BUDGET ESTIMATES

U.S. Department of Transportation

FISCAL YEAR 2019

OFFICE OF INSPECTOR GENERAL

SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
FISCAL YEAR 2019 BUDGET ESTIMATES

TABLE OF CONTENTS

SECTION 1: OVERVIEW

Department of Transportation, Office of Inspector General
Fiscal Year 2019 General Budget Submission: Administrator's Overview

We respectfully submit the Department of Transportation's Office of Inspector General (DOT-OIG) fiscal year (FY) 2019 budget request. Of the $91.5 million requested, $68.6 million will support personnel compensation and benefits costs for 413 full-time equivalents (FTE) and $22.9 million will support operating costs.

This request is based on the FY 2018 Annualized Continuing Resolution (CR) funding levels, with adjustments to account for inflation and changes to cost estimates for a range of shared services provided to us by other Federal entities. It also includes $1.343 million for specific investments we have identified as critical steps for maintaining and enhancing our mission capabilities and our support of Departmental and Congressional priorities. These critical new or expanded investments are summarized as follows:

- a plan to address a shortage of critical professional personnel with the specialized skills and knowledge necessary for effective mission execution;

- an initiative to modernize our legacy electronic audit work paper application in response to changing technology;

- enhancements to our investigative case management system to realize additional efficiencies;

These investments will position DOT-OIG to continue to provide the high level of objective, independent, and relevant results that the Secretary, Congress, and our other stakeholders have come to expect. Each of these items is fully detailed in the accompanying justification.

DOT-OIG is committed to providing relevant and timely information about transportation issues to Congress, the Department, and the American public. We accomplish this by fulfilling our statutory responsibilities under the Inspector General Act of 1978, as amended (IG Act), while supporting DOT's mission and strategic goals, particularly its focus on safety. We work closely with Members of Congress, the Secretary, and senior Department officials to enhance the effectiveness and integrity of DOT programs through cost savings, recoveries, and efficiency gains.

DOT-OIG has consistently demonstrated a commitment to achieving a significant return on investment (ROI).[1] For every dollar appropriated to DOT-OIG in FY 2017, $27 was returned—the cumulative result of the following body of work: 107 audit reports containing 337 recommendations, and investigations resulting in 79 indictments and 68

[1] ROI considers the cost for DOT-OIG to do business compared to the revenue and other savings generated through our 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.

convictions. This work led to four Congressional testimonies in FY 2017 and produced over $1.4 billion in financial recommendations and over $1 billion in fines, restitutions, and recoveries. During the five most recent fiscal years, from 2013 through 2017, DOT-OIG achieved an average ROI of $35 for every appropriated dollar.

Inspector General Reform Act Statement

Section 6 of the IG Act was amended by the Inspector General Reform Act of 2008[2] to require certain information concerning budget submissions. In accordance with section 6(g), DOT-OIG submits the following additional information:

- DOT-OIG's FY 2019 budget request submitted to the Department and OMB was for $92.61 million supporting an estimated 413 FTEs.
- The President's request for the FY 2019 operations of DOT-OIG is $91.5 million supporting an estimated 413 FTEs.
- The portion of this amount needed for training is $750,000.
- The portion of this amount needed to support the Council of the Inspectors General on Integrity and Efficiency is $195,000.

[2] Public Law No. 110-409.

EXHIBIT I-A
FY 2018 ORGANIZATIONAL CHART
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE INSPECTOR GENERAL

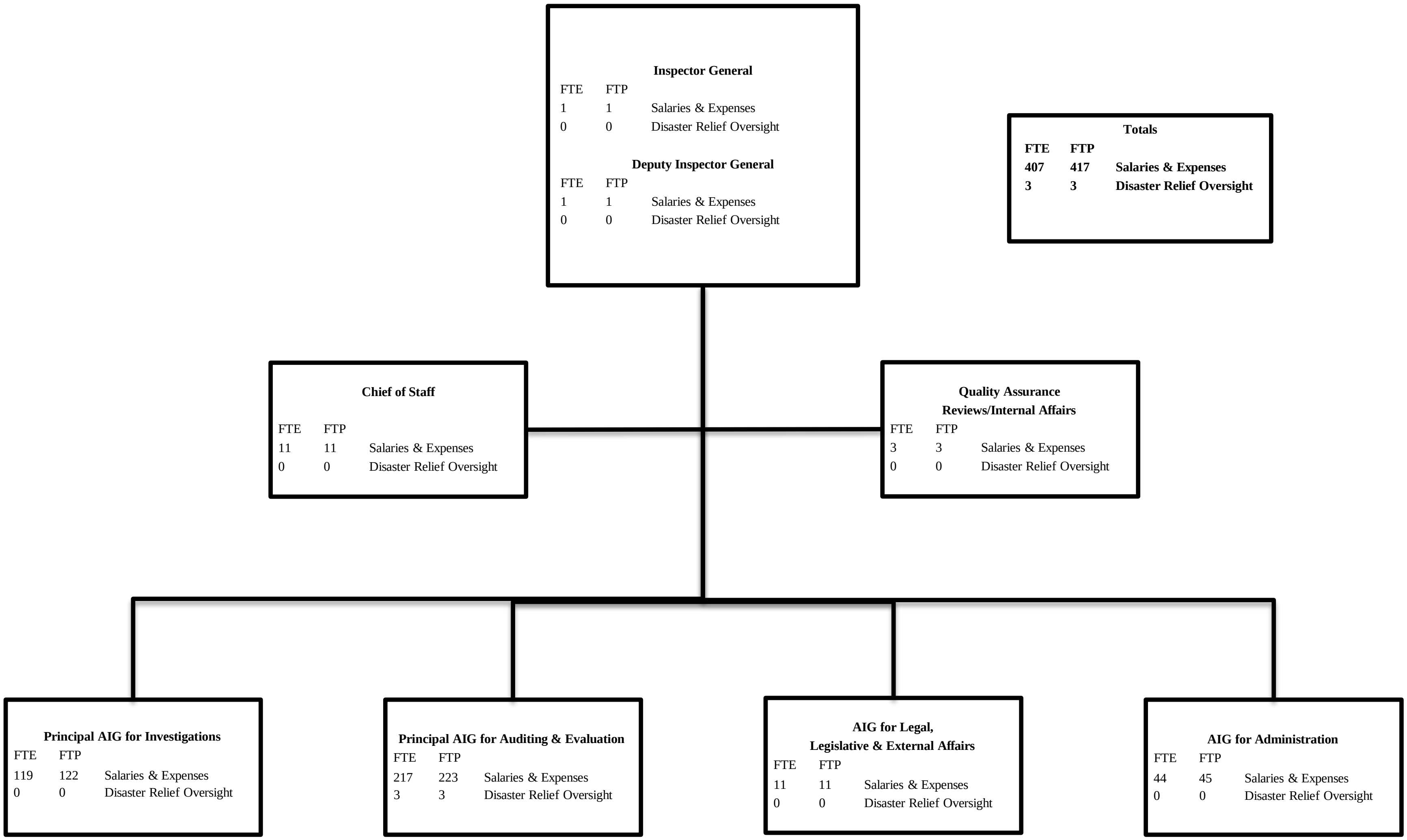
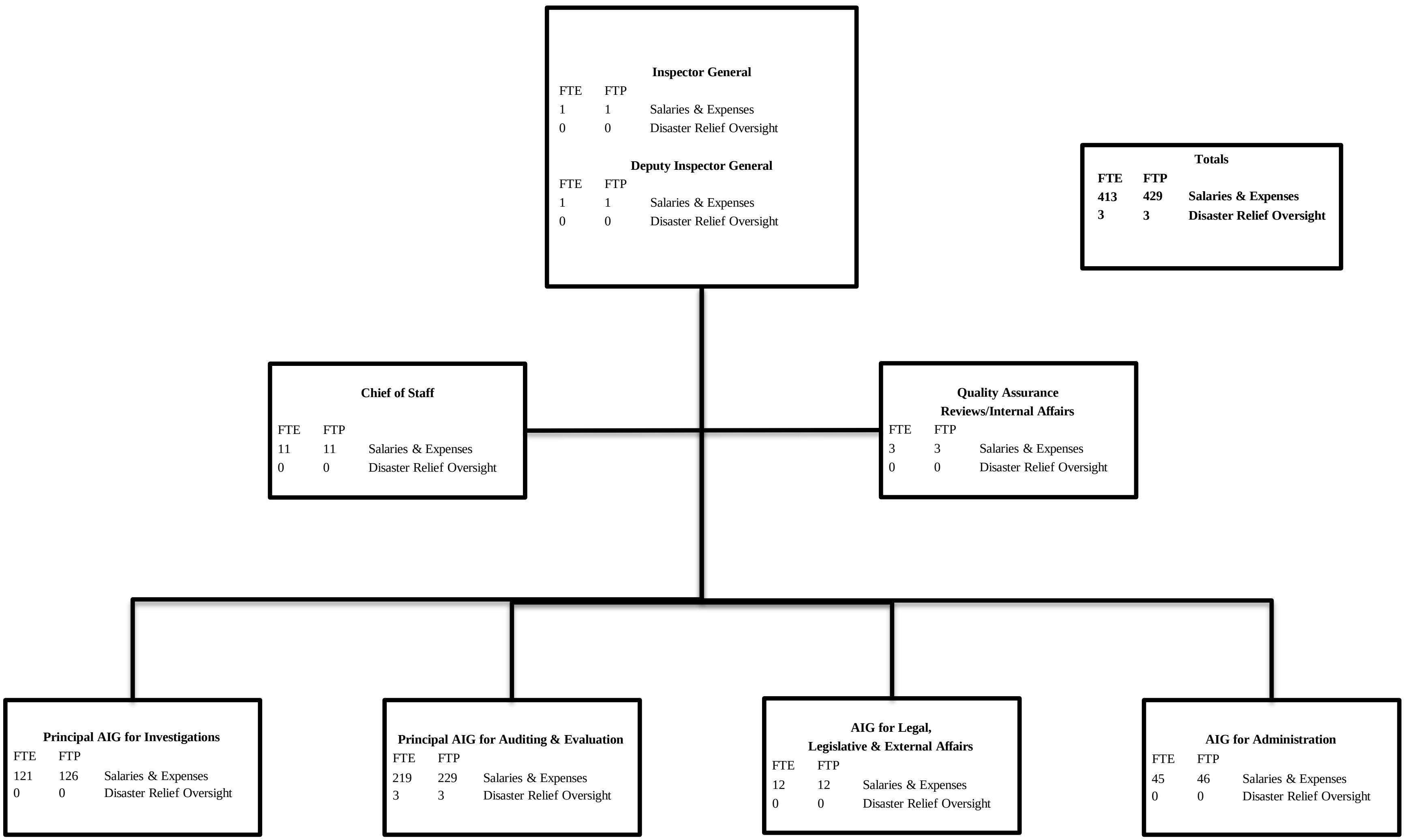


