

U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

2016 Presidential Transition Toolkit

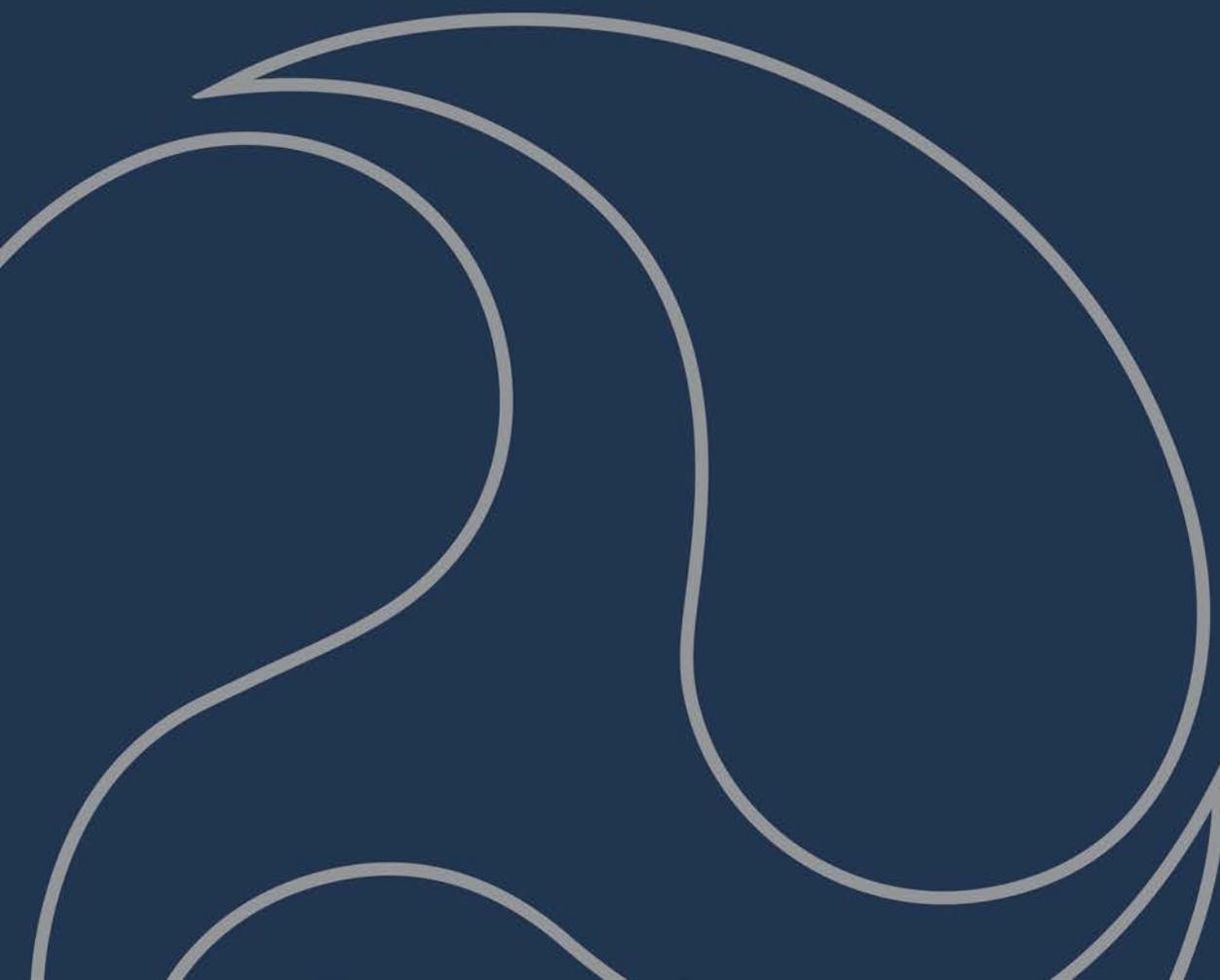




TABLE OF CONTENTS

| | |
|------------------------------------------------------|-----------|
| Understanding the Office of Inspector General | 3 |
| Mission | 3 |
| Organization | 4 |
| OIG Leadership Bios | 6 |
| Key Considerations | 18 |
| Budget and Performance | 19 |
| Key Statutes and Requirements | 20 |
| DOT's Top Management Challenges | 23 |
| What We Do and How We Operate | 32 |
| Investigative Process | 32 |
| Investigative Priorities | 33 |
| Law Enforcement Authority | 34 |
| Audit Process | 34 |
| Process for Distributing Reports and Work Products | 36 |
| OIG's Relationship with DOT | 38 |
| The Role of Inspectors General | 38 |
| OIG Access Authority | 38 |
| Interactions Between OIG and DOT | 39 |
| Recent and Ongoing Work | 41 |
| Recent Investigations of Note | 41 |
| Investigative Outcomes for FY 2016 | 44 |
| Ongoing and Recent Audits of Note | 45 |
| Audit Outcomes for FY 2016 | 49 |



Understanding the Office of Inspector General

Welcome to the *Understanding the Office of Inspector General (OIG)* transition site page. Here you will find information about what we do, how we are organized, and the manner in which we operate. For additional information about OIG, please go to www.oig.dot.gov/presidential-transition.

Mission

The Office of Inspector General is committed to fulfilling its statutory responsibilities and supporting members of Congress, the Secretary, senior Department officials, and the public in achieving a safe, efficient, and effective transportation system.

Who We Are

Since OIG was established in 1979, we have been dedicated to providing independent and objective reviews of the economy, efficiency, and effectiveness of Department of Transportation (DOT) programs and operations, and to detecting and preventing fraud, waste, and abuse, and criminal violations of laws affecting DOT.

What We Do

Our audits and investigations provide independent reviews and recommendations to enhance the effectiveness of the Department's programs and prevent fraud, waste, and abuse of the Department's money and resources. By law, OIG reports to the Secretary of Transportation and Congress.

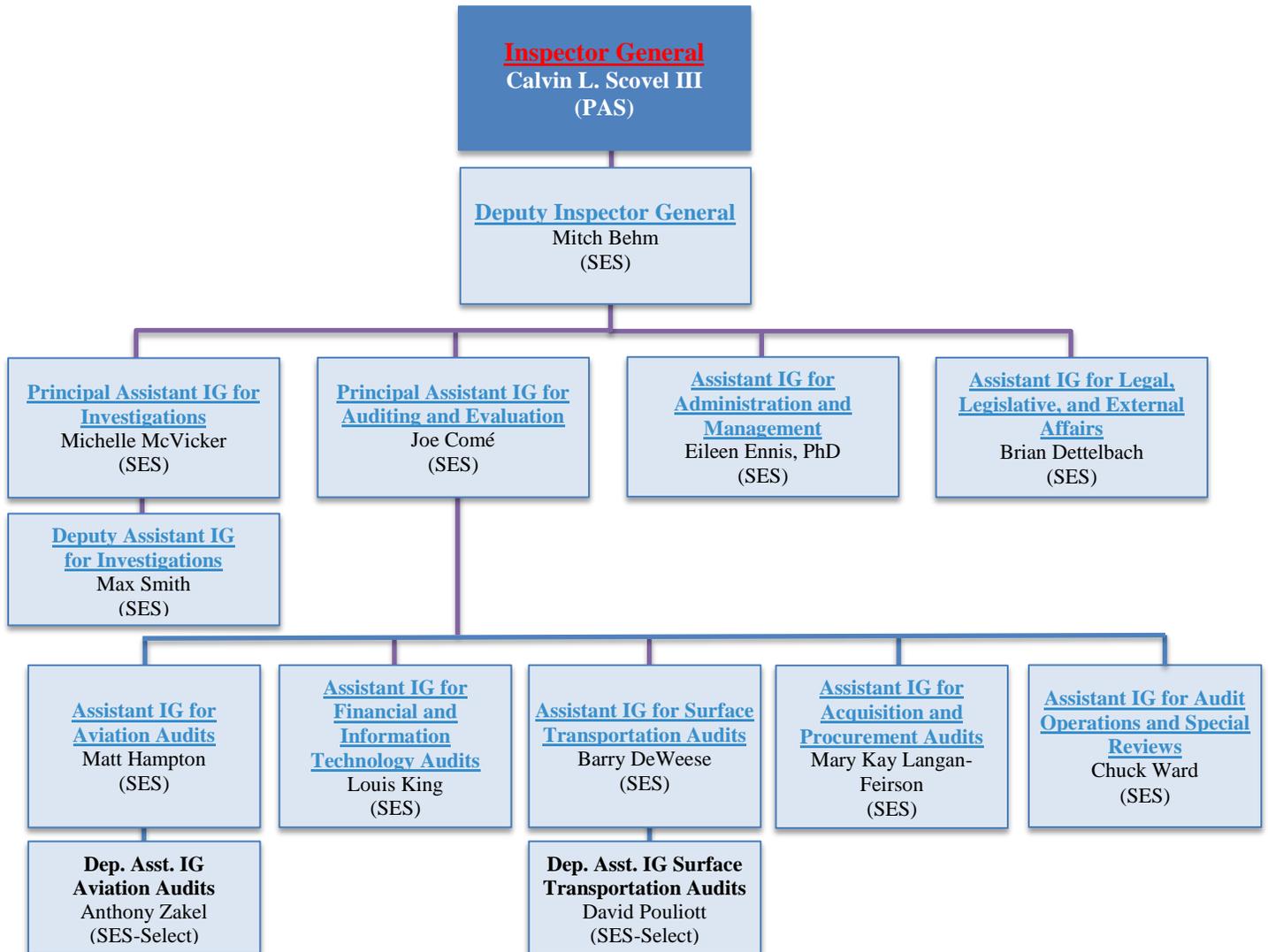
OIG is the only office within DOT that has law enforcement authority, including carrying firearms, executing warrants, and making arrests. We often collaborate with other Federal, State, and local law enforcement entities, and must report possible criminal violations to the U.S. Attorney General. OIG's Office of Investigations also manages a Hotline Complaint Center that is staffed 24 hours a day, 7 days a week. This office is also responsible for investigating whistleblower complaints, including those referred by the U.S. Office of Special Counsel.

OIG's Office of Auditing and Evaluation is comprised of auditors, analysts, information technology experts, economists, statisticians, engineers, accountants, and other subject matter experts. In addition to performance audits aimed at improving the economy, efficiency, and effectiveness of transportation programs, our audit staff specialize in financial and information technology audits, and acquisition and procurement audits. While OIG's work is akin to that of private sector auditors and management consultants, our reports are made available to the public via our Web site www.oig.dot.gov.

Organization – OIG Executive Committee

- **Calvin Scovel** was sworn in on October 26, 2006 as DOT’s sixth Inspector General. He leads an office tasked with providing the Secretary and Congress with independent and objective reviews of the economy, efficiency, and effectiveness of the Department’s programs and operations in addition to detecting and preventing fraud, waste, and abuse, and violations of law.
- **Mitchell Behm** is OIG’s Deputy Inspector General. He assists and advises the IG on day-to-day operations, management and policy decisions. He also oversees OIG’s Chief of Staff and the Office of Quality Assurance Reviews and Internal Affairs.
- **Joe Comé** is the Principal Assistant Inspector General for Auditing and Evaluation. He leads OIG’s five audit offices: Aviation; Surface Transportation; Financial and Information Technology; Acquisition and Procurement; and Audit Operations and Special Reviews.
- **Michelle McVicker** is the Principal Assistant Inspector General for Investigations. She manages OIG’s criminal and civil investigations, Hotline Complaint Center, and DOT employee and contractor Whistleblower Ombudsman functions.
- **Dr. Eileen Ennis** is the Assistant Inspector General for Administration and Management. She oversees all of OIG’s administrative and management services, including budget and financial management, human resources, information technology, procurement, and training and development.
- **Brian Dettelbach** is the Assistant Inspector General for Legal, Legislative and External Affairs. He oversees OIG’s legal, congressional, and public affairs operations.

