



U.S. Department of
Transportation

The Inspector General

Office of Inspector General
Washington, D.C. 20590

April 20, 2016

The Honorable Jason Chaffetz
Chairman, Committee on Oversight
and Government Reform
United States House of Representatives
Washington, DC 20515

The Honorable Elijah E. Cummings
Ranking Member, Committee on Oversight
and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Chaffetz and Ranking Member Cummings:

Thank you for your April 6, 2016, letter requesting that we provide information on the status of our open audit recommendations.¹ Specifically, you requested the following: (1) the current number of open recommendations; (2) cumulative estimated cost savings associated with the current open recommendations; (3) specifics on the recommendations that could result in cost savings, including their dates and potential monetary benefits; (4) our three most important or urgent open recommendations; (5) summary of all closed investigations, evaluations, and audits that were not disclosed to the public since March 1, 2015; (6) total number of individuals referred by your office to the Department of Justice for criminal prosecution and the total number of prosecutions in response; and (7) list and description of any instance in which the Department refused to provide, or otherwise delayed or restricted access to records or other information since March 1, 2015.

¹ Open recommendations include those for which the Department or an agency has either (1) concurred and proposed action plans but has yet to complete implementation, (2) completed the planned actions but has yet to provide us with supporting documentation, or (3) nonconcurred.

OIG Open Recommendations and Associated Estimated Cost Savings

As of April 1, 2016, we identified 555 open recommendations, which were included in 190 audit reports issued between July 18, 2007, and March 28, 2016. Of these, 35 (included in 28 reports) carry an estimated monetary benefit or cost savings totaling about \$1.54 billion.² The enclosure provides detailed information on these financial recommendations.

We identified the following as the three most important open recommendations based on their impact on safety, economy, or efficiency; documented vulnerabilities; and the ability of the Department to effect change in these programs or areas.³

Top Three Open Recommendations

Operating Administration	Open Recommendation	OIG Report
Federal Aviation Administration	Complete airspace simulation and safety studies of the impact of UAS operations on air traffic control across all segments of the National Airspace System.	<i>FAA Faces Significant Barriers To Safely Integrate Unmanned Aircraft Systems Into the National Airspace System</i> (OIG Report No. AV-2014-061), June 26, 2014.

The emergence of unmanned aircraft systems (UAS) technology is one of the most significant challenges the Federal Aviation Administration (FAA) has faced in decades. In the year since FAA began requiring UAS owners to register their aircraft, the Agency reports that over 400,000 UAS have been registered as of April 2016. FAA also reports that UAS sightings by pilots have increased significantly—with more than 1,100 reports in 2015, compared to just 238 reports in 2014. As UAS grow in popularity, FAA will need to ensure that they can be integrated safely into the National Airspace System (NAS)—the busiest and most complex airspace in the world. A key to managing safe UAS integration is the completion of airspace simulation studies to assess the impact of UAS on NAS operations. For example, an initial airspace simulation found that introducing only four unmanned aircraft into the airspace in the vicinity of an airport resulted in increased numbers of aborted aircraft landings and appeared to reduce air traffic controllers' situational awareness. These studies will play a key role in understanding UAS impacts across the NAS and guide FAA's efforts in the near and long term. FAA concurred with our recommendation and expects to complete the remainder of the simulation studies by June 30, 2016. There are no estimated cost savings associated with this recommendation.

² This figure includes funds that could be put to better use and questioned costs.

³ These recommendations are not listed in order of relative priority.

Operating Administration	Open Recommendation	OIG Report
Departmentwide	Develop and implement Departmentwide policies and procedures for accurately identifying and reporting delinquent debt and recoveries, and collecting debts in a timely manner. Implementation of this recommendation could put \$494.1 million in funds to better use.	<i>Weak Internal Controls for Collecting Delinquent Debt Put Millions of DOT Dollars at Risk</i> (OIG Report No. FI-2015-065), July 9, 2015.