EXHIBIT I-B
FY 2019 ORGANIZATIONAL CHART
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE INSPECTOR GENERAL



SECTION 2: BUDGET SUMMARY TABLES

EXHIBIT II-1

FY 2019 Comparative Statement of New Budget Authority
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
($000)

ACCOUNT NAME	FY 2017 ACTUAL		FY 2018 ANNUALIZED CR		FY 2019 REQUEST	
Salaries & Expenses	**$**	**90,152**	**$**	**89,540**	**$**	**91,500**
Rescission						
Subtotal	**$**	**90,152**	**$**	**89,540**	**$**	**91,500**
TOTAL	**$**	**90,152**	**$**	**89,540**	**$**	**91,500**
Appropriations	$	90,152	$	89,540	$	91,500
Rescissions	$	-	$	-		

EXHIBIT II-2
FY 2019 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

ACCOUNT NAME	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Salaries & Expenses	$ 90,152	$ 89,540	$ 91,500
TOTAL:	**$ 90,152**	**$ 89,540**	**$ 91,500**

EXHIBIT II-3

FY2019 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS

Appropriations, Obligation Limitation, and Exempt Obligations

DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

($000)

	Safety	Infrastructure	Innovation	Accountability	Total
ACCOUNT					
Salaries & Expenses	$ -	$ -	$ -	$ 91,500	$ 91,500
TOTAL	$ -	$ -	$ -	$ 91,500	$ 91,500

EXHIBIT II-4
FY 2019 BUDGET AUTHORITY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
($000)

ACCOUNT NAME	M / D	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Salaries & Expenses	**D**	$ 90,152	$ 89,540	$ 91,500
TOTAL:		**$ 90,152**	**$ 89,540**	**$ 91,500**
Mandatory		$ -	$ -	$ -
Discretionary		$ 90,152	$ 89,540	$ 91,500
PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS				
		$ -	$ -	$ -
TOTAL:		$ -	$ -	$ -

EXHIBIT II-5
FY 2019 OUTLAYS
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
($000)

	M / D	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
Salaries & Expenses	D	$ 88,692	$ 89,601	$ 91,304
Salaries & Expenses, Emergency Disaster Relief Oversight	D	$ 785	$ 1,000	$ 1,000
TOTAL:		**$ 89,477**	**$ 90,601**	**$ 92,304**
Mandatory				
Discretionary		$ 89,477	$ 90,601	$ 92,304

EXHIBIT II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
Office of Inspector General
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

Salaries & Expenses	FY 2017 Actual	FY 2018 Annualized CR	Annualization of 2018 Pay Raises 1.9%	Annualization of 2018 FTE	2019 Pay Raises 0.000%	One more Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation/ Deflation 1.02%	FY 2019 Baseline Services	Program Increases/Decreases	FY2019 Request
PERSONNEL RESOURCES												
Career-Level FTE	410	410								410	6	416
FINANCIAL RESOURCES												
ADMINISTRATIVE EXPENSES												
Salaries and Benefits	$65,858	$67,001	$317	$0		$261				$67,579	$1,000	$68,579
Travel	$2,367	$2,425								$2,425		$2,425
Transportation	$3	$5								$5		$5
GSA Rent	$5,507	$5,800					($100)			$5,700		$5,700
Communications, & Utilities	$1,253	$1,250								$1,250		$1,250
Printing	$0	$0								$0		$0
Other Services:	$7,087	$7,084							$122	$7,206	$343	$7,549
WCF	$3,912	$4,303						$17		$4,320		$4,320
Supplies	$665	$275								$275		$275
Equipment	$2,381	$1,367								$1,367		$1,367
Land and Structures	$871	$0								$0		$0
Insurance claims and indemnities	$56	$10								$10		$10
Unvouchered	$4	$20								$20		$20
Admin Subtotal	**$89,964**	**$89,540**	**$317**	**$0**	**$0**	**$261**	**($100)**	**$17**	**$122**	**$90,157**	**$1,343**	**$91,500**
TOTAL	**$89,964**	**$89,540**	**$317**	**$0**	**$0**	**$261**	**($100)**	**$17**	**$122**	**$90,157**	**$1,343**	**$91,500**

EXHIBIT II-7
WORKING CAPITAL FUND
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
($000)

	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
DIRECT:			
Salaries & Expenses	4,161	4,303	4,320
SUBTOTAL	$ 4,161	$ 4,303	$ 4,320
TOTAL	$ 4,161	$ 4,303	$ 4,320

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

	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
DIRECT FUNDED BY APPROPRIATION			
Salaries & Expenses	405	407	413
Salaries & Expenses, Emergency Disaster Relief Oversight	4	3	3
SUBTOTAL, DIRECT FUNDED	409	410	416
REIMBURSEMENTS / ALLOCATIONS / OTHER			
Reimbursements and Other	1	0	0
SUBTOTAL, REIMBURSE./ALLOC./OTH.	1	0	0
TOTAL FTEs	410	410	416
INFO:			
Allocations to Other Agencies	0	0	0

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

	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
DIRECT FUNDED BY APPROPRIATION			
Salaries & Expenses	415	417	429
Salaries & Expenses, Emergency Disaster Relief Oversight	4	3	3
SUBTOTAL, DIRECT FUNDED	419	420	432
REIMBURSEMENTS/ALLOCATIONS/OTHER			
Reimbursements and 'Other'	1	0	0
SUBTOTAL, REIMBURSE./ALLOC./OTH.	1	0	0
TOTAL POSITIONS	420	420	432
INFO:			
Allocations to Other Agencies	0	0	0

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SECTION 3: BUDGET REQUEST BY APPROPRIATION

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

Appropriations Language

For necessary expenses of the Office of the Inspector General to carry out the provisions of the Inspector General Act of 1978, as amended, [$90,152,000] *$91,500,000*: *Provided*, That the Inspector General shall have all necessary authority, in carrying out the duties specified in the Inspector General Act, as amended (5 U.S.C. App. 3), to investigate allegations of fraud, including false statements to the government (18 U.S.C. 1001), by any person or entity that is subject to regulation by the Department.

EXHIBIT III-1
SALARIES & EXPENSES
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
($000)

	FY 2017 ACTUAL	**FY 2018 ANNUALIZED CR**	**FY 2019 REQUEST**
Salaries & Expenses	$ 90,152	$ 89,540	$ 91,500
TOTAL	$ 90,152	$ 89,540	$ 91,500
FTEs			
Full-Time	405	407	413
Emergency Disaster Relief Oversight	4	3	3
Reimbursable, allocated, other	1	0	0

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

Program and Performance Statement

The Department of Transportation (DOT) Inspector General conducts independent audits, investigations and evaluations to promote economy, efficiency and effectiveness in the management and administration of DOT programs and operations, including contracts, grants, and financial management; and to prevent and detect fraud, waste, abuse and mismanagement in such activities. This appropriation provides funds to enable the Office of the Inspector General to perform these oversight responsibilities in accordance with the Inspector General Act of 1978, as Amended (5 U.S.C. App. 3).

Detailed Justification
Department of Transportation, Office of Inspector General
Fiscal Year 2019 General Budget Request

What Is the Request, and What Funds Are Currently Spent on the Program?

Table. FY 2019 DOT-OIG General Budget Request ($000)

Program Activity	FY 2017 Actual	FY 2018 Annualized CR	FY 2019 Request
Salaries and Expenses	$90,152	$89,540	$91,500
Total	**$90,152**	**$89,540**	**$91,500**
FTEs[3]	**410**	**410**	**416**

The fiscal year (FY) 2019 budget request for the Department of Transportation's Office of Inspector General (DOT-OIG) is $91.5 million in total budgetary resources in support of 413 full-time equivalents (FTE).

Of the $91.5 million, $68.6 million will support personnel compensation and benefits costs, and $22.9 million will support operating costs. Our request is based on the FY 2018 Annualized CR budget (see table).

Our request includes $1.343 million to fund new or expanded investments, specifically for the following:

- address a shortage of critical professional personnel with the specialized skills and knowledge necessary for effective mission execution,
- an initiative to modernize our legacy electronic audit work paper software application in response to changing technology, and
- enhance our investigative case management system to realize additional efficiencies.

Each of these investments represents an important step toward maintaining and enhancing our mission capabilities and our support of Departmental and Congressional priorities. They also will better position DOT-OIG to provide the level of objective and independent oversight that our stakeholders expect. The following sections contain more information about each of these investments.

[3] The FTE total for FY 2017 included four FTE supported by carryover funding from the Disaster Relief Appropriations Act, 2013. FTE totals for FY 2018 and FY 2019 includes three FTEs funded from this same source.

Address Critical Staffing Shortages

Our request reflects $1 million to fund 6 additional FTEs—12 additional permanent positions for one half of FY 2019—above the level requested in the FY 2018 Annualized CR budget. This request will increase our base budget FTE level to 413 in FY 2019. These additional FTEs will enable us to enhance our coverage of the Department's programs targeted at reducing transportation-related fatalities and injuries, maintain the technical capabilities needed to conduct increasingly complex audits and investigations, strengthen our oversight capabilities over administrative and management programs with significant budget impacts, and provide a more consistent level of information technology (IT) support to our staff.

With these resources, we expect to continue to focus our audit and investigative efforts on critical aviation and surface safety issues. Areas of focus include sales of unapproved aircraft parts, falsification of airman credentialing records, illegal operation of unmanned aircraft, egregious violations of pipeline safety regulations, the Federal Railroad Administration's (FRA) drug-testing program, illegal operation of commercial passenger carriers, unauthorized issuance of commercial drivers' licenses, evaluation of the data systems that support the Department's oversight of hazardous materials (hazmat) transportation, and investigations of illegal and undeclared shipments of hazmat across all modes of transportation.

In addition to addressing critical safety issues, we expect to strengthen our reviews of Departmental procurement and contract acquisition programs with significant budgets. We will focus on reducing high-risk contracts, trimming administrative service costs, and evaluating the effectiveness of the Department's acquisition function. We will continue to protect against waste by assessing conference controls, fleet cards, and charge card risks. We also anticipate evaluating the Department's efforts to reduce the delivery times for major transit and infrastructure projects.

Finally, in support of our audit and investigative mission work, we will augment our IT support staff so we can provide and maintain enhanced infrastructure, connectivity and support to our regional personnel. Additional specialized expertise of the IT support staff will enable us to provide more cross training thereby lessening the reliance on single individuals with specific critical knowledge. This will increase the number of staff knowledgeable and available to provide support to all of our offices, especially those in the regions.