Organization Chart



OIG Leadership Bios



AS INSPECTOR GENERAL, MR. SCOVEL oversees DOT-OIG's independent and objective reviews of the efficiency and effectiveness of DOT operations and programs to detect and prevent fraud, waste, and abuse. Inspector General Scovel leads OIG's staff to support DOT's priorities of transportation safety and effective program delivery and performance.

Mr. Scovel was sworn in as the sixth Inspector General of DOT in October 2006 after 29 years of active service in the U.S. Marine Corps from which he retired as a Brigadier General. His last military assignment was as a senior judge on the U.S. Navy-Marine Corps Court of Criminal Appeals. He previously served as Assistant Judge Advocate General of the Navy for Military Justice, the principal advisor to the Secretary of the Navy and the Judge Advocate General on all criminal justice policy matters. He also commanded a military police battalion that provided security and law enforcement for Marine Corps Base, Quantico, Virginia.

Mr. Scovel served as senior legal advisor for the 4th Marine Expeditionary Brigade—which included all Marine amphibious forces in Operation Desert Storm—and later in a NATO exercise above the Arctic Circle in Norway. He had previously served as legal advisor for a Marine amphibious unit deployed to the Western Pacific and Indian Oceans, where it conducted overseas exercises.

Mr. Scovel has also served as prosecutor, defense counsel, or judge in 250 courts-martial that included charges of murder, rape, child sexual assault, and drug trafficking. As an adjunct faculty member at the Defense Institute of International Legal Studies, he led instruction teams in the rule of law and civilian control of the military for senior civilian and military officials abroad.

Inspector General Scovel is a recipient of the Secretary's Gold Medal for Outstanding Achievement for his leadership of OIG in supporting DOT's recovery effort after the collapse of the I-35W Bridge in Minneapolis in 2007. His military awards include the Legion of Merit (four awards) and Combat Action Ribbon.

Mr. Scovel received his Bachelor's degree from the University of North Carolina at Chapel Hill and his juris doctor degree from Duke University School of Law. He also received a master's degree from the Naval War College.



AS DEPUTY INSPECTOR GENERAL, MR. BEHM

provides advice to the Inspector General and assists in managing day-to-day operations. Deputy Inspector General Behm directly oversees the Office of Quality Assurance Reviews and Internal Affairs, and provides direction for OIG's oversight of DOT programs.

Mr. Behm has been with OIG since 2003. Prior to his position as Deputy Inspector General, Mr. Behm served as Assistant Inspector General for Surface Transportation Audits. In this capacity, he managed teams of auditors, analysts, and economists in executing audits and evaluations across various transportation programs. He also served as a financial expert, project manager, and program director. He has received numerous awards from the OIG community for his contributions toward a variety of multimodal audits and reviews. Prior to joining DOT-OIG, Mr. Behm worked as an investment banking senior associate for JPMorgan, structuring debt financings for large corporate clients.

Mr. Behm received a B.A. in Economics from the University of Michigan in Ann Arbor in 1989, a J.D. from the University of Illinois College of Law in 1992, and an M.B.A. from Georgetown University, McDonough School of Business in 1998.



AS ASSISTANT INSPECTOR GENERAL, MR. DETTELBACH oversees the Office of Legal Counsel, which provides legal advice and representation to the Office of Inspector General on a wide range of issues. The Office of Counsel comprises the Chief Counsel and staff attorneys who provide opinions on laws pertaining to the conduct, findings, and recommendations of OIG audits and investigations; develop analyses of questions regarding OIG authority, general management, and transportation-related laws; render assistance to U.S. Attorneys for criminal cases investigated by OIG Special Agents; represent OIG in civil and administrative proceedings; and manage OIG’s Freedom of Information Act (FOIA) and ethics programs.

Mr. Dettelbach also oversees the Office of Congressional and External Affairs including the Director and staff who facilitate communications, outreach, and technical assistance with key OIG stakeholders throughout the Department and Administration, Congress, the media, and general public; and manage social media and Website initiatives. In addition, he represents the Inspector General and participates in activities of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

Prior to joining DOT-OIG in 1997, Mr. Dettelbach served as Counsel for the then-Senate Committee on Governmental Affairs. Mr. Dettelbach’s portfolio included Government operations, oversight and investigations, appropriations, and Presidential nominations. In that role, Mr. Dettelbach worked extensively with the Office of Management and Budget (OMB), Inspectors General, Chief Financial Officers, and the Government Accountability Office (GAO).

Mr. Dettelbach has been recognized for his achievements within the Inspector General community, earning three CIGIE Awards for Excellence and CIGIE’s 9/11 Award. In 2012, he received the Inspector General’s Distinguished Service Award, DOT-OIG’s most prestigious honor. He also has received several Secretarial Team Awards. Mr. Dettelbach has written two articles that appeared in the OIG Community’s *Journal of Public Inquiry*.

Mr. Dettelbach received a Bachelor’s degree in Foreign Service from Georgetown University and a Juris Doctor degree from the George Mason University School of Law.



AS PRINCIPAL ASSISTANT INSPECTOR GENERAL FOR AUDITING AND EVALUATION, MR. COMÉ leads DOT-OIG’s audit division, directing all OIG audits related to DOT programs and its agencies. He assumed this role in May 2016.

Mr. Comé previously served as the Deputy Principal Inspector General for Auditing and Evaluation at OIG. As deputy chief of the audit group, he oversaw reviews impacting key safety, infrastructure, and financial programs at DOT. He also has specific responsibility for formulating OIG’s audit plan and promoting process improvements. His past audit work at DOT has covered a number of high-profile topics including the Department’s oversight of grants provided under the American Recovery and Reinvestment Act; cost and schedule concerns with multi-billion dollar transit projects; and critical highway safety programs such as DOT’s efforts to identify automotive defects. Mr. Comé has testified before Congress and the National Transportation Safety Board.

Mr. Comé—who joined DOT-OIG in 1999—received the Secretary’s Award for Meritorious Achievement in 2004 and was named to the Senior Executive Service in 2008. Prior to joining DOT, he worked for 17 years at the U.S. Department of Defense in the Office of the Secretary and Inspector General.

Mr. Comé earned a B.A. in Political Science from Edinboro State University. He also earned an M.A. in Public Administration with a concentration in financial management from the University of Pittsburgh’s Graduate School of International and Public Affairs.



AS PRINCIPAL INSPECTOR GENERAL FOR INVESTIGATIONS, MS. MCVICKER oversees DOT-OIG's Office of Investigations, which is comprised of criminal and general investigators responsible for conducting criminal, civil, and administrative investigations of fraud and a variety of other allegations affecting DOT, its operating administrations, programs, and grantees (grant funds). The Office of Investigation's top priorities involve crimes with a public safety impact, procurement and grant fraud schemes that significantly impact DOT funds, consumer and workforce fraud, and employee integrity violations.

Ms. McVicker began her law enforcement career as a DOT OIG Special Agent in Lakewood, Colorado. Over the past 2 decades, she has been responsible for investigating fraud, waste, and abuse in a range of Department programs, including those involving disadvantaged business enterprises, multimillion-dollar construction contracts, commercial drivers' license testing, and pipelines and hazardous materials investigations. Ms. McVicker previously served as Special Agent-in-Charge for DOT OIG's Chicago Regional Office. Her region covered 11 States, leading 14 Special Agents and other investigative staff. Her team focused on criminal, civil, and administrative casework involving DOT funds and programs.

Ms. McVicker has also helped OIG develop outstanding partnerships with other investigative agencies. She served as a member of a multi-Agency public corruption task force formed in 2012 that included Federal, State, and local law enforcement partners. She has presented numerous Contract Fraud Prevention and Awareness and Hazmat Briefings to DOT stakeholders, along with Federal and State law enforcement agencies and industry officials, and for 12 years has served as an Associate Instructor for the Pipeline Safety Regulation Application and Compliance Procedures Course in Oklahoma City. She has been recognized through multiple awards, including OIG's Meritorious Service and Leadership Awards.

Ms. McVicker holds B.S. in Criminal Justice from Illinois State University.



AS DEPUTY ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS, MR. SMITH supervises

DOT-OIG's day-to-day investigative activities related to DOT programs and operations through its headquarters and major regional offices. The headquarters office conducts nationwide special investigations and analysis as well as manages the OIG Hotline Complaint Center and activities generated by complaints.

Mr. Smith began his career as a Special Agent with the U.S. Air Force Office of Special Investigations, where he worked a variety of investigations, ultimately focusing on counterintelligence, counterterrorism, and high risk deployment operations.

After separating from military active duty, Mr. Smith came to DOT-OIG as a Special Agent in the Washington Field Office. He has been responsible for investigating fraud, waste, and abuse in a wide range of Department programs, including those involving disadvantaged business enterprises, airport and highway construction projects, commercial drivers' license testing, suspected unapproved parts, employee misconduct and hazardous materials investigations.

Mr. Smith previously served as Special Agent-in-Charge for OIG's Fort Worth Regional Office which included investigative jurisdiction over eight States with offices in Fort Worth, Texas, Oklahoma City, Oklahoma, and Lakewood, Colorado. He led a team of Special Agents and staff that focused on criminal, civil, and administrative casework involving DOT funds and programs.

Mr. Smith has been instrumental in developing outstanding partnerships with DOT stakeholders and other investigative agencies on behalf of OIG. He has served on numerous multi-agency task forces and working groups, including Federal, State, and local law enforcement partners and has served as an Associate Instructor for the Pipeline Safety Regulation Application and Compliance Procedures course in Oklahoma City.

Mr. Smith is also the recipient of multiple awards, including DOT Secretary and OIG Awards.



AS ASSISTANT INSPECTOR GENERAL FOR ADMINISTRATION AND MANAGEMENT, DR.

ENNIS oversees DOT-OIG's full range of administrative services including human resources, training, information technology, financial management, and acquisitions and procurements.

Prior to joining DOT-OIG in February 2015, Dr. Ennis served in the U.S. Department of Homeland Security's Science and Technology Directorate as the Director of Administration and Support.

Before her appointment at DHS, Dr. Ennis served as the Deputy Special Inspector General for Operations at the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) where she was responsible for standing up the newly created agency from a blank canvas and establishing all operational, administrative, technical, and infrastructure programs and services.

Prior to the creation of SIGTARP, Dr. Ennis was the Associate Administrator for Administration and Chief Information Officer for DOT's Research and Innovative Technology Administration. Dr. Ennis also temporarily served as Acting Director of DOT's John A. Volpe National Transportation Research Center where she oversaw a unique fee-for-service Federal organization that conducted nearly \$300 million in annual research and innovation projects addressing the Nation's transportation challenges. Also at DOT, she worked in the Office of the Chief Information Officer where she served as an Associate CIO presiding over a \$3 billion IT budget.

Before transferring to DOT, Dr. Ennis worked at the Commodity Futures Trading Commission where she was a Deputy Director/Deputy CIO. Earlier in her Federal career, she worked in the DOT Inspector General's office as a Project Manager conducting information technology and cyber security audits. Prior to public service, Dr. Ennis had an 11-year career in as a Material Control Manager in various manufacturing industries.

Dr. Ennis holds a Ph.D. in information systems from Nova Southeastern University in Ft. Lauderdale, Florida; an MA in information and resources management from Webster University; and undergraduate degrees in psychology and law enforcement/criminal justice. She is a graduate of two master's level programs at the National Defense University, the Federal CIO and eGovernment Leadership.



AS ASSISTANT INSPECTOR GENERAL FOR AVIATION AUDITS, MR. HAMPTON manages DOT-OIG's reviews of a range of Federal Aviation Administration (FAA) programs, including the Next Generation Air Transportation System (NextGen), air traffic control operations, and key aviation safety workforces.

Mr. Hampton has been with DOT-OIG since 1998 and has over 25 years experience in auditing and evaluating aviation programs. His Federal service includes experience with GAO and the House Aviation Subcommittee. He has led reviews of aviation security, aging aircraft, runway safety, FAA financing, and cutting-edge air traffic control technologies. Mr. Hampton has also testified before Congress on FAA-related programs. Before joining the Federal government, Mr. Hampton worked for Senator John Glenn and the Government Research Corporation.