In 1996, Congress enacted legislation aimed at decreasing delinquent debts that individuals and non-Federal entities owe the Federal Government. However, weak internal controls at the Department of Transportation (DOT) have contributed to an increase in outstanding debt and risk of not collecting. From fiscal year 1999 to September 30, 2013, DOT's reported delinquent debt increased over 300 percent from approximately \$170 million to \$737 million. In one case, over \$1 million in debts were not referred to the Department of Treasury for collection until they were on average 115 days past the 180-day statutory limit for referral, increasing the risk that these debts will not be collected. Developing and implementing Departmentwide policies and procedures for accurately identifying and reporting delinquent debt and recoveries, and collecting debts in a timely manner will be key to addressing DOT's delinquent debt and reporting errors. DOT concurred with our recommendation and planned to finalize a departmental order that establishes guidance and policy on managing delinquent debt by January 30, 2016, but has yet to do so. Implementation of this recommendation could put \$494.1 million in funds to better use.

Operating Administration	Open Recommendation	OIG Report
National Highway Traffic Safety Administration	Develop and implement enforcement mechanisms (internal controls), and periodically assess compliance with established policies.	<i>Additional Efforts Are Needed To Ensure NHTSA's Full Implementation of OIG's 2011 Recommendations</i> (OIG Report No. ST-2016-021), February 29, 2016.

Over the last 2 years, the General Motors (GM) ignition switch recall and other vehicle safety recalls have prompted our office to conduct reviews and make recommendations on how the National Highway Traffic Safety Administration (NHTSA) can improve its vehicle safety processes and controls. We recently reported on NHTSA's efforts to address the 10 recommendations we made in 2011 to enhance the ability of NHTSA's Office of Defects Investigation (ODI) to identify and address potential vehicle safety defects. While NHTSA has completed the agreed-upon actions from our 2011 review, the Agency lacks mechanisms to ensure staff consistently apply the new policies. For example, in response to one of our recommendations, ODI agreed to document justifications for exceeding investigation timeliness goals; however, over 70 percent of

delayed investigations we reviewed did not include justifications for why these goals were not met. We made a recommendation to enhance ODI's quality control mechanisms and at a minimum address the following areas: 1) retaining and storing pre-investigation documentation, 2) linking each issue evaluation discussed at the Defects Assessment Panel meeting with the corresponding minutes for that meeting, 3) assessing the need for third-party assistance prior to obtaining that assistance, 4) assessing and adjusting timeliness goals, 5) using the investigation documentation checklist, and 6) protecting consumers' personally identifiable information. NHTSA concurred with our recommendation and expects to complete all actions by June 30, 2016. There are no estimated cost savings associated with this recommendation.

Summary of Closed Investigations, Evaluations, and Audits Not Disclosed to the Public Since March 1, 2015

It is our practice to post all closed non-sensitive audits and evaluations on our public Web site. It is also our practice to disclose data relating to closed, non-public investigations in our Semiannual Reports to Congress.⁴ Consequently, we have no previously undisclosed investigations, audits and evaluations to report since March 1, 2015.

Referrals to the Department of Justice

For the period March 1, 2015, through April 6, 2016, we have referred 285 individuals and companies to the Department of Justice for criminal prosecution. To date, 45 of these referrals have been accepted for prosecution.

Delays and Access to Information

When we encounter delays and lack of timeliness in obtaining Agency documents, we work with Department officials at the proper level to resolve them. When appropriate, access and delay issues and their impact on the scope of our work are documented in our reports. As reported in our June 2015 audit on Hurricane Sandy oversight and emergency relief efforts,⁵ the Federal Transit Administration (FTA) was not always timely in providing documentation and scheduling interviews between FTA staff and OIG auditors. This caused a minor delay but did not impact the scope of the audit.

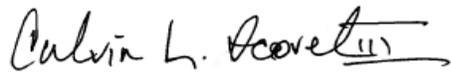
⁴ OIG reports are available on our Web site: <https://www.oig.dot.gov>.

⁵ *FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts*, (OIG Report Number ST-2015-046), June 12, 2015.

We remain committed to supporting the Department through our audits and investigations as it carries out its mission to improve the management and execution of programs and protect resources from fraud, waste, abuse, and violations of law. We appreciate the Department's responsiveness to our findings and recommendations and the Secretary's commitment to ensuring the safe and efficient operation of our national transportation system. We note that the Secretary's office is actively engaged in working with DOT's Operating Administrators to ensure that appropriate corrective actions are quickly taken to resolve and close our recommendations.