Electronic Audit Work Paper Modernization

Our request includes $225,000 to modernize our electronic audit work paper software application. Since 2003, DOT-OIG has used TeamMate, an electronic audit work paper software package purchased from a sole-source vendor. TeamMate is housed on a dedicated server and operated by individual audit staff via laptop computers. It is fully compatible with other mission-essential software packages used by DOT-OIG, including the Windows operating system, Internet Explorer, Microsoft Office, Adobe, and other well-known software applications. The vendor has made program changes over time, maintaining compatibility with our other mission-critical software and backward compatibility for archiving purposes. The evolution of TeamMate has allowed DOT-OIG to maintain and convert archived electronic audit work paper data for later access. These two unique capabilities—compatibility with other applications and backward compatibility with archived work paper data—encouraged most Federal inspector general offices to purchase TeamMate as their electronic work paper application.

The sole-source vendor has informed DOT-OIG and other customers that, after the current version, TeamMate will no longer be backward compatible or allow conversion of old electronic audit work papers. TeamMate is being repositioned as an Internet-based (i.e., cloud-based) service called TeamMate-Plus—rather than an incrementally modified, evolutionary, server-based product. Moreover, by 2019, the current vendor will no longer provide updates or support to our current TeamMate Version 12 office package.

It is questionable whether the new TeamMate-Plus product can meet DOT-OIG requirements. However, over the past decade, other vendors have sought to produce their own electronic audit work paper software packages to compete with TeamMate. Information from these vendors indicates that competitive products may provide a unique new functionality, such as increased ability to track and monitor changes to documentation recorded and stored in electronic audit work papers. The alternative products may also offer increased access to training and technical support. Consequently, DOT-OIG will use requested funding to competitively award a contract for a TeamMate replacement product in FY 2019.

New Capabilities for Our Investigative Case Management System

Our request includes $118,000 for enhanced capabilities to our Investigative Case Management System (ICMS). In FY 2009, DOT-OIG transitioned from paper investigative case files to electronic case files. This change improved the ability of managers in the field and at Headquarters to provide oversight for investigations. In addition, the electronic system provided immediate access to case information, improved visibility between field investigators and Headquarters, decreased processing time for annual reporting, and streamlined processes used to respond to inquiries from Congress and other stakeholders.

The requested funding will allow DOT-OIG to build on the existing workflow by adding four to six new investigative support requests—moving toward the goal of incorporating 100 percent of our routine, recurring support requests. The funding will support our ability to meet evolving investigative and reporting requirements issued by oversight, advisory, and regulatory entities such as Congress, the Department of Justice, and the Council of Inspectors General for Integrity and Efficiency. In addition, these funds will support adjustments to workflow revisions, including correcting unanticipated processing problems and fixing bugs that escape detection during user-acceptance testing. Finally, the funds will allow the flexibility to incorporate changes recommended by the primary users, field agents, with the goal of eliminating redundant data entries and incorporating user-interface changes that are more intuitive and efficient. The time savings we anticipate from streamlining the administrative aspects of investigative requests will be invested in operational activity.

What Is This Program, and What Does This Funding Level Support?
DOT-OIG is authorized under the Inspector General Act of 1978, as amended (IG Act). We conduct audits and investigations on behalf of the American public, working closely with Members of Congress, the Secretary, and senior Department officials. Our mission is to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective National transportation system and detect and prevent fraud, waste, and abuse. As a result, the Department is able to recoup money it is owed, ensure money is spent efficiently, avoid future misappropriations of funds, and improve mechanisms for overseeing transportation investments.

DOT-OIG is committed to providing relevant and timely information about transportation issues to Congress, the Department, and the American public. We accomplish this by fulfilling our statutory responsibilities under the IG Act, while supporting DOT's mission and strategic goals, particularly its focus on safety. Our work helps each DOT Operating Administration (OA) and ultimately the Department to meet performance targets in all strategic and organizational goals. Our five-year strategic plan, available on our public website at www.oig.dot.gov, aligns with the Department's mission and describes the goals, strategies, related risks, and performance measures we have identified to help us achieve our mission.

We require a highly skilled and diverse workforce to effectively execute our mission and address emerging transportation issues. As a result, our personnel costs are consistently in the range of 75 percent of total costs. Mission-related travel and training, financial statement contracts, rent and other fixed facilities costs, and shared service agreements are among the other significant operating costs. Our budget request funds these personnel costs, as well as the other operating costs we need to sustain our professional workforce, with additional requests to improve and enhance our mission execution and take advantage of cost-saving opportunities.

We have consistently demonstrated our commitment to ensuring the greatest return on taxpayer investments. For the most recent completed fiscal year, FY 2017, we issued 107 audit reports with 337 recommendations and provided testimony before Congress 4 times, while our investigative work yielded 79 indictments and 68 convictions. Together, our work produced over $1.4 billion in financial recommendations and over $1 billion in fines, restitutions, and recoveries. These results translate to a return on investment (ROI)[4] of $27 for every dollar appropriated. From FY 2013 through FY 2017, DOT-OIG achieved an average ROI of $35.

To maximize our available audit resources and provide the greatest potential benefits to the Department and the public, we maintain and utilize a comprehensive 24-month tactical audit plan, which is updated annually. As part of this plan, we retain a safety catalogue of potential audit areas, developed through a comprehensive review of DOT budget data, business plans, performance reports, modal websites, and Agency publications. Through these tactical plans, we

[4] ROI considers the cost for DOT-OIG to do business compared to the revenue and other savings generated through our findings. Findings are comprised of court-ordered fines, restitutions, recoveries of improper payments, recommended cost savings, and recommendations for funds put to better use.

have identified an additional 100 audits that we propose to initiate in critical areas across DOT's OAs.

To maximize our investigative resources, ensure effective allocation of those resources, and deliver impactful results to the Department and the public, we review our investigative priorities annually. Generally, we prioritize cases involving public safety, procurement and grant fraud, and employee integrity. Our goal is to conduct a minimum of 85 percent of our casework in these priority areas. The annual review allows us the flexibility to address emerging regional and national trends and tackle issues of high interest to the Department, Congress, and the American public.

Our tactical audit plan and investigative priorities provide a general framework to focus our resources. Our ongoing proactive communications with Congress and Department leadership help us identify emerging issues that require immediate response. All of our work supports the Secretary's priorities and the OAs' strategic objectives.

We issue an annual report on DOT's top management challenges, which provides our assessment of the Department's management and operations, and identifies issues that require the most immediate attention to minimize financial and safety risks. We identified the following key challenges for FY 2018:

- Maintaining Safety and Oversight of a Diverse and Complex Aviation Industry
- Ensuring the Safety and Reliability of Surface Transportation Infrastructure
- Using Data-Driven Approaches and Technology To Reduce Highway and Rail Safety Risks
- Keeping Modernization on Track and Increasing User Benefits While Fostering Resiliency in the National Airspace System
- Integrating Unmanned Aircraft Systems and Other New Airspace Users Into the National Airspace System
- Maximizing Surface Infrastructure Investments Through Innovative Financing, Improved Project Delivery, and Effective Oversight
- Recalibrating DOT's Cybersecurity Posture To Mitigate Evolving Cybersecurity Threats and Uncertainties
- Enhancing the Department's Management and Oversight of Acquisitions To Achieve Results and Save Taxpayer Dollars
- Improving Mechanisms for Deterring Fraud, Waste, and Abuse
- Managing Response, Recovery, and Rebuilding Efforts for National Disasters and Emergencies

What Benefits Will Be Provided to the American Public Through This Request, and Why Is the Program Necessary?

DOT-OIG fulfills a unique role as the Department's only in-house source for objective examination of programs and their integrity. We provide an independent and objective source of recommendations to the Department's senior executives and managers. Working closely with Congress, the Secretary, and senior DOT officials, we focus on issues that impact public safety and the best use of taxpayer dollars while enhancing the effectiveness and integrity of the programs that DOT administers through savings, recoveries, and efficiency gains.

In executing our mission, we benefit the American public by keeping safety issues at the forefront through consistent and focused program reviews and investigations. DOT-OIG's work also adds value for the American taxpayer by promoting economy, efficiency, and effectiveness in the administration of DOT programs and spending. Furthermore, we seek to prevent and detect waste, fraud, and abuse in those programs and keep the Secretary and Congress fully and currently informed.

Our audit recommendations lead to significant financial efficiencies by identifying large amounts of improper payments, cost reductions, funds to be put to better use, and financial and program improvements, including those that enhance transportation safety. Our investigations further protect taxpayer investments through fines, restitutions, and recoveries, and enhance safety by thwarting criminal activities that put lives at risk.

We will continue to leverage the institutional knowledge of our professional staff—our most valuable resource for achieving our mission—and execute the work identified in our tactical plans and investigative priorities. These plans and priorities focus on the entire Department and its OAs and cover a wide array of topics, including the following:

Department-wide

- Assessing DOT's oversight of financial and procurement-related issues such as purchase card abuse, bad actors in the Disadvantaged Business Enterprise (DBE) program, contract administration, and management of information technology products and services contracts.

- Conducting other Departmentwide reviews, including audits of cybersecurity, financial statements, and improper payments.

- Supporting our ongoing national procurement and grant fraud caseload and providing outreach activities to enhance fraud and prevention awareness and generate additional referrals from departmental, State, and local stakeholders.

Federal Aviation Administration (FAA)

- Evaluating air traffic control (ATC) facilities and operations, including assessments of ATC physical security, controller and technician training, and controller collective bargaining agreements.

- Assessing FAA acquisition and Next Generation Air Transportation System (NextGen) modernization challenges, ranging from reducing risk to improving the execution of billion-dollar efforts. These audits help determine overall program costs, schedule, and performance, as we assess FAA's implementation of the individual components of NextGen, such as the Automatic Dependent Surveillance-Broadcast, En Route Automation Modernization, and Data Communications programs.

- Assessing aviation safety areas, ranging from FAA's oversight of unmanned aircraft systems, controller operational errors and other aircraft separation losses, aircraft manufacturing processes, industry compliance with FAA's drug and alcohol abatement program, and other safety directives.

- Conducting criminal investigations involving FAA-funded projects and aviation safety programs targeting alleged fraud, such as unapproved aircraft parts, false commercial airman certificates, and the illegal shipment of hazmat by air.

Federal Highway Administration (FHWA)

- Evaluating FHWA's programs and tools for overseeing the billions of dollars provided to States and localities to build, maintain, and repair the Nation's roads and bridges to ensure compliance with statutes such as the Fixing America's Surface Transportation Act. These audits will include assessments of FHWA's oversight of new procedures related to estimating project costs and public-private partnerships.

- Focusing a significant portion of our grant fraud investigations on deceptive practices in FHWA-funded projects, such as product substitution, overbilling, substandard work, cost mischarging, and DBE-related fraud.

Federal Motor Carrier Safety Administration (FMCSA)

- Auditing FMCSA's efforts to attain comprehensive commercial motor carrier safety data, and conducting an assessment of FMCSA's oversight of its largest grant program—the Motor Carrier Safety Assistance Program—which provides over $200 million to States to reduce the incidence and severity of commercial motor vehicle crashes.

