

U.S. Department of Transportation Office of Inspector General

# SEMIANNUAL REPORT TO CONGRESS

April 1, 2019 – September 30, 2019

# Highlights

Second Half FY 2019

## Investigative accomplishments



**116/105**

investigations closed/opened



**39/30**

convictions/indictments

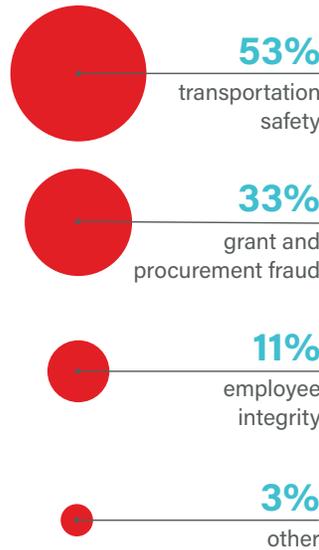


**\$24.36m**

financial impact of DOT OIG investigations

Second Half FY 2019

## Investigations opened, by priority area



FY 2019

## Return on investment



In FY 2019, DOT OIG returned \$1.90 for every appropriated dollar—achieving its return on investment through fines, restitution, recoveries of improper payments, and other recommended savings.

## Audit accomplishments



**40**

audit reports issued



**132**

recommendations



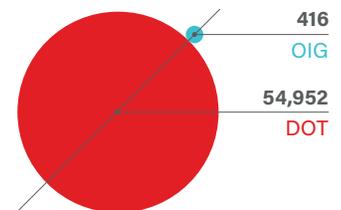
**\$62.7m**

financial impact of DOT OIG audit reports

## Audit reports issued



## Enacted FTEs



## Appropriated budget



Note: Return on investment compares the cost for DOT OIG to do business to the revenue and other savings generated through fines, restitution, recoveries of improper payments, recommended cost savings, and recommendations for funds put to better use.

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# Investigations

# Investigations

## Summary of Performance

We investigate allegations of fraud, waste, abuse, and other violations of law by DOT employees, contractors, grantees, and regulated entities. Some of the most significant issues we investigated during this reporting period include:

- **Aviation Safety.** A Florida man was sentenced for transmitting over 3,800 fraudulent airman medical examinations to FAA, which were used to determine whether persons could operate aircraft safely.

remove flammable materials before welding, resulting in a welder's death.
- **Hazardous Materials Transport.** A California trucking company received 3 years' probation and over \$3 million in penalties for recklessly transporting over 100,000 pounds of hazardous materials.
- **Bribery.** A CEO of a construction management company forfeited \$3 million for bribery. Our investigation found corruption and fraud impacting the reconstruction of a bridge.
- **Bus Safety.** A former Pennsylvania bus company president was sentenced for charges involving fraudulent bus safety maintenance and driver qualifications. They concealed the actual operators of the bus companies and hid that the buses were unsafe.
- **Oil Well Safety.** A Texas oilfield service company was sentenced for violating the Occupational Safety Health Act of 1970 requirement to clean and vent tanks to

### Investigative accomplishments



# 1,590

hotline contacts received



# 116/105

investigations closed/opened



# 88

investigations referred for criminal prosecution



# 39/30

convictions/indictments



# 202.1

total years of incarceration, probation, and supervised release



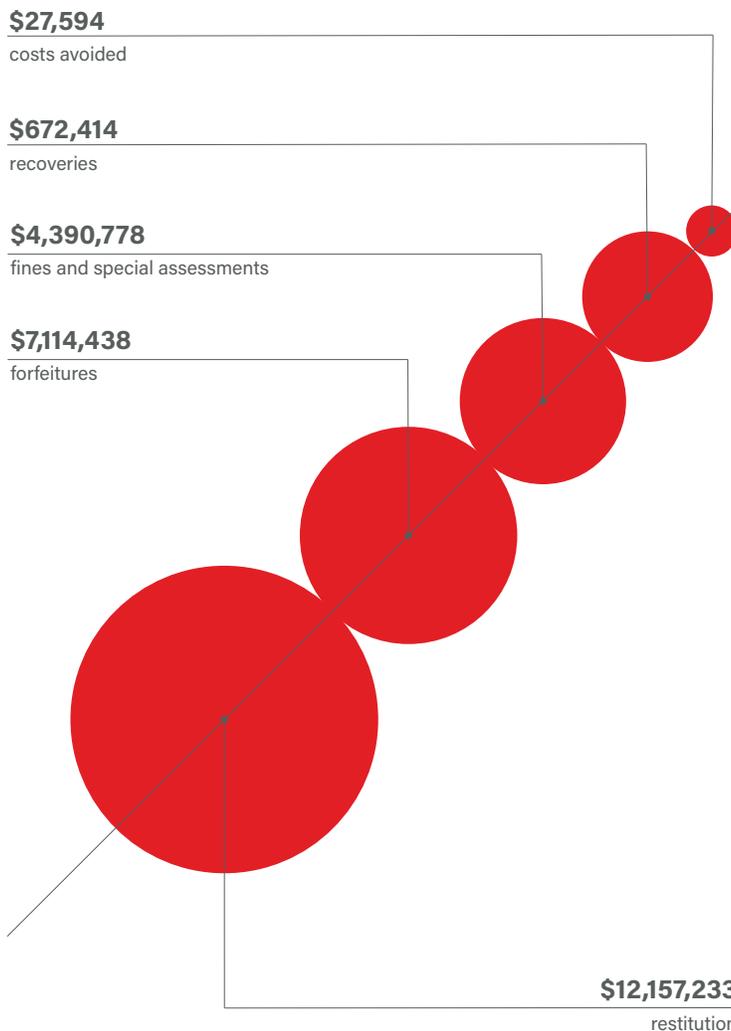
# \$24.36m

financial impact of DOT OIG investigations

# Investigations Statistical Data

## Financial impact of DOT OIG investigations

 **\$24,362,458**  
total financial impact



## Types of criminal monetary impositions

**Forfeitures** include the seizure of assets that represent the proceeds of, or were used to facilitate, Federal crimes.

**Fines** are criminal or civil monetary penalties.

**Special assessments** are part of the sentence for offenders of Federal crimes, applied on a per-count basis. The money is placed in the Crime Victims Fund to recompense victims of offenses against Federal law.

**Restitution** is a criminal or civil award to a victim for harm caused by the offender's wrongful acts.

**Recoveries** include funds returned to the Government resulting from criminal and civil judgments, pleas, and settlements.