Mr. Hampton is a graduate of American University where he earned a B.S. in Political Science in 1984. He earned an M.S. in Comparative Economic Development from American University in 1986. He also completed additional graduate course work at Johns Hopkins University, George Washington University, and the Naval War College.



AS ASSISTANT INSPECTOR GENERAL FOR FINANCIAL AND INFORMATION TECHNOLOGY AUDITS, MR. KING is responsible for providing executive level leadership and direction to OIG audits of the Department’s information technology (IT) and security, financial statements and management, as well as oversight of single audits that relate to the Department’s programs.

Mr. King came to DOT-OIG in 2008 as an IT Program Director. In that capacity, he directed audits of DOT’s information security program and practices—as required by the Federal Information Security Management Act of 2002—and of specific departmental information systems and functions.

Prior to coming to DOT-OIG, Mr. King served for 10 years at the Department of Treasury OIG as a Senior Auditor, Contracting Officer’s Representative for financial audits, and Director of Financial Audits. In that role, Mr. King was responsible for directing multiple financial statement audits of Treasury’s components. In 2003, Mr. King became the Treasury OIG’s Director of IT Audits.

Prior to his stint at Treasury OIG, Mr. King spent nearly a decade at the Government Accountability Office overseeing, managing and conducting financial statement and management audits. His auditees included Capitol Hill entities, U.S. Department of Defense, and several Government corporations including the Export-Import Bank.

Mr. King is a graduate of the University of Puerto Rico in San Juan, Puerto Rico, where he earned a BBA in Accounting and in Computerized Information Systems. Mr. King is a Certified Public Accountant, Certified Information Systems Auditor, Certified Management Accountant, Certified in Financial Management, and Certified Government Financial Manager.



AS ASSISTANT INSPECTOR GENERAL FOR ACQUISITION AND PROCUREMENT AUDITS, MS. LANGAN-FEIRSON oversees DOT-OIG's audits related to departmental acquisition activities on Federal contracts and financial assistance and grant recipient contract award and oversight activities. The group she leads audits all DOT operating administrations and frequently provides acquisition expertise to other audit groups.

Ms. Langan-Feirson joined DOT-OIG in March 2011, bringing with her over 30 years of acquisition experience with DOT programs and projects. She previously served as a senior attorney in DOT's Office of the General Counsel where she reviewed and provided legal advice on contracts and acted as legal advisor on major system acquisitions and DOT acquisition oversight matters. She managed the legal work on DOT Headquarters' project involving lease, construction, and contract management matters and provided advice on FAA's AAS Cost and Schedule Task Force, the Secretary's Safety Review Task Force, and served as the legal advisor to DOT's Investment Review Board for several years. She is the recipient of the Secretary's Silver Award for Meritorious Achievement on Departmental Procurement Programs and several other Secretarial and General Counsel Awards for advice on major system acquisitions and procurements throughout the Department.

Ms. Langan-Feirson earned a B.A. with honors in Political Science from the University of Arizona in 1977, and a J.D. cum laude from the University of Maryland in 1980. She is an active member of the DC Bar and also holds a Master's Certificate in Government Contract Management from the George Washington School of Business.



AS ASSISTANT INSPECTOR GENERAL FOR SURFACE TRANSPORTATION AUDITS, MR. DEWEESE oversees audits, evaluations, and economic

analyses of highway, transit, rail, maritime, pipeline and hazardous materials programs and projects as well as transportation financing issues. Mr. DeWeese joined the DOT-OIG in July 2009 and has also served as a Program Director in OIG’s San Francisco field office where he led diverse and high-profile audits of the Federal Aviation Administration’s (FAA) oversight of air traffic modernization infrastructure investments. Notably, his teams scrutinized FAA’s progress and challenges in safeguarding the multi-billion dollar investment in the Next Generation Air Transportation System (NextGen).

More recently, he had also assumed the additional responsibility for reviewing FAA’s oversight of airports. His team’s work has been showcased in multiple IG testimonies, and recommendations from their audits have shaped legislation and policy. In 2014, the Council of the Inspectors General on Integrity and Efficiency recognized these contributions with an “Award of Excellence.” In addition to his focus on program accountability, he continues to be a leader through significant mentoring and staff development activities.

Before he came to OIG, Mr. DeWeese managed high-profile, multi-location audits with the Government Accountability Office (GAO) in Atlanta, Europe (Frankfurt, Germany), and Washington, DC. Of particular note is his work in GAO’s European Office for 4 years where he led reviews of a wide range of complex international trade, finance, and defense budget issues. As a leader with GAO’s Acquisition and Sourcing Management team in Washington, he oversaw audits of procurement-related issues that cut across the government, including reviews of how Federal agencies share and use past performance information in awarding contracts. In addition to his 12 years with GAO, he spent another 10 years as a senior management and program analyst with the U.S. Army Headquarters in Heidelberg, Germany, where he focused largely on civilian and military personnel management.

Mr. DeWeese graduated in 1983 from Western Kentucky University with a Bachelor’s Degree in Government and Economics and earned an MBA in 1986 with an emphasis in management.



**AS ASSISTANT INSPECTOR GENERAL FOR
AUDIT OPERATIONS AND SPECIAL REVIEWS,**

MR. WARD is responsible for a range of work that impacts DOT-OIG's audit production, policies, processes, and practices, and conducts reviews using OIG and outside technical experts and selected assessments that are cross-cutting both organizationally and programmatically.

Mr. Ward has over 35 years of combined Federal service with DOT-OIG, the Government Accountability Office (GAO), and the U.S. Navy. Since 2002, Mr. Ward has served at OIG's Headquarters in Washington, DC and Seattle Regional Office. Prior to joining OIG, Mr. Ward spent 15 years with GAO in Washington, D.C. During his career with both GAO and OIG, he has led dozens of performance audits of federally funded acquisition and grant programs to identify ways to improve the economy, efficiency, and effectiveness of program management, and made numerous recommendations for improving program outcomes. The work of Mr. Ward's teams has resulted in hundreds of millions of dollars in funds put to better use in DOD, DOT, and FAA programs. Since his appointment to the Senior Executive Service in 2015, Mr. Ward has served as the Assistant Inspector General for Aviation Audits and where he oversaw OIG aviation reviews with an emphasis on airport grant funding, FAA acquisition and procurement, aviation safety, and program management.

Mr. Ward has Bachelor's and Master's degrees in Government and Politics from the University of Maryland at College Park, which he attended after his service in the U.S. Navy.

Key Considerations

DOT's Top Management Challenges for FY2017

OIG neither issues regulations nor sets departmental policy. OIG's role is to provide facts for the policy-makers in the Department and Congress. One of OIG's key deliverables is our statutorily required annual report on the DOT's top management challenges (TMC) which provides a forward-looking assessment for the coming fiscal year to aid DOT's operating administrations in focusing attention on the most serious management and performance issues facing the Department. OIG issued its FY2017 TMC on November 15, 2016, and the eight (8) topics identified include:

- Maintaining Transportation Safety While Keeping Pace With Rapidly Evolving Technologies
- Bolstering Vehicle and Surface Transportation Safety
- Strengthening Cybersecurity Strategies To Address Increasing Threats
- Strengthening Controls To Detect and Prevent Fraud, Waste, and Abuse
- Enhancing the Capacity, Efficiency, and Resiliency of the National Airspace System
- Increasing Oversight of Critical Transportation Infrastructure
- Enhancing Oversight of Acquisition and Financial Management
- Managing Existing and New Mandates and Requirements

Semiannual Reports to Congress

Per the IG Act, by April 30 and October 31 of each year, OIG must prepare and send to the Secretary a Semiannual Report to Congress summarizing OIG activities for the preceding 6-month period. The report must describe pending and completed audits, note the status of open audit recommendations, include statistical tables on the results of OIG work, and provide summary data on investigations. The Act further directs the Secretary to send the report to the appropriate committees of Congress within 30 days of receipt.

Recommendation Dashboard

On November 30, 2016, OIG deployed on our public Web site an audit Recommendation Dashboard feature. Our objective is to publish near real-time information regarding the status of OIG recommendations at www.oig.dot.gov. For each audit report, the public will be able to see a list of each audit recommendation, the status of individual recommendations (open or closed) and the dollar value of any financial recommendations.

We undertook this initiative to enhance the transparency and accountability of OIG information by making it more timely and accessible to the public. Making progress toward closing open audit recommendations is an important part of fulfilling both DOT and OIG's missions and making that process more publicly transparent through the Recommendations Dashboard will enhance those efforts.

Budget and Performance

- The Office of Inspector General (OIG) operates as an independent organization within the Department of Transportation (the Department) under the authority of The Inspector General Act of 1978, as amended. Our audits and investigations provide independent and objective reviews and aim to detect and prevent fraud, waste, and abuse throughout the Department. Our work continues to reflect our commitment to fully inform Congress, the Department, and the public of pressing transportation concerns and to aggressively pursue individuals intent on putting the public at risk.
- OIG audit recommendations lead to substantial financial and program improvements, including those that enhance safety. In addition, OIG investigations enhance safety by thwarting criminal activities that put lives at risk, and protect taxpayer investments through fines, restitutions, and recoveries.
- OIG has consistently demonstrated a commitment to achieving a significant return on investment (ROI¹). For every dollar appropriated to OIG in FY 2016, \$54 was returned—a cumulative result of the following body of completed work: 118 audit reports containing 341 recommendations, and investigations resulting in 93 indictments and 72 convictions. This work led to five Congressional testimonies in FY 2016; produced more than \$4.7 billion in financial recommendations, including fines, restitutions, and recoveries. Over the most recent five fiscal years, from FY 2012 through FY 2016, OIG achieved an average ROI of \$35 for every appropriated dollar.

FUNDING LEVELS

(\$ in millions)

| | FY 2015 Actual | FY 2016 Enacted | FY 2017 Current Services | FY 2018 Current Services |
|-----------------------------------------------------------|-------------------|--------------------|--------------------------------|--------------------------------|
| Salaries & Expenses | \$86 | \$87 | \$90 | \$92 |
| Disaster Relief Appropriations Act (DRAA) | 0 | 0 | 0 | 0 |
| Actual FTEs (Direct, Transfers, and Reimbursables) | 408 | 407 | 410 | 410 |
| Actual FTEs (DRAA) | 3 | 6 | 6 | 6 |
| Total FTEs | 411 | 413 | 416 | 416 |

¹ ROI considers the cost for OIG to do business compared to the revenue and other savings generated through OIG oversight work. These results are comprised of court-ordered fines, restitutions, recoveries of improper payments, recommended cost savings and recommendations for funds put to better use.