- Continuing to protect American consumers and workers from fraudulent and deceptive commercial practices that criminally violate FMCSA's programs governing interstate transportation of household goods.

- Conducting criminal investigations involving FMCSA's safety programs, including hazmat violations; egregious motor carrier safety violations, such as commercial driver's license fraud by schools and third-party testers; and carriers that reincarnate under different identities to circumvent FMCSA's safety regulations and penalties.

National Highway Traffic Safety Administration (NHTSA)

- Following up on our reviews of NHTSA's procedures for collecting, analyzing, and managing information to identify safety-related vehicle defects.

- Assessing NHTSA's process for monitoring manufacturers' actions on safety recalls, including the sufficiency of recall completion rates.

- Conducting criminal investigations into NHTSA's grant programs, for example, targeting fraud in Strategic Traffic Enforcement Program grants awarded to law enforcement agencies.

- Addressing allegations of false statements to NHTSA—the Government's regulator of motor vehicle safety—by automobile manufacturers and suppliers to the automotive industry.

Federal Transit Administration (FTA)

- Following up on our prior reviews of FTA's execution of its new transit safety oversight responsibilities and assessing new initiatives to maintain public transportation projects in a state of good repair.

- Assessing FTA's oversight of funds provided under the Disaster Relief Appropriations Act of 2013 (DRAA), including an evaluation of how the Department has executed DRAA relief awards and addressed identified risks and audits on Hurricane Sandy relief contract award and oversight.

- Conducting grant fraud investigations involving FTA-funded projects, focusing on items such as product substitution, overbilling, substandard work, cost mischarging, and DBE fraud.

Federal Railroad Administration (FRA)

- Assessing FRA's oversight of efforts to ensure that railroads perform drug and alcohol testing as required by regulation and whether FRA conducts consistent inspections across its regional offices.

- Assessing FRA's ability to collect and manage accurate and timely railroad accident data. FRA uses these data to focus its limited inspection resources on the Nation's most compelling safety risks.

- Conducting criminal investigations involving FRA's safety programs and project grants, including the illegal shipment of hazmat, violations of rail safety regulations, and fraud on FRA-funded projects.

Pipeline and Hazardous Materials Safety Administration (PHMSA)

- Assessing PHMSA's management of the Pipeline Safety Research and Development Program.

- Evaluating PHMSA's process for selecting and appointing its Technical Advisory Committees.

- Conducting hazardous materials criminal investigations for fraud against PHMSA's programs, including pipeline safety, cylinder retesting, and falsification of DOT-required hazmat packaging and marking.

Maritime Administration (MARAD)

- Assessing the effectiveness of the United States Merchant Marine Academy's (USMMA) Sexual Assault Prevention and Response (SAPR) program. Specifically, we will assess SAPR program policies and procedures, progress and challenges in prioritizing and addressing recommendations from past studies, and responses to reports of sexual assault or harassment involving members of the Academy.

- Evaluating USMMA's acquisition function. Specifically, in accordance with the guidelines in the Office of Budget and Management's (OMB) Circular A-123 and the four pillars of acquisition management—organizational alignment, policies and processes, human capital, and knowledge management—we will evaluate USMMA's acquisition activities and programs to identify potential internal control weaknesses.

- Addressing employee integrity matters for MARAD. Rapidly responding to allegations of sexual assault at the USMMA. Examining allegations of harassment and retaliation against USMMA midshipmen who report sexual assaults.

OIG's tactical audit plan and investigative priorities provide a general framework on which we focus our resources. Ongoing proactive communications with Congress and Department leadership help us to identify emerging issues that require immediate response. All our work supports the OAs in meeting their strategic objectives.

Below are representative examples of OIG's recently completed work, which serve to demonstrate the significant impact of our work in relation to the Department's strategic objectives and major programs as well as our ability to provide timely and relevant oversight of emerging issues.

Federal Aviation Administration (FAA)

FAA Oversight Is Not Keeping Pace With the Changes Occurring in the Regional Airline Industry, December 19, 2017. FAA's process for identifying periods of transition and growth at regional air carriers is ineffective in key areas. FAA's tools to evaluate air carrier risk are confusing and subjective, and limit the Agency's ability to be proactive and weight specific risks. Furthermore, inspectors are hesitant to use the tool designed to detect potential financial problems because they do not have the knowledge or information they need to evaluate carriers' financial conditions.

FAA inspectors also do not adjust air carrier surveillance in response to changes because their risk assessment tools are ineffective. Additionally, even when inspectors are able to identify areas of risk, Agency guidance is vague regarding how inspectors should adjust surveillance. Finally, the new oversight system relies heavily on inspector judgement. While sound inspector judgment is crucial for effective oversight, inspectors also need adequate tools and guidance to aid their decision making. We made 10 recommendations to FAA to improve its risk assessment tools, improve data sharing between offices, and improve the guidance for how inspectors should handle anonymous complaints.

FAA Has Made Progress Implementing NextGen Priorities, but Additional Actions Are Needed To Improve Risk Management, October 18, 2017. FAA is making significant progress in implementing the four NextGen Advisory Committee's (NAC) priorities. However, the Agency lacks a comprehensive process for effectively identifying or assessing risks, which could hinder its ability to fully implement its priorities. For example, while FAA took some steps to identify risks, it did not fully engage or include all stakeholders or effectively evaluate the severity of the identified risks to ensure its implementation milestones were realistic. In addition, FAA is not proactively mitigating risks to keep the NAC priorities on track. In particular, FAA and industry will need to mitigate several complex risks for capabilities expected for implementation and benefits delivery in the 2019–2020 timeframe, such as resolving issues with DataComm technology installed in aircraft. However, the Agency has not developed a detailed mitigation plan to address identified risks, involved industry in its decision-making process, or transparently reported its progress in this area.

We did not make any new recommendations because FAA has not completed actions on the remaining open recommendation from our November 2014 report.

FAA Contractor and CEO Settle Civil False Claims Allegations, September 13, 2017. A Virginia-based FAA contractor and its chief executive officer agreed to pay $300,000 to the U.S.

Government. The payment will settle allegations that the contractor submitted false information in the company's bid to win an FAA contract for IT help desk services.

The settlement resolves civil false claims alleged in a qui tam complaint that the company misrepresented its past experience in its 2009 proposal to provide FAA's Aviation Safety Office with technology support services, including help-desk and desk-side services, in North America and at several international sites. DOT-OIG conducted this investigation with the U.S. Attorney's Office for the Eastern District of Virginia.

California Airline Transport Pilot Sentenced in Identity Theft Investigation, November 14, 2017. A California pilot, employed by a major airline, was sentenced in U.S. District Court, Oakland, California, to 3 years' probation and special conditions that prohibit him from seeking or being employed in any capacity related to aviation. Additionally, he will not be allowed to operate, pilot, copilot, or serve in any capacity aboard any aircraft, or operate or maintain any aircraft in a position requiring a certification or license from FAA.

The pilot admitted that in December 2015 he applied for a position with a major airline. During the application process, the pilot presented the airline with an FAA temporary airman certificate that contained a falsified Boeing 777 rating. By doing this, he fraudulently represented that he was qualified to perform as a pilot-in-command, when in fact he was not. DOT-OIG conducted this investigation with the Federal Bureau of Investigation.

Federal Highway Administration (FHWA)

Vulnerabilities Exist in Implementing Initiatives Under MAP-21 Subtitle C To Accelerate Project Delivery, March 6, 2017. Vulnerabilities exist in FHWA's implementation of planned actions for certain Subtitle C initiatives. FHWA does not require sufficient documentation as part of its implementation of Section 1304—Innovative Project Delivery Methods. The Agency also does not assess the effectiveness of the Surface Transportation Project Delivery program, and has not established a process to implement required reporting on categorical exclusions to Congress in 2017. Lastly, low State participation may affect implementation of certain initiatives, such as States' assumption of the Federal role under the National Environmental Policy Act process and use of innovative projects. Several factors affecting participation rates are States' frequent use of categorical exclusions instead of environmental reviews, lack of financial incentives, reluctance to assume Federal roles, and use of existing processes. These vulnerabilities in the implementation of Subtitle C could inhibit achievement of the benefits of accelerated project delivery initiative. We made five recommendations to FHWA.

FHWA's Oversight Does Not Ensure Division Offices Fully Comply With Project Agreement and Modification Requirements, February 7, 2017. We found that FHWA and its Division Offices ensured that the three State DOTs in our review—Alabama, Massachusetts and Oregon—complied with Federal requirements on record content and preauthorization for project agreements and modifications. However, due to insufficient controls, FHWA did not always ensure that at least two Division officials signed agreements as required, or prevented the same Division official from recommending a project be authorized and authorizing the same project. Additionally, FHWA policy allows one State DOT official to approve all aspects of an agreement and modification, contrary to Federal Internal Control Standards. Furthermore, Federal regulations require States not to advertise projects for bids prior to FHWA's authorization of Federal funds for the project, but 15 of 60 projects we reviewed—totaling $281 million in Federal-aid funds—were advertised before authorization. Because of insufficient controls, we project that FHWA put an estimated $1.1 billion in Federal-aid funds at risk in the three States we reviewed.

FHWA also has not ensured that States comply with the Office of Management and Budget's 2014 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which requires States to add Catalogue of Federal Domestic Assistance information, indirect cost rates, and project end dates to their project agreement and modification requests. The States have not complied in part because FHWA's current Fiscal Management Information System does not include mandatory fields for this information.

We made four recommendations to improve compliance with FHWA and Federal requirements for project agreements and modifications, and to ensure FHWA follows new requirements in OMB's Uniform Guidance.

Second Manufacturer of Defective North Carolina Bridge Parts Sentenced to 35 Months in Federal Prison, February 24, 2017. An Illinois man was sentenced in U.S. District Court, Raleigh, NC, to 35 months of incarceration and 36 months of supervised release, and ordered to pay $548,984 in restitution for perjury and making false statements concerning highway projects.

An employee of a parts manufacturer forged documents and helped manufacture defective elastomeric bridge bearings—which are shock absorbers for bridges. These defective bearings were sold to multiple highway contractors for use on numerous bridges connected to 25 highway projects in North Carolina. In April 2016, another employee had been sentenced to 35 months in prison and ordered to pay $21,509 in restitution for his role in the scheme.

In October 2011, a Federal highway contractor discovered a defect in a grouping of bridge bearings shipped by the manufacturer between May 2009 and October 2011. The steel plates were exposed, subjecting the bearings to the elements and creating the potential for deterioration. In total, 1,270 bearings were found to be nonconforming and defective. Over time, costs associated with the replacement of the bearings are expected to exceed $5 million due to the difficulty in removing the bearings from existing structures, engineering costs, and traffic control.

