oversight of FAA’s major acquisitions with a particular emphasis on billion dollar software-intensive efforts to modernize terminal and enroute facilities and systems.
- Monitor the FAA Joint Planning and Development Office’s efforts to leverage research underway at the National Aeronautics and Space Administration, the Department of Defense, the Department of Commerce, and the Department of Homeland Security for the Next Generation Air Traffic Management System.
- Examine FAA’s grant oversight under the American Recovery and Reinvestment Act of 2009.

Surface Transportation Connectivity

- Continue to monitor FMCSA’s progress towards implementing OIG recommendations on Mexican motor carriers operating in the United States and reporting annually to Congress on the status of the NAFTA Border Crossing Provisions.
- Continue to evaluate Amtrak’s progress, plans, and ability to meet critical operational goals and implement reforms.
- Examine the efforts of FHWA, FTA, and FRA to enhance oversight of projects funded under ARRA, including the effectiveness of FHWA’s National Review Teams.
- Review NHTSA’s administration of the Consumer Assistance to Recycle and Save (CARS) program.

Research, Development, and Technology (RD&T)

- Monitor Research and Innovation Technology Administration's (RITA) Volpe National Transportation Center's compliance with new departmental policies relating to interagency and intraagency agreements, and projects and contract oversight and management.
- Monitor the RITA Joint Program Office's efforts to improve how it measures project results, executes its budget and contract procedures, and manages intelligent transportation (ITS) research projects.
- Monitor the Department's efforts to identify and close out inactive RD&T contracts and agreements and deobligate unneeded funds.

Examples of FY 2009 congressional directives, requests, and testimony in this area include FMCSA's implementation of NAFTA's Cross-Border Trucking Provisions; the examination of NHTSA's oversight and internal controls over the implementation of the CARS program, which helped consumers purchase more fuel efficient vehicles from participating dealers when they traded in less fuel efficient vehicles; FAA and industry progress in developing the Next Generation Air Traffic System; and the modernization of the National Airspace System.

DOT Strategic Goal #4

Environmental Stewardship: “Promote transportation solutions that enhance communities and protect the natural and built environment.”

To assist DOT in achieving this strategic goal, the OIG will provide oversight of Federal transportation actions as they relate to the protection of the natural and built environment. In doing so, OIG will focus on the following.

Departmental Human and Natural Environment

- Continue to monitor the Operating Administrations’ compliance with environmental standards, laws, and regulations.

Aviation Human and Natural Environment

- Continue to monitor FAA’s actions to minimize the aviation impact on the environment, such as global warming, air quality, airport construction, wetlands, and noise.
- Monitor FAA's efforts to assist airports in preparing for future changes in weather conditions and rising sea levels due to global warming

Surface Transportation Human and Natural Environment

- Review NHTSA's administration of the CARS program.

Maritime Human and Natural Environment

- Continue to monitor MARAD’s progress in disposing of obsolete vessels in the National Defense Reserve Fleet, including efforts to respond to the environmental threats posed by its inventory of decaying ships.

Pipeline and Hazardous Materials Human and Natural Environment

- Continue to monitor PHMSA’s pipeline and hazardous materials safety programs to ensure measures are in place to protect environmentally sensitive areas, drinking water intakes, and populated areas.

Investigations

- Continue to conduct criminal investigations in our investigative priority area of transportation safety, which includes the illegal transportation of HAZMAT by air, rail, pipeline, and highways.

An example of a FY 2009 congressional directive in this area is examining NHTSA's oversight and internal controls over the implementation of the CARS program, which helped consumers purchase more fuel efficient vehicles from participating dealers when they traded in less fuel efficient vehicles.

DOT Strategic Goal #5

Security, Preparedness, and Response: “Balance transportation security requirements with the safety, mobility, and economic needs of the Nation and be prepared to respond to emergencies that affect the viability of the transportation sector.”

DOT continues its supportive role in working with DHS to ensure transportation security, and it is also responsible for the security of its critical computer systems. DOT also has the critical responsibilities of assisting DHS in its response to disasters. To support DOT in this area, the OIG plans to focus on the following.

Transportation Security

- Continue to monitor DOT’s efforts to implement security annexes (e.g., freight rail and pipeline security) in keeping with the Memorandum of Understanding between DOT and DHS to facilitate the development and deployment of transportation security measures that promote the safe, secure, and efficient movement of people and goods.
- Continue to monitor FAA’s efforts to implement a business contingency and continuity plan in the case of long-term service disruptions of air traffic control system operations.
- Continue to track FMCSA’s actions in response to our recommendations for promoting compliance with CDL requirements, including initiatives implemented in conjunction with DHS.

Computer Security

- Continue to review FAA’s efforts to protect critical infrastructure, including that of the air traffic control, as required by the Homeland Security Presidential Directive 7.
- Continue to evaluate DOT’s progress in correcting security weakness in mission-critical computer systems, key computer centers, and network connections.
- Continue to review DOT’s efforts to enhance contingency planning, business continuity capabilities, and security remediation plans.
- Assess DOT’s implementation of the smart card technology to control employees’ access to network connections, as required by Homeland Security Presidential Directive 12.
- Continue to evaluate DOT’s efforts to use E-authentication to secure services provided to the public on the Internet.
- Continue to review the Department’s cyber incidents monitoring, detection, and correction capabilities.
- Review the Next Generation Air Transportation System’s air traffic control system security design.