## Investigative workload

116

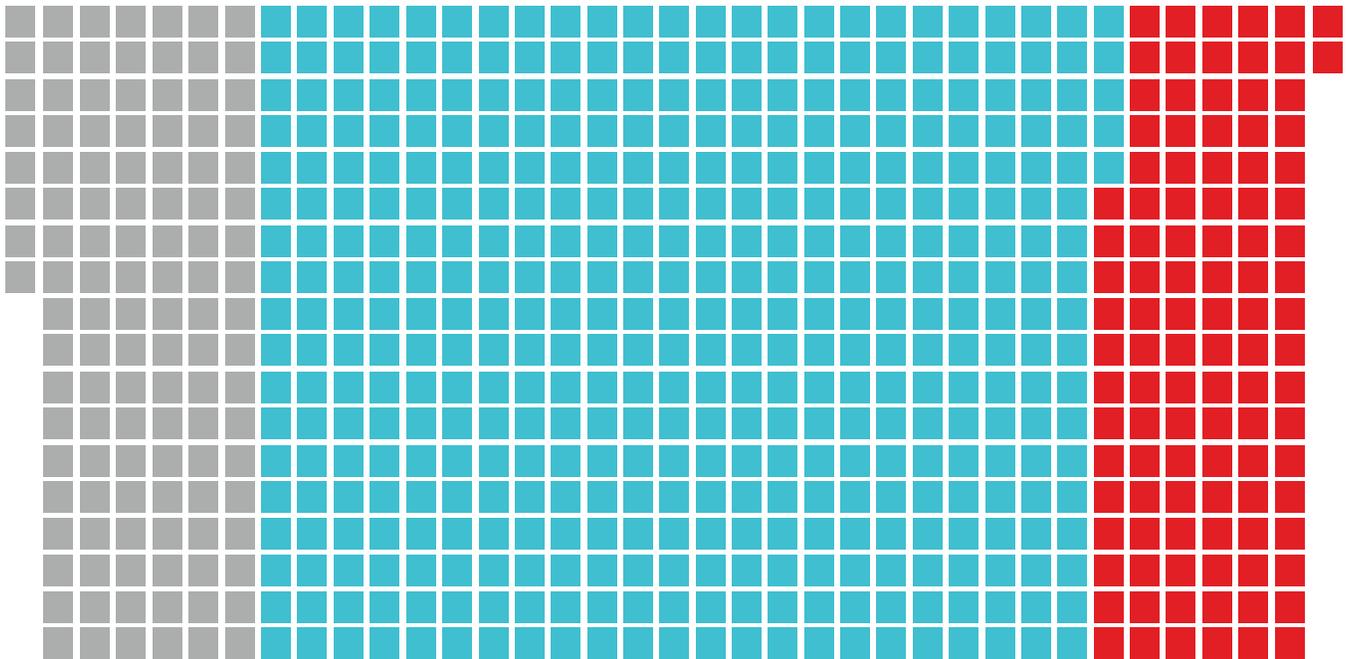
investigations closed  
this reporting period

419

ongoing  
investigations

105

investigations opened  
this reporting period



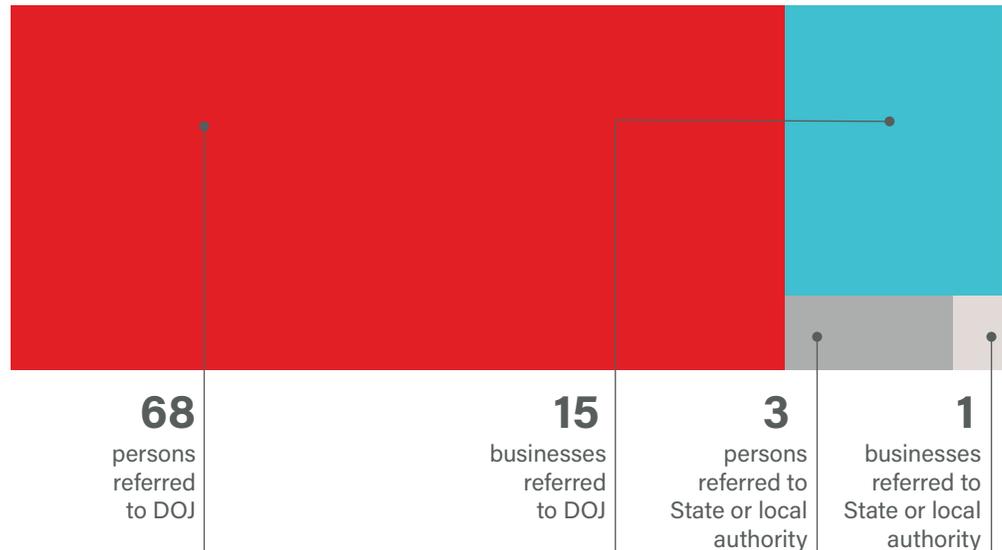
### Criminal prosecutions

DOT OIG investigates and refers a variety of matters for criminal prosecution, including cases involving transportation safety, procurement and grant fraud, consumer and workforce fraud, and employee integrity issues.

### Number of investigations referred, accepted, and declined for criminal prosecution



### Persons and businesses referred to the U.S. Department of Justice or State/local authorities for criminal prosecution



### Civil prosecutions

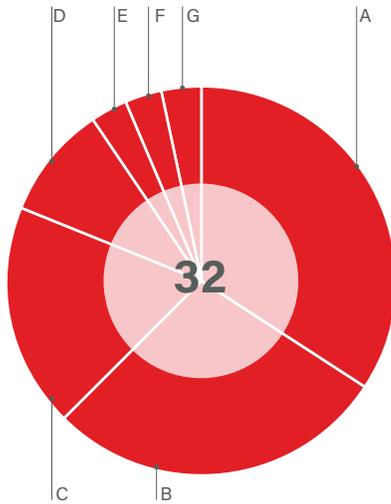
DOT OIG investigates and refers civil matters for prosecution, including False Claims Act cases involving fraud on DOT programs.

### Number of investigations referred, accepted, and declined for civil prosecution



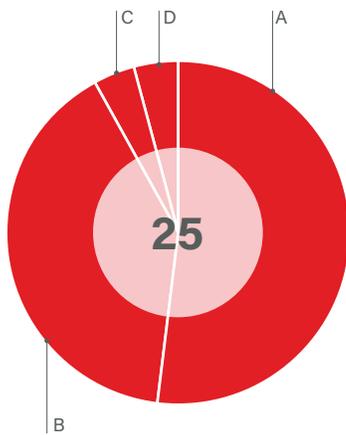
## Summary of referrals for criminal and civil prosecution

**Grant & procurement**



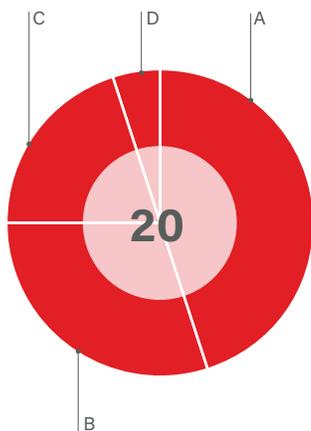
- A** false statements/claims | **11**
- B** DBE fraud | **9**
- C** Other | **6**
- D** product substitution/substandard work or materials | **3**
- E** Buy America Act | **1**
- F** Small Business Administration 8(a) fraud | **1**
- G** Small Business Innovative Research (SBIR) grant | **1**