Rhode Island Company Agrees To Pay $500,000 To Settle Civil Claims Related to the Providence River Bridge Project, April 17, 2017. The primary contractor responsible for construction of the I-195 Relocation-Providence River Bridge project (Contract 7) agreed to pay

$500,000 to resolve the Federal Government's claims that it had improperly installed a crash railing on the Providence River Bridge and its approaches in 2007.

The investigation concerned allegations received from the Federal Highway Administration (FHWA), District of Rhode Island, regarding issues with the reinforcement curb and the anchor bolt assemblies for the crash guardrail system (Two Bar Rail) of Contract 7. The contractor installed a Two Bar Rail in a manner that differed materially from the Contract 7 design specification and FHWA-mandated safety standards. The materially different installation methods included cutting, eliminating, or otherwise altering the structurally reinforcing rebar required to properly anchor the Two Bar Rail. As a result, the Two Bar Rail was unsafe, inadequate, and unfit for its intended use.

Federal Motor Carrier Safety Administration (FMCSA)

FMCSA Strengthened Controls for Timely and Quality Reviews of High-Risk Carriers, but Data Challenges Remain To Assess Effectiveness, July 25, 2017. The Nation has recently experienced an upward trend in fatalities caused by large truck and bus crashes—from 4,043 in 2011 to 4,337 in 2015. In 2014, a carrier that FMCSA had flagged as high-risk but had not investigated was involved in a fatal crash in Illinois. Senator Dick Durbin then requested that we audit FMCSA's practices for investigating carriers that pose high risks for fatal crashes. The fiscal year 2015 appropriations legislation also directed us to review FMCSA's compliance review process. Accordingly, our audit objective was to assess FMCSA's policies and processes for ensuring timely and adequate compliance reviews of carriers with high risks for fatal crashes. Specifically, we determined whether FMCSA (1) conducted compliance reviews in a timely manner once it flagged carriers for investigation, (2) implemented effective quality assurance measures for compliance reviews, and (3) effectively conducted compliance reviews to address carriers' safety performance.

Under its High-Risk Prioritization Policy, implemented in January 2016, FMCSA has improved the timeliness of its high-risk compliance reviews by narrowing its focus to carriers that require immediate intervention. The policy establishes a new prioritization methodology and shortens the target timeline for reviews from 12 months to 90 days. FMCSA also incorporated a software program to prioritize, assign, and track completion of compliance reviews. Since implementation, FMCSA has completed investigations of high-risk carriers, on average, within 1.2 months, compared to 7.2 months under its previous policy. Despite these improvements, the Agency may face challenges balancing competing priorities of quality and production, and ensuring that it adapts resource distribution to changing conditions.

FMCSA implemented two new quality assurance tools but has not set milestones for completion of an assessment of the tools. FMCSA established, provided training on, and implemented the two tools for ensuring quality of compliance reviews and enforcement cases. The Agency is also collecting a benchmark year of data and plans to assess the tools, but has not set completion milestones. Until FMCSA completes the assessment, the effectiveness of the tools is uncertain.

Finally, FMCSA created a peer review process to improve and share best practices for field office operations.

FMCSA faces challenges ensuring that investigators conduct effective compliance reviews. Specifically, FMCSA's information systems did not record whether a compliance review was either comprehensive or focused or changes in the scope of a focused compliance review. These data limitations make accurate accountings of compliance review types and safety regulation category types difficult, thus limiting the Agency's ability to assess the effectiveness of both types of compliance reviews. FMCSA concurred with our two recommendations to address its quality assurance processes and compliance review data limitations.

Idaho Man Sentenced to 18 Months Imprisonment for Making False Statement to FMCSA, November 8, 2017. A resident from Idaho was sentenced in U.S. District Court, Boise, Idaho, to 18 months'imprisonment and 2 years' supervised release for making false statements to the Federal Motor Carrier Administration (FMCSA). He was ordered to pay $32,439 in restitution.

A man from Idaho solicited assistance from computer programmers to create a computer program that would automatically fill out at least 10,000 applications for DOT numbers on the FMCSA website, using false and fictitious names, addresses, and telephone numbers of applicants and company officials. His purpose was to fraudulently obtain DOT numbers and sell them to motor carriers for a profit. The submittal of the applications caused FMCSA to register fictitious applicants and issue approximately 2,100 DOT numbers.

Virginia Trucking Company and Four Corporate Officers Sentenced for Violating FMCSA Safety Regulations, November 28, 2017. One of the Nation's largest contract carriers of mail for the U.S. Postal Service (USPS) and its four corporate officers were sentenced in U.S. District Court, Harrisonburg, Virginia, and ordered to pay $3.25 million, which includes a $2 million forfeiture, a $250,000 fine, and approximately $1 million in restitution to drivers defrauded of their pay. The CEO and the president were sentenced to 2 years of probation with 6 months home confinement, 100 hours of community service, and a $5,000 fine. The operations manager and the CFO were sentenced to a 3-month home confinement, 2 years of probation, 100 hours of community service, and a $2,000 fine.

Previously, the carrier pleaded guilty to conspiracy to commit wire fraud and conspiracy to commit an offense against the United States. Specifically, they were charged with falsification of records in contemplation of a Federal matter, which include drivers' records of duty status and timesheets. The four corporate officers each pleaded guilty to a misdemeanor charge of conspiracy to commit an offense against the United States, i.e., that they knowingly violated FMCSA's highway safety regulations.

Over the last 10 years, USPS paid the carrier more than $500 million. Between 1999 and 2017, the carrier knowingly encouraged, permitted, caused, or required drivers to make trips in violation of FMCSA safety regulations designed to prevent commercial motor vehicle crashes caused by fatigued drivers. Those violations included creating routes that could not be completed within the hours of service regulations and causing drivers to falsely record their duty statuses. FMCSA conducted five previous compliance investigations. In two of the investigations, enforcement action was taken and a civil fine was assessed due to hours-of-service violations that endangered the traveling public.

DOT-OIG conducted this investigation jointly with the Department of Labor OIG, USPS-OIG, and Internal Revenue Service Criminal Investigation, and with assistance from FMCSA.

Missouri Clinic Owner Sentenced for Issuing False Medical Examinations of Commercial Truckers, August 18, 2017. The owner and president of a Missouri medical clinic was sentenced in U.S. District Court, Kansas City, Missouri, for his role in a fraud scheme that affected drivers in the motor carrier industry and military veterans. He was sentenced to 60 months' probation, serving the first 4 months under the condition of home detention, and ordered to pay $39,155.14 in restitution. In April 2017, he was charged with and pleaded guilty to making false statements to agents of the Government and healthcare fraud related to fraudulent medical examinations of commercial truck drivers and veterans.

The medical clinic provided medical services to drivers of commercial motor vehicles, including drug tests and physical examinations required by FMCSA regulations. Although the owner did not have a medical license or other medical credentials, he signed the name of a legitimate chiropractor, without permission, on the medical examination reports and medical examiner's certificates of at least 65 commercial truck drivers.

DOT-OIG conducted this investigation with the Department of Veterans Affairs OIG, DOL's OIG and Employee Benefits Security Administration, and the Department of Health and Human Services OIG, with assistance from FMCSA.

National Highway Traffic Safety Administration (NHTSA)

Additional Efforts Are Needed To Ensure NHTSA's Full Implementation of OIG's 2011 Recommendations, February 24, 2016. In October 2011, we issued an audit of NHTSA's oversight of vehicle safety, which made 10 recommendations to enhance the ability of NHTSA's Office of Defects Investigation (ODI) to identify and address potential vehicle safety defects. In March 2014, the Secretary of Transportation requested that we assess NHTSA's vehicle safety procedures related to NHTSA's handling of the February 2014 General Motors Corporation recall. Our subsequent review determined that as a result of ODI's inadequate processes for collecting and analyzing vehicle safety data, significant safety concerns were overlooked.

Because of the importance of highway safety, we also reviewed NHTSA's efforts to address recommendations from our 2011 report. While NHTSA completed all agreed-to actions from our 2011 review, we had concerns about the implementation of some actions—especially NHTSA's lack of mechanisms to ensure that staff consistently apply the actions. Specifically, ODI adequately implemented the actions it proposed for three recommendations but did not consistently apply the actions it implemented for six recommendations. In addition, ODI developed a training plan in response to one of our recommendations, but it has not executed the program to ensure its investigators have the needed skills and expertise to carry out ODI's mission. As a result, ODI's staff may not be sufficiently trained to identify and investigate potential vehicle defects or ensure that vehicle manufacturers take prompt and effective action to remediate issues.

NHTSA concurred with the two recommendations we made to enhance ODI's quality control mechanisms for complying with the policies and plans established to address our 2011 recommendations.

Takata Corporation Pleads Guilty and Is Sentenced To Pay $1 Billion in Criminal Penalties for Airbag Scheme, February 27, 2017. Takata Corporation pleaded guilty to wire fraud and was sentenced in U.S. District Court, Detroit, MI. The conviction and sentencing were related to the company's conduct in relation to sales of defective airbag inflators. Takata Corporation was sentenced to a total criminal penalty of $1 billion, including $975 million in restitution, a $25 million fine, and 3 years' probation.

Under a joint restitution order entered at the time of sentencing, two restitution funds will be established: a $125 million fund for individuals who have been or become physically injured by Takata's airbags and who have not already reached a settlement with the company, and an $850 million fund for airbag recall and replacement costs incurred by auto manufacturers that were victims of Takata's fraud scheme. A court-appointed special master will oversee the administration of the restitution funds. Takata will also implement rigorous internal controls, retain an independent compliance monitor for a term of 3 years, and cooperate fully with DOT-OIG's ongoing investigation, including its investigation of individuals.

In January 2017, an information was filed charging Takata Corporation with wire fraud stemming from the company's fraudulent conduct in relation to sales of defective airbag inflators. An indictment was also unsealed charging three Takata executives with conspiracy and wire fraud charges in relation to the same conduct.

This investigation was based on information that Takata Corporation and its U.S.-based subsidiary, Takata Holdings, Inc., knew about the defective airbags and failed to disclose them to NHTSA, original equipment manufacturers (OEMs), and the traveling public. Takata is one of the world's largest suppliers of automotive safety-related equipment, and OEMs relied on the company to provide airbag inflators that met their specifications. Several OEMs were allegedly affected by the defendants' scheme, including Honda, Toyota, Subaru, and Nissan. The recall associated with Takata's inflators, which feature an ammonium-nitrate-based propellant, is the largest recall in U.S. history and continues to grow.