Key Statutes and Requirements

- The Inspector General Act of 1978 (and related amendments).
- Annual Transportation, Housing and Urban Development, and Related Agencies (THUD) Appropriations bill.
- Operating Administration reauthorization bills: FAA (FAA Extension, Safety, and Security Act of 2016); FHWA, FRA, FTA, FMCSA, NHTSA, (FAST Act); MARAD (National Defense Authorization Act); PHMSA (PIPES Act).
- In addition to the annual THUD appropriations bill and Operating Administrations' reauthorization bills which contain mandates and directives typically for OIG audits, public laws such as the Disaster Recovery Appropriations Act (following Hurricane Sandy), the National Defense Authorization Act, and those Acts related to improper payments, acquisitions, contracting, data analytics, fraud reduction, ethics, and grant award oversight impact OIG's oversight role.
- The following bills also play a significant role in our operations:

| LEGAL AUTHORITY | SUMMARY | OIG'S ROLE |
|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Inspector General Act of 1978</p> <p>5 USC app. 3</p> | <p>DOT OIG was created with this act. Its mission is to be an independent and objective organization to review DOT activities through audits and investigations to detect and prevent fraud, waste, abuse, and mismanagement in program operations.</p> | <p>DOT OIG:</p> <p>Conducts audits of DOT modes</p> <ul style="list-style-type: none"> • Conducts investigations • Has access to all DOT info <p>Requests assistance from fed, state, local government agencies</p> <p>Reviews existing and proposed legislation that affects OIGs</p> <ul style="list-style-type: none"> • Keeps DOT Secretary and Congress fully and currently informed of OIG operations and findings • Provides Congress with semiannual report • Establishes and maintains website on which public can request info on audits <p>Receives and responds to complaints from agency employees</p> |

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| <p>2008 Amendment (IG Reform Act of 2008) 5 USC app. 3</p> | <p>Created the Council of Inspectors General on Integrity and Efficiency.</p> | <p>DOT OIG must:</p> <p>Have separate legal division from DOT Help CIGIE formulate OIG-wide professional standards for quality Help CIGIE's Integrity Committee to receive, review and refer for investigation where appropriate allegations of administrative misconduct or wrongdoing against inspectors general and senior staff members. Coordinate with other OIGs re investigations</p> |
| <p>Single Audit Act 31 USC 7501 et seq.</p> | <p>This Act requires all non-fed entities that expend federal awards in excess of \$750k to be audited.</p> | <p>DOT OIG must:</p> <p>Conduct reviews of single audits where appropriate</p> |
| <p>Homeland Security Act of 2002 6 USC 101</p> | <p>Gave OIGs law enforcement authority including carrying firearms, making arrests, and executing warrants.</p> | <p>DOT OIG must:</p> <p>provide relevant training</p> |
| <p>Whistleblower Protection Act 5 USC 1201</p> | <p>Protects rights of and prevents reprisals against federal employees who disclose government fraud, waste, or abuse.</p> | <p>DOT OIG must:</p> <p>have a Whistleblower Ombudsman</p> |
| <p>Trade Secrets Act 18 USC 1905</p> | <p>Prohibits OIGs from disclosing confidential proprietary data obtained during course of work unless disclosure authorized by law.</p> | <p>DOT OIG must:</p> <p>protect confidential proprietary data obtained during audits/investigations</p> |

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| <p>Government Performance and Results Modernization Act of 2010</p> <p>5 USC 306; 31 USC 1101, 1105, 1115, 1116-1119, 9703, 9704; 39 USC 2801-2805</p> | <p>Requires each agency to develop a 5 year strategic plan and prepare annual performance plans and reports.</p> | <p>DOT OIG must:</p> <p>submit performance plan annually to Congress</p> <p>include strategic measurable goals and objectives to be accomplished within specific time period</p> |
| <p>Attorney General Guidelines for Offices of Inspector General with Statutory Law enforcement</p> | <p>Establishes guidelines for cooperation between DOJ and OIGs.</p> | <p>DOT OIG must:</p> <p>coordinate with DOJ in criminal and civil investigations</p> |
| <p>Anti-deficiency Act</p> <p>31 USC 1341</p> | <p>Forbids agencies from using appropriated money for unauthorized purposes or timeframes.</p> | <p>DOT OIG must:</p> <p>audit and investigate unauthorized uses of appropriated funds</p> |
| <p>Attorney General Memorandum for Heads of Executive Departments and Agencies Re: The Freedom of Information Act 2009</p> | <p>Creates a new “presumption of openness” for FOIA requests. DOJ will defend denial only if denying agency reasonably foresees harm from disclosure or the disclosure is prohibited by law.</p> | <p>DOT OIG must:</p> <p>make sure FOIA requests are responded to appropriately</p> |
| <p>Federal Information Security Management Act of 2002 / Federal Information Security Modernization Act of 2014</p> | <p>Requires agencies to develop, implement, and document department-wide information security programs.</p> | <p>DOT OIG must:</p> <p>Annually audit the effectiveness of DOT’s information security program and practices</p> |
| <p>Chief Financial Officers Act of 1990</p> | <p>Created a leadership structure, mandated long-range planning, required audited financial statements, and enhanced accountability reporting.</p> | <p>DOT OIG must:</p> <p>Ensure an annual audit of DOT’s financial statements.</p> |



DOT's Top Management Challenges

OIG neither issues regulations nor sets departmental policy. OIG's role is to provide facts for the decision-makers in the Department and Congress. One of OIG's key deliverables is our statutorily required annual report on the DOT's top management challenges (TMC) which provides a forward-looking assessment for the coming fiscal year to aid DOT's agencies in focusing attention on the most serious management and performance issues facing the Department. OIG issued its FY2017 TMC on November 15, 2016. For fiscal year 2017, OIG identified the following eight major challenges facing DOT.

1. Maintaining Transportation Safety While Keeping Pace With Rapidly Evolving Technologies
2. Bolstering Vehicle and Surface Transportation Safety
3. Strengthening Cybersecurity Strategies To Address Increasing Threats
4. Strengthening Controls To Detect and Prevent Fraud, Waste, and Abuse
5. Enhancing the Capacity, Efficiency, and Resiliency of the National Airspace System
6. Increasing Oversight of Critical Transportation Infrastructure
7. Enhancing Oversight of Acquisition and Financial Management
8. Managing Existing and New Mandates and Requirements

1. Emerging Transportation Technologies

ISSUE: Maintaining transportation safety while keeping pace with rapidly evolving technologies

ACTION NEEDED: To maintain transportation safety as new technologies evolve, DOT must focus on (1) overseeing an expanding and dynamic Unmanned Aircraft Systems (UAS) industry and (2) preparing to oversee and regulate autonomous vehicles.

BACKGROUND:

- The growing demand for commercial UAS—for purposes ranging from pipeline monitoring and precision agriculture to package delivery and filmmaking—presents one of the most significant safety challenges for the Federal Aviation Administration (FAA) in decades. In June 2016, FAA published a new rule regulating the use of small UAS² (i.e., systems weighing less than 55 pounds)—an important step to advance the integration of UAS technology into the National Airspace System (NAS). However, UAS sightings by pilots and other sources have increased dramatically, with over 1,100 UAS events reported in 2015 compared to just 238 in 2014, according to UAS event data. While FAA has taken some steps to advance UAS technology, it has not established a risk-based oversight system for UAS. Continued progress will require developing sufficient guidance and training for inspectors, establishing the capacity for integrated UAS data and analysis, and implementing an effective process to verify and evaluate UAS operators' compliance with regulations.
- DOT is preparing to oversee and regulate autonomous vehicles. The rapid development of emerging vehicle automation technologies holds promising long-term safety benefits but also poses near-term safety, oversight, and regulatory challenges. In January 2016, Secretary Foxx announced a 10-year, nearly \$4 billion investment for pilot programs to accelerate the development and adoption of safe vehicle automation. DOT faces the significant challenge of testing and developing new tools and standards necessary for overseeing and regulating this new era in automotive innovation. The National Highway Traffic Safety Administration will have to consider seeking new authorities as necessary to recognize the challenges that these new automation technologies pose and ensure that these vehicles are as safe as standard motor vehicles. While still in its early stages, this is an important and rapidly developing opportunity to adapt to a changing technological landscape while meeting DOT's primary safety mission.

SUBMITTED BY: Office of Inspector General

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LAST UPDATED: November 2016

² 14 CFR Part 107 (June 2016).

2. Vehicle and Surface Transportation Safety

ISSUE: Bolstering vehicle and surface transportation safety

ACTION NEEDED: To enhance the safety of U.S. highways, mass transit systems, motor carriers, and commercial drivers, DOT must focus on (1) enhancing processes for collecting and analyzing vehicle safety data, (2) implementing the Federal Transit Administration's (FTA) role in overseeing the safety of the Nation's rail transit system, and (3) removing high-risk motor carriers and unqualified drivers from the Nation's roads.

BACKGROUND:

- In response to our recommendations, the National Highway Traffic Safety Administration has strengthened its internal controls for collecting and analyzing vehicle safety recall data and investigating potential safety defects. The Agency has successfully closed 12 of the 17 safety recommendations from our 2015 audit but has yet to address 2 recommendations from our 2016 audit regarding needed enhancements to quality control mechanisms.
- We recently made recommendations to strengthen FTA's rail transit safety oversight. We found FTA lacked milestones for finalizing policies and procedures for assuming direct safety oversight of a transit agency³ and for transferring oversight back to a State safety oversight agency. FTA faces challenges in acquiring and retaining safety oversight personnel and resources; establishing a data-driven, risk-based oversight system; and establishing robust safety performance criteria and enforceable safety standards.
- Our criminal investigations have identified challenges for the Federal Motor Carrier Safety Administration (FMCSA) as it seeks to remove unsafe motor carriers and unqualified drivers from the Nation's highways. We focus our investigations on entities that repeatedly engage in unsafe practices, which in some cases led or contributed to multivehicle collisions and fatalities. Since October 2011, we opened 134 motor carrier safety investigations. Forty-one involved reincarnated carriers and 52 involved frauds related to commercial drivers' licenses. To reduce associated risks, FMCSA must take stringent enforcement action against violators and ensure they remain out of service.

SUBMITTED BY: Office of Inspector General

PREPARED BY: Barry DeWeese, barry.deweese@oig.dot.gov and Michelle McVicker, Michelle.T.McVicker@oig.dot.gov

LAST UPDATED: November 2016

³ In October 2015, FTA assumed direct oversight of the Washington Metropolitan Area Transit Authority after a January 2015 incident on a Metrorail train where 1 passenger died and 91 people were injured.

3. Cybersecurity

ISSUE: Strengthening cybersecurity strategies to address increasing threats

ACTION NEEDED: To protect its vital transportation systems, DOT must focus on (1) maximizing benefits from personal identity verification (PIV) cards, (2) coordinating technological initiatives to efficiently improve security, and (3) extending security boundaries to cover all DOT information.

BACKGROUND:

- DOT has successfully supplied PIV cards to all of its employees. However, we continue to observe weaknesses in establishing required PIV use to access applications and facilities. For example, in 2015, DOT had only enabled 140 of its 445 systems for PIV access, including systems containing sensitive information. Further, the Federal Aviation Administration (FAA) has not established PIV physical access at 530 facilities but plans to do so by the end of fiscal year 2018. Until DOT establishes full use of PIV cards as required by the Office of Management and Budget (OMB), it will face increased security risks and cannot ensure that system users and individuals who access facilities and systems are correctly identified as authorized personnel.
- As the complexity and sophistication of cyberattacks grows, it is increasingly important for organizations to take preventive measures and actively monitor and mitigate security weaknesses during or immediately after an attack. To address this challenge, the Department of Homeland Security, OMB, and the National Institute of Standards and Technology (NIST) conceived programs such as Continuous Diagnostics and Mitigation and Information Security Continuous Monitoring. However, DOT has not effectively coordinated or implemented these measures. For example, DOT's continuous monitoring program lacks sufficient maturity to be effective, leaving its systems vulnerable to exploitable hardware and software.
- DOT must expand its traditional approaches and security boundaries to protect all of its information technology. Currently, DOT's Security Operations Center, which handles all cyber incidents, does not have access to all departmental systems—including FAA and cloud service provider systems—or consider incident risk. This lack of access is contrary to Federal law and, as we reported, limits DOT's ability to effectively monitor and eradicate cyber incidents. DOT also needs to address security vulnerabilities in contracted network space. We found that the Volpe Center (which performs systems research and applications development for DOT and other Federal and non-Federal sponsors) does not follow NIST's and DOT's policies and procedures for establishing agreements with clients that connect networks owned by third parties to its own.

SUBMITTED BY: Office of Inspector General

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4. Fraud, Waste, and Abuse

ISSUE: Strengthening controls to detect and prevent fraud, waste, and abuse

ACTION NEEDED: To protect taxpayer dollars invested in grants and contracts, DOT must focus on (1) enhancing internal controls to protect Federal investments, (2) strengthening Disadvantaged Business Enterprises (DBE) program oversight, (3) leveraging fraud detection and prevention resources, and (4) analyzing data to proactively identify risks.

