



U.S. Department of
Transportation

BUDGET ESTIMATES

FISCAL YEAR 2027

OFFICE OF
INSPECTOR GENERAL

SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS

Office of Inspector General
Fiscal Year 2027 Budget Estimates

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Not applicable

Section 1: Overview

ADMINISTRATOR'S OVERVIEW FOR THE OFFICE OF INSPECTOR GENERAL

The Department of Transportation Office of Inspector General (DOT-OIG) requests \$104.8 million to support an estimated 340 full-time equivalents (FTEs) in fiscal year (FY) 2027. We estimate that we can support another 10 FTEs with carryover funding from the Infrastructure Investment and Jobs Act of 2021 (IIJA) for an estimated total of 350 FTEs in FY 2027.

This request includes current services level adjustments for an annualization of a 2026 pay raise of 1 percent, a 2027 pay raise of 0 percent, Federal Employees' Retirement System (FERS) rate decreases, General Services Administration (GSA) rent estimates, DOT Working Capital Fund (WCF) estimates, and a 2 percent non-pay inflation rate.

Since the Inspector General Act of 1978 established Federal offices of inspectors general, DOT-OIG has been dedicated to providing independent, objective reviews of the efficiency and effectiveness of DOT's programs and operations. In FY 2025, we issued 49 audit reports with 233 recommendations, and our investigations resulted in 68 convictions and 55 indictments.¹ Our work led to substantial financial and program improvements in safety and other areas, as well as significant returns on taxpayer investments. From FY 2021 through FY 2025, we achieved an average return on investment (ROI)² of \$17 to \$1.

Inspector General Act Statement

The Inspector General Act of 1978, as amended (5 U.S.C. § 406(g)), requires certain information about budget submissions. In accordance with the Act, we submit the following information.

- OIG's FY 2027 budget request to DOT was \$116.5 million; \$116.5 million was received. OIG's request to the Office of Management and Budget was \$116.5 million; \$104.8 million was received which would substantially inhibit OIG's ability to fully execute its mission and promote the economy and efficiency of DOT programs and operations and detect and prevent waste, fraud, and abuse.
- The amount included in this request to fund external training courses is \$600,000.
- The amount included in this request to support operations of the Council of Inspectors General on Integrity and Efficiency is \$420,000.

¹ Results for investigations may differ slightly from those in Semiannual Reports to Congress due to delays in final judicial reporting.

² ROI calculations compare our cost to do business to the revenue and other savings generated through court-ordered fines, restitutions, recoveries, forfeitures, recoveries of improper payments, recommended cost savings, and recommendations for funds put to better use.

EXHIBIT I-A
FY 2026 ORGANIZATIONAL CHART
OFFICE OF INSPECTOR GENERAL

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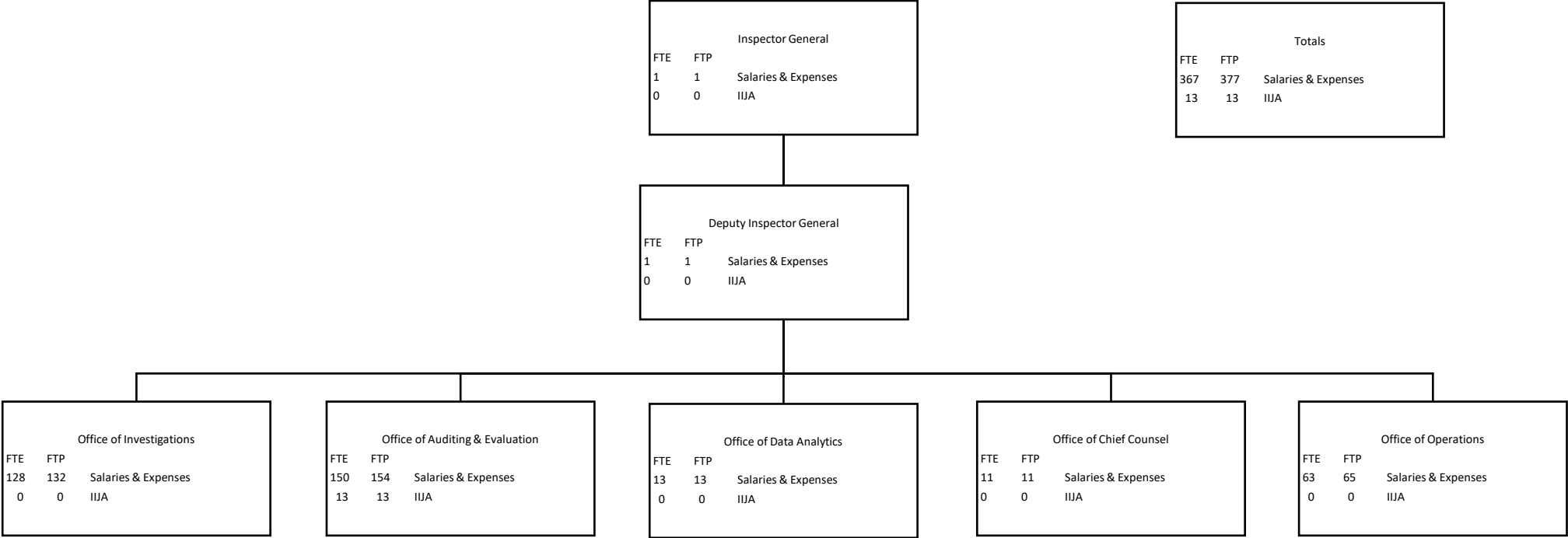
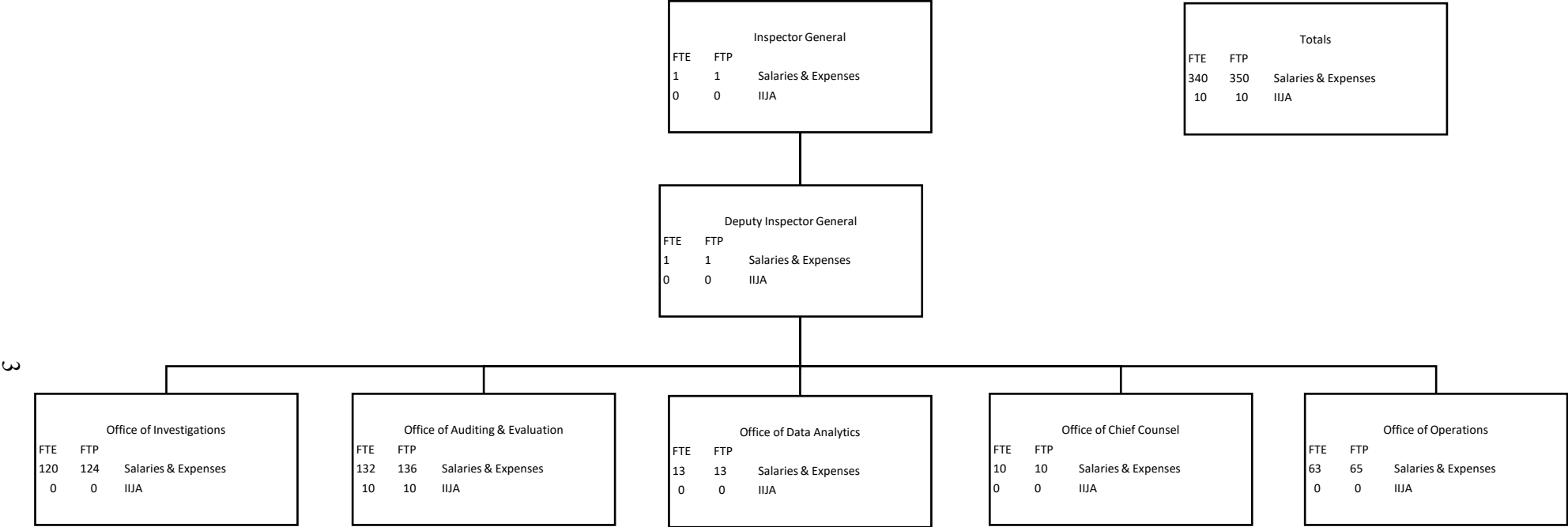


EXHIBIT I-B
FY 2027 ORGANIZATIONAL CHART
OFFICE OF INSPECTOR GENERAL



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Section 2: Budget Summary Tables

EXHIBIT II-1
FY 2027 BUDGET AUTHORITY
OFFICE OF INSPECTOR GENERAL
(\$000)