The individual defendants charged were employed as both engineers and executives at Takata until approximately 2015 and worked in both the United States and Japan. The indictment alleged that the defendants engaged in, and/or caused others to engage in, the practice of deleting, altering, and manipulating airbag-inflator testing data, and that false information was provided to OEMs. Some of the information removed described ruptures that had occurred during airbag-inflator testing. It is alleged that the defendants caused airbag-inflator ballistic test results and effluent-gas test results to be changed on several airbag-inflator products.

Central Florida man Sentenced in a Scheme To Illegally Transport Airbags, July 19, 2017. A central Florida man was sentenced in U.S. District Court, Tampa, Florida, to 3 years' probation and 300 hours of community service, and fined $1,000. He previously pleaded guilty to charges related to the illegal transportation of motor vehicle airbags in April 2017.

The man knowingly deposited a motor vehicle airbag for mail and delivery at a U.S. Postal Service (USPS) drop-off facility. When he purchased postage, he was provided a warning stating that by purchasing postage from USPS, he was agreeing not to mail an item that was potentially hazardous. The airbag was intercepted by investigators. The investigation revealed that he illegally sold and mailed over 1,200 motor vehicle airbags, which precipitated an alert from NHTSA to eBay.

A motor vehicle airbag system consists of multiple parts, including an engineered airbag inflator that, when triggered, causes an instantaneous chemical reaction that produces a sufficient amount of nitrogen gas to rapidly and fully inflate the airbag. Because of the airbag inflator, airbags are classified as a hazardous material by the Pipeline and Hazardous Materials Safety Administration and prohibited from being mailed through USPS.

Federal Transit Administration (FTA)

Review of Major Western Capital Projects Points to Overall Improvements Needed in FTA's Financial Guidance and Oversight, May 9, 2017. FTA receives approximately $2 billion in annual appropriations for its discretionary Capital Investment Grant (CIG) program, which funds a range of transit projects, including heavy, commuter, and light rail. FTA's three western regions in Denver, San Francisco, and Seattle oversee CIG's New Starts projects—new construction projects valued at $300 million or more and improvement projects valued at $100 million or more—with Federal investments of almost $8 billion. We initiated this audit due to the large Federal investment in the New Starts program. Our objectives were to evaluate FTA's (1) processes for identifying and assessing major capital (New Starts) projects' financial risks, and reviewing and approving grantee financial plans and reports and (2) oversight of grantees' mitigation of financial risks.

For the four projects we reviewed, FTA followed its processes to identify and assess financial risks, but did not ensure that each project's financial capacity assessment (FCA) report was fully documented. None of the financial management oversight contractors (FMOC) that FTA hired included proposed local financial commitment ratings and justifications in their FCA reports, as required in the statements of work. This made it difficult to assess the extent to which FTA considered this information in its final financial ratings in its investment decisions. FMOCs also did not document their sensitivity testing decisions, making it difficult for FTA to determine whether the testing was appropriate to inform its funding decisions.

FTA did not mitigate key financial risks by ensuring that grantees completed all critical third-party agreements prior to FTA's funding approval and that FTA staff reviewed grantees' Federal Financial Reports (FFR) per FTA procedures. Three of the four grantees did not complete their third-party agreements before award. We could not determine which of the incomplete agreements were critical because FTA's guidance lacks specificity on which third-party agreements are critical, and available documentation did not identify agreements as critical. In addition, because they did not review FFRs as required, FTA regional staff also did not verify one grantee's indirect cost rates. As a result, the grantee's use of incorrect rates went undetected for several years. Furthermore, we could not reconcile the support this grantee provided for the Federal share of expenditures—over $37 million—reported in a sample of its FFRs. Consequently, FTA has put at least $37 million in Federal funds at risk of overpayment if it reimbursed the grantee for ineligible or unsupported expenditures.

We made five recommendations to FTA to strengthen its New Starts program's oversight and processes.

FTA Can Improve Its Oversight of Hurricane Sandy Relief Funds, July 21, 2016. The Disaster Relief Appropriations Act (DRAA) of 2013 appropriated over $10 billion to the FTA's Public Transportation Emergency Relief Program for Hurricane Sandy-related recovery programs and directed our office to support oversight of those funds. Our office has conducted three previous audits since 2013 in response to this mandate. We conducted this audit to determine whether FTA provides effective oversight of grantees' contracting practices using DRAA funds. Out of FTA's top four grantees, the Metropolitan Transit Authority (MTA) received the majority (70 percent) of the $1.16 billion in funds disbursed as of November 30, 2015. We focused our review on New York City Transit (NYCT)—a subsidiary of MTA—which holds most of MTA's DRAA-funded contracts.

FTA's oversight practices did not fully ensure that NYCT uses DRAA funds properly and in compliance with FTA procurement requirements. While FTA quickly and effectively assessed damage and assisted impacted transit agencies after Hurricane Sandy, we identified concerns with how it ensured NYCT's use of DRAA funds for eligible expenditures and oversaw change order approvals. NYCT drew down $17.7 million in DRAA funds for procurement actions that FTA determined were ineligible for inclusion in a grant. In addition, NYCT spent these DRAA funds on out-of-scope work, which is not permissible under FTA policies. Of the 205 change orders we reviewed, 154 change orders were not approved per FTA policy. After we notified FTA of our findings, FTA requested that NYCT return the $17.7 million in improper payments, which NYCT repaid in full with interest in April 2016.

FTA concurred with our five recommendations to help improve the Agency's oversight of its grantees' practices for proper use of Federal funds.

New Jersey Trucking Firm Owner Ordered To Pay $1 Million for Fraud Scheme on DOT-Funded Projects, March 15, 2017. The former owner of a trucking firm was sentenced in U.S. District Court, Brooklyn, NY, to 3 years' probation and ordered to pay $1 million in restitution. On December 10, 2012, the owner pleaded guilty to embezzlement of union funds, based on a March 2012 indictment charging conspiracy, embezzlement, providing and accepting unlawful payments to a union representative, and health-care fraud.

The company included multiple non-union trucking companies all based in New Jersey. They entered into a scheme with a unionized trucking company to defraud union benefit funds from their employees on projects receiving DOT grant funds. During the alleged scheme, the trucking firm was a subcontractor on the Metropolitan Transportation Authority, New York City Transit Authority, and the Second Avenue Subway (SAS) project, and the unionized company was a subcontractor on both the SAS project and the World Trade Center Transportation Hub project managed by the Port Authority of New York & New Jersey. Both projects are funded in part by FTA. The amount of the fraud to the union benefit funds is approximately $11 million.

Former Illinois Transit Worker Sentenced for Defrauding Illinois Transportation Program, July 7, 2017. A former transit employee was sentenced in U.S. District Court, Urbana, Illinois, to 3 years' probation, $51,141 in restitution, and 8 months' home confinement for her role in defrauding an Illinois Transportation Program. She previously pleaded guilty to mail fraud charges in February 2017.

The former employee of East Central Illinois Mass Transit District (ECIMTD) admitted that between October 2010 and April 2012, she fraudulently used an ECIMTD credit card for personal purchases. ECIMTD served the transportation needs of senior citizens, medical patients, and other underserved populations in Edgar County and surrounding areas. ECIMTD received grants provided through and administered by the Federal Transit Administration.

Federal Railroad Administration (FRA)

FRA Has Taken Steps To Improve Safety Data Reporting, but Lacks Standard Procedures and Training for Compliance Audits, May 3, 2017. In 2015, there were nearly 12,000 reported accidents and incidents on our Nation's railways. The FRA tracks the safety record of the rail industry in its public databases of accident and incident data. However, much of FRA's safety data are self-reported by the rail industry, which poses challenges to ensuring their accuracy and completeness. We initiated this audit with the objective to assess FRA's collection and management of railroad safety data. Specifically, we assessed FRA's (1) guidance for reporting accident and incident data and (2) audits for ensuring compliance with accident and incident reporting requirements.

We found that FRA's accident reporting guidance is extensive and railroads' compliance with 49 CFR Part 225 has improved, but violations and defects remain. In 2015 over 100 Part 225 violations and more than 1,600 reporting defects were identified by FRA inspectors. These defects are due in part to the complexity of FRA's reporting requirements and data reporting systems, as well as a lack of routing training for reporting officers. In addition, we found that FRA performs audits of railroad compliance, auditing all Class I railroads every 2 years as required. However, FRA does not audit all non-Class I railroads as frequently as required, and lacks standard audit procedures and training for Part 225 compliance audits.

We made seven recommendations to help FRA improve oversight of railroad safety data reporting.

FRA Lacks Guidance on Overseeing Compliance with Bridge Safety Standards, April 21, 2016. Everything transported by rail in the United States—including passengers, consumer goods, coal, and hazardous materials—likely travels across one or more of approximately 100,000 railroad bridges. While structural failures of railroad bridges are rare, increasing traffic volume and loads traveling over aging bridges are causes for concern. In 2010, FRA issued a rule on Bridge Safety Standards that requires railroad track owners to implement bridge management programs that include procedures for determining bridge load capacities and inspecting bridges. In light of congressional interest and the importance of bridge structural integrity for safety, we conducted this audit. Our objective was to assess FRA's oversight for ensuring that track owners' bridge management programs comply with FRA's rule on bridge safety. Specifically we examined FRA's processes for (1) prioritizing track owners for bridge safety reviews and (2) conducting bridge safety reviews and following up on identified issues of noncompliance.

FRA has not developed guidance on prioritization of track owners for bridge safety reviews. According to an FRA official, the Agency instead relies on the professional judgment of its bridge safety specialists, who have reached informal consensus on how to prioritize track owners. Furthermore, FRA does not maintain a comprehensive list of track owners that must comply with its Bridge Safety Standards. The Agency lacks information on industrial operations and certain tourist railroads that own railroad track and are subject to the rule. The lack of comprehensive identification of risks and guidance on prioritization makes it difficult for FRA to be sure it is effectively deploying oversight resources to review the highest-risk track owners. FRA also has not developed guidance for its specialists on conducting bridge safety reviews, and as a result, the specialists may not appropriately address all issues of regulatory noncompliance. Furthermore, FRA lacks guidance for its specialists on how to track and follow up on noncompliance and recommend civil penalties. FRA relies on each specialist to determine how to track and follow up on noncompliance. However, within our sample, specialists did not conduct follow-up reviews of track owners responsible for 55 percent of noncompliance issues, and track owners were 35 percent less likely to correct issues when FRA did not follow-up. Therefore, FRA cannot be sure that track owners mitigate bridge safety risks.

We made six recommendations to FRA to improve its oversight of track owners' compliance with the Bridge Safety Standards.

Project Management Oversight Entity Agrees To Pay $1.5 Million To Settle False Claims Act Violations, February 27, 2017. A Pennsylvania-based company reached a civil settlement with the United States and agreed to pay $1,500,000 to resolve civil claims concerning its alleged improper billing of Amtrak. The case arose when discrepancies were discovered during an audit of the company's billing practices. The company and its joint-venture partner performed Project Management Oversight (PMO) on several Amtrak projects in the eastern United States. In that role, the company entered into a contractual relationship with the United States, which contends that they improperly billed Amtrak under the PMO contract between January 1, 2011, and December 31, 2014. The claims settled by this agreement are allegations only, and there has been no determination of liability.