BACKGROUND:

- We continue to identify investments DOT-wide where weak controls could result in financial risks. For example, we recently reported that the Federal Highway Administration did not always ensure compliance with Federal requirements before approving financial assistance for State transportation projects. Similarly, the Federal Transit Administration lacks policies and guidance on the Federal funding restriction process, impeding its regional offices' oversight of at-risk grantees. At the Maritime Administration, we identified deficient controls for grant program implementation and oversight.
- Strong oversight is key to weeding out bad actors who attempt to defraud the DBE program. In 2013 and 2015, our audits recommended key steps for DOT to strengthen oversight and management of the DBE program and measure performance. In the past 5 years, our DBE fraud investigations have produced 43 indictments, 41 convictions, and over \$200 million in financial recoveries. We experienced a 43-percent increase in new DBE fraud cases from fiscal year 2015 to 2016, indicating that increased oversight is warranted to better identify and prevent DBE fraud.
- Our office actively engages in fraud detection and prevention outreach with DOT's internal and external stakeholders. This has contributed to the overall initiation of over 200 investigations during fiscal year 2016 in matters involving public safety and stewardship of DOT's financial resources. Despite these efforts, we continue to witness impediments to consistent case referrals to our office.
- DOT can harness data to better target possible areas of fraud, waste, and abuse. We are committed to increasing our risk-based data analytics work to assist DOT in this challenge. We have successfully used data analytics in the past on our audit and investigative work. Effectively leveraging data to identify outliers or patterns can increase both the effectiveness and efficiency of DOT's anti-fraud efforts.

SUBMITTED BY: Office of Inspector General

PREPARED BY: Michelle McVicker, Michelle.T.McVicker@oig.dot.gov

LAST UPDATED: November 2016

5. National Airspace System Resiliency and Efficiency

ISSUE: Enhancing the capacity, efficiency, and resiliency of the National Airspace System (NAS)

ACTION NEEDED: To increase the efficiency and resiliency of the NAS, DOT must focus on (1) keeping near-term Next Generation Air Transportation System (NextGen) investment priorities on track and addressing key risks, (2) defining the costs and benefits of the NextGen transformational programs, (3) enhancing redundancy and contingency plans for air traffic operations to mitigate disruptions, and (4) ensuring enough fully certified controllers at critical air traffic facilities.

BACKGROUND:

- In response to a 2013 review of its NextGen plans, the Federal Aviation Administration (FAA) worked with industry to develop an implementation plan for the four highest priorities: (1) advancing Performance Based Navigation (PBN), (2) improving access to closely spaced parallel runways, (3) enhancing airport surface operations, and (4) developing data communications for controllers and pilots. While FAA has reported progress, some areas are delayed, particularly new PBN procedures, which have the potential to deliver significant near-term benefits.
- FAA's six NextGen transformational programs⁴ now total over \$5.7 billion and extend beyond 2020. However, FAA has not fully identified the total costs, number of segments, capabilities, or schedules for completing the overall transformation for any of the six programs. Moreover, progress is limited by changing requirements and complex integration issues.
- FAA is developing new contingency plans after an incident at a Chicago air traffic facility severely disrupted air traffic operations. However, it is unclear whether the plans are realistic, fully executable, or will actually mitigate the impact of future disruptions.
- FAA plans to hire over 6,300 air traffic controllers in the next 5 years to fill attrition gaps. Although controller staffing levels at critical facilities are generally consistent with FAA's Controller Workforce Plan, we found significant weaknesses with the process FAA uses to determine the staffing ranges in its plans. Without better models, FAA will continue to face challenges in ensuring FAA's critical facilities are well staffed.

SUBMITTED BY: Office of Inspector General

PREPARED BY: Matthew E. Hampton, matthew.e.hampton@oig.dot.gov

LAST UPDATED: November 2016

⁴ Automatic Dependent Surveillance – Broadcast (ADS-B), System Wide Information Management (SWIM), Data Communications (DataComm), National Airspace System (NAS) Voice System (NVS), Common Support Services – Weather (CSS-Wx), and Collaborative Air Traffic Management – Technologies (CATM-T).

6. Surface Transportation Infrastructure

ISSUE: Increasing oversight of critical surface transportation infrastructure

ACTION NEEDED: To effectively oversee the U.S. surface transportation infrastructure, DOT must focus on (1) strengthening stewardship of the Federal Highway Administration's (FHWA) Federal-aid funds, (2) ensuring the integrity of the Nation's highway bridges and implementing a new tunnel safety program, (3) improving guidance to ensure compliance with railroad bridge safety standards, and (4) addressing willful violations of pipeline safety regulations.

BACKGROUND:

- We recently identified areas where FHWA can ensure States more efficiently use about \$40 billion in annual Federal aid for highway and bridge projects. For example, FHWA is not enforcing a law requiring States to repay the Highway Trust Fund the full amount of Federal expenditures for preliminary engineering when a project does not acquire right-of-way or start construction within 10 years after Federal funds were made available. As a result, over \$4 billion during a 5-year period was at risk.
- To improve its bridge safety program, FHWA needs to address our remaining open recommendations and implement outstanding statutory mandates—such as one to update its bridge inspection and inventory standards. Separately, FHWA is implementing its new tunnel safety program and needs to maintain effective oversight to ensure initial safety inspections of all existing tunnels are complete by August 2017. FHWA also needs to develop procedures for States to report and resolve critical deficiencies found from such inspections.
- We recently recommended that the Federal Railroad Administration (FRA) develop guidance to ensure its railroad bridge safety specialists address all instances of regulatory non-compliance and that track owners mitigate bridge safety risks. We also recommended that FRA establish a comprehensive list of track owners with railroad bridges and target oversight to high-risk owners.
- From 2011 to 2015, there were 140 serious pipeline incidents resulting in 59 fatalities. Many of these are due to violations of safety regulations, such as the Natural Gas Pipeline Safety Act (PSA). However, language in the PSA, requires that the violation be committed “knowingly and willfully,” which makes prosecutions difficult. We believe that basing prosecutions on “reckless” violations would result in more successful cases and deter future serious pipeline incidents. We recently conducted the first successful prosecution of a utility company for violating the PSA.

SUBMITTED BY: Office of Inspector General

PREPARED BY: Barry DeWeese, barry.deweese@oig.dot.gov

LAST UPDATED: November 2016

7. Acquisition and Financial Management

ISSUE: Ensuring oversight of acquisition and financial management

ACTION NEEDED: To effectively manage and protect its financial investments and contracts, DOT must focus on (1) increasing oversight of high-risk contracts, (2) keeping current on new acquisition skills and financial tools, and (3) improving financial stewardship.

BACKGROUND:

- In recent years, the Office of Management and Budget (OMB) and the Office of Federal Procurement Policy (OFPP) have focused on improving Government acquisitions by reducing dollars obligated under high-risk contracts, such as noncompetitive contracts, cost-reimbursement contracts, and time-and-materials or labor-hour contracts. Governmentwide guidance called on agencies to maximize the use of full and open competition and to govern the appropriate use and oversight of all contract types to minimize risk and maximize value to the Government. Our work has found that DOT faces challenges in overseeing high-risk contracts, specifically cost-reimbursable, sole-source, and multiple award service contracts. These contract types are often used without considering the possibility of using less risky contract types and frequently lack sufficient management oversight.
- OFPP has recognized that achieving good results from contracting tools is directly linked to the skills, judgment, and capacity of the acquisition workforce—heightening the need for DOT to meet contracting training and certification requirements. As DOT’s acquisition workload changes or increases with the growing complexity of Federal programs, it will require more resources and new skills, such as modular contracting and use of incentives, to ensure sound acquisition management and reduce program risks—an area where our work has identified several challenges for DOT.
- To be an effective steward of taxpayer dollars, DOT must establish and maintain internal controls to achieve effective operations, perform reliable financial reporting, and comply with applicable laws and regulations. Our work has identified that DOT faces challenges in meeting this critical management responsibility for oversight of Hurricane Sandy relief funds, debt collection practices, contract closeout, and OMB’s Uniform Guidance compliance.

SUBMITTED BY: Office of Inspector General

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LAST UPDATED: November 2016

8. Mandates and Initiatives

ISSUE: Managing existing and new mandates and initiatives

ACTION NEEDED: To carry out its congressional mandates and other initiatives, DOT must focus on (1) implementing performance management requirements and accelerating project delivery, (2) managing new safety requirements from the Federal Aviation Administration (FAA) Extension Act, (3) addressing hazardous materials (hazmat) and pipeline safety recommendations and mandates, (4) implementing initiatives for increasing enforcement of regulations for transport of hazmat by rail, and (5) harnessing new financing methods in DOT's credit programs.

BACKGROUND:

- The Moving Ahead for Progress in the 21st Century Act required States to employ performance-based management of DOT's highway and transit programs and accelerate project delivery. DOT plans to finalize the needed rulemakings in FY 2017 but will need to revise several actions to comply with the Fixing America's Surface Transportation Act.
- FAA has several ongoing initiatives to enhance aviation safety. However, FAA faces challenges to implement new requirements called for in the FAA Extension, Safety, and Security Act of 2016. These include several efforts to address pilot safety and recordkeeping issues and new requirements for oversight of foreign repair stations.
- The Pipeline and Hazardous Materials Safety Administration has missed most of its deadlines for implementing mandates and recommendations because it lacks sufficient processes, oversight, and project management. The Agency also ineffectively coordinates with the three other agencies responsible for developing safety standards for the transportation of hazmat.
- FRA agreed with our recommendation to evaluate national risks posed by rail transport of hazmat and establish new processes to deter future violations of hazmat regulations and refer suspected criminal activities directly to OIG. These initiatives will require several nationwide policy and process changes for FRA's legal and enforcement staff.
- DOT is working to identify the staff and capabilities needed to support the Build America Bureau launched in 2016 to aid DOT's Council on Credit and Finance in meeting congressional mandates to restructure DOT's credit programs.

SUBMITTED BY: Office of Inspector General

PREPARED BY: Barry DeWeese, barry.deweese@oig.dot.gov

LAST UPDATED: November 2016



What We Do and How We Operate

Investigative Process

Allegations Received Allegations of fraud, waste, abuse and other irregularities concerning DOT programs and operations are received from various sources, including:

- *DOT/OIG Hotline Complaints* via website, phone, email, fax, and walk-ins.
- *Referrals from Government Entities*, including other law enforcement agencies, Congress, U.S. Office of Special Counsel, the Government Accountability Office, and DOT officials.
- *Self-Initiated*, based on internal OIG audit referrals, investigative analyses, and other compelling sources.
- *Qui Tam*⁵ lawsuits referred for investigation by the Department of Justice.

Assessment Allegations are preliminarily reviewed to determine if OIG investigative attention is warranted.

- Is the matter within OIG or DOT jurisdiction?
- Is the allegation credible (for example, reasonably detailed); if so, what is the best way to address it?
 - Through OIG criminal, civil or administrative investigation.
 - Referral to an Operating Administration (OA) or other Government agency.

Investigative Activity Investigations are conducted through a variety of activities, including record reviews and document analysis; witness and subject interviews; IG and grand jury subpoenas; search warrants; special techniques, such as consensual monitoring and undercover operations; and coordination with other law enforcement agencies, such as the FBI, as appropriate.

Outputs Upon completing an investigation, reports and other documents may be written for use by senior decision makers and other stakeholders, including Congress, DOT management, and the public.

- Results of OIG's administrative investigations, such as employee and program integrity cases, are transmitted to OA officials, along with recommendations for action.
- OIG's criminal cases are prosecuted through U.S. Attorney Offices nationwide, as well as U.S. Department of Justice prosecutorial elements in Washington, DC. Criminal cases can also be prosecuted by the state and other local jurisdictions.
- OIG performs "Quality Control" on the results of those investigations conducted by OAs based on our referrals to ensure allegations are sufficiently addressed.
- Matters are referred to OAs for suspension or debarment.

⁵ Lawsuits filed by private citizens on behalf of the government alleging the submission of false claims for payment.