**Aviation**



- A** unmanned aircraft systems (UAS) | **13**
- B** certificate fraud | **10**
- C** falsification of FAA Orders or documents | **1**
- D** interference/tampering with an aircraft | **1**

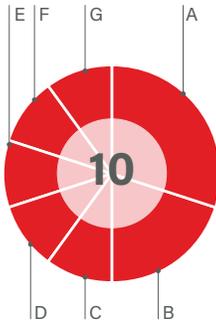
**Motor carrier**



- A** other | **9**
- B** reincarnated carriers | **6**
- C** log books | **4**
- D** certificate fraud | **1**

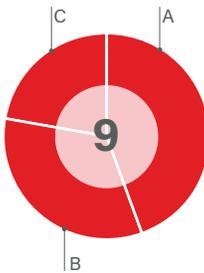
**Summary of referrals for criminal and civil prosecution (cont.)**

**Employee integrity**



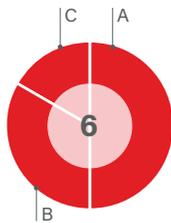
- A** other | **3**
- B** misuse of Government property or funds | **2**
- C** violation of law, rule, or regulation | **1**
- D** disclosure of confidential information | **1**
- E** prohibited personnel violation | **1**
- F** theft | **1**
- G** abuse of authority | **1**

**Transportation safety**



- A** falsification of FRA required records | **4**
- B** falsification of Federal Motor Vehicle Safety Standards | **3**
- C** substandard non-aviation parts substitution | **2**

**Hazmat**



- A** pipelines | **3**
- B** carriage by motor vehicle/public highway | **2**
- C** carriage by air | **1**

**Other**



- A** forgery/alteration of documents | **1**
- B** impersonation of Government official | **1**

**Workforce protection**



- A** economic fraud | **1**

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### **Investigative reports**

DOT OIG distributed 52 investigative reports, including reports of investigation, stakeholder memos, and management implication reports.

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### **Indictments and informations from prior referrals**

A total of 22 indictments or criminal informations resulted from previous referrals for prosecution.

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### **Whistleblower retaliation**

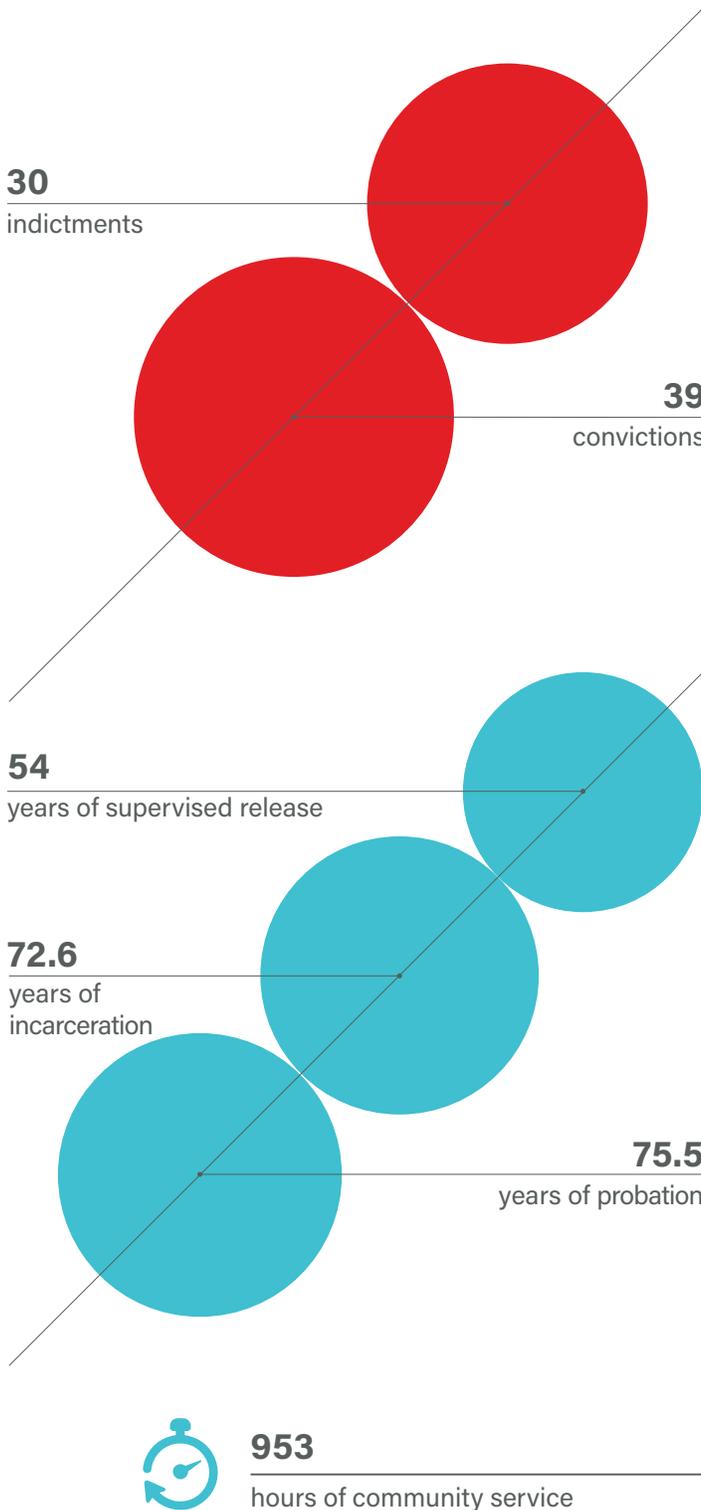
DOT OIG did not close any investigations in which a DOT official was found to have engaged in whistleblower retaliation.

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### **Metrics used to develop investigative statistical data**

DOT OIG maintains an Investigative Case Management System to track the life of an investigation. It captures hundreds of data points, including dates, significant investigative steps, referrals, and outcomes (criminal, civil, and administrative). It is also the repository for reports of investigation, stakeholder communications, and management implication reports. Each statistic and outcome reported is validated against the appropriate legal documents.

## Judicial actions



## Types of judicial actions

A **conviction** is the verdict that results when a court of law finds a defendant guilty of a crime.

An **indictment** is an official written statement charging a person with a crime.