Former DOT Employee Convicted on Bank Fraud Charges, August 25, 2017. A former employee of the FRA and FMCSA was convicted after a trial in U.S. District Court, Tallahassee, Florida and charged with bank fraud.

From November 2010 through October 2016, the former employee attempted to obtain money, loans, and lines of credit from a credit union by lying about his employment status, employer, job title, length of employment, and salary. To support his applications for loans and lines of credit, he falsified, forged, or otherwise manipulated his DOT leave and earnings statements. He also represented that he was employed by DOT and FRA when that was no longer the case, and falsely indicated on the applications that his job title was an investigator with DOT.

Pipeline and Hazardous Materials Safety Administration (PHMSA)

PHMSA Has Improved Its Workforce Management but Planning, Hiring, and Retention Challenges Remain, November 21, 2017. PHMSA has not updated its workforce plan since 2005. Because of this, the Agency cannot be sure that it has adequately aligned its resources to meet its mission or identified current and future staffing opportunities and constraints. In addition, PHMSA does not fully take advantage of monetary employee retention incentives allowed under Office of Personnel Management (OPM) guidelines, and may have lost opportunities to retain the most qualified staff. PHMSA, however, is taking actions to improve its hiring practices and the way it integrates new staff, for example, by upgrading its training program.

Industry-specific conditions, rather than macroeconomic factors, have created recruitment challenges for PHMSA. Our economic analysis confirmed a significant salary gap between private industry and Federal salaries, resulting in strong competition with the industry. Special hiring authority, such as direct-hire authority, may not provide PHMSA the tools it needs in a competitive environment driven by salary. OPM, however, has the authority to establish higher rates of basic pay to help agencies address these recruiting and retention challenges.

We made three recommendations to PHMSA to improve its workforce management practices and proposed appropriate action plans.

PHMSA Is Establishing Controls for Technical Assistance Grants but Needs To Improve Its Award and Oversight Processes, July 19, 2017. PHMSA's Pipeline Safety Technical Assistance Grant (TAG) program provides funds to improve the safety of communities located near pipeline facilities. With these funds, communities and nonprofit organizations can acquire engineering and other scientific analysis of pipeline issues and promote public participation in official pipeline proceedings. However, Congress has prohibited grant recipients from using TAG funds for lobbying, direct support of litigation, or direct advocacy for or against a pipeline project.

Between fiscal years 2009 and 2015, PHMSA awarded 166 grants—totaling about $7.7 million—to 127 grantees. TAG projects have included improvements to safe digging programs and the purchase of leak detectors to help communities identify releases of methane from pipelines. Grants did not exceed $50,000 to any single recipient prior to fiscal year 2015.

The Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2016 required us to assess the TAG program's compliance with grant agreements and evaluate the TAG awards process as well as PHMSA's ability to oversee TAG funding. We reviewed nine grantees, and while we did not identify any instances where they used TAG funds to conduct activities disallowed by Congress, PHMSA's policy and procedures do not require Agency staff to follow up on alleged misuses of program funds.

Accordingly, we made three recommendations to PHMSA to improve its management of the TAG program, including its oversight of prohibited activities.

PG&E Convicted of Obstruction and Multiple Violations of the Natural Gas Pipeline Safety Act, January 26, 2017. Pacific Gas & Electric Company (PG&E)—California's largest utility—was sentenced in U.S. District Court, San Francisco. The court ordered PG&E to pay a maximum fine of $3 million; serve 5 years of probation; agree to a monitor to ensure compliance with safety regulations; implement a court-approved ethics program; run a $3 million TV and radio advertising campaign publicizing the conviction, sentencing, and steps the company is taking to prevent a repeat of the crimes committed; perform 10,000 hours of community of service, at least 2,000 of which must be performed by executive-level personnel; and publish full-page articles in the Wall Street Journal and San Francisco Chronicle announcing and detailing its criminal conviction.

Previously, on August 9, 2016, PG&E was found guilty of multiple willful violations of the Natural Gas Pipeline Safety Act of 1968 (PSA) and obstructing an agency proceeding. DOT-OIG had initiated an investigation after the 2010 explosion of a natural gas pipeline in San Bruno, CA, that killed eight people. The PSA charges related to PG&E's record-keeping and pipeline "integrity management" practices; the obstruction charge was added later after PG&E attempted to mislead NTSB during its investigation of the explosion.

The evidence presented at trial demonstrated that PG&E willfully failed to address record-keeping deficiencies concerning its larger natural gas pipelines; identify threats to its larger natural gas pipelines and take appropriate actions to investigate the seriousness of threats to pipelines when they were identified; and 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, and centers around PG&E's use of a letter in an attempt to mislead NTSB. 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 NTSB that attempted 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.

California Waste Water Company Officials Convicted and Sentenced for a Hazardous Materials Fraud Scheme, April 14, 2017. The chairman of the board of a California waste water company pleaded no contest and was sentenced in the Superior Court of California, Ventura County, to 36 months' probation and ordered not to seek employment at any company that performs environmental services in California. He also agreed to pay $350,000 in restitution for improperly storing incompatible chemicals, failing to provide proper protective devices to employees, and failing to update a hazardous materials inventory.

On July 25, 2017, the CEO pleaded no contest in the Superior Court of California to misdemeanor violations for failing to update a business plan within 30 days, failing to update a hazardous materials inventory, interference with enforcement, and violation of labor safety standards by failing to provide personal protective devices to employees. He was sentenced to 36 months' probation and ordered not to personally engage in any certifications to public agencies concerning monitoring worker safety to chemical exposures in the workplace; uniform hazardous waste manifests; hazardous materials response plans; or the collection of samples for the purpose of demonstrating compliance with local, State, and Federal permits and environmental laws. In addition, he paid $350,000 in restitution at the time of his plea.

On September 21 and October 30, 2017, the shift supervisor and the transportation manager were sentenced in the Superior Court of California to 7 months in custody and 36 months of formal probation. They were also ordered to pay victim restitution in an amount to be determined by the court.

The individuals above were sentenced as a result of an August 19, 2015, indictment where an environmental company, the waste water company, and nine waste water company officials/employees were charged for their role in the November 18, 2014, explosion at the waste water facility in Santa Paula, California. The explosion caused over 1,000 gallons of chemicals to spill, which resulted in a fire that set off a series of explosions involving hazardous materials. Toxic smoke blanketed the area and authorities ordered mandatory evacuations for everyone within one mile, and shelter-in-place orders for everyone within a three mile radius, as well as the closure of a local elementary school and Highway 126. Dozens of people were examined and treated at local hospitals for exposure. Two employees and three Santa Paula firefighters who responded to the blast were hurt. The firefighters entered the waste water facility without any special protection after being told it was only a sewage explosion. All three firefighters went out on disability leave and the fire engine was a total loss.

Maritime Administration (MARAD)

Testimony: USMMA's Efforts to Address Sexual Assault and Sexual Harassment, April 5, 2017. The Inspector General testified before the Senate Appropriations Transportation, Urban Development, and Related Agencies Subcommittee on the U.S. Merchant Marine Academy's (USMMA) efforts to address sexual assault and harassment. The Inspector General focused on (1) DOT's actions in response to congressional requirements and our October 2014 report recommendations, (2) our 2016 review of USMMA's efforts to complete its 2014–2015 action plan, and (3) USMMA's continuing challenges and our upcoming work.

The Inspector General testified that the Department has taken a number of actions to address sexual assault and harassment at the Academy. For example, in response to our October 2014 report recommendations, USMMA established standard operating procedures for investigating sexual assault and harassment. As required by Congress, USMMA has also created action plans to address concerns identified during its surveys of midshipmen on the effectiveness of its policies and procedures in combating sexual assault and harassment. However, the Inspector General noted that our 2016 review of USMMA's 2014–2015 action plan found that the Academy had not completed 15 (34 percent) of its 44 planned actions. Our work as well as a number of recent developments highlight that USMMA remains challenged in following through on its plans to address longstanding issues with the Academy's culture.

Former U.S. Merchant Marine Academy Employee Sentenced in Bribery Investigation, October 27, 2017. A former employee at the U.S. Merchant Marine Academy (USMMA) was sentenced in U.S. District Court, Central Islip, New York. He was sentenced to 36 months' incarceration followed by 36 months of supervised release, a $10,000 fine, forfeiture of $78,000, and a $100 special court assessment. The judge also ordered him to file amended Federal tax returns to reflect the income he received during each year that he accepted bribes. He was ordered to surrender and begin his jail sentence on January 10, 2018.

On January 20, 2017, the former employee pleaded guilty to bribery charges. While working as a planner/estimator and contracting officer's technical representative at the USMMA Department of Public Works, he conspired with favored contractors to obtain phony inflated bids, which he submitted with actual bids. This guaranteed that the favored contractors had the lowest bids and would be awarded the contracts. The contractors paid him cash bribes and kickbacks totaling approximately 5–10 percent of their profits on dozens of contracts, most of which were for maintenance and repair work at USMMA.

In 2014, the former employee was surveilled and recorded by Federal agents accepting a bribe from a contractor at the Academy and was arrested shortly thereafter. He admitted to engaging in these activities over a 10-year period, beginning in 2004. The estimated value of the bribes and kickbacks he received exceeded $150,000. DOT-OIG conducted this investigation jointly with the Internal Revenue Service Criminal Investigation Division.

Saint Lawrence Seaway Development Corporation (SLSDC)

Report on the Audited Financial Statements for Fiscal Year 2017 - Saint Lawrence Seaway Development Corporation, November 8, 2017. Regarding controls over financial reporting of Federal Employees' Compensation Act (FECA) actuarial liabilities, SLSDC's draft fiscal year 2017 and prior financial statements presented Worker's Compensation Benefits as an asset. However, it did not record the asset in accounting records or have adequate support for the asset. SLSDC acknowledged this presentation error, corrected the presentation for fiscal year 2017, and restated the fiscal year 2016 financial statements to remove it.

Regarding controls over reporting financial activities for the Seaway International Bridge, SLSDC did not record revenues from bridge operations or expenses associated with service job orders in its accounts throughout the fiscal year. Furthermore, evidence of past transactions—resulting in current obligations—did not support the liability for bridge repairs as of October 1, 2016. SLSDC had to restate its fiscal year 2016 financial statements to recognize and present surplus allocations, interest, and gains/losses totaling $225,030, and bridge repair expenses totaling $245,093.

Regarding controls over property, plant and equipment (PP&E), in a statistically selected sample of 73 PP&E assets, we found that depreciation for numerous assets was not recorded correctly due to conversion to a new financial management system. For example, two assets were depreciated using incorrect depreciation schedules and five were depreciated using incorrect or inappropriate useful lives.