Investigative Priorities

Our top investigative priorities involve crimes with a public safety impact, fraud schemes that significantly impact DOT funds, consumer and workforce fraud, and employee integrity violations.

Transportation Safety Investigations The goal of our investigative operations is to enhance DOT's transportation safety goals by investigating crimes where death or serious bodily injury has or is likely to occur. The types of investigations typically involve parties that egregiously violate DOT's safety regulations and statutes. Our investigations—and resultant prosecutions—are separate from but complement the regulatory enforcement programs of DOT's Operating Administrations. The availability of criminal sanctions sends a message to violators who consider regulatory/civil penalties as a cost of doing business. In this priority are 3 sub-areas:

- *Aviation safety investigations* typically involve counterfeit or substandard aircraft parts, falsified aircraft and aircraft parts maintenance records, and false certifications involving pilot and mechanic licensing and maintenance records.
- *Motor carrier safety investigations* include falsified drivers' hours-of-service logs, fraudulently or corruptly obtained commercial drivers licenses, falsified truck or bus maintenance records, and fraud in testing commercial drivers for drug and alcohol abuse.
- *Hazardous materials investigations* concern the illegal and undeclared shipment of hazmat in all modes of transportation.

Procurement and Grant Fraud Investigations The goal of this program is to protect the loss of Federal transportation dollars by investigating fraud by grantees, grant recipients, and DOT contractors. In addition, this program helps ensure a level economic playing field for American workers and disadvantaged business enterprises in the distribution of Federal transportation funds. The types of frauds typically seen in DOT procurements and grants include allegations of bribery and corruption, bid rigging, false claims, labor and materials over-charging, disadvantaged business enterprise fraud, and product substitution. The Office of Investigations also has a proactive fraud awareness and education outreach program with stakeholders at all levels of Government.

Consumer and Workforce Fraud Investigations The goal of this program is to protect American consumers and workers from fraud in connection with Federal Motor Carrier Safety Administration economic regulatory programs, such as household goods and motor carrier broker fraud schemes.

Employee Integrity Investigations The goal of this program is to promote program integrity by investigating serious employee misconduct. These types of investigations address a wide range of violations involving DOT employees, such as time and attendance fraud, travel voucher fraud, misuse of Government property or funds, conflicts of interest, ethics violations, and other prohibited personnel actions.

Law Enforcement Authority

OIG special agents have Federal law enforcement authority to conduct criminal investigations—including the authority to make arrests, obtain and execute warrants, and carry firearms. The only organization in DOT authorized to employ criminal investigators or perform criminal investigative functions,⁶ DOT OIG exercises its law enforcement authority in accordance with U.S. Department of Justice (DOJ) requirements and guidelines:

- **Training.** All OIG special agents are subject to rigorous law enforcement training required for most other Federal law enforcement agencies, including the U.S. Marshals Service, Homeland Security Investigations, and other OIGs.
- **Use of Force Policy.** OIG’s policy on use of force mirrors the Federal Bureau of Investigation’s (FBI) and DOJ’s policies on use of deadly force. Our policy addresses all types of use of force situations that may arise during our investigations. All DOT OIG special agents are trained quarterly on use of force.
- **External Peer Reviews.** OIG’s investigative function is subject to external peer reviews at least once every 3 years to ensure adequate internal safeguards and management procedures.

Audit Process

The Office of Auditing and Evaluation includes auditors, analysts, information technology experts, economists, statisticians, engineers, writers, and other specialists at DOT’s Washington, DC, headquarters and eight field offices around the country.

Audits have four basic phases:

- **Survey:** The audit team proposes audit objectives, scope, and methodology and estimates milestones.
- **Verification:** The audit team gathers and analyzes evidence and develops findings and recommendations based on its analysis.
- **Report Development:** A draft report on our findings and recommendations is written and reviewed by internal stakeholders and sent to the audited agency for review and comment.
- **Report Issuance:** The final report is issued to the audited agency, OST, OMB, and congressional committees and staff.

Audits prompted by:

- Laws, such as Appropriation Acts, Authorization Acts, and the Chief Financial Officers Act
- Requests from Congress, senior Department officials, and other officials
- Referrals from OIG’s Office of Investigations
- Self-initiation

⁶ With the exception of NHTSA’s odometer fraud program.

Audits performed by or on behalf of OIG include:

- Performance audits reviewing the efficiency and effectiveness of DOT programs, including audits of regulated entities.
- Financial audits including financial statement audits and attestation engagements.

Communication during the audit process: We maintain an open line of communication with the Department and requestors throughout the audit process.

- *At the start of an audit*, OIG formally notifies the OA at the start of an audit through an Announcement Letter, which lists the elements within DOT to be audited, the audit objectives, the expected start date, and the OIG Audit Team Program Director and Project Manager. Announcement Letters are posted on OIG's Web site for the public.
- *At the conclusion of field work*, the audit team conducts an exit conference with the OA to discuss the audit results.
- *The draft report* is typically given to the OA for formal written comments. Agency comments are included as an Appendix to the final report. All final reports must have some indication that the audited agency had opportunity to comment either in writing or orally before the final is issued.
- *Final reports are posted* on OIG's Web site for the public, typically 2 days after issuing and distributing advance copies of a final report. Note: As required by Congress, reports requested by the House and Senate Appropriations Committees are subject to a 15-day hold before being publicly released.

Audit standards: Audits comply with generally accepted Government auditing standards (GAGAS) put forth in GAO's *Government Auditing Standards*, commonly referred to as the "Yellow Book." These are the standards and guidance used by Government auditors to ensure integrity and objectivity:

- Independence
- Professional judgment
- Competence
- Quality control and assurance
- Standards established by the American Institute of CPAs (for financial and attestation audits)
- Planning
- Supervision
- Obtaining sufficient, appropriate evidence
- Audit documentation
- Reporting

Process for Distributing Reports and Work Products

- Once an audit report has been issued in draft, it is provided to the audited agency for review and comment. The audited agency generally has 30 calendar days to respond to OIG’s draft audit report. The agency may request an extension of an additional 15 calendar days for their review which OIG may grant at its discretion. Congressionally mandated deadlines may prevent OIG from being able to grant an extension.
- Within approximately 30 days prior to issuing a final report, OIG provides advance notice and summarizes the objectives of the audit in OIG’s weekly report to the Secretary.
- Once agency comments have been received and any changes have been made to the report, the final report is distributed to (1) the DOT addressee and senior OST/OA officials;⁷ (2) congressional staff on committees of jurisdiction; and (3) OMB transportation policy staff.
- Depending on the origin of the report (whether it was requested by the Department, congressional committees, individual members of Congress, or self-initiated by OIG), OIG generally waits until the 2nd business day after issuing and distributing advance copies of a final report or management advisory before making it publicly available on our Web site or providing copies to requesting members of the public or the media. (See the following *Public Release Schedule for OIG Reports* timetable.)
- OIG is further directed in the committee reports accompanying annual appropriations to withhold from public distribution for a period of 15 days any report requested by the Appropriations Committees.
- Note, however, that if a report is made public by those outside OIG during these interim “hold” periods, our policy is to make the report available to the public on our Website at that time.
- OIG does not solicit media attention for its reports, nor do we release “embargoed” copies or summaries of reports to the media in advance of their public release. We rely on our Website and social media tools to notify media and the public when an item has been made public.

⁷ To maintain the accuracy of our email-distribution lists for final reports, please send any names and email addresses of newly hired senior appointees and staff that should receive these advance notifications to nathan.richmond@oig.dot.gov.

PUBLIC RELEASE SCHEDULE FOR OIG REPORTS AND WORK PRODUCTS

| Report | Public Release Date | DOT Comment |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------|
| OIG Semiannual Report | By May 31 and November 30 | X |
| DOT Top Management Challenges Report | By November 15 | X |
| Final Audit Reports | | |
| Requested/Mandated by Appropriations Committees | 15 days after issuance and delivery to DOT and Appropriations Committees | X |
| Requested/Mandated by Non-Appropriations Congressional Offices | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | X |
| Requested by OST/OAs | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | X |
| Self-Initiated | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | X |
| Management Advisories⁸ | Generally on the 2 nd business day after issuance and delivery to DOT and Congress | |
| Controlled Correspondence⁹ | Generally on the 2 nd business day after issuance and delivery to the recipient | |
| Audit Announcements | Upon issuance and delivery to DOT | |
| Investigative Summaries | When information regarding an investigation is deemed to be public by the prosecuting official | |
| Reports of Investigation | Subject to FOIA review process | |
| Testimony Statements | Upon commencement of a congressional hearing | |
| OIG Monthly Activity Report¹⁰ | Within 7 days of the beginning of each month | |

⁸ OIG will periodically issue advisories to alert DOT officials of significant issues that emerge during an audit and warrant immediate attention.

⁹ Controlled Correspondence includes official Congressional, DOT and interagency correspondence and may include non-audit reviews containing no audit recommendations.

¹⁰ OIG's Monthly Activity Report is a compilation of summaries and links to OIG's public web site regarding newly announced audits, final audit reports, testimony statements, investigations, correspondence, and ARRA monthly financial and activity reports released during the preceding month. These reports are distributed electronically to staff at Congressional committees, OMB, GAO, and NTSB.



OIG's Relationship with DOT

In addition to supporting Congress in its oversight role, the Office of Inspector General (OIG) provides the Secretary and Modal Administrators of the Department of Transportation (DOT) with a unique perspective into the Department's operations. This document provides a snapshot of the OIG, including its authority and obligations as well as its core operational elements. For more information, please visit www.oig.dot.gov/presidential-transition.

The Role of Inspectors General

In accordance with the Inspector General Act of 1978, as amended (the IG Act), 73 federal agencies have an Inspector General (IG). Approximately half are appointed by the President subject to Senate confirmation – as is the case for the DOT IG – while the remainder are appointed by the agency head, governing board or commission.

According to the IG Act, the role of an IG is to prevent and detect waste, fraud, and abuse relating to each agency's programs and operations, and to promote economy, efficiency, and effectiveness in the agency's programs and operations.

IGs are nonpartisan and are selected without regard to political affiliation. Unlike other political appointees, IGs typically remain in office when Presidential Administrations change. IGs have a dual reporting requirement—to their agency heads and to Congress. IGs are required by the IG Act to keep both fully and currently informed about problems and deficiencies in their agencies' programs and operations, as well as the necessity for and progress of corrective action. In addition, the IG is required to present all allegations that appear to be criminal in nature to the Attorney General for prosecutorial consideration.

Although IGs are located within agencies, they conduct their audits, investigations, and special reviews while maintaining independence. For example, agency heads may not prevent the IGs from initiating, carrying out, or completing any audit, or investigation, except in limited circumstances. IGs must maintain their independence, in both reality and in appearance, to provide credible oversight. In addition, the IG meets regularly with senior DOT executives to foster effective communications. According to the IG Act, IGs must have direct and prompt access to agency heads.

OIG Access Authority

Under the IG Act, IGs have broad statutory authority, including access to all agency records, information and employees. IGs also have the authority to subpoena relevant documents and information from non-federal organizations and individuals. Access is a bedrock principle upon which OIG is able to build our independent and objective reviews. To that end, Secretary Foxx has taken the further step of issuing a Department-wide [cooperation memo](#) instructing all employees as to their responsibilities with respect to OIG inquiries.

Interactions Between OIG and DOT

The Inspector General

The IG historically has been invited to participate in the Secretary's weekly Executive Management Team meetings generally attended by each Operating Administrator and the Department's senior political appointees (e.g. Undersecretary for Policy, General Counsel, Chief of Staff, and the Assistant Secretaries).

As a means to fulfill the obligation to keep the Secretary fully and currently informed, the Inspector General also meets biweekly with the Secretary or the Deputy Secretary to provide a snapshot of impending OIG efforts such as the release of final audit reports which are often of particular interest to Congress and the press.