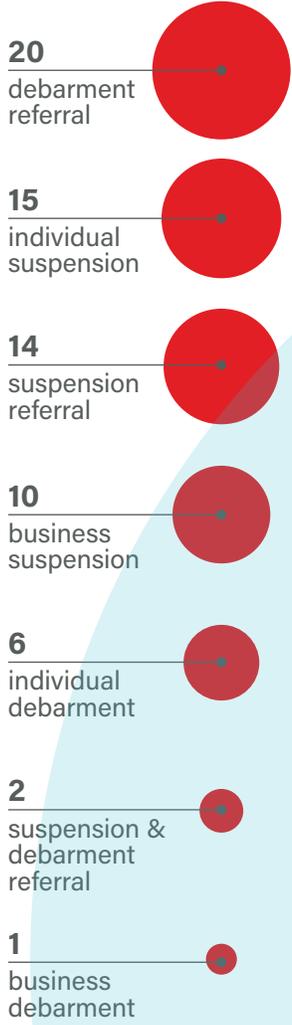
**Supervised release** is a period of supervision following an offender's release from prison. It is imposed in addition to a sentence of imprisonment.

**Probation** is a period of supervision over an offender, ordered by a court instead of a sentence of imprisonment.

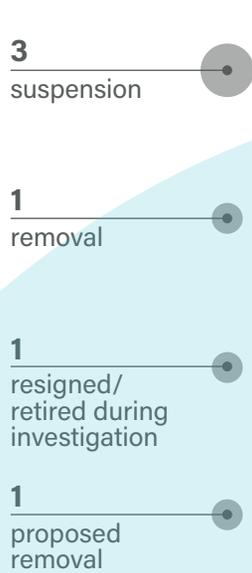
**Community service** is a sentencing option ordering offenders to perform a number of hours of unpaid work for the benefit of the public.

## Administrative actions

### Suspension & debarment actions



### Personnel actions



### Other actions



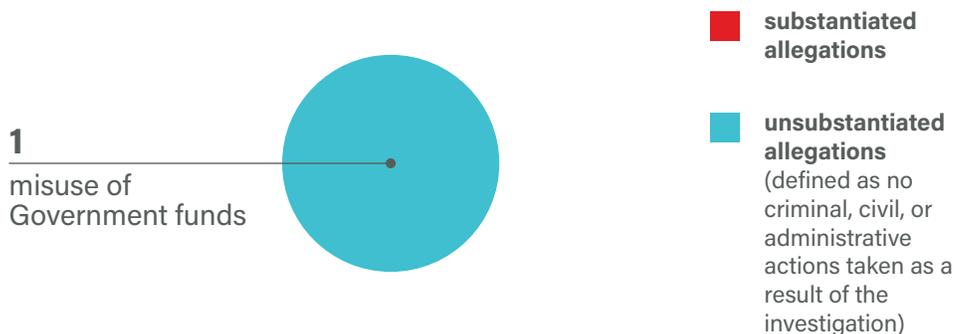
## Types of administrative actions

**Suspension and debarment** excludes an individual or entity from financial and nonfinancial assistance and benefits under Federal programs and activities.

**Personnel actions** include significant changes in employee duties, responsibilities, or working conditions.

**Compliance agreements** are voluntary agreements aimed at preventing future wrongdoing by putting safeguards in place to correct past misconduct and identify and correct any future misconduct.

## Investigations involving senior Government employees that were closed but not disclosed to the public



## Investigations involving senior Government employees where misconduct was substantiated

Allegation	Referral date	Accepted/ Declined	Disposition
Ethics violation. A senior Government employee in the FMCSA Office of Information Technology provided false educational information on a job application for a GS-15 Supervisory IT Specialist position. This information was taken into consideration for being selected to the position.	07/23/2018	Declined 08/22/2018	Employee resigned from DOT after receiving a proposal for termination from FMCSA.

## Hotline Complaint Center

DOT OIG maintains a Hotline Complaint Center for receiving allegations of fraud, waste, abuse, or mismanagement in DOT programs or operations. Allegations may be reported 24 hours a day, 7 days a week by DOT employees, contractors, or the general public.

 **1,590**  
total hotline contacts received

### 74 letters

1200 New Jersey Ave SE, West Bldg, 7th floor, Washington, DC 20590

### 930 telephone calls

1 (800) 424-9071

### 311 emails

[hotline@oig.dot.gov](mailto:hotline@oig.dot.gov)

### 275 web

[www.oig.dot.gov/hotline](http://www.oig.dot.gov/hotline)

# Audits

# Audits

## Summary of Performance

We conduct independent and objective audits and reviews of DOT programs and activities to ensure they operate economically, efficiently, and effectively. Some of the most significant issues we reviewed during this reporting period include:

- **Office Space Utilization.** We made recommendations to improve DOT's use of office space, which included identifying \$2.1 million that could be put to better use.
- **Research and Development.** Our audit determined that DOT's highway and vehicle safety R&D agreements need stronger guidance and internal controls. We made a recommendation that could put \$1.6 million to better use.
- **FAA's SENSР Program.** The SENSР program—expected to be valued in the billions of dollars—has advanced, but opportunities and risks remain regarding program coordination, planning, and risk mitigation.
- **FHWA's Account Oversight.** We audited FHWA's oversight of States' Federal force account work, which is the noncompetitive use of State or local resources to execute highway projects. We found an estimated \$22.3 million of unsupported costs.
- **Intra-Agency Agreements.** Our review of DOT's oversight of IAAs with Volpe found that DOT needs to strengthen its oversight of planning, financial management, and sharing of performance information. We identified \$33.3 million that could be put to better use.