ACCOUNT NAME	M / D	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 BASELINE ESTIMATES	FY 2027 PROGRAM CHANGES	FY 2027 REQUEST
SALARIES & EXPENSES	D	\$ 116,452	\$ 113,000	\$ 113,000	\$ (8,198)	\$ 104,802
Recissions		\$ -	\$ -	\$ -	\$ -	\$ -
Transfers		\$ -	\$ -	\$ -	\$ -	\$ -
Offsets		\$ -	\$ -	\$ -	\$ -	\$ -
 Gross New Budget Authority		 \$ 116,452	 \$ 113,000	 \$ 113,000	 \$ (8,198)	 \$ 104,802
Recissions		\$ -	\$ -	\$ -	\$ -	\$ -
Transfers		\$ -	\$ -	\$ -	\$ -	\$ -
Offsets		\$ -	\$ -	\$ -	\$ -	\$ -
 NET NEW BUDGET AUTHORITY REQUESTED:		 <u>\$ 116,452</u>	 <u>\$ 113,000</u>	 <u>\$ 113,000</u>	 <u>\$ (8,198)</u>	 <u>\$ 104,802</u>
[Mandatory BA]						
[Discretionary BA]		\$ 116,452	\$ 113,000	\$ 113,000	\$ -	\$ 104,802
 Supplemental Funding						
IIJA Supplemental (Division J)		<u>\$ 4,314</u>	<u>\$ 4,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers From Other Accounts		\$ 4,314	\$ 4,314	\$ -	\$ -	\$ -
 Grand Total, All Appropriations		 <u><u>\$ 120,766</u></u>	 <u><u>\$ 117,314</u></u>	 <u><u>\$ 113,000</u></u>	 <u><u>\$ (8,198)</u></u>	 <u><u>\$ 104,802</u></u>

EXHIBIT II-2
FY 2027 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

ACCOUNT NAME	M / D	FY 2025 ACTUAL	FY 2026 ENACTED	FY 2027 BASELINE ESTIMATES	FY 2027 PROGRAM CHANGES	FY 2027 REQUEST
SALARIES & EXPENSES	D	\$ 116,452	\$ 113,000	\$ 113,000	\$ (8,198)	\$ 104,802
Recissions		\$ -	\$ -	\$ -	\$ -	\$ -
Transfers		\$ -	\$ -	\$ -	\$ -	\$ -
Offsets		\$ -	\$ -	\$ -	\$ -	\$ -
Gross New Budgetary Resources		\$ 116,452	\$ 113,000	\$ 113,000	\$ (8,198)	\$ 104,802
Rescissions		\$ -	\$ -	\$ -	\$ -	\$ -
Transfers		\$ -	\$ -	\$ -	\$ -	\$ -
Offsets		\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGETARY RESOURCES:		\$ 116,452	\$ 113,000	\$ 113,000	\$ (8,198)	\$ 104,802
[Mandatory]						
[Discretionary]		\$ 116,452	\$ 113,000	\$ 113,000	\$ -	\$ 104,802
[Obligation Limitation]						
Supplemental Funding						
IIJA Supplemental (Division J)		\$ 4,314	\$ 4,314	\$ -	\$ -	\$ -
Transfers From Other Accounts		\$ 4,314	\$ 4,314	\$ -	\$ -	\$ -
Grand Total, All Appropriations		\$ 120,766	\$ 117,314	\$ 113,000	\$ (8,198)	\$ 104,802

EXHIBIT II-4
FY 2027 OUTLAYS
OFFICE OF INSPECTOR GENERAL
(\$000)

	<u>M / D</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>D</u>	<u>ACTUAL</u>	<u>ENACTED</u>	<u>REQUEST</u>
SALARIES & EXPENSES		\$ 116,880	\$ 113,990	\$ 105,622
TOTAL:		<u>\$ 116,880</u>	<u>\$ 113,990</u>	<u>\$ 105,622</u>
Mandatory				
Discretionary				
Supplemental Funding				
IIJA Supplemental (Division J)				
Transfer From Other Accounts		\$ -	\$ 3,450	\$ 2,750
Emergency Disaster Relief Oversight				
Disaster Relief Appropriations Act		\$ 411	\$ -	\$ -
Grand Total, Outlays from all Appropriations		<u>\$ 117,291</u>	<u>\$ 117,440</u>	<u>\$ 108,372</u>

EXHIBIT II-5
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	Baseline Changes												
	FY 2025 Actual	FY 2026 Enacted	Annualization of Prior Pay Raises	Annualization of new FY 2026 FTE	FY 2027 Pay Raises	Adjustment for Compensable Days (261 days)	GSA Rent	WCF Increase/ Decrease	Inflation and other adjustments to base	FY 2027 Baseline Estimate	Program Increases/ Decreases	FY 2027 Request	
Salaries and Expenses													
PERSONNEL RESOURCES (FTE)	388	367								367	(27)	340	
Direct FTE - Annual funding	388	367								367	(27)	340	
FINANCIAL RESOURCES													
ADMINISTRATIVE EXPENSES													
Salaries and Benefits	\$89,600	\$86,556	\$200							\$86,756	(\$6,204)	\$80,552	
Travel	\$2,140	\$2,140								\$2,140	(\$190)	\$1,950	
Transportation	\$5	\$5								\$5	(\$5)	\$0	
GSA Rent	\$1,905	\$1,961					(\$65)			\$1,896		\$1,896	
Communications, & Utilities	\$275	\$275								\$275	(\$15)	\$260	
Printing	\$0	\$0								\$0		\$0	
Other Services:	\$12,743	\$12,279								\$12,636	(\$584)	\$12,052	
-WCF	\$7,704	\$7,704						(\$492)	\$357	\$7,212		\$7,212	
Supplies	\$275	\$275								\$275	(\$75)	\$200	
Equipment	\$1,325	\$1,325								\$1,325	(\$675)	\$650	
Land & Structures	\$450	\$450								\$450	(\$450)	\$0	
Insurance Claims and Indemnities	\$10	\$10								\$10		\$10	
Unvouchered	\$20	\$20								\$20		\$20	
Admin Subtotal	\$116,452	\$113,000	\$200	\$0	\$0	\$0	(\$65)	(\$492)	\$357	\$113,000	(\$8,198)	\$104,802	
BASE PROGRAMS TOTAL	\$116,452	\$113,000	\$200	\$0	\$0	\$0	(\$65)	(\$492)	\$357	\$113,000	(\$8,198)	\$104,802	

EXHIBIT II-5a
SUMMARY OF IIJA SUPPLEMENTAL (DIVISION J) BUDGET OBLIGATIONS OVER FISCAL YEARS
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

Salaries & Expenses	FY 2025	FY 2026	FY 2027
Unobligated Carryforward Balance, start of FY (+)	\$12,972	\$17,286	\$18,150
FY Advance Appropriations (Budget Authority)* (+)	\$4,314	\$4,314	\$0
FY Planned Obligations (-)	\$0	(\$3,450)	(\$2,750)
Unobligated Balance, end of FY (+)	\$17,286	\$18,150	\$15,400

Planned Obligations by Fiscal Year

PERSONNEL RESOURCES (FTE)

Direct FTE - IIJA	0	13	10
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FINANCIAL RESOURCES

ADMINISTRATIVE EXPENSES

Salaries and Benefits		\$3,450	\$2,750
Travel			
Transportation			
GSA Rent			
Communications, & Utilities			
Printing			
Other Services:			
-WCF			
Supplies			
Equipment			
Insurance Claims and Indemnities			
Unvouchered			
Admin Subtotal	\$0	\$3,450	\$2,750
IIJA/IRA TOTAL	\$0	\$3,450	\$2,750

* Transfers From Other Accounts

EXHIBIT II-6
WORKING CAPITAL FUND
OFFICE OF INSPECTOR GENERAL
(\$000)

	<u>FY 2025 ACTUAL</u>	<u>FY 2026 ENACTED</u>	<u>FY 2027 REQUEST</u>
DIRECT:			
Salaries & Expenses	\$ 7,704	\$ 7,704	\$ 7,212
SUBTOTAL	\$ 7,704	\$ 7,704	\$ 7,212
TOTAL, Base programs	<u>\$ 7,704</u>	<u>\$ 7,704</u>	<u>\$ 7,212</u>
<u>SUPPLEMENTAL FUNDING</u>			
IIJA Supplemental (Division J) Subtotal	\$ -	\$ -	\$ -
Transfer From Other Accounts			
Total, All Sources	<u>\$ 7,704</u>	<u>\$ 7,704</u>	<u>\$ 7,212</u>

EXHIBIT II-7
OFFICE OF INSPECTOR GENERAL
PERSONNEL RESOURCE -- SUMMARY
TOTAL FULL-TIME EQUIVALENTS

	<u>FY 2025 ACTUAL</u>	<u>FY 2026 ENACTED</u>	<u>FY 2027 REQUEST</u>
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Salaries & Expenses	388	367	340
SUBTOTAL, DIRECT FUNDED	<u>388</u>	<u>367</u>	<u>340</u>
 BASE TOTAL FTEs	 <u>388</u>	 <u>367</u>	 <u>340</u>
<u>SUPPLEMENTAL FUNDED FTEs</u>			
IIJA Supplemental Funding			
Transfer From Other Accounts	0	13	10
Emergency Disaster Relief Oversight			
Disaster Relief Appropriations Act	<u>2</u>	<u>0</u>	<u>0</u>
SUBTOTAL, Supplemental Funded	<u>2</u>	<u>13</u>	<u>10</u>
 TOTAL FTEs	 <u>390</u>	 <u>380</u>	 <u>350</u>

EXHIBIT II-8
OFFICE OF INSPECTOR GENERAL
RESOURCE SUMMARY – STAFFING
FULL-TIME PERMANENT POSITIONS

	<u>FY 2025 ACTUAL</u>	<u>FY 2026 ENACTED</u>	<u>FY 2027 REQUEST</u>
<u>DIRECT FUNDED BY APPROPRIATION</u>			
Salaries and Expenses	376	377	350
SUBTOTAL, DIRECT FUNDED	<u>376</u>	<u>377</u>	<u>350</u>
BASE TOTAL POSITIONS	<u>376</u>	<u>377</u>	<u>350</u>
<u>SUPPLEMENTAL FUNDED FTPs</u>			
IIJA Supplemental Funding			
Transfers From Other Accounts	0	13	10
Emergency Disaster Relief Oversight			
Disaster Relief Appropriations Act	<u>0</u>	<u>0</u>	<u>0</u>
SUBTOTAL, Supplemental Funded	<u>0</u>	<u>13</u>	<u>10</u>
TOTAL POSITIONS	<u>376</u>	<u>390</u>	<u>360</u>

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, [\$116,452,000] *\$104,802,000*: *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.]§ 401 *et seq.*), 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 of Transportation.