OIG also provides a weekly report to the Secretary which highlights the following: significant schedule information for the IG and the Deputy IG including congressional testimonies, speeches, or other public appearances; upcoming audit reports and other significant activities; and updates on recent matters such as summaries of investigations that have seen some public disclosure such as an indictment, conviction, or sentencing.

To assist in fulfilling OIG's dual reporting mandate, in advance of making our reports publicly available on our website, OIG provides embargoed email copies of our audit reports to senior DOT and congressional officials.

Office of Audit and Evaluations

OIG's Office of Auditing and Evaluation conducts audits and other reviews of DOT's transportation programs and activities to ensure they operate economically, efficiently, and effectively. In accordance with the IG Act, and to maintain our independence and objectivity, OIG does not issue regulations, engage in making policy decisions for the Department or assist in operating DOT programs. OIG conducts audit work based on a variety of factors, including Congressional interest (as mandated by law or directed by Congressional request), Secretarial or Operating Administrator request, or self-initiation based on our own ongoing research and assessments of DOT's major challenges. To prevent duplication of effort to the extent possible on audits, OIG and the Government Accountability Office coordinate regularly.

DOT sets out its internal operations in various Orders and Policies, including interactions pertaining to OIG audits (DOT Order 8000.1 and 8000.6). During audit work, audit team managers communicate directly with DOT and Operating Administration (OA) officials, including executives, program officials and audit liaisons. This communication can occur both formally (e.g. in the form of comments to draft OIG audit reports) and informally (e.g. ongoing conversations among staff).

Save for rare instances in which a product is designated "Security Sensitive Information" or "For Official Use Only," OIG makes its audit reports and correspondence public via our Web site (www.oig.dot.gov).

Office of Investigations

This office is comprised of criminal and general investigators that are responsible for conducting criminal, civil, and administrative investigations affecting DOT, its Operating Administrations, programs, and grantees (grant funds). The investigations office is responsible for transportation safety, procurement and grant fraud, DOT employee integrity and consumer and workforce fraud investigations.

The DOT and the Operating Administrations have an obligation to report all potential criminal matters to OIG. DOT sets out its internal operations in various Orders and Policies, including interactions pertaining to OIG investigations (DOT Order 8000.8). Unlike with audit reports, OIG does not regularly update DOT or the OAs about ongoing investigations. Summaries of investigations are made public via our Web site typically when a subject is indicted for committing a crime, a plea or verdict is rendered in a case, and/or when the subject is sentenced for a crime.

Recurring Congressional Requests for Information

Congress regularly asks OIG for updates and/or publicly available information on topics including the status of audit recommendations; investigations into senior level DOT employees and officials (GS-15 or the equivalent and above) where misconduct was found but no prosecution resulted; instances of whistleblower retaliation and consequences by an Agency; attempts to interfere with OIG's independence, including restricting communications with Congress and budgetary constraints designed to limit OIG capabilities; DOT restricting or significantly delaying OIG access to information and DOT employees; and a description of all closed audits and investigations that were not disclosed to the public.



Recent and Ongoing Work

Recent Investigations of Note

PG&E Convicted of Obstruction and Multiple Violations of the Natural Gas Pipeline Safety Act

On August 9, 2016, a Federal jury in U.S. District Court, San Francisco, California, found Pacific Gas and Electric Company (PG&E) guilty of multiple willful violations of the Natural Gas Pipeline Safety Act of 1968 (PSA) and obstructing an agency proceeding. PG&E is California's largest utility.

OIG had initiated an investigation after the 2010 explosion of a natural gas pipeline in San Bruno, CA, that killed 8 people. The PSA charges related to PG&E's record-keeping and pipeline "integrity management" practices; the obstruction charge was added later after it was discovered that PG&E had attempted to mislead the National Transportation Safety Board (NTSB) during its investigation.

The evidence presented at trial demonstrated that PG&E willfully failed to address record-keeping deficiencies concerning its larger natural gas pipelines, knowing that their records were inaccurate or incomplete. The evidence further demonstrated that PG&E willfully failed to identify threats to its larger natural gas pipelines and to take appropriate actions to investigate the seriousness of threats to pipelines when they were identified. In addition, PG&E willfully failed to adequately prioritize as high risk and properly assess threatened pipelines after they were over-pressurized, as required by the PSA and its regulations. In finding PG&E guilty, the jury concluded the company knowingly and willfully violated the PSA and its regulations between 2007 and 2010.

The charge of obstructing an agency proceeding was included in a superseding indictment filed on July 29, 2014. The charge centers around PG&E's use of a letter in an attempt to mislead the NTSB, which began its investigation immediately after the deadly San Bruno explosion. During the investigation, PG&E provided a version of a policy that outlined the way it had addressed manufacturing threats on its pipelines. Specifically, PG&E did not prioritize as high risk and properly assess many of its oldest natural gas pipelines, which ran through urban and residential areas. Although PG&E operated under the policy from 2009 through April 5, 2011, the company submitted a letter to the NTSB attempting to withdraw the document, stating that it was an unapproved draft that had been submitted in error. In finding PG&E guilty of obstructing an agency proceeding, the jury concluded the company intentionally and corruptly tried to influence, obstruct, or impede the NTSB investigation.

OIG conducted this investigation with the city of San Bruno Police Department, the San Mateo County District Attorney's Office, and the FBI.

North Carolina Paving Company and Six Officials Sentenced in DBE Fraud Scheme

On November 23, 2015, Boggs Paving Inc. (Boggs Paving), Carl "Drew" Boggs, Kevin Hicks, Greg Miller, Greg Tucker, and John Cuthbertson were sentenced in U.S. District Court, Charlotte, North Carolina, for their roles in a disadvantaged business enterprise (DBE) scheme involving over \$87 million in Federal and State-funded contracts. Arnold Mann was sentenced on November 10, 2015, for his role in the scheme.

The investigation revealed that Boggs Paving and the co-defendants used Styx Cuthbertson Trucking Company, Inc. ("Styx"), a road construction hauler and a certified DBE and small business enterprise, to help obtain government-funded construction contracts. Further, the co-defendants took steps to conceal their fraud, including running payments for the work performed through a nominee bank account in Styx's name and using magnetic decals bearing the "Styx" company logo to cover the "Boggs" logo on company trucks. Records indicate from June 2004 to July 2013, Boggs Paving was the prime contractor on 35 federally funded contracts, and was a subcontractor for two additional contracts, worth \$87.6 million. Boggs Paving claimed DBE credits of approximately \$3.7 million on these contracts for payments purportedly made to Styx. Styx only received payments of approximately \$378,000 for actual work on these contracts and the majority of the money was funneled back to Boggs Paving and its affiliates. John Cuthbertson, owner of Styx, received kickbacks for allowing his company's name and DBE status to be used by Boggs Paving. In 2014, all charges were dismissed against Styx.

Boggs Paving was sentenced to pay a \$500,000 fine. Drew Boggs, President of Boggs Paving, was sentenced to 30 months in prison and a \$15,000 fine. Kevin Hicks, CFO of Boggs Paving, was sentenced to 2 years of probation and a \$2,000 fine. Greg Miller, VP of Boggs Paving, was sentenced to 15 months in prison. Greg Tucker, VP of Boggs Paving, was sentenced to 2 years of probation and a \$1,000 fine. John Cuthbertson, President and owner of Styx, was sentenced to 3 months of home confinement followed by 21 months of probation and a \$2,000 fine. Arnold Mann, Project Manager of Boggs Paving, was sentenced to 2 years of probation and a \$7,500 fine.

OIG conducted this investigation with the FBI and the Internal Revenue Service-Criminal Investigation Division.

General Motors Agrees to Deferred Prosecution Agreement and a \$900 Million Forfeiture

On September 16, 2015, Detroit, Michigan based General Motors Company (GM), upon the approval of its Board of Directors, entered into a Deferred Prosecution Agreement (DPA) with the United States. GM agreed to forfeit \$900 million and consented to the filing of an Information, charging GM with engaging in a scheme to conceal a deadly safety defect (i.e. low-torque ignition switch) from the National Highway Traffic Safety Administration (NHTSA) and the commission of wire fraud. GM acknowledged multiple deaths occurred in crashes in which the safety defect contributed to airbag non-deployment.

Under the terms of the DPA, GM admits that, from the spring of 2012 to about February 2014, it failed to disclose to NHTSA and the public the potentially lethal safety defect that caused

airbag non-deployment in certain GM model cars and that GM misled consumers about the safety of cars afflicted by the defect. The forfeited \$900 million constitutes property derived from the proceeds of GM's conduct and wire fraud.

In consideration of GM's entry into the DPA, the United States Attorney's Office, Manhattan, New York, recommended to the Court a deferment of criminal prosecution for a period of three (3) years with the presumption that GM meets all of its DPA obligations.

Pursuant to the DPA, GM also agreed to retain an Independent Monitor, approved by the Deputy Attorney General, who is empowered to review and assess GM's policies and procedures concerning motor vehicle safety, recall practices, and defects in certified pre-owned vehicles.

OIG conducted this investigation with the Office of the Special Inspector General for the Troubled Asset Relief Program and the FBI.

Former FHWA Assistant Division Administrator in New Jersey Sentenced for Fraud Scheme Related to Research Grants

On September 2, 2015, Lawrence F. Cullari, Jr., the former Federal Highway Administration (FHWA), New Jersey Division, Assistant Division Administrator, was sentenced to 21 months incarceration, 3 years supervised release, and ordered to pay a \$20,000 fine resulting from an OIG investigation in U.S. District Court, Trenton, New Jersey.

While in his official capacity as FHWA Assistant Division Administrator, he influenced the allocation of FHWA funding and the direction of federal and state transportation programs in order to unjustly enrich himself.

Between May 2006 and June 2013, Cullari Jr., knowing that he was ineligible for FHWA-funded contracts used his former father-in-law's engineering company as a "straw" subcontractor to obtain FHWA-funded work. The funds were funneled to him via his (and his ex-wife's) consulting company, Dencore Consulting, LLC. The transportation-related work was contracted through Rutgers University's Center for Advanced Infrastructure and Transportation (CAIT) and the NJ Institute of Technology (NJIT). Based on Cullari Jr's contacts at Rutgers CAIT and NJIT, his former father-in-law's engineering company was awarded over \$150,000 in transportation related sub-contracts sponsored by FHWA. In reality, Cullari Jr. prepared the bids and work proposals on behalf of the engineering company and arranged for the work to be completed. After the company received payments from Rutgers or NJIT, it cut checks to Dencore Consulting, which, in turn, cut checks to Cullari Jr. On at least one occasion, Dencore Consulting issued a \$20,000 check to him after he created a false \$20,000 invoice for work purportedly rendered. As part of his guilty plea, Cullari Jr. consented to a forfeiture money judgment, the amount to be determined at the time of sentencing.

Cullari Jr. served as the Acting Division Administrator, the top position in the NJ Division, from August 2013 through October 2013. He resigned from federal service in July 2014.