### Audit accomplishments



40

audit reports issued



132

recommendations



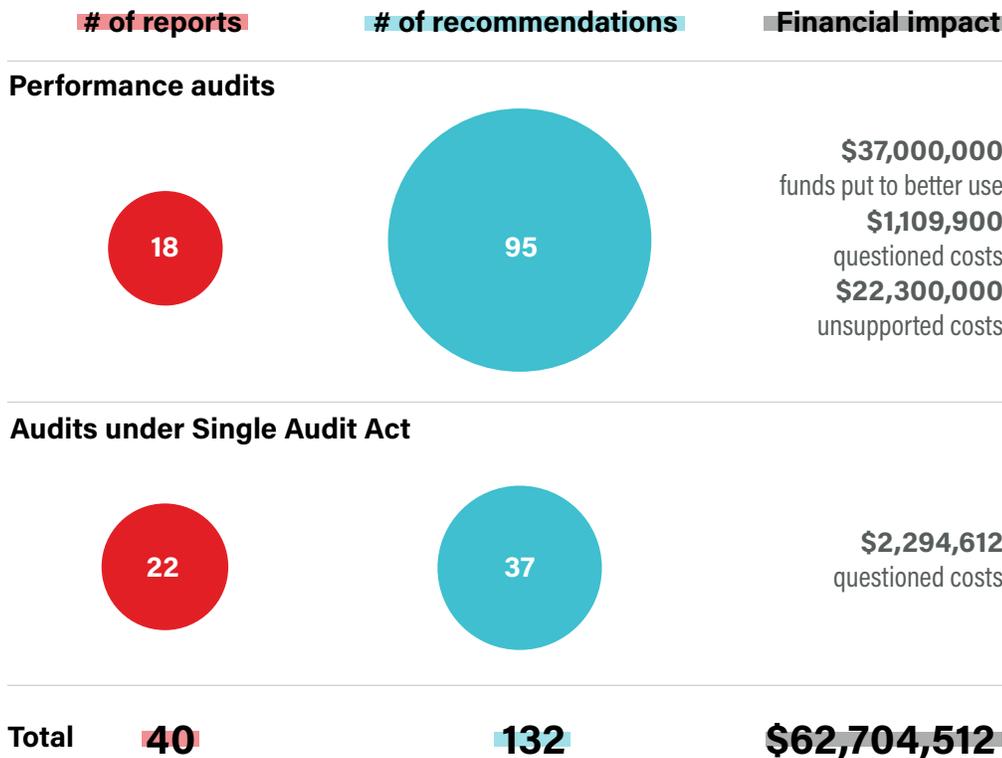
\$62,704,512

total financial impact of DOT OIG audits

# Audits

## Statistical Data

### Completed audits by type



### Types of audits

**Performance audits** are audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.

**Audits under Single Audit Act** are examinations of an entity that expends \$750,000 or more of Federal assistance (i.e., Federal funds, grants, or awards) received for its operations.

**Attestation engagements** are reviews that evaluate the assertions of another party for compliance with agreed-upon standards and procedures.

*\*Dollars shown are amounts reported to management. Actual amounts may change during final resolution.*

NOTE: See page 20 for definitions.

## Recommendations unresolved by end of reporting period

	Number of reports	Number of recommendations	Questioned costs*	Unsupported costs**	Funds to be put to better use*
<b>Unresolved recommendations at the start of the reporting period</b>					
That questioned costs	9	15	\$9,760,290		
That funds be put to better use	1	1			\$2,200,000
For safety, efficiency, and economy	30	42			
<b>A</b> Total unresolved recommendations at the start of the reporting period		58	\$9,760,290		\$2,200,000
<b>Recommendations made during reporting period</b>					
That questioned costs	10	14	\$3,404,512	\$22,300,000	
That funds be put to better use	3	3			\$37,000,000
For safety, efficiency, and economy	34	115			
<b>B</b> Total recommendations made during reporting period		132	\$3,404,512	\$22,300,000	\$37,000,000
Total recommendations to be resolved (A+B)		190	\$13,164,802	\$22,300,000	\$39,200,000
<b>Recommendations resolved during reporting period</b>					
That questioned costs					
(i) dollar value of recommendations that were agreed to by management (disallowed costs)	12	19	\$8,372,260	\$22,300,000	
(ii) dollar value of recommendations that were not agreed to by management (allowed costs)	5	6	\$2,727,442		
That funds be put to better use					
(i) dollar value of recommendations that were agreed to by management	1	1			\$3,784,914
(ii) dollar value of recommendations that were not agreed to by management	3	3			\$33,215,086
For safety, efficiency, and economy	46	128			
<b>C</b> Total resolved at the end of the reporting period		153	\$11,099,702	\$22,300,000	\$37,000,000
<b>D</b> Total unresolved at the end of the reporting period [(A+B)-C]		37	\$4,265,100		

\*Includes reports and recommendations where costs were both allowed and disallowed. Dollars shown are the amounts reported to management. Actual amounts may change during final resolution.

\*\*Unsupported costs are included in questioned costs. NOTE: See next page for definitions.

## Definitions

### Resolved/unresolved recommendations

OMB Circular A-50 requires DOT OIG recommendations to be resolved within 6 months. Recommendation resolution refers to whether (a) the agency has provided a management decision that agrees with the recommendation and proposes corrective actions and (b) DOT OIG agrees that the proposed corrective actions are appropriate to address the recommendation.

#### **Resolved recommendation**

A recommendation is resolved if the agency agrees with the recommendation and DOT OIG agrees to the agency's proposed corrective actions.

#### **Unresolved recommendation**

A recommendation is unresolved if agency management does not agree with the recommendation or DOT OIG does not agree to the agency's proposed corrective actions.

### Questioned costs

Costs that are questioned by DOT OIG because of an alleged violation of a provision; costs not supported by adequate documentation (unsupported costs); or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

#### **Allowed costs**

Dollar value that DOT management has agreed should be charged to the Government.

#### **Disallowed costs**

Dollar value that DOT management has decided should not be charged to the Government.

### Funds put to better use

Funds that could be used more efficiently if management took actions to implement and complete the recommendation. For example, recommendations that funds be put to better use could result in reductions in spending, deobligation of funds, or avoidance of unnecessary spending.

## Age of unresolved recommendations



## Recommendations unresolved as of the end of the reporting period

Report	Unresolved Recommendations
<b>More than 2 years</b>	
Long-Term Success of ATSAP Will Require Improvements in Oversight, Accountability, and Transparency AV2012152 7/19/2012	<b>Recommendation 10.</b> Revise ATSAP guidance to exclude accidents from the program.
Total Costs, Schedules, and Benefits of FAA's NextGen Transformational Programs Remain Uncertain AV2017009 11/10/2016	<b>Recommendation 1.</b> Develop and implement Agency-wide guidance for a uniform approach to segmentation that provides a common format to aid the management of multiple, complex, and interrelated programs needed to achieve NextGen capabilities for transforming the NAS.

Report	Unresolved Recommendations
<p>FAA Has Taken Steps To Identify Flight Deck Vulnerabilities but Needs To Enhance Its Mitigation Efforts (SSI) AV2017063 6/26/2017</p>	<p><b>Recommendation 3.</b> Publish an FAA Notice to inspectors that communicates the existence of AC 120-110 and RTCA Report DO-329, which highlights the blocking methods orchestrated by the Special Committee, and directs inspectors to communicate this information to the carriers they oversee.</p> <p><b>Recommendation 4.</b> Require air carriers to conduct a Safety Risk Assessment (under FAA's Safety Management System) of their current secondary barrier methods using all information from the 2011 RTCA report on secondary barriers, either as a stand-alone Notice or incorporated into another Notice recommended above.</p>
<p>DOT and FAA Lack Adequate Controls Over Their Use and Management of Other Transaction Agreements ZA2017098 9/20/2017</p>	<p><b>Recommendation 9.</b> Renegotiate tower leases requiring rent payments to airport sponsors to secure no-cost leases. Implementation of this recommendation could put \$2.2 million in Federal funds to better use.</p>
<b>18 months to 2 years</b>	
<p>FAA Needs To Strengthen Its Management Controls Over the Use and Oversight of NextGen Developmental Funding AV2018030 3/6/2018</p>	<p><b>Recommendation 2.</b> Develop and implement a quality control checklist with criteria for determining when the use of incremental funding prior to PLA approval is permissible.</p> <p><b>Recommendation 3.</b> Develop and implement a control for enforcing the PMA limits on the assessment of program management fees for various administrative and contract support specified in the Agency's standard operating procedures.</p> <p><b>Recommendation 6.</b> Establish and implement a mechanism for providing oversight of developmental funding, to include records of decision regarding selecting, justifying, and measuring the outcomes of PLAs to ensure FAA is funding the highest priority work.</p>