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

	FY 2025	FY 2026	FY 2027
	ACTUAL	ENACTED	REQUEST
Salaries & Expenses	\$ 116,452	\$ 113,000	\$ 104,802
TOTAL, Base appropriations	\$ 116,452	\$ 113,000	\$ 104,802
FTEs			
Direct Funded	388	367	340
Reimbursable, allocated, other			
Supplemental Funding			
IIJA Supplemental (Division J)	\$ 4,314	\$ 4,314	\$ -
Transfer From Other Accounts			
Emergency Disaster Relief Oversight			
Disaster Relief Appropriations Act	\$ -	\$ -	
TOTAL, Supplemental appropriations	\$ 4,314	\$ 4,314	\$ -
FTEs			
IIJA Supplemental (Division J)			
Transfer From Other Accounts	0	13	10
Emergency Disaster Relief Oversight			
Disaster Relief Appropriations Act	2	0	0
SUBTOTAL, Supplemental FTEs	2	13	10
Account	\$ 120,766	\$ 117,314	\$ 104,802

The Department of Transportation (DOT) Office of Inspector General (OIG) 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 Inspector General to perform these oversight responsibilities in accordance with the Inspector General Act of 1978, as amended (5 U.S.C. § 401 *et seq.*).

EXHIBIT III-1a
OFFICE OF INSPECTOR GENERAL
SALARIES & EXPENSES
SUMMARY ANALYSIS OF CHANGE FROM FY 2026 TO FY 2027
Appropriations, Obligations, Limitations, and Exempt Obligations
(\$000)

	<u>\$000</u>	<u>FTE</u>
FY 2026 Enacted	<u>113,000</u>	<u>367</u>
ADJUSTMENTS TO BASE:		
Annualization of FY 2026 FTE	0	
Annualization of Prior Pay Raise(s)	200	
FY 2027 Pay Raise	0	
GSA Rent	(65)	
Working Capital Fund	(492)	
Inflation and other adjustments to base	357	
SUBTOTAL, ADJUSTMENTS TO BASE	0	0
PROGRAM REDUCTIONS:		
Salaries and Benefits	(6,204)	(27)
Non-Salaries and Benefits	(1,994)	
SUBTOTAL, PROGRAM REDUCTIONS	(8,198)	(27)
PROGRAM INCREASES:		
SUBTOTAL, PROGRAM INCREASES	0	0
FY 2027 REQUEST	104,802	340
Supplemental Appropriations	0	10
TOTAL	104,802	350

**DETAILED JUSTIFICATION FOR
THE OFFICE OF INSPECTOR GENERAL**

**FY 2027 Office of Inspector General Budget Request
(\$000)**

Program Activity	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Salaries and Expenses	\$116,452	\$113,000	\$104,802
TOTAL	\$116,452	\$113,000	\$104,802
FTEs	388	367	340
Supplemental-funded FTEs	2	13	10
Total FTEs	390	380	350

DOT-OIG requests \$104.8 million to support an estimated 340 FTEs in FY 2027. We estimate we can support another 10 FTEs with carryover funding from IIJA for an estimated total of 350 FTEs in FY 2027.

This request includes current services level adjustments for an annualization of a 2026 pay raise of 1 percent, a 2027 pay raise of 0 percent, FERS rate decreases, GSA rent estimates, DOT WCF estimates, and a 2 percent non-pay inflation rate.

What is the program and what does this funding level support?

Our office employs a highly trained, specialized workforce to conduct audits, investigations, and other administrative and enforcement activities. Since Congress established Federal offices of inspectors general in 1978, we have been dedicated to fulfilling our unique role as DOT's only in-house source for objective examinations of departmental programs.

The Inspector General (IG) Act of 1978, as amended, requires offices of inspectors general to:

- conduct independent audits and investigations;
- promote economy, efficiency, and effectiveness;
- prevent and detect fraud, waste, and abuse;
- refer criminal violations to the Attorney General for prosecution;
- review pending legislation and regulations; and
- keep the Secretary and Congress fully and currently informed.

We are committed to fulfilling our statutory responsibilities under the IG Act while supporting DOT's mission and the Secretary's strategic goals and priorities, especially those concerning transportation safety and investments in infrastructure. Our work helps the Department and its

Operating Administrations meet the performance targets identified in their strategic goals. Our 5-year strategic plan 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.

To maximize our audit resources and provide the greatest possible benefits to the Department and the public, we have a comprehensive 24-month tactical audit plan that we update annually. As part of this plan, we maintain a catalogue of possible audit areas that we develop from reviews of DOT budget data, business plans, performance reports, Operating Administration websites, and publications. For the current 24-month period, we plan to initiate 65 audits in critical areas across the Department.

To maximize our investigative resources, ensure effective resource allocation, and deliver meaningful results to the Department and the public, we review our investigative priorities annually. These reviews give us the flexibility to address emerging regional and national trends, and tackle issues of high interest to the Department, Congress, and the public. In general, we prioritize cases involving transportation safety, procurement and grant fraud, employee integrity, and cases in the public interest.

Each year, we issue a report on DOT's top management challenges that presents our assessment of the Department's management and operations, and identifies issues that require the most immediate attention to minimize financial and safety risks. For FY 2026, we identified the following top management challenge areas:

- **Aviation safety.** Key challenges: balance compliance with collaboration when overseeing air carrier maintenance programs; and maintain aviation safety while facing staffing shortages, under-resourced inspections, and data access limitations.
- **Surface transportation safety.** Key challenges: prioritize actions to further improve safety and reduce fatalities and injuries on the Nation's roads and rails; and protect transportation workers and the traveling public.
- **Air Traffic Control and Airspace modernization.** Key challenges: hire and train the next generation of air traffic controllers while sustaining the integrity of the National Airspace System (NAS); and develop a comprehensive plan that anticipates and mitigates challenges to successfully modernizing the Nation's air traffic control system.
- **Surface transportation infrastructure.** Key challenges: target surface transportation funding for priority outcomes; and oversee public transit agencies' efforts to expand systems or increase capacity, while maintaining a state of good repair.
- **Financial stewardship.** Key challenges: adopt streamlined grant and contract processes to support efficient and cost-effective outcomes; and implement updated financial management and reporting requirements.
- **IT security.** Key challenges: address recurring cybersecurity weaknesses to reduce risks to DOT's information systems; and reinforce cybersecurity policy implementation to safeguard DOT's information systems against continued threats.
- **Transportation innovation.** Key challenges: ensure the safety and operational efficiency of the rapidly growing commercial space transportation industry; advance the safe

integration of unmanned aircraft systems into the NAS; and develop strategies to enable the deployment of vehicle automation and driver assistance technologies.

- **Curbing fraud, waste, and abuse.** Key challenges: verify grant and contract funds are used as intended, and hold those who abuse the system accountable.

We will continue to leverage the institutional knowledge of our staff—our most valuable resource for achieving our mission—and execute the work identified in our tactical audit plans and investigative priorities. These plans and priorities provide the general framework we use to focus our resources across the Department and its Operating Administrations on the following topics:

Departmentwide

- Assess DOT’s oversight of financial and procurement-related issues, such as management of risks related to information systems, awards and administration of contract and grant funds, and reviews of grant reimbursements from the Puerto Rico Highways and Transportation Authority and funds used to support Ukraine transportation infrastructure.
- Review departmental cybersecurity, Artificial Intelligence (AI) oversight, financial statements, and improper payments.
- Audit and investigate fraud, waste, and abuse of departmental IIJA and COVID-19 relief funding.
- Conduct outreach activities to enhance fraud prevention awareness and generate investigative referrals from departmental, State, and local stakeholders regarding procurement and grant fraud.
- Investigate allegations of employee misconduct, whistleblower retaliation, and mismanagement affecting Operating Administrations.