A potential violation of 31 U.S.C. § 9107(b), SLSDC allowed the Canadian corporation Seaway International Bridge Corporation to hold $3,171,712 on its behalf in foreign bank and investment accounts. Without a waiver from the Secretary of Treasury, this could be a violation of 31 U.S.C. § 9107(b).

We made 11 recommendations to help SLSDC improve its financial management practices and controls.

Office of the Secretary (OST)

Office of Small and Disadvantaged Business Utilization (OSDBU) Lacks Effective Processes for Establishing, Overseeing, and Managing Its Small Business Transportation Resource Centers, September 26, 2017. Overall, we found that OSDBU lacks a defined framework for establishing, renewing, and managing its Centers. In addition, OSDBU lacks effective processes for overseeing and managing Center performance and financial resources; we found $69,312 in questioned costs and $1,168,907 in funds put to better use. OSDBU concurred with our 10 recommendations to improve OSDBU's management and oversight of its Centers.

Cybersecurity Planning Weaknesses May Hinder the Efficient Use of Future Resources, August 7, 2017. We found no instances in which the Office of the Chief Information Officer (OCIO) expended its appropriated $29 million on non-cybersecurity initiatives. At the time of our review, OCIO had expended approximately $23.4 million of the $29 million. We sampled 61 of 181 transactions totaling $18.26 million of the $23.4 million, and all sampled transactions supported cybersecurity initiatives. However, OCIO did not consistently apply billing procedures when expending funds through its Working Capital Fund (WCF). We found that $285,352 of the $3.73 million in cybersecurity funds expended through the WCF paid for services outside of the period of performance and scope of work outlined in OCIO's cybersecurity intra-agency agreements. Such errors make it difficult for OCIO to ensure that WCF customers are accurately and consistently charged for the services described in their customer agreements.

OCIO did not adequately plan for its cybersecurity funding needs, or maintain adequate documentation to justify costs estimates for the amount of cybersecurity funds requested in budget years 2014 and 2015. OCIO also did not always follow Office of Management and Budget or its own acquisition planning guidance for three IT projects that accounted for about $20 million (68 percent) of the $29 million appropriated. As a result, we could not assess the reasonableness of OCIO's IT costs. Lastly, while it developed strategic plans for long-term cybersecurity goals, OCIO did not develop tactical plans to prioritize which IT projects to invest in, raising questions about whether the Agency effectively planned near-term funding needs. This lack of sound planning and internal controls puts OCIO at risk of not being able to efficiently address DOT's most serious cybersecurity gaps.

We made five recommendations to help OCIO improve its cybersecurity funding planning.

Drug and Alcohol Testing Contract Employee Debarred, October 5, 2016. A Maryland man was debarred by OST from participating in Federal aid grants and contracts. The debarment is effective for a period of 3 years, retroactive to August 22, 2016. The employee was a drug-and-alcohol test examiner for a DOT contractor. During his employment, he intentionally fabricated an alcohol test for a Federal Air Marshal employee and submitted the fraudulent test results to the U.S. Government.

Parking Management Services, February 13, 2017. Under the Federal Government's lease agreement for the DOT Headquarters building, the Office of Transportation Services (TRANServe) manages parking services under a fee-for-service system. DOT uses the fees collected by the Parking and Transit Office (PTRAN) to pay for the Department's services contract, parking management costs, and general overhead costs. PTRAN requires vehicles parked in the Headquarters parking garage to display a valid parking permit and renewal decal.

Recent investigations by DOT-OIG revealed recurring abuse of parking privileges by employees and contractors (drivers). In all of the investigations, drivers used the garage without paying the appropriate and required fees to PTRAN. The schemes included illicit duplication of the parking decals, intentional failure to pay, and using parking permits from other vehicles. Due to the number of investigations and the recurring problem with payments, DOT-OIG initiated a project to assess the matter and offer recommendations to PTRAN. We found that the amounts owed to PTRAN were $22,464 and $28,356, respectively. Extrapolating the average of these amounts for a 12-month period would represent a $304,920 annual loss to the Government due to non-payment of daily parking fees.

DOT-OIG made four recommendations to help DOT and PTRAN better address key concerns related to the collection of parking payments in the areas of detection, violations, payments, and contract specificity.

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

	OMB ACCOUNT ID: 021-56-0130-0	FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
	Obligations by program activity:			
2002	General Administration	89,964	89,540	91,500
2002	Disaster Relief Oversight 2013	722	1,000	1,000
	Direct program activities, subtotal	90,687	90,540	92,500
0801	Reimbursable program	304	0	0
0900	Total new obligations	90,990	90,540	92,500
	Budgetary Resources:			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	5,647	5,394	4,394
1021	Recoveries of prior year unpaid obligations	0	0	0
1050	Unobligated balance (total)	5,647	5,394	4,394
	Budget Authority:			
	Appropriations, discretionary:			
1100	Appropriation	90,152	89,540	91,500
1160	Appropriations, discretionary (Total)	90,152	89,540	91,500
	Spending authority from offsetting collections, discretionary:			
1700	Collected	360	0	0
1701	Change in uncollected payments, Federal sources	13	0	0
1750	Total Spending authority from offsetting collections	373	0	0
1900	Budget Authority (total)	90,525	89,540	91,500
1930	Total Budgetary Resources Available	96,172	94,934	95,894
	Memorandum (non-add) entries:			
1940	Unobligated Balance Expiring	213	0	0
1941	Unexpired unobligated balance, end of year	5,329	4,394	3,394
	Change in obligated balance:			
3000	Unpaid obligations, brought forward, Oct 1 (gross)	10,267	11,049	10,988
3060	Uncollected pymts, Fed sources, brought forward, Oct 1	(50)	(54)	(54)
3100	Obligated balance, start of year (net)	10,217	10,996	10,935
3010	Obligations incurred, unexpired accounts	90,990	90,540	92,500
3011	Obligations incurred, expired accounts	205	0	0
3020	Outlays (gross)	89,478	90,601	92,304
3070	Change in uncollected pymts, Fed sources, unexpired	(13)	0	0
3071	Change in uncollected pymts, Fed sources, expired	10	0	0
3041	Recoveries of prior year unpaid obligations, expired	(986)	0	0
3050	Unpaid obligations,end of year (gross)	11,049	10,988	11,184
3090	Uncollected pymts, Fed sources, end of year	(54)	(54)	(54)
3200	Obligated balance, end of year (net)	10,996	10,935	11,131
	Budget Authority and outlays, net:			
4000	Budget authority, gross	90,525	89,540	91,500
	Outlays, gross:			
4010	Outlays from new discretionary authority	81,671	80,586	82,350
4011	Outlays from discretionary balances	7,806	10,015	9,954
4020	Outlays, gross (total)	89,478	90,601	92,304
	Offsets against gross budget authority and outlays:			
	Offsetting collections (collected) from:			
4030	Federal sources	(325)	0	0
4033	Non-Federal sources	(96)	0	0
4040	Total offsetting collection (cash)	(421)	0	0
	Additional offsets against gross budget authority only:			
4050	Chg in Uncollected cust orders fm Fed Sources (unexpired)	(13)	0	0
4051	Offsetting collections credited to expired accounts	61	0	0
4060	Additional offsets against gross budget authority only (total)	48	0	0
4180	Budget authority, net (total)	**90,152**	**89,540**	**91,500**
4190	Outlays, net (total)	**89,057**	**90,601**	**92,304**

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

		FY 2017 ACTUAL	FY 2018 Annualized CR	FY 2019 REQUEST
	Personnel Compensation:			
11.1	Full-time permanent......................	44,235	45,293	46,221
11.3	Other than full-time permanent.......	757	650	650
11.5	Other personnel compensation......	3,373	3,483	3,558
11.8	Special personal services payments.	9	0	0
11.9	Total personnel compensation......	48,374	49,426	50,429
12.1	Civilian personnel benefits.............	17,986	18,575	19,150
13.1	Benefits for former personnel…......	0	0	0
21.0	Travel and transportation of persons...	2,391	2,425	2,425
22.0	Transportation of things.................	3	5	5
23.1	Rental payments to GSA................	5,507	5,800	5,700
23.2	Rental payments to others	304	325	325
23.3	Comm., utilities, and misc. charges	949	925	925
24.0	Printing and reproduction...............	0	0	0
25.1	Advisory and assistance services.....	290	150	150
25.2	Other services................................	4,221	3,459	3,819
25.3	Other purchases of goods and services from Gov. accounts …….	5,674	6,553	6,450
25.7	Ops. & maint. of equipment	1,010	1,225	1,450
26.0	Supplies and materials....................	665	275	275
31.0	Equipment.....................................	2,381	1,367	1,367
32.0	Land and Structures…….	871	0	0
42.0	Insurance Claims and indemnities...	56	10	10
91.0	Unvouchered.................................	4	20	20
99.0	Subtotal, direct obligations..........	90,686	90,540	92,500
99.0	Reimbursable obligations	304	0	0
99.9	Total obligations.............................	90,990	90,540	92,500

EMPLOYMENT SUMMARY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

		FY 2017 ACTUAL	FY 2018 ANNUALIZED CR	FY 2019 REQUEST
10.01	Direct civilian full-time equivalent employment [5]	409	410	416
20.01	Reimbursable civilian full-time equivalent employment	1	0	0

[5] The FTE total for FY 2017 includes four FTE supported by carryover funding from the Disaster Relief Appropriations Act, 2013. Projected FTE totals for FY 2018 and FY 2019 includes three FTEs funded from this same source.

FY 2010 – FY 2019 FUNDING HISTORY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES

Request	Appropriation
2010……………$74,839,000	2010……………$75,114,000[6]
2011……………$81,772,000	2011……………$76,960,000
2012……………$89,185,000	2012……………$79,624,000
2013……………$84,499,000	2013……………$75,459,187[7]
2013 SANDY… N/A	2013 SANDY… $ 5,700,000[8]
2014……………$85,605,000	2014……………$85,605,000
2015 …………...$86,223,000	2015……………$86,223,000
2016 …………...$87,472,000	2016……………$87,472,000
2017 …………...$90,152,000	2017…..………...$90,152,000
2018 …………...$90,152,000	
2019……………$91,500,000	

[6] Two million direct transfer from FTA not included.

[7] FY 2013 reflects the net reduction of $4,005,565 pursuant to the Joint Committee sequester ordered on March 1, 2013 and an across-the-board rescission of $159,248 included in P.L. No. 113-6, Consolidated and Further Continuing Appropriations Act, 2013.

[8] FY 2013 reflects the net reduction of $300,000 pursuant to the Joint Committee sequester ordered on March 1, 2013. Reflects Disaster Relief Appropriations Act, 2013 (P.L. 113-2).