Report	Unresolved Recommendations
<p>FISMA 2017: DOT's Information Security Posture Is Still Not Effective FI2018017 1/24/2018</p>	<p><b>Recommendation 3.</b> For the COE and FAA, update procedures and practices for monitoring and authorizing common security controls to (a) require supporting documentation for controls continual assessments, (b) complete reauthorization assessments for the controls, (c) finalize guidance for customers' use of controls, and (d) establish communication protocols between authorizing officials and common control providers regarding control status and risks.</p> <p><b>Recommendation 5.</b> Implement controls to continuously monitor and work with components to ensure network administrators are informed and action is taken to disable system accounts when users no longer require access or have been inactive beyond established thresholds.</p>
<b>6 months to 1 year</b>	
<p>Most Public Agencies Comply With Passenger Facility Charge Program Requirements, but FAA Can Improve the Use of Its Oversight Tools AV2019015 12/18/2018</p>	<p><b>Recommendation 6.</b> Develop a methodology to review completed PFC projects that determines whether they are achieving intended program goals, and identifies best practices and opportunities for improvement.</p>
<p>Report on a Single Audit of the Massachusetts Bay Transportation Authority, Boston, MA SA2019028 03/25/2019</p>	<p><b>Recommendation 3.</b> Ensures that the Authority complies with the reporting requirements.</p>
<p>Report on a Single Audit of Macon-Bibb County, Macon, GA SA2019037 03/26/2019</p>	<p><b>Recommendation 1.</b> Ensures that the Authority complies with the equipment and real property management requirements.</p>

## Open audit recommendations

As of September 30, 2019, DOT OIG had **570 open recommendations**, which were included in 206 audit reports issued between January 12, 2009, and September 30, 2019. Of these, 67 recommendations (from 53 reports) carry an **estimated monetary or cost savings totaling over \$5,822,265,664**, including funds that could be put to better use and questioned costs.

Please visit our [Recommendation Dashboard](#) for accurate and timely data on the status of DOT OIG's audit recommendations, a current list of open DOT OIG audit recommendations, and links to audit report summaries.

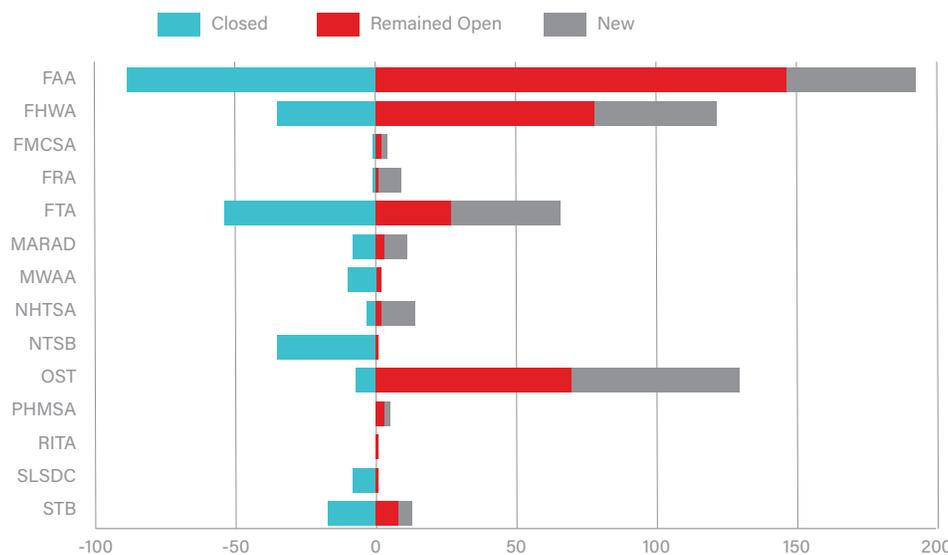


## Open and closed audit recommendations

A recommendation is **opened** on the date the audit report is issued. Once opened, a recommendation is “unresolved” until the Department and DOT OIG agree on the step(s) necessary to address the recommendation. Then the recommendation is considered “resolved” and remains open until the Department completes the corrective action and provides DOT OIG with sufficient supporting evidence of the actions taken.

A recommendation is **closed** after the Department has agreed with the recommendation, takes appropriate corrective action, and provides DOT OIG with sufficient supporting evidence to demonstrate that the action was taken.

## Status of audit recommendations, second half of FY 2019



Note: MWAA, NTSB, and STB are independent Federal agencies within DOT OIG's audit jurisdiction; they are not DOT Operating Administrations.

### Reports with no agency comment within 60 days

We work closely with the Department to ensure timely responses to our draft audit reports. During this period, two reports, which were issued in draft during the previous semiannual reporting period and issued final during this semiannual period, exceeded 60 days due to furlough:

(1) ZA2019048, *FTA Has an Opportunity to Further Promote Lessons Learned to Enhance the Protection of Rolling Stock at Transit Agencies* (83 days) and

(2) ZA2019049, *Several Factors Limit DOT's Ability to Efficiently Utilize Its Office Space* (80 days).

### Audits closed but not disclosed to the public

It is our practice to post all closed nonsensitive audits and evaluations on our public website. Consequently, we have no previously undisclosed audits and evaluations to report.

### Significant revised management decisions

DOT did not revise any significant management decisions.

### DOT OIG disagreement with significant management decisions

DOT made no significant management decisions with which DOT OIG disagreed.

### Attempts to interfere with DOT OIG independence

We did not encounter any instances where DOT attempted to interfere with DOT OIG independence.

### Compliance with Federal Financial Management Improvement Act

DOT is in compliance with the Federal Financial Management Improvement Act.

### Information or assistance refused by DOT

DOT did not unreasonably refuse information or assistance.