Federal Aviation Administration (FAA)

- Assess FAA’s information technology (IT) infrastructure, controls over accountable personal property, and personal identity verification card controls.
- Evaluate air traffic controller skills assessments, training, and decision support tools, including FAA’s progress monitoring controller staffing levels, evaluating training requirements, and implementing on-the-job training initiatives, as well as the effects of reclassifying navigational aids.
- Evaluate aviation safety, including FAA’s oversight of airport safety standards, staffing and workforce plans for safety-critical and senior positions, and aircraft manufacturers’ supplier controls.
- Assess FAA’s oversight of projects funded by IIJA in the Airport Terminals and Airport Infrastructure Grant programs.
- Investigate medical certificate fraud by airmen and medical examiners.
- Investigate incidents of interfering with flight crews.

- Investigate the sale of unapproved aircraft parts, crimes involving drones such as the smuggling of contraband into prisons and destruction of law enforcement drones, laser strikes on aircraft, and illegal air shipments of hazardous materials (hazmat).
- Investigate false statements made to FAA by aircraft manufacturers and suppliers.

Federal Highway Administration (FHWA)

- Evaluate FHWA's oversight of bridge safety, including critical findings related to structural and safety deficiencies, and the use of risk-based approaches to project oversight and stewardship and oversight agreements.
- Assess FHWA's oversight of IIJA funds for Transportation Asset Management Plan requirements for the National Highway Performance Program.
- Audit and investigate fraud, waste, and abuse in FHWA projects involving Federal, State, tribal, and local organizations, contractors, and subcontractors and funded by over \$365 billion from IIJA appropriations.
- Investigate contract fraud in FHWA-funded projects, such as bribery, bid rigging, product substitution, overbilling, substandard work, and cost mischarging.

Federal Motor Carrier Safety Administration (FMCSA)

- Assess FMCSA's oversight of high-risk carriers and States' compliance with Federal standards for commercial drivers' licenses (CDL) knowledge and skills testing, as well as the Agency's use of carrier data for its safety intervention program.
- Investigate CDL fraud by schools, third-party testers, and medical examiners.
- Investigate motor carrier safety violations, such as illegal and unsafe transport of hazmat and carriers that reincarnate with different identities to circumvent safety regulations and penalties.
- Investigate violations of FMCSA's regulations governing interstate transportation of household goods to protect consumers and workers from fraudulent and deceptive practices.

Federal Railroad Administration (FRA)

- Evaluate FRA's approval of system safety and risk reduction programs and assess the IIJA fund grant award process for the Federal-State Partnership for Intercity Passenger Rail program.
- Assess FRA's certification process of security controls over Positive Train Control systems.
- Investigate illegal shipments of hazmat, violations of rail safety regulations such as falsified railroad inspection reports, and fraud on FRA-funded projects.

Federal Transit Administration (FTA)

- Evaluate the effectiveness of FTA's control activities for IIJA programs and its oversight of IIJA-funded grants for buses and bus facilities.

- Identify and assess security weaknesses in FTA’s IT infrastructure and possible effects on agency systems and data.
- Audit and investigate fraud, waste, and abuse in FTA projects funded with over \$107 billion from IIJA appropriations.
- Investigate FTA-funded projects, focusing on issues such as product substitution, overbilling, bribery, substandard work, and cost mischarging.

Maritime Administration (MARAD)

- Assess MARAD’s controls for awards and oversight of its IIJA-funded Port Infrastructure Development Program grants.
- Assess MARAD’s oversight of financial assistance payments to State maritime academies and management controls for statutory responsibilities.
- Investigate fraud, waste, and abuse of MARAD-funded projects, as well as employee integrity matters at the United States Merchant Marine Academy.

National Highway Traffic Safety Administration (NHTSA)

- Assess NHTSA’s oversight of safety research funding.
- Investigate illegal importation of counterfeit airbags, seatbelts, and other regulated safety equipment.
- Investigate possible fraud in NHTSA grant programs and allegations of false statements to NHTSA by automobile manufacturers and suppliers to the automotive industry.

Pipeline and Hazardous Materials Safety Administration (PHMSA)

- Evaluate PHMSA’s oversight of water safety programs to prevent oil spills into water systems from pipelines and its oversight of pipeline safety grants and funding requirements.
- Investigate fraud that may impact PHMSA’s programs, including pipeline safety, such as falsification of radiographs, cylinder retesting, shipments of hazmat, and DOT-required packaging and marking for hazmat.
- Investigate the distribution and sale of unregistered and misbranded hazmat.

The following are examples of OIG’s recently issued audit reports and results of criminal investigations that demonstrate the impact of our work in relation to the Department’s strategic objectives and major programs, and our ability to provide timely and relevant oversight of emerging issues.

Departmentwide

DOT’s Working Capital Fund Is Not Fully Transparent Regarding Costs and Types of Services Provided to Customers (issued September 2, 2025)

DOT budgeted approximately \$764.2 million in fiscal year 2023 and \$746.2 million in fiscal year 2024 for its Working Capital Fund. DOT’s WCF is designed to be self-sustaining and

achieve full cost-recovery as its expenses are recovered through funds collected from customers. Our prior work identified issues with OST's management of the WCF, including transparency and accountability concerns related to billing procedures and transaction oversight for IT services. Given these previous findings, and the magnitude of dollars involved, we initiated this audit. Our objective was to assess the extent to which OST's use of working capital funds aligns with advance funding agreements for costs and types of services provided to customers.

We found that OST's WCF service descriptions are not clear about what customers receive for their advance payments. These descriptions are vague and lack detail to allow customers to understand what OST will provide for their advance payments. OST does not fully update the descriptions each year to account for or explain changes in advance funding levels and business operations. OST's WCF customer bills lack expense details and support for charges and may not promote economy and efficiency. OST uses set billing methodologies that it provides to the customer at the beginning of each fiscal year. However, these billing methodologies often rely on outdated information. Because OST's monthly customer bills only provide lump sum amounts for each service, they do not provide customers visibility into the specific services and expenses making up their total allocated share of the cost. OST's WCF customer bills include errors, and these errors prevent customers from having an accurate and clear portrayal of how and at what amount OST uses their funds. Finally, we found OST does not accurately account for WCF-funded DOT employees. Specifically, we identified employees no longer working in OST, working outside their designated WCF service, and in unapproved positions or grades. DOT has inconsistent practices and controls for listing WCF-funded employees and obtaining the required approvals to hire such employees.

We made seven recommendations to improve DOT's WCF's transparency regarding OST's use of customers' advance funding—specifically costs and types of services provided to customers.

Federal Aviation Administration

FAA's Oversight of Infrastructure Investment and Jobs Act Funds Is Hindered by Unclear Policies and Internal Control Challenges (issued September 17, 2025)

IJA provides \$20 billion over fiscal years 2022–2026 for three grant programs to address aging aviation infrastructure. FAA is using its well-established Airport Improvement Program (AIP) policies and procedures to administer IJA grant programs. However, these programs broaden the uses of funds beyond the purposes allowable under AIP, which could introduce additional risks to IJA-funded airport sponsors. Given the importance of accurately assessing risk and FAA's IJA oversight responsibilities, we initiated this audit. Our objectives were to assess (1) FAA's assignment of risk levels to IJA grant recipients, and (2) the impact of the assigned risk levels on FAA's IJA oversight efforts.

We found that FAA's assignment of risk levels does not consider all potential risks to IJA-funded grant recipients. FAA develops an overall risk rating for airport sponsors receiving funds under AIP to administer IJA grant programs. Most of these sponsors' assessments were completed prior to receiving IJA funds and may not account for all potential risks to IJA-funded grant recipients. FAA's policy does not specify what types of changes in an

airport sponsor's conditions or risk factors would require project managers to initiate an interim risk assessment. In a survey of FAA project managers, 79 of 84 (94 percent) indicated they had not conducted interim assessments. FAA's grant payment policy does not specify where or how to document the grant payment risk level result separately from the overall risk level. Therefore, project managers may not differentiate between the levels, presuming both risks are the same. We also found that FAA's nominal risk ratings for most IJJA-funded airport sponsors and breakdowns in internal control procedures hinder IJJA oversight efforts. FAA assigned most IJJA-funded airport sponsors a nominal risk rating, subjecting those sponsors to the lowest level of oversight. FAA did not properly apply its internal control procedures for overseeing IJJA-funded airport sponsors, resulting in \$338 million in unsupported costs.

We made six recommendations to improve FAA's oversight of IJJA grants to airport sponsors.

FAA Has Not Resolved Persistent Issues With SkyWest's Maintenance Practices (issued July 28, 2025)

Aviation safety is FAA's priority for the 2.9 million passengers that take 45,000 flights a day in the NAS. In prior audits, we found weaknesses in FAA's oversight of maintenance at other airlines. We initiated this audit as part of our ongoing work reviewing FAA's oversight of air carrier maintenance programs. Our objective was to assess FAA's oversight of SkyWest Airlines' maintenance practices. Specifically, we evaluated FAA's actions to address SkyWest's maintenance noncompliance and violations.