If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,

A handwritten signature in black ink that reads "Calvin L. Scovel III". The signature is written in a cursive style with a horizontal line underlining the name.

Calvin L. Scovel III
Inspector General

Enclosure

**U.S. Department of Transportation, Office of Inspector General
Open Recommendations With Financial Benefits, as of April 1, 2016**

No.	Report Number, Title	Report Date	Recommendation	Operating Administration	Funds Put to Better Use	Questioned Costs
1	ZA2009033 Oversight of Design and Engineering Firms' Indirect Costs Claimed on Federal-Aid Grants	2/5/2009	By implementing the recommendations in this report, FHWA could put approximately \$30.2 million in future Federal-aid funds to better use.	FHWA	\$30,200,000	\$0
2	ZA2009033 Oversight of Design and Engineering Firms' Indirect Costs Claimed on Federal-Aid Grants	2/5/2009	Recover the \$2.8 million in unallowable executive compensation and \$1.6 million in other unallowable indirect charges.	FHWA	\$0	\$4,400,000
3	SA2011124 State of Tennessee	6/13/2011	We recommend FTA recover \$23,511 from the State.	FTA	\$0	\$23,511
4	SA2011124 State of Tennessee	6/13/2011	We recommend that FTA determine the allowability of the reimbursement requests and recover \$79,021 from the State, if applicable.	FTA	\$0	\$79,021
5	SA2012103 State of Tennessee	5/2/2012	We recommend FTA recover \$17,867 from the State.	FTA	\$0	\$17,867
6	SA2013105 Pueblo of Pojoaque, New Mexico	7/12/2013	We recommend FHWA recover \$233,610 from the Pueblo, if applicable.	FHWA	\$0	\$233,610
7	SA2013111 Cheyenne River Sioux Tribe, South Dakota	7/12/2013	We recommend FHWA recover \$199,333 from the Tribe, if applicable.	FHWA	\$0	\$199,333
8	SA2013133 Federated States of Micronesia National Government	9/13/2013	We recommend FAA recover \$37,094 from the Micronesia National Government.	FAA	\$0	\$37,094
9	ZA2014021 MWAA's Financial Management Controls Are Not Sufficient to Ensure Eligibility of Expenses on FTA's Dulles Rail Project Grants	1/16/2014	Recover payments from MWAA for unsupported and unallowable costs identified in this report and in FTA's Financial Management Oversight reviews.	FTA	\$0	\$36,119,000
10	SA2014045 Spirit Lake Tribe, North Dakota	5/21/2014	Recover \$17,190 from the Tribe, if applicable.	FHWA	\$0	\$17,190
11	SA2014095 State of Tennessee	9/8/2014	Ensure the State complies with Allowable Costs/Cost Principles Requirements and recover \$ 46,167 from the State; if applicable.	FTA	\$0	\$46,167
12	SA2015061 State of Tennessee, Nashville, Tennessee	6/17/2015	We recommend FHWA recover \$431,821 from the State, if applicable.	FHWA	\$0	\$431,821
13	SA2015061 State of Tennessee, Nashville, Tennessee	6/17/2015	We recommend FHWA recover \$8,399 from the State, if applicable.	FHWA	\$0	\$8,399
14	SA2015061 State of Tennessee, Nashville, Tennessee	6/17/2015	We recommend FHWA recover \$3,626,721 from the State, if applicable.	FHWA	\$0	\$3,626,721
15	SA2015061 State of Tennessee, Nashville, Tennessee	6/17/2015	We recommend FTA recover \$268,352 (\$258,022 and \$10,330) from the State, if applicable.	FTA	\$0	\$268,352
16	FI2015065 Weak Internal Controls for Collecting Delinquent Debt Put Millions of DOT Dollars At Risk	7/9/2015	Develop and implement Departmentwide policies and procedures for accurately identifying and reporting delinquent debt and recoveries, and collecting debts in a timely manner.	Departmentwide	\$494,100,000	\$0