# Audits

## Completed Audit Reports

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### DEPARTMENT-WIDE

#### Several Factors Limit DOT's Ability To Efficiently Utilize Its Office Space

*Self-Initiated*

April 9, 2019

ZA2019049

#### \$2.1 MILLION PUT TO BETTER USE

Since 2003, GAO has identified Federal real property management as a high-risk area, prompting reform efforts across the Federal Government. DOT, excluding FAA, maintains approximately 300 office properties across the country, through ownership, lease, or an occupancy agreement with another agency, primarily GSA. In fiscal year 2018, DOT (excluding FAA) reported expending over \$101 million for just the office space it occupies through GSA. We initiated this review in response to these factors, as well as our recent audit of FAA's office and warehouse leases and the potential to improve the efficiency of departmental expenditures. Accordingly, our audit objective was to assess DOT's utilization of its office spaces, focusing on the degree to which its office spaces comply with the Agency's utilization standard. We found that the Department's May 2016 Office Space Design Standard Policy (Policy) only requires DOT to apply the Agency's utilization standard to office space renovations and new acquisitions, which comprise a very small percentage of the total office space. While allowable, this approach limits the effect of Governmentwide initiatives to promote more efficient use of Federal office space. It also does not fully support DOT's own stated Policy goals of ensuring efficient use of all office space and regularly reviewing space to act on efficiency opportunities when possible. The Department also lacks controls to ensure that its Operating Administrations document justifications if they deviate from the Agency's standard; does not verify that Operating Administrations properly calculate their office space utilization rates; and does not have a complete and accurate system for tracking DOT office spaces. Finally, DOT lacks an overall strategic approach for reviewing its entire office space portfolio to find potential efficiency opportunities and cost savings. We made five recommendations to improve DOT's achievement of efficient office space utilization, including one that could put \$2.1 million to better use.

## **Stronger Guidance and Internal Controls Would Enhance DOT's Management of Highway and Vehicle Safety R&D Agreements**

*Directed by the Fixing America's Surface Transportation Act of 2015*

May 1, 2019  
ZA2019051

**\$1.6 MILLION PUT TO BETTER USE**

**\$9,900 QUESTIONED COSTS**

Research and development (R&D) is vital to advancing technology that can improve vehicle safety. From fiscal years 2012 to 2016, FHWA, NHTSA, and the Office of the Assistant Secretary for Research and Technology (OST-R) awarded grants and cooperative agreements involving highway and vehicle safety R&D with a total maximum value of \$501 million in Federal funds. In 2015, the Fixing America's Surface Transportation Act directed our office to review DOT's management and oversight of cooperative agreements and cooperative research and development agreements (CRADA), including R&D agreements between DOT and foreign governments. Our audit objective was to assess the Department's policies and procedures for selecting and overseeing its highway and vehicle safety R&D agreements, including grants, cooperative agreements, and CRADAs. We found that DOT can strengthen its policies and procedures for awarding and overseeing highway and vehicle safety R&D agreements. First, FHWA and NHTSA do not always follow DOT guidance or Governmentwide requirements for awarding R&D agreements with for-profit recipients, and the Agencies lack guidance which specifically addresses awarding R&D agreements with foreign recipients. Second, NHTSA did not follow DOT policy when it approved the award of cooperative agreements—worth a combined maximum total of \$93.7 million—without full and open competition. Third, while FHWA, NHTSA, and OST-R have taken steps to strengthen their oversight of R&D agreements, some gaps remain. For example, OST-R does not routinely review support for grantee cost reimbursements; NHTSA lacks policies and procedures for managing high-dollar R&D agreements; and FHWA paid invoices that did not meet minimum requirements. Based on our findings and statistical projections, we identified \$1.6 million in funds that could be put to better use. As a result of weaknesses in its policies and internal controls, DOT may not be able to ensure that it is receiving the best value when awarding new agreements and minimizing the risk of fraud, waste, or abuse of R&D funds. We made 15 recommendations to the Department to improve its management of highway and vehicle safety R&D agreements, including one recommendation that could put \$1.6 million to better use.

## **DOT's Fiscal Year 2018 IPERA Compliance Review**

*Mandated by the Improper Payments Elimination and Recovery Act of 2010*

June 3, 2019  
FI2019054

The Improper Payments Elimination and Recovery Act (IPERA) requires Federal agencies to report improper payment estimates for all programs identified as susceptible to significant improper payments. It requires agencies to limit improper payments to less than 10 percent of their total program payments, publish their results in the Agency Financial Report (AFR), and comply with regulations OMB developed to implement the act. IPERA also requires inspectors general to submit reports on IPERA compliance to their agency heads. For fiscal year 2018, DOT reported approximately \$46 billion in payments in programs or activities susceptible to significant improper payments. In addition, DOT estimated that about \$1 billion of those payments were improper payments. We reviewed DOT's improper payment testing results for fiscal year 2018 to determine whether DOT complied with IPERA's requirements as implemented by OMB. While

DOT completed most of its fiscal year 2018 requirements, it did not meet one reduction target, and thus did not comply with IPERA. Specifically, FHWA Highway Planning and Construction (HPC) program did not meet its reduction target. FHWA projected the amount of HPC improper payments to be approximately \$997 million, or 2.22 percent—1.72 percent higher than FHWA's reduction target of 0.5 percent. The Department did comply with the remaining IPERA requirements; for example, it published an AFR that included improper payment estimates for all programs and activities identified as susceptible to significant improper payments, as well as programmatic corrective action plans. Overall, DOT has taken steps and implemented internal controls to prevent, reduce, and recapture improper payments, and the payment integrity information in DOT's AFR was accurate and complete. DOT concurred with our one recommendation.

**Report on a Quality Control Review of the Independent Service Auditor's Report on DOT's Enterprise Services Center**

*Required by the Office of Management and Budget's Bulletin No. 07-04, Auditing Requirements for Financial Statements*

September 30, 2019  
QC2019086

This report presents the results of our quality control review (QCR) of an audit of DOT's Enterprise Services Center (ESC) controls. Operating under direction of DOT's Chief Financial Officer, ESC provides financial management services to DOT and other agencies. OMB requires ESC, as a management services provider, to either provide its user organizations with independent audit reports on the design and effectiveness of its internal controls or allow user auditors to test its controls. To meet this requirement for the period of October 1, 2018, through June 30, 2019, we contracted with KPMG LLP to conduct this audit subject to our oversight. The audit objectives were to determine whether (1) management's descriptions of ESC's systems were fairly presented, (2) ESC's controls were suitably designed, and (3) ESC's controls were operating effectively throughout the period. KPMG will do additional testing and issue a follow-up letter to our office for the period July 1, 2019, through September 30, 2019. We performed a QCR on KPMG's report and related documentation and found that it disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards. DOT concurred with KPMG's three recommendations. The quality control review and attachments have been marked as For Official Use Only to protect sensitive information exempt from public disclosure under the Freedom of Information Act, 5 U.S.C. § 552. To receive a copy of the report, please contact our Freedom of Information Act Office.