We found that FAA's oversight of SkyWest's maintenance practices does not fully comply with Agency guidance. FAA's Certificate Management Office (CMO) has not resolved issues with SkyWest's remote return to service maintenance practices for over 4 years. The CMO also does not always adhere to FAA guidance when addressing SkyWest's noncompliance; CMO leaders are directing inspectors to use a method not included in FAA guidance to achieve compliance. Delays in the CMO's access to SkyWest's data, CMO leadership and staff turnover, and ineffective communication have also slowed the resolution of SkyWest's noncompliance. CMO inspectors do not always identify recurring noncompliance and CMO leaders may not be using the most effective tools to address repetitive noncompliance with more comprehensive solutions. In addition, FAA's Safety Assurance System database surveillance documentation options do not fully align with FAA guidance.

We made seven recommendations to improve FAA's oversight of SkyWest Airlines' maintenance.

FAA Can Improve the Reliability of Overall Benefit and Cost Projections for NextGen by Fully Assessing the Impact of External Factors (issued July 23, 2025)

The Next Generation Air Transportation System (NextGen) is a multibillion-dollar infrastructure effort that aims to modernize the NAS to provide safer and more efficient air traffic management. In 2021, we reported that NextGen's benefits had not kept pace with expectations due to implementation challenges and other factors, including external factors such as weather and airline decision making that are beyond FAA's control. Following the

issuance of our report, Congress directed our office to report on the extent to which NextGen benefits and costs can change due to external factors. Our objective was to assess FAA's identification and measurement of the impacts of external factors, such as weather and airline decision making, on NextGen benefits and costs.

We found that FAA identifies multiple external factors in its NextGen benefit and cost analyses. FAA's Business Case Analysis Reports show it considered external factors in projecting individual NextGen programs' benefits and costs. For example, FAA considered the impact of external factors such as fuel prices, weather, and equipage rates in projecting the Data Communications program's benefits and costs. FAA also identifies many external factors that impact NextGen's overall benefits and costs. For example, FAA's Business Case model incorporated external factors, such as the Terminal Area Forecast (TAF), which projects trends in future air traffic growth at major airports, as well as passenger value of time rates and weather to calculate and monetize reductions in delay minutes. However, we also found that FAA has not systematically measured the impact of individual external factors on overall NextGen benefits and costs. Although FAA conducts analyses to account for the possible impacts of external factors on the benefits and costs for individual NextGen programs, except for the TAF, FAA has not conducted a systematic analysis of how sensitive NextGen's overall benefits and costs are to changes in major external factors. This impacts the overall reliability of FAA's projections of NextGen's benefits and costs. Since NextGen systems and their capabilities will continue to be deployed well beyond 2025, FAA's ability to prioritize programs and their scopes may not be as effective without the most accurate benefit and cost projections the Agency can produce.

We made one recommendation to inform FAA's projections of overall benefits and costs for NextGen or other future NAS modernization efforts.

FAA Has Made Progress in Advancing BVLOS Drone Operations but Can Do More to Achieve Program Goals and Improve Data Analysis (issued June 30, 2025)

Nationwide interest in using unmanned aircraft systems (UAS), commonly referred to as "drones," in increasingly complex operations beyond visual line of sight (BVLOS) is expanding. FAA has efforts underway to help advance BVLOS operations, policy, and rulemaking, including through the BEYOND program. However, there are potential challenges and safety risks associated with integrating drones into the NAS. We initiated this audit to continue our oversight of FAA's drone integration efforts for complex BVLOS operations due to their potential for introducing risks to the NAS and the importance of maintaining the United States as a leader in aeronautics. Our objective was to assess FAA's efforts to advance BVLOS drone operations outside the parameters of existing drone regulations.

We found that FAA approved increasingly complex BVLOS drone operations—increasing approvals for BVLOS operations from 1,229 in 2020 to 26,870 in 2023—using small UAS rule waivers, air carrier operating certificates, and regulatory exemptions. Additionally, FAA's BVLOS operational goals and metrics were difficult for most lead participants to meet. A majority of program lead participants did not meet most of BEYOND's six operational performance metrics, operators flew only a small percentage of flights without a visual observer, and the BEYOND program's overall effectiveness was hindered by its lack of participant and mission variety. We also found that although FAA collects and shares

partnership program data with BEYOND participants, it is not using comprehensive data to inform rulemaking, and its data input and validation process can lead to errors. FAA applied lessons learned to enhance its data collection process but does not consolidate data across offices. Finally, we found that FAA ceased collecting data on BEYOND program societal and economic benefits and community engagement. FAA’s rulemaking team decided they no longer needed societal and economic benefits data, despite program goals to collect it.

We made seven recommendations to improve FAA’s efforts to advance BVLOS drone operations outside of the parameters of existing drone regulations.

Oklahoma Resident Sentenced for Interfering With Operation of an Aircraft

On June 25, 2025, the U.S. District Court for the Northern District of Oklahoma sentenced an individual to 42 months of incarceration, 36 months of supervised release, and a \$100 special assessment.

On December 4, 2023, the individual knowingly discharged a firearm at a Tulsa Police Department helicopter while it was in flight. Additionally, the court ordered the individual to forfeit a firearm and ammunition as directed in the Preliminary Order of Forfeiture.

Former Helicopter Company CEO Sentenced for Violations Involving Aircraft

On June 10, 2025, the U.S. District Court for the District of Guam sentenced a Chief Executive Officer (CEO) to 405 months of incarceration, 3 years of supervised release, a \$250,000 fine, and a \$9,900 special assessment. In addition, the helicopter company received 5 years of probation, a \$4.9 million fine, and a \$2,000 special assessment.

On September 9, 2022, a jury convicted the CEO and his company for their roles in defrauding FAA and the National Transportation Safety Board (NTSB). Both entities were convicted of conspiracy to defraud FAA and NTSB; aircraft parts fraud, in which the failure of the unapproved aircraft parts were the proximate cause of serious bodily injury and/or death; employing aircraft mechanics without a mechanic’s certificate; employing pilots without a pilot’s certificate; registration violations involving helicopters; conspiracy to commit wire fraud; wire fraud; and money laundering.

Federal Highway Administration

FHWA Generally Follows Its Existing Processes To Oversee COVID-19 Relief Funding Compliance, Track Funds, and Monitor Projects (issued September 22, 2025)

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021(CRRSAA) provided \$10 billion to FHWA for Highway Infrastructure Programs (HIP) to prevent, prepare for, and respond to COVID-19-related impacts. The Act required FHWA to obligate the funds by the end of fiscal year 2024. By the end of March 2025, FHWA obligated \$9.78 billion in CRRSAA funds with outlays of \$8.43 billion. Due to the large amount of funds and timeframe for using them, as well as other Act requirements, we initiated this audit. Our objective was to assess FHWA’s policies and procedures for overseeing States’ compliance with CRRSAA requirements and tracking and monitoring CRRSAA funds.

We found that FHWA generally followed its existing Federal-aid processes to oversee compliance with CRRSAA requirements and track funds, but lacked sufficient details for

Special Authority provisions. FHWA instructed its Division offices to use existing processes and developed a HIP-CRRSAA Guidance memorandum to help oversee compliance with CRRSAA requirements and track the funds. This guidance covered project eligibility requirements, but lacked sufficient details for how States should use, and Divisions should oversee, Special Authority provisions that provide funding for activities not normally eligible under the Surface Transportation Block Grant program. FHWA followed processes to determine that projects met eligibility and project agreement requirements, complied with the non-Federal share requirement, and did not incur costs prior to obligating funds. We also found that FHWA generally follows its processes to monitor CRRSAA projects and relies on State DOTs to reconcile differences in reported expenditure amounts. FHWA uses a risk-based approach to monitor Federal-aid highway projects, including CRRSAA-funded projects, and identify potential risks. Division offices tailored their risk assessment and monitoring approaches to each project. In 2024, FHWA revised its Stewardship and Oversight Agreements—intended to facilitate effective and efficient program delivery and adequate oversight—due to changes in laws and regulations. Project expenditure reports contained discrepancies between FHWA and State DOT data, but we were able to reconcile those differences with updated State DOT data. FHWA relies on the State DOTs to reconcile differences in reported expenditure amounts.

FHWA generally followed its existing process to oversee CRRSAA compliance, track funds, and monitor projects, so we did not make recommendations.

FHWA Can Strengthen Oversight and Provide Additional Guidance To Improve Federal-aid Recipients' Buy America Compliance (issued July 28, 2025)

FHWA's Buy America law and regulations require highway projects funded under Title 23 of United States Code to use only iron, steel, and manufactured products produced in the United States. Due to the high level of investment in surface transportation, we initiated this audit. Our objective was to assess FHWA's processes and procedures for overseeing grant recipient compliance with Federal Buy America requirements. Our assessment included reviews of FHWA's (1) guidance on Buy America requirements and (2) oversight of Federal-aid recipients' compliance.