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No.	Report Number, Title	Report Date	Recommendation	Operating Administration	Funds Put to Better Use	Questioned Costs
17	SA2015068 State of Nebraska, Lincoln, Nebraska	7/20/2015	We recommend FTA recover \$79,629 from the State, if applicable.	FTA	\$0	\$79,629
18	SA2015069 City of El Paso, Texas	7/20/2015	We recommend FAA recover \$14,325 from the City, if applicable.	FAA	\$0	\$14,325
19	ST2015080 Efficiency of FAA's Air Traffic Control Towers Ranges Widely	8/20/2015	Identify the factors contributing to greater resource use by the least efficient towers as compared with the relatively efficient towers that we identified, and develop a plan for addressing them.	FAA	\$853,000,000	\$0
20	SA2015103 State of Wisconsin, Madison, Wisconsin	9/21/2015	We recommend FHWA determine how much of the \$124,300 of Questioned Cost reported is related to Excess Balances and Lapses from Internal Service Funds Accounts, and Individually Billable Cost Pools and recover from the State, if applicable.	FHWA	\$0	TBD
21	QC2016022 Quality Control Review of Management Letter for the Audit of Fiscal Years 2015 and 2014 DOT Financial Statements	2/25/2016	KPMG recommend that FHWA continue to emphasize the timely de-obligation of all stale obligations identified through the revised Supplemental Internal Procedures for the Review, Validation, and Testing of Inactive Obligations.	FHWA	\$108,687,594	\$0
22	SA2016027 Regional Transportation District, Denver, CO	3/8/2016	We recommend FHWA recover \$162,010 from the District, if applicable. This affects finding #2014-001.	FHWA	\$0	\$162,010
23	SA2016027 Regional Transportation District, Denver, CO	3/8/2016	We recommend FHWA recover \$93,184 from the District, if applicable. This affects finding #2013-002.	FHWA	\$0	\$93,184
24	SA2016030 Neponset Valley Transportation Management Association Inc., Woburn, MA	3/8/2016	We recommend FTA recover \$14,003 from the Association, if applicable.	FTA	\$0	\$14,003
25	SA2016032 State of Delaware, Dover, DE	3/8/2016	We recommend FTA recover \$1,422,095 from the State, if applicable.	FTA	\$0	\$1,422,095
26	SA2016036 Federated States of Micronesia National Government, Palikir, Micronesia	3/11/2016	We recommend FAA recover \$49,760 from the Micronesia National Government, if applicable.	FAA	\$0	\$49,760
27	SA2016039 Crow Tribe of Indians, Crow Agency, MT	3/11/2016	We recommend FHWA recover \$2,773,489 from the Tribe, if applicable.	FHWA	\$0	\$2,773,489
28	SA2016040 Greene County Transit Board, Xenia, OH	3/11/2016	We recommend FTA recover \$19,989 from the County, if applicable.	FTA	\$0	\$19,989

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No.	Report Number, Title	Report Date	Recommendation	Operating Administration	Funds Put to Better Use	Questioned Costs
29	SA2016042 Washington Metropolitan Area Transit Authority, Washington, DC	3/11/2016	We recommend FTA recover \$729,610 (\$661,246 on Finding 017, \$59,391 on Finding 018, and \$8,973 on Finding 019) from the Authority, if applicable.	FTA	\$0	\$729,610
30	SA2016043 Jacksonville Transportation Authority, Jacksonville, FL	3/11/2016	We recommend FTA recover \$289,870 from the Authority, if applicable.	FTA	\$0	\$289,870
31	SA2016045 PACE, the Suburban Bus Division of the Regional Transportation Authority, Arlington Heights, IL	3/11/2016	We recommend FTA recover \$222,972 from PACE, if applicable.	FTA	\$0	\$222,972
32	SA2016046 Metropolitan Transportation Authority, New York, NY	3/11/2016	We recommend FTA recover \$2,029,701 from the Authority, if applicable.	FTA	\$0	\$2,029,701
33	SA2016047 Klawock Cooperative Association, Klawock, AK	3/16/2016	We recommend FHWA recover \$10,719 from the Association, if applicable.	FHWA	\$0	\$10,719
34	SA2016047 Klawock Cooperative Association, Klawock, AK	3/16/2016	We recommend FHWA recover \$78,502 from the Association, if applicable.	FHWA	\$0	\$78,502
35	SA2016053 Nanwalek IRA Council, Nanwalek, AK	3/16/2016	We recommend FHWA recover \$255,941 from the Council, if applicable.	FHWA	\$0	\$255,941