Examples of FY 2009 congressional directives, requests, and testimony in this area include monitoring FMCSA's progress in implementing OIG's recommendations on Mexican motor carriers operating in the United States as part of NAFTA's border crossing provisions; reviewing the demonstration project that permits up to 100 motor carriers domiciled in Mexico to operate beyond the commercial zones along the U.S.-Mexico border; reviewing security of web applications used to support air traffic control system operations; and assessing annually the security of DOT's information technology systems, as required by the Federal Information Security Management Act of 2002.

DOT Organizational Goal #1

Organizational Excellence: "Advance the Department's ability to manage for results."

To assist DOT in advancing organizational excellence, the OIG will focus on the following.

Department Financial Accountability

- Continue to monitor Amtrak's financial condition.
- Continue to assess the ability of DOT's Departmentwide financial management system (Delphi) to correct long-standing financial system weaknesses and provide accurate financial data in a timely manner.
- Continue to monitor audits of FAA and St. Lawrence Seaway financial statements performed by certified public accounting firms.
- Conduct an audit of the consolidated DOT financial statements, including internal controls and compliance with laws and regulations, to improve financial management in DOT.
- Continue to review DOT's efforts to implement new financial management systems and capabilities that will improve financial management information and eliminate duplicative systems.
- Continue to monitor DOT's progress in identifying the risk of improper payments and developing system and internal controls to ensure the integrity of financial transactions processing.
- Continue monitoring and following up on single audit results on DOT grant programs.
- Work with the grant management community to increase its awareness of single audit functions and how to make single audits better serve its needs.
- Continue to monitor DOT's efforts to release (deobligate) unneeded funds for other use.

Contracts/Procurement

- Review OST's management of DOT's acquisition function and identify vulnerabilities that could impact DOT's ability to implement an efficient and effective acquisition function.
- Review FAA's management of its acquisition function and identify vulnerabilities that could impact its ability to implement an efficient and effective acquisition function.
- Assess the adequacy of DOT's and FAA's plans to determine and meet acquisition workforce needs.
- Review the FAA sole-source contracts and determine whether prices proposed by contractors are fair and reasonable when adequate competition was not obtained.

- Continue to monitor the Operating Administrations' (OA) contract and procurement award functions to ensure the OAs acquire goods and services at the best price or value.
- Monitor the OAs' use of cost reimbursable contracts to assess how well these contracts are managed.
- Continue to monitor the OAs' oversight of their contractors to ensure that goods and services are delivered in a timely manner, meet needs, and are obtained at a reasonable price.
- Monitor reviews of grant administration policies and practices of DOT OAs to ensure that funds are used for the intended purpose.
- Monitor FHWA's program oversight of state transportation management practices, including states' monitoring of sub-recipients of Federal funds to ensure adequate project delivery systems for approved projects.
- Continue to monitor the joint effort between FHWA and state transportation agencies to oversee overhead charges to the Federal-aid program by design and engineering firms.
- Review FAA's efforts to mitigate risks associated with awarding Airport Improvement Program grants to comply with 2009 economic recovery requirements.
- Continue to monitor FAA's oversight of airport sponsors' compliance with the terms and conditions of Airport Improvement Program grants.
- Monitor DOT's oversight of ARRA funds.
- Continue efforts to identify airport revenue diversions.
- Review the Department's use of cost reimbursable-type contracts.

Air Traffic Organization

- Review issues relating to the reauthorization of FAA and conduct the specific reviews required by the legislation.
- Continue to assess FAA's progress in transitioning the Air Traffic Organization into an organization that is accountable for results in terms of operations, acquisitions, and financial management.
- Continue to monitor FAA's efforts to control its operating costs.
- Continue to monitor FAA's efforts to maintain and upgrade air traffic control facilities in a timely and cost-effective manner.

Human Capital

- Continue to monitor FAA's efforts to increase controller workforce productivity.
- Continue to monitor FAA's progress in addressing the surge in controller retirements and review actions taken to hire and train 17,000 new controllers through 2017.

Implementing Electronic Government Initiative

- Continue to review DOT's compliance with privacy requirements in the E-Government Act and protection of sensitive personally identifiable information of employees and citizens.
- Continue to review DOT's efforts to strengthen its information resources management processes, including cost estimation and project oversight.

Fraud Awareness and Prevention

- Conduct proactive and reactive initiatives to maximize fraud prevention activities in responding to national disasters.
- Review DOT's implementation of new suspension and debarment procedures.
- Continue to deliver fraud awareness and bribery awareness briefings for DOT employees.
- Continue to conduct fraud awareness and prevention training and briefings with Federal, state, and local officials who oversee and utilize ARRA funds.

Examples of FY 2009 congressional directives, requests, and testimony in this area include monitoring antideficiency violations at the Merchant Marine Academy and auditing FAA's multiple award procurement programs.