We found that FHWA provided insufficient guidance on Buy America requirements to its Federal-aid recipients. FHWA's guidance to State Departments of Transportation (State DOTs) and local agencies lacks detail on how to certify highway project materials' compliance with Buy America requirements. Because there were gaps in FHWA Buy America guidance, we found weaknesses in the procedures developed by the State DOTs and local agencies that we reviewed—Texas, Washington, and Seattle—and issues concerning Buy America compliance in their projects. FHWA also did not provide adequate guidance on its minimal use threshold for foreign materials. In addition, we found that FHWA did not perform adequate oversight of Federal-aid recipients' Buy America compliance. Neither FHWA Headquarters nor its Divisions' periodic reviews, such as Compliance Assessment Program reviews, consistently address Buy America requirements. The Division Offices' risk-based project-level reviews may overlook Buy America compliance.

We made six recommendations to improve FHWA's oversight of Federal-aid recipients' compliance with Buy America requirements.

Former Co-Founder and Majority Owner Sentenced for Role in Bid Rigging Conspiracy

On May 22, 2025, the U.S. District Court for the Eastern District of Michigan sentenced a co-founder and former majority owner of an asphalt company to 6 months of incarceration, 24 months of probation, a \$500,000 fine, and a \$100 special assessment. In October 2023, the co-founder pleaded guilty to charges of conspiracy to rig bids for asphalt paving services.

The information alleged that as early as March 2013, until at least November 2018, the co-founder entered into and engaged in a conspiracy with another company and co-conspirators to suppress and eliminate competition for contracts to provide asphalt paving services in Michigan. The co-founder and other officers and employees of the asphalt company engaged in conversations, meetings, and communications with another asphalt company to rig bids in each other's favor.

Minnesota Asphalt Contractor Agrees To Pay Nearly \$1.3 Million To Settle Claims of Falsified Quality Test Results

On April 22, 2025, the U.S. District Court for the District of Minnesota issued a judgement in a civil case to a construction and paving company located in Brainerd, Minnesota. The company agreed to pay \$1,295,610 to resolve allegations that it violated the False Claims Act and the Minnesota False Claims Act.

The United States and the State of Minnesota alleged that, as a condition of payment for federally funded road paving contracts, the company was required to perform certain quality tests of its paving material and submit the results to the Government. The United States and the State of Minnesota further alleged that the company falsified the results and submitted them to the Government to receive financial incentives for superior quality paving material and avoid deductions for lower-quality material. As a result of those false test results, the United States and the State of Minnesota alleged that the Government funded payments to the company for unearned incentives and the company avoided financial deductions that would have occurred had the company submitted truthful test results.

Of the \$1,295,610 civil settlement, the United States will receive \$660,761 and the State of Minnesota will receive \$634,849.

Former Florida Construction Employees Sentenced for Identity Theft

On April 15 and April 17, 2025, the U.S. District Court for the Middle District of Florida sentenced two individuals to time served consisting of 19 months of imprisonment, 1 year of supervised release, and a \$100 assessment.

Both individuals were previously indicted for aggravated identity theft, false representation of a social security number, and false claim of U.S. citizenship. While employed by

construction company the individuals performed work on the FHWA-funded Gateway Expressway project.

In September 2022, an employee of the construction company struck and killed a Pinellas County Deputy Sheriff while operating a front loader. During the investigation, it was discovered that individuals involved and present during the incident used false identities, including the two individuals.

Federal Motor Carrier Safety Administration

FMCSA Suspends Eight Individuals Following Commercial Driver's License Fraud Convictions

On September 25, 2025, FMCSA suspended eight individuals based upon their convictions involving a years-long scheme to falsify CDL records.

A former manager of the Massachusetts Registry of Motor Vehicles accepted money in exchange for giving passing scores on learner's permit tests for both passenger vehicle driver's licenses and CDLs, even if applicants did not pass. A former Commercial Driving School instructor conspired with a then-Massachusetts State Police (MSP) Sergeant to give passing scores to four MSP troopers who had applied for Class A CDLs, but who did not take the required CDL skills test. Two former MSP Troopers also conspired to give preferential treatment to CDL applicants by giving passing scores on their skills tests even if they had failed or did not take the test at all. A former water company employee conspired with the MSP Sergeant to give passing scores to multiple applicants from the water company who failed the CDL skills test, and others who took only a partial test, in exchange for free inventory.

Civil Settlement Reached With Moving Company and Owner Accused of Fraud

On September 11, 2025, DOT-OIG, in coordination with the Florida Attorney General's Consumer Protection Division, reached a civil settlement agreement with a moving company and its owner.

The complaint alleges that the owner deliberately engaged in deceptive and unfair trade practices by advertising and selling services to consumers throughout the country through the moving company. The settlement holds the moving company and owner as a single entity that owes a \$800,000 civil penalty and \$135,000 in restitution. The final settlement also included \$34,132 in legal fee costs to be paid to the Florida Attorney General's Office.

Owner of Freight Trucking Company Sentenced on Multiple Fraud-Related Charges

On May 30, 2025, the U.S. District Court for the Southern District of Florida sentenced an owner of a logistics company to 276 months of incarceration, 36 months of supervised release, and a \$800 assessment. The owner had previously been found guilty of wire fraud, money laundering, and conspiracy charges.

The investigation revealed the owner used his company to create an elaborate Ponzi fraud scheme by attracting investors to purchase contracts involving freight trucking services with promises of extremely high interest payments. The scheme collected over \$158 million in investor funds between 2020 and 2023. The investigation also revealed that the owner misappropriated millions of dollars of investor funds for personal gain, including sending millions overseas to family members in India.

Federal Railroad Administration

FRA Needs to Improve Its Inspection and Data Collection Processes to Effectively Oversee Compliance with the Roadway Worker Protection Regulation (issued May 14, 2025)

Given the continuing occurrence of Roadway Worker Protection (RWP) related accidents and the substantial increase in funding for rail projects through IIJA, we initiated this audit to evaluate FRA's oversight of railroads' implementation of the RWP regulation. Our objectives were to evaluate FRA's oversight of railroads' implementation of the RWP regulation. Specifically, we assessed (1) RWP oversight activities conducted by FRA safety inspectors, (2) FRA's on-track safety program reviews, and (3) pursuit of civil penalties for RWP violations.

We found that FRA is performing fewer RWP-related inspections, and available data are not effectively used to inform RWP oversight or planning. In 2022, safety inspectors completed 10 percent fewer inspection reports overall, but 17 percent fewer RWP-related inspection reports. FRA created new RWP-related inspection activity codes but reporting errors and missing inspection details limit FRA's oversight. FRA does not use injury data for RWP oversight or inspection planning because it is difficult to identify injuries caused by non-compliance, and the agency lacks a documented data quality assurance process for its new inspection data system. In addition, we found that FRA monitors railroads' compliance with some on-track safety program (OTSP) requirements but does not document comprehensive reviews. FRA does not consistently document OTSP reviews due to a lack of centralized recordkeeping and staff turnover. FRA improved its OTSP notification process by providing railroads an email reporting option and developed an internal webpage to centralize documentation and guidance for officials and inspectors. Finally, we found that FRA took RWP enforcement actions, assessing \$1.3 million in monetary penalties for 472 RWP violations from FYs 2018 through 2023, but published incorrect closed case data in recent Annual Enforcement Reports as a result of a system issue in FRA's Railroad Compliance System that we identified in a previous audit.

We made 13 recommendations to improve FRA's oversight of railroads' compliance with the RWP regulation.

Former Executive Vice President of Prime Contractor Sentenced to Nearly 5 Years in Prison in Amtrak Bribery Scheme

On June 3, 2025, the U.S. District Court for the Eastern District of Pennsylvania sentenced an individual to 57 months of imprisonment, 12 months of supervised release, a \$50,000 fine, \$2,062,374 in joint and several restitution, a \$391,851 forfeiture, 50 hours of community service, and a \$100 special assessment. In February 2025, the individual, a former senior executive vice president of a masonry restoration contractor that worked on Amtrak's

federally funded 30th Street Station Façade Repair and Restoration Project in Philadelphia, Pennsylvania, pleaded guilty to one count of conspiracy to commit Federal program bribery.

The investigation revealed that from at least May 2016 until November 2019, the former senior executive vice president and others conspired to offer, agree to give, and give things of value worth \$5,000 or more to an Amtrak employee. Specifically, the former senior executive vice president and others conspired to pay an Amtrak employee approximately \$323,686 in bribes—including paid vacations, jewelry, cash, dinners, entertainment, and transportation—in exchange for internal Amtrak information to benefit the individual and other company officials. The Amtrak employee allegedly used their position to approve more expensive change orders or contract modifications to the 30th Street Façade Project, thereby increasing both the scope and value of the contractor's work. The Amtrak employee and contractor officials, including the former senior executive vice president, falsely inflated the costs of some of the work under these change orders, causing Amtrak to be overbilled by over \$2 million for the project's completion.

Former General Manager of Massachusetts-Based Electrical Company Sentenced in Scheme To Defraud MBTA Commuter Rail Operator

On May 15, 2025, the U.S. District Court for the District of Massachusetts sentenced a former general manager of an electrical company to 12 months and 1 day of incarceration, 24 months of supervised release, \$4,016,087 in restitution, a \$893,227 forfeiture money judgment, and a \$100 special assessment.