Investigative Outcomes for FY 2016

Financial Impacts

| | |
|---------------------------------|---------------------|
| Fines (and Special Assessments) | \$9,733,913 |
| Restitution | \$9,332,149 |
| Recoveries | \$14,316,773 |
| Cost Avoided | \$0 |
| Forfeited | \$9,137,467 |
| TOTAL: | \$42,520,302 |

Investigative Activities

| | |
|----------------------------------|-----|
| Current Investigation | 488 |
| Investigations/Complaints Opened | 286 |
| Investigations Closed | 263 |

Judicial Referrals

| | |
|-----------------------------------|-----|
| Referred for Criminal Prosecution | 302 |
| Accepted for Criminal Prosecution | 181 |
| Declined for Criminal Prosecution | 221 |
| Referred for Civil Prosecution | 48 |
| Accepted for Civil Prosecution | 37 |
| Declined for Civil Prosecution | 25 |

Judicial and Administrative Actions

| | |
|--------------------------|-------|
| Indictments | 93 |
| Convictions | 72 |
| Pretrial Diversion | 8 |
| Years Incarceration | 56.1 |
| Years Supervised Release | 76.4 |
| Years Probation | 130.5 |
| Hours Community Service | 3660 |
| Business Debarment | 13 |
| Business Suspension | 23 |
| Individual Debarment | 26 |
| Individual Suspension | 57 |

Administrative Results

| | |
|---------------------------------------------------------|------|
| Administrative – Cert/License/Permit Retested | 3569 |
| Administrative - Cert/License/Permit revoked/terminated | 16 |
| Administrative - Cert/License/Permit suspended | 1 |
| Administrative - Compliance Agreement | 17 |
| Administrative - Corrective action taken | 3 |
| Administrative - Decertification MBE/DBE | 2 |
| Administrative - Employee: Counseling | 3 |
| Administrative - Employee: Reassignment/transfer | 2 |
| Administrative - Employee: Removal | 1 |
| Administrative - Employee: Removal (Proposed) | 1 |

| | |
|------------------------------------------------------------------|-----|
| Administrative - Employee: Reprimand | 2 |
| Administrative - Employee: Resigned/retired during investigation | 2 |
| Administrative - Employee: Suspension | 4 |
| Administrative - Employee: Suspension (Proposed) | 1 |
| Administrative - Fed. Funding/participation suspended | 1 |
| Administrative - Fed. Funds Reduced | 3 |
| Administrative - No Suspension/Debarment Action Taken | 9 |
| Administrative - Not substantiated | 2 |
| Administrative – Regulation/Rule revised | 1 |
| Administrative - Substantiated - Enforcement Action Taken | 4 |
| Administrative - Substantiated - No Enforcement Action Taken | 1 |
| Administrative - Suspension/Debarment Referral | 112 |
| Administrative - Unfounded | 4 |

Hotline Contacts

| | |
|---------------|--------------|
| Email | 2,148 |
| Fax | 3 |
| Letters | 211 |
| Web | 23 |
| Telephone | 2,709 |
| Walk Ins | 0 |
| TOTAL: | 5,094 |

Ongoing and Recent Audits of Note

FAA

[Airline Cockpit Security](#) Ongoing: In September 2015, OIG began an audit of the Federal Aviation Administration’s (FAA) oversight of the safety of commercial airline flight decks. We are conducting this audit at the request of Senator Dianne Feinstein. Our audit objectives are to assess the effectiveness of FAA’s actions to (1) identify vulnerabilities to flight deck security, and (2) mitigate identified flight deck vulnerabilities.

[FAA Use of Sole-Source Contracts](#) Issued: May 9, 2016

The report review the Federal Aviation Administration’s (FAA) use of sole source contracts. In 2009, the Office of Management and Budget directed all Federal agencies to reduce the amount of dollars obligated on noncompetitive contracts, including sole-source contracts. DOT-OIG found that FAA took limited actions to reduce its use of sole-source contracts and did not achieve a sustained reduction in its use of these contracts between fiscal years 2008 and 2014, and the number of FAA’s new sole-source contracts fluctuated from year to year. FAA awarded a total of 624 sole-source contracts, with a total value of about \$2.2 billion, during fiscal years 2008–2014. DOT-OIG also found FAA’s use of sole-source contracts is greater than what DOT reported to Congress due to FAA’s data transfer errors. Specifically, FAA did not report 81 sole-source contracts valued at \$166 million during fiscal years 2012–2014. Also, FAA’s pre-award practices for sole-source contracts did not fully comply with FAA’s Acquisition Management System (AMS) policy and guidance. Specifically, DOT-OIG found that 29 of 34

FAA sole-source contract files in our sample did not fully comply with key AMS pre-award requirements. DOT-OIG projects that the total estimated value of sole-source contracts that did not fully comply with key AMS pre-award requirements is \$962 million, or 51 percent of the total estimated value of contracts in our universe. FAA concurred with all five DOT-OIG recommendations, and DOT-OIG considers all of them resolved but open pending FAA's completion of planned actions.

[FAA's Audited Consolidated Financial Statements](#) Issued: November 14, 2016

We issued a final report on a Quality Control Review (QCR) of the Federal Aviation Administration's (FAA) audited consolidated financial statements for fiscal years 2016 and 2015. KPMG LLP, under contract to DOT-OIG, issued a clean (unmodified) audit opinion on FAA's financial statements. KPMG reported two significant deficiencies in internal control over financial reporting but did not report any instances of reportable noncompliance with laws and regulations tested. The QCR disclosed no instances in which KPMG LLP did not comply, in all material respects, with auditing standards.

[FAA Oversight and Approval Processes for Commercial UAS](#) Issued: December 1, 2016

We issued a final report on our self-initiated audit of FAA's approval and oversight processes for civil Unmanned Aircraft Systems (UAS). Using an authority granted by Congress, FAA approved over 5,500 commercial UAS to operate by exempting them from regulatory requirements. DOT-OIG found that FAA streamlined its process in 2015 for exempting civil UAS from regulatory requirements in response to increasing requests for exemptions and concerns over lengthy approval times. However, FAA's process does not verify that operators actually meet or understand the conditions and limitations of their exemptions either before or after the application is approved. Furthermore, while the Agency has taken some steps to advance UAS technology, it has not established a risk-based safety oversight process for civil UAS operations and lacks a robust data reporting and tracking system for UAS activity. As a result, FAA is currently taking a reactive approach to UAS oversight. FAA concurred with all six of DOT-OIG's recommendations to enhance the effectiveness of its oversight of civil UAS.

FHWA

[FHWA Oversight of Preliminary Engineering](#) Issued August 25, 2016.

The report reviewed the Federal Highway Administration's (FHWA) oversight of Preliminary Engineering (PE)—the design and related groundwork needed before a highway or bridge project advances to physical construction. Given the billions of dollars in Federal funds spent on State highway and bridge PE projects, DOT-OIG initiated this audit to assess FHWA's policies and procedures for (1) accounting for PE funds used for highway projects and (2) ensuring that States repay the Highway Trust Fund for PE expenditures when required. DOT-OIG reported that the four FHWA Division Offices it reviewed do not effectively assess whether States' systems and processes accurately account for PE projects. In addition, the Agency lacks effective controls and practices to promote transparent and accurate accounting for PE projects. DOT-OIG's review found that the Division Offices approved approximately \$3.1 billion in Federal PE expenditures (8 percent of total PE expenditures) for non-PE highway and bridge projects nationwide. DOT-OIG also found that FHWA lacks adequate processes to ensure States repay Federal funds spent on

PE, and \$3.3 billion of Federal funds authorized in fiscal years 2000 through 2004 is at risk of not being repaid to the Highway Trust Fund or was not used effectively due to FHWA's inaction. The Agency concurred or partially concurred with DOT-OIG's seven recommendations to help FHWA better account for Federal funds spent on PE and ensure that States reimburse the Highway Trust Fund when required.

FMCSA

FMCSA Investigative Practices for High Risk Carriers Ongoing: In May 2015, OIG began an audit of the Federal Motor Carrier Safety Administration's (FMCSA) investigative practices for high-risk motor carriers. This audit was requested by Senator Dick Durbin and included as a directive in the FY 2015 appropriations legislation. The objective is to assess FMCSA's processes for ensuring that reviews of motor carriers flagged for investigation are timely and adequate.

OST

DOT Cyber Security Funding Ongoing: In November 2015, OIG self-initiated an audit of the DOT Office of the Chief Information Officer (OCIO) oversight of cybersecurity appropriations. Recent cybersecurity attacks on Government information systems underscore the importance of maximizing all available funds to help secure these systems. Our audit objectives are to determine whether DOT (1) adequately planned for its cybersecurity funding needs and (2) expended cybersecurity funds in accordance with congressional direction.

DOT's Use of Other Transaction Agreements Ongoing: In June 2015, OIG self-initiated an audit of DOT's use and management of Other Transaction Agreements (OTAs). Congress has granted several DOT Operating Administrations the authority to enter into OTAs to acquire research and development or other supplies and services from entities that may be unwilling to or unable to comply with Government procurement laws and regulations. However, unlike contracts, grants, and cooperative agreements, OTAs are not subject to Federal laws that govern acquisitions and traditional forms of financial assistance. The objective of this self-initiated audit is to evaluate DOT's use and management of OTAs.

DOT's Information Security Program and Practices Issued: November 9, 2016
The annual audit reviewed DOT's information security program and practices, required by the Federal Information Security Management Act of 2002 (FISMA), as amended. Consistent with FISMA and the Office of Management and Budget's (OMB) requirements, the audit objective was to determine the effectiveness of DOT's information security program. While the Department continues to make improvements, its cybersecurity program remains ineffective. In the five function areas defined by OMB, DOT achieved low maturity levels because of deficiencies in its security authorization, risk management and weakness monitoring, user identity and access management, security training, information security continuous monitoring, incident handling and reporting, and contingency planning and testing. OMB requires agencies to achieve medium-high maturity levels for their programs to be effective. DOT-OIG made recommendations to address these issues.

DOT's Conference Spending Issued: September 8, 2016

The self-initiated audit reviewed DOT's conference spending. Overall we found that DOT's policies reflect Federal laws and regulations, but a lack of clarity has resulted in understated conference spending. For example, DOT does not clearly define conference or conference-related activities, how to determine sponsorship, or how to ensure event costs are accurately reported. In addition, DOT has not established adequate procedures to ensure OAs comply with conference spending requirements. Based on our sample of 60 conferences (Mar 2013-Sep 2014), OAs did not fully comply with at least one requirement on conference approval, spending, and reporting for 88 percent of our sample. Our sample identified \$536,886 in funds that were obligated without approval and \$140,104 in questioned costs, projecting, respectively, to \$856,009 (4.5 percent) and \$161,666 (0.9 percent) of the nearly \$19 million total cost that DOT attributed to conference-related expenses. DOT's CFO/Assistant Secretary for Budgets and Programs concurred with DOT-OIG's six recommendations as written. These included developing procedures for tracking, compiling, and maintaining conference costs data and developing internal controls to help ensure Department-wide compliance with Federal laws, regulations, and OMB requirements on conference approval, reporting, and spending. The Department's target for implementing those recommendations is January 31, 2017.

DOT's Audited Consolidated Financial Statements Issued: November 15, 2016

On November 15, DOT-OIG issued its final report on its QCR of DOT's audited consolidated financial statements for fiscal years 2016 and 2015. KPMG LLP, under contract to DOT-OIG, issued a clean (unmodified) audit opinion on DOT's consolidated financial statements. KPMG LLP reported two material weaknesses and two significant deficiencies in internal control over financial reporting and two instances of reportable noncompliance with the laws and regulations tested. The QCR disclosed no instances in which KPMG LLP did not comply, in all material respects, with auditing standards.

PHMSA

PHMSA's Implementation of Mandates and Recommendations Issued: October 14, 2016

The report reviewed Pipeline and Hazardous Materials Safety Administration's (PHMSA) capacity for implementing mandates issued by Congress and recommendations from other Government agencies. DOT-OIG initiated this audit at the request of the Ranking Member of the House Transportation and Infrastructure Committee, who was concerned about the time PHMSA was taking to establish new safety regulations and implement mandates from the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011. DOT-OIG's audit objectives were to assess PHMSA's (1) progress in addressing congressional mandates and recommendations from the National Transportation Safety Board, Government Accountability Office, and DOT-OIG, issued or open since 2005, (2) process for implementing mandates and recommendations, including any impediments to Agency action, and (3) efforts to coordinate and address DOT Operating Administrations' safety concerns.

Audit Outcomes for FY2016

| | |
|----------------------------------|---------------------------|
| Reports: | 118 |
| Program Audits | 27 |
| Attestation Engagements | 3 |
| Financial Audits | 7 |
| Other Reports | 1 |
| Single Audits | 80 |
| | |
| Recommendations: | 341 |
| | |
| Financial Recommendations | Over \$4.7 Billion |
| Funds Put to Better Use: | \$4,514,503,768 |
| Costs Questioned: | \$198,454,725 |
| | |
| Testimonies: | 5 |
| | |
| Controlled Correspondence | 9 |