On June 12, 2023, the former general manager pleaded guilty in the U.S. District Court for the District of Massachusetts to conspiracy to commit wire fraud for involvement in a scheme to defraud a company that operates and maintains the Massachusetts Bay Transportation Authority's (MBTA) commuter rail system. On April 4, 2023, the U.S. Attorney's Office filed an information charging the former general manager with conspiracy to commit wire fraud. On the same day, a co-conspirator, a former assistant chief engineer at the company that operates and maintains MBTA, was indicted on charges of conspiracy, wire fraud, tax evasion, filing a false tax return, and structuring financial transactions.

The indictment alleges that from approximately July 2014 through November 2021, the former assistant chief engineer defrauded the company he worked for because he approved and caused the company to pay false invoices for electrical equipment and services that were never delivered to repay the former general manager for purchases made through the electrical company for the former assistant chief engineer. Specifically, the former assistant chief engineer asked the former general manager to purchase vehicles, construction equipment and supplies, and other items for him and his friends and family, and the former general manager's family. The former assistant chief engineer then directed the former general manager to recover the cost of the items by submitting fraudulent invoices to the company that operates and maintains MBTA and to MBTA itself.

Federal Transit Administration

FTA's Oversight of State Safety Oversight Agencies Could Be Enhanced Through Communication, Audit Process, and Data Management Improvements (issued August 13, 2025)

FTA plays a significant role in promoting the safety of our Nation's public transit systems through its oversight of States' implementation of its State Safety Oversight (SSO) program. This program is required for eligible States with rail transit systems in their jurisdiction that receive Federal funding. FTA is responsible for oversight of State Safety Oversight Agencies' (SSOA) compliance with Federal requirements and is required to triennially audit the operations of each SSOA as part of its oversight. In response to a directive in House of Representatives Report 117-99, which asked us to analyze SSOAs, we initiated this audit. Our objectives were to assess FTA's oversight of SSOA compliance with Federal requirements. Specifically, we assessed FTA's communication of its SSO audit oversight methodology, SSO audit process, and reliability of SSO audit data in its recommendation tracking system.

We found that FTA has not communicated its oversight methodology to SSOAs. FTA oversees SSO programs primarily through SSO audits. Although FTA communicates its oversight process to SSOAs, it has not shared the indicators the auditors will look at or the steps they will take to evaluate the SSO program. Therefore, FTA is not meeting its statutory requirement to convey a methodology to SSOAs that describes how it will monitor their effectiveness. We also found that FTA met its requirement to perform SSO oversight, but gaps reduced audit utility. Since 2019, FTA has successfully completed 38 SSO audit reports that provided 221 findings. However, for 29 of the 54 findings within our scope of our review, FTA did not include sufficient evidence to support the finding or provide suitable criteria, as recommended under commonly used auditing standards. FTA's audit documentation did not demonstrate that audits were consistently conducted and that important program risk areas were addressed uniformly. These issues resulted from insufficient quality control in the audit process. Finally, we found that FTA's recommendation tracking system data for SSO audits is not reliable. FTA's system for tracking SSO audit recommendations, OTrak, is missing records from the first 2 years of the program because FTA did not populate OTrak with audit findings from prior to fiscal year 2021. FTA's supervision of OTrak entries is insufficient to provide reasonable assurance that data from 2021 onward are accurate.

We made five recommendations to improve FTA's oversight of SSOA compliance with Federal requirements.

Former South Carolina DOT Employee Pleads Guilty to False Representation to a Federal Agency

On June 11, 2025, in the U.S. District of South Carolina, a former South Carolina DOT employee pleaded guilty to making a false representation to a Federal agency.

In July 2023, according to court and investigation records, the individual falsely backdated pre-award "Buy America" audit certifications to FTA when the required audits had not been performed. The false certifications and emails were created during a review of the offices'

award management practices and were found to have been backdated and did not exist on the dates shown.

Former City Finance Director Pleads Guilty and Is Sentenced for Misusing Funds and Tampering With Public Records

On May 5, 2025, in the Pennsylvania Court of Common Pleas of Dauphin County, a former city finance director pleaded guilty to one felony count of theft by failure to make required disposition of funds received and one felony count of tampering with public records. The court sentenced the former finance director to 1 year of probation. Until his termination in January 2020, the former finance director served as a city finance director and the general manager for the city's bureau of transportation. The investigation did not indicate that the former finance director used any money for personal benefit or purchases.

According to the criminal complaint and State grand jury presentment, from 2012 to 2020, the former finance director misused over \$500,000 in city, State, and Federal funds. The former finance director knew the funds had to be used for transit purposes but instead used them on unauthorized, non-transit expenses, projects, and payments. The former finance director then provided false information on required grant expense reporting records to hide the unlawful use.

On April 11, 2025, the city and FTA agreed to repayment of \$1,483,707 in Federal grant funds that the former finance director used on non-transit-related expenses and for lack of appropriate documentation to show how certain expenses were calculated and spent.

Maritime Administration

MARAD Has Made Progress on Most of the 24 NAPA Recommendations Subject to OIG Review but Faces Challenges in Fully Addressing Them (issued September 24, 2025)

The National Defense Authorization Act (NDAA) for Fiscal Year 2020 directed the Secretary of Transportation to enter into agreement with the National Academy of Public Administration (NAPA) to conduct an independent, comprehensive assessment of U.S. Merchant Marine Academy (USMMA or Academy). The NDAA for fiscal year 2023 required us to assess MARAD's actions to address 24 of the 67 recommendations in NAPA's 2021 report. Our objective was to assess MARAD's actions to address the 24 recommendations from NAPA's 2021 report specified by Congress. Specifically, we assessed MARAD's progress in addressing the 24 specified recommendations and identified challenges to fully addressing them.

We found that MARAD made progress on 21 of the 24 NAPA recommendations subject to OIG review before terminating actions on 5 due to an Executive Order. The recommendations were in areas such as USMMA's facilities and infrastructure, institutional culture and learning environment, and sexual assault prevention and response policies and program. The Agency completed two and partially completed five of eight recommendations to improve Academy facilities and infrastructure. MARAD also partially completed 9 of 10 recommendations related to improving the Academy's institutional culture before terminating actions on 5 of these recommendations due to an Executive Order. MARAD completed one and partially completed four of six recommendations on the Academy's Sexual Assault Prevention and Response Program and policies. We also found that funding,

staffing, and management challenges impacted MARAD's ability to fully address the recommendations. For example, USMMA staff and officials described plans to develop or identify specific metrics required by some recommendations, but none of these metrics had been established in part because funding requested for assistance in this area has not been enacted. In addition, MARAD had not designated a senior official with the authority to hold the various offices accountable, hindering collaboration among DOT, MARAD, and USMMA, which all had responsibilities for addressing recommendations.

We made one recommendation to facilitate MARAD's progress addressing NAPA recommendations.

National Highway Traffic Safety Administration

NHTSA's Special Crash Investigations Program Lacked Adequate Procedures in Key Program Areas (issued July 9, 2025)

NHTSA estimates that 40,990 people died in motor vehicle crashes in the United States in 2023. A key component to reduce these fatalities is the Special Crash Investigations (SCI) Program. The purpose of the SCI Program is to save lives and prevent injuries by collecting timely crash investigation information for the automotive safety community to improve the performance of advanced safety systems. Our objective was to assess the SCI Program's (1) selection of crashes for investigation, (2) collection and analysis of special crash investigation data, and (3) use of this data to improve vehicle safety.

We found that NHTSA's SCI Program lacked a documented process to select and prioritize crashes for investigation. The SCI Program has been successful in conducting crash investigations but lacked a documented process for selecting crashes for investigation. The SCI Program lacked written procedures for prioritizing the crash types it investigates. We also found that NHTSA's SCI Program procedures for collecting and analyzing special crash investigation data were insufficient. NHTSA established an overall goal to conduct timely crash investigations and provide data that improves the performance of advanced driver safety systems. However, the Agency did not meet its timeliness goals for completing special crash investigation reports, partially due to delays in collecting crash data for analysis. The SCI Program's procedures for retaining collected crash investigation documents did not comply with Federal Records Retention requirements. Finally, we found that NHTSA's SCI Program did not have a process to assess how investigation reports improve vehicle safety. SCI Program officials pointed to examples of the positive impacts the program's investigations have had. However, NHTSA did not have a process to formally document the extent to which special crash investigations played a role in addressing specific safety issues.

We made three recommendations to improve NHTSA's SCI program.

Memphis Man Sentenced for Trafficking Counterfeit Airbags From China

On April 30, 2025, the U.S. District Court for the Western District of Tennessee sentenced an individual to 2 years of incarceration, 2 years of supervised release, and a \$200 court assessment.

On March 6, 2024, the individual pleaded guilty to one count of trafficking counterfeit motor vehicle airbag systems and one count of causing the delivery of airbag inflators, a hazardous

material under DOT regulations, by an air carrier. Counterfeit airbags may contain substandard and defective parts that create public safety hazards, and in some instances, may malfunction or even explode and expel metal shrapnel.

According to court and investigation records, between approximately October 1, 2019, to January 14, 2021, the individual imported counterfeit motor vehicle airbag parts from China, assembled them, and then sold them on eBay to unsuspecting automobile repair shops and individual customers. Federal agents recovered more than 2,000 counterfeit airbags and parts from the individual's residence and place of business. Further investigation revealed that the individual had sold more than 500 counterfeit airbags between 2017 and January 2021.

Motor Company Agrees To Pay over \$1 Billion To Settle Allegations of False Performance Test Results and Resolve Emissions Fraud Scheme

On January 15, 2025, a motor company entered into a criminal plea and agreed to pay over \$1 billion in criminal fines, civil penalties, and other restitutions for a decade-long scheme to submit false emissions testing and fuel consumption data for its heavy-duty engines. As part of the agreement, the company admitted that they submitted false emissions test data through the Environmental Protection Agency (EPA) database, which caused false fuel consumption values to be submitted to NHTSA for certain engines in model years 2017 and 2018. Additionally, the company submitted over 50 applications for engine approval to the EPA and California, providing false emissions data to support those applications in violation of the Clean Air Act. In addition to the criminal and civil penalties, the company will implement a recall program to bring 2017-2019 model trucks into compliance with emissions laws at an estimated cost of \$144.2 million. The company will also implement a locomotive and marine diesel engine replacement program to reduce air pollution and offset the full lifetime excess emissions of violative engines at an estimated cost of \$155 million. To settle allegations by California, they will pay \$153.9 million, including \$111.8 million to fund mitigation projects in California, \$30.3 million to resolve California False Claims Act claims, and \$11.8 million in California enforcement costs.

Pipeline and Hazardous Materials Safety Administration

Opportunities Exist for PHMSA To Administer More Effectively the HazMat Emergency Preparedness Fund and Grant Program (issued June 23, 2025)

PHMSA administers grants for emergency planning and first responder training related to the transport of hazmat. To fund these grants, PHMSA collects fees from hazmat transporters for their required annual registrations. We conducted this audit due to a recent significant increase in hazmat grant funding authorized under IIJA and the important roles the grants play in preparation for and response to emergency hazmat incidents. Our objectives were to evaluate PHMSA's (1) collection and tracking of hazmat registration fees and (2) monitoring and reporting of grantees' use of funds for the Hazardous Materials Emergency Preparedness Grant Program.

We found that PHMSA's processes for registration fee collection and data tracking make data verification difficult. PHMSA uses an online registration portal to collect registrants' data and fees to support the Hazardous Materials Grant Program. The Agency requires registrants to determine their business' sizes using the Small Business Administration's

(SBA) business-size regulations and then self-certify the accuracy of their data. These SBA business-size regulations include complex variables and increase the risk for inaccurate fee assessments. Further, data quality issues impact PHMSA's ability to monitor the quantity and accuracy of the information in its registry. PHMSA could not readily explain why the data issues we found—such as business size and fee mismatches—occurred. A PHMSA standard operating procedure (SOP) includes a daily error reporting process to identify data quality issues, but staff were unfamiliar with and could not locate any daily error reports or anyone who was familiar with them. We also found that PHMSA did not always comply with its grant monitoring procedures or congressional reporting requirements, and did not always complete all monitoring activities as required by its Hazardous Materials Grants SOP. Forty of 64 (62.5 percent) low and medium risk grantees we evaluated did not receive required annual spot checks, and 25 of 43 (58.1 percent) medium and high-risk grantees did not receive required desk reviews. PHMSA also did not receive or review all grantees' financial and performance reports in a timely manner. PHMSA did not meet the annual reporting requirements to Congress but has implemented a redesign of its report and data collection process to meet these requirements.

We made four recommendations to improve PHMSA's oversight of Hazardous Materials Emergency Preparedness grants.

New York Business Owner Sentenced for Illegally Transporting and Selling Probable Carcinogen

On April 3, 2025, the U.S. District Court for the District of Maryland sentenced an individual to 12 months of supervised release, which includes 3 months of home confinement, \$5,640 in restitution, and a \$125 special assessment. In November 2024, a jury found the individual guilty of recklessly transporting and selling SNIPER DDVP, an unregistered toxic pesticide and dangerous probable carcinogen. Bagayoko was convicted under the Hazardous Material Transportation Act and the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

According to evidence presented at trial, on September 29, 2021, the individual knowingly distributed and sold SNIPER DDVP, a pesticide that was not registered with the Environmental Protection Agency under FIFRA. The individual also recklessly violated transportation safety regulations by failing to have the required shipping papers to transport hazardous substances in his vehicle.

What benefits will be provided to the American public through this request and why is this program necessary?

OIG's mission is to enhance DOT's programs and operations by conducting objective investigations and audits on behalf of the American public. Our work provides value for the American taxpayer by promoting economy, efficiency, and effectiveness in the administration of DOT's programs; preventing and detecting fraud, waste, and abuse; and keeping the Secretary and Congress fully and currently informed.

OIG is the only source of internal, independent, and objective recommendations on departmental programs for DOT's senior executives and managers. Working closely with Congress, the Secretary, and senior DOT officials, we focus on issues that impact public safety, strive to

enhance the effectiveness and integrity of DOT's programs, and seek out the best use of taxpayer dollars through savings, recoveries, and efficiency.

Our audit recommendations lead to substantial financial, programmatic, and safety improvements. Our investigations enhance safety by thwarting criminal activities that put lives at risk and protect taxpayer investments through court-ordered fines, restitutions, recoveries, and forfeitures. In FY 2025, we issued 49 audit reports with 233 recommendations, and our investigations led to 68 convictions and 55 indictments. From FY 2021 through FY 2025, we achieved an average ROI of \$17 to \$1.

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Section 5: Information Technology

FY 2027 INFORMATION TECHNOLOGY BUDGET REQUEST
OFFICE OF INSPECTOR GENERAL
BUDGET AUTHORITY
(\$000)

Budget Account	FY 2025 Actual	FY 2026 Enacted	FY 2027 Request
Salaries & Expenses			
<i>Shared Services WCF</i>	\$2,335	\$2,335	\$2,335
<i>Modal IT</i>	\$13,602	\$13,848	\$13,632
Total	\$15,937	\$16,183	\$15,967

OIG is requesting **\$16.0 million** in FY 2027 for information technologies (IT) that support the full spectrum of OIG programs as well as the Department’s initiative to transform and consolidate the management of IT solutions centrally by Office of the Chief Information Officer (OCIO).

IT Shared Services through the Working Capital Fund

OCIO will continue to provide all modes with Commodity IT Shared Services in FY 2027 to achieve economies of scale and increase consistency of cybersecurity protections across the Department. Commodity IT Shared Services include IT functions and activities dedicated to basic support services, including network operations, end-user computing, telecommunications services, and server operations.

- OIG requests **\$2.4 million** from the Salaries & Expenses account for IT Shared Services. OIG’s share is based on actual IT consumption in prior years as well as planned future consumption. OCIO, in collaboration with OIG, assumed a one-to-one cost estimate to transition IT to OCIO. OIG will only be charged for services rendered.

Modal IT

The following major mission-critical IT systems will be maintained by OIG in FY 2027. This list is only a subset of all IT systems that support OIG and are reported in the Corporate Investment Management System.

- **General Support and Maintenance of Network Hardware and Software** - OIG requests **\$8.3 million** for development, modernization, and enhancement (DME) and operation and maintenance (O&M) of mission critical resources for OIG’s primary IT infrastructure platform. These resources are fundamental and provide a secure, flexible, and robust structure to support OIG’s workforce including mission critical audit, data analytics, and investigative staff.
- **Audit Information Security Lab** - OIG requests **\$1.0 million** for DME and O&M of mission critical resources for computer security audit activities including penetration testing and vulnerability assessments of departmental and modal IT systems.

- **Data Analytics and Computer Crimes Unit** - OIG requests **\$4.3 million** for DME and O&M of mission critical resources to support OIG's investigative activities by providing specialized and enhanced investigative techniques utilizing data analytics and developing and adapting mathematical, statistical, econometric, and other analytical solutions for OIG operations.

Section 6: 10-Year Funding Table

**FY 2018 – FY 2027 FUNDING HISTORY
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES**

Request	Appropriation
2018 \$ 90,152,000	2018.....\$ 92,152,000
2019 \$ 91,500,000	2019.....\$ 92,600,000
2020 \$ 92,152,000	2020.....\$ 94,600,000
2021..... \$ 98,150,000	2021.....\$ 98,150,000
2022..... \$103,150,000	2022.....\$103,150,000
2023..... \$108,073,000	2023.....\$108,073,000
2024..... \$121,001,000	2024.....\$116,452,000
2025..... \$122,176,000	2025.....\$116,452,000
2026..... \$116,452,000	2026.....\$113,000,000
2027..... \$104,802,000	