## FEDERAL AVIATION ADMINISTRATION

### **FAA Has Taken Steps To Advance the SENSR Program, but Opportunities and Risks Remain**

*Requested by the House Committee on Appropriations*

April 23, 2019  
AV2019050

FAA depends on a vast but aging network of radars to manage air traffic and weather. FAA has partnered with three other agencies through the Spectrum Efficient National Surveillance Radar (SENSR) program to auction Government-owned electromagnetic spectrum frequencies and use the revenue—expected to be valued in the billions of dollars—to develop and deploy new radar systems. Given the significant investment and coordination required to design, procure, test, and implement a new national air traffic and weather surveillance system, the House Committee on Appropriations directed our office to examine FAA’s SENSR program. Our audit objectives were to assess FAA SENSR program’s (1) progress, including leveraging of work conducted by other agencies, and (2) plan to mitigate program risks, such as integration with the Next Generation Air Transportation System (NextGen) and the National Airspace System (NAS). We found that FAA has taken initial steps to advance the SENSR program, such as establishing a Joint Program Office and developing a Spectrum Pipeline Plan, which outlines the current schedule for making spectrum available for auction in 2024. However, FAA and partner agencies have not yet defined the program’s requirements and are still working to establish firm costs and schedule. FAA also still has opportunities to leverage resources from its partner agencies to help advance the program. Moreover, FAA, partner agencies, and our work have identified several critical risks to advancing SENSR. These include an aggressive schedule and generating sufficient revenue to cover the cost of the program. While FAA has established a plan to mitigate some of these risks, our analysis shows some of the planned mitigations may not be sufficient and require sustained management attention. In addition, FAA has not fully analyzed risks related to integrating SENSR into the many complex systems within the NAS, including NextGen technologies that are currently in development and being deployed. FAA concurred with both of our recommendations to improve the coordination, planning, and risk mitigation of the SENSR program.

## **FAA Plans To Modernize Its Outdated Civil Aviation Registry Systems, but Key Decisions and Challenges Remain**

*Requested by the Chairman of the House Transportation and Infrastructure Committee and its Subcommittee on Aviation and the Chairman of the Senate Committee on Commerce, Science, and Transportation*

May 8, 2019  
AV2019052

The Civil Aviation Registry (the Registry) processes and maintains ownership information on approximately 300,000 private and commercial aircraft and records on almost 1.5 million airmen. The Registry is critical for ensuring aircraft are legally owned, maintained, and operated, and many users in law enforcement, safety, the aviation industry, and the public rely on the accuracy and timeliness of its data. The Chairman of the House Transportation and Infrastructure Committee and its Subcommittee on Aviation requested that we assess FAA's overall management of the Registry and public access to certain Registry elements. We received a similar request from the Chairman of the Senate Committee on Commerce, Science, and Transportation. Our audit objective was to assess FAA's management of the Civil Aviation Registry. Specifically, we assessed FAA's (1) progress in modernizing the Registry and (2) policies for providing public access to Registry-related activities. We found that the Registry's systems are outdated, and FAA has yet to develop a detailed plan for modernization. The Registry's current systems cannot support online access outside of the Registry's offices in Oklahoma City, OK. While FAA is in the early stages of developing plans to modernize the Registry's systems, the Agency has not yet made key decisions regarding the system. Consequently, the cost and timeframes for Registry modernization remain uncertain, even though FAA is mandated to complete Registry upgrades by October 2021. In addition, the regulations that govern aircraft registration do not reflect current technology or business practices, and FAA will likely need to conduct a rulemaking in conjunction with Registry modernization. If FAA does not complete the rulemaking in coordination with the development of the new system, the Agency risks spending resources on a system that lacks key capabilities. Due to the current system's limitations, users who need to access aircraft registration information in real time must access the system through the use of Government-owned computer terminals located at the Registry's Public Documents Room in Oklahoma City. For users who cannot or do not want to travel to Oklahoma City, they can obtain aircraft information online, but that information is updated once a day, rather than in real time. Moving towards a more efficient process hinges on modernizing the Registry, but FAA has not yet developed a plan for allowing real-time access to aircraft information. FAA concurred with all four of our recommendations.

## **FAA Needs To Adopt a Risk-Based, Data-Driven Scheduling Process To Improve the Effectiveness of Its Drug Abatement Inspection Program**

*Self-Initiated*

June 25, 2019  
AV2019055

Effective drug and alcohol testing programs in the transportation industry are critical to ensuring the safety of the traveling public. NTSB recently highlighted this issue in its 2017–2018 Most Wanted List of Transportation Safety Improvements, stating that various issues have led to an epidemic of impairment in transportation. Given this important safety concern, our office initiated a series of reviews on drug testing programs within DOT, beginning with this audit of FAA. Our objective was to assess the effectiveness of FAA's inspection program. Specifically, we evaluated FAA's risk-based approach for prioritizing and selecting companies for inspection and the basis for the risk factors used. We found that the system FAA uses to develop inspection schedules does not assign risk levels to companies or prioritize inspections based on risk—contrary to FAA's Safety Risk Management Policy, which was implemented to identify hazards, analyze and assess safety risk, and develop controls. Instead, FAA judgmentally selects where and when to conduct drug and alcohol inspections based on available inspection resources, company location, and FAA's desire to conduct as many inspections as possible. Also, the Drug Abatement Division experiences a high number of inspection cancellations. This is partly because its inspection scheduling decisions are based on inaccurate or incomplete company data and it does not coordinate with FAA Flight Standards inspectors to share information prior to scheduling inspections. When these cancellations occur, FAA has not established a risk-based process for selecting substitute companies for inspection. As a result, the Agency is missing opportunities to better target its drug and alcohol program inspections based upon available data and those companies that pose greater risks. We made two recommendations to improve the effectiveness of the Drug Abatement Program. FAA concurred with both of our recommendations.

## **FAA Has Made Progress in Implementing Its Metroplex Program, but Benefits for Airspace Users Have Fallen Short of Expectations**

*Requested by Chairmen Bill Shuster and Frank LoBiondo of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation*

August 27, 2019  
AV2019062

Performance-Based Navigation (PBN) is a top investment priority for FAA and the aviation industry under the Next Generation Air Transportation System (NextGen). PBN delivers new routes and flight procedures that primarily use satellite-based navigation aids and on-board aircraft equipment to navigate with greater precision and accuracy. To accelerate PBN, FAA began the Metroplex program in 2010 to increase efficiencies in congested, metropolitan areas with multiple airports. Chairmen Bill Shuster and Frank LoBiondo of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation requested that we examine the Metroplex program, including whether FAA has delivered new routes and procedures that yield measurable benefits to airspace users and resolved obstacles to PBN. Accordingly, our objectives were to (1) assess FAA's progress in implementing its Metroplex program, including its efforts to resolve key barriers to PBN; (2) compare planned to actual benefits for PBN identified by FAA; and (3) assess the soundness of the methods used by FAA to estimate PBN benefits. We found that FAA has made progress in implementing its Metroplex program but has experienced difficulties meeting timelines and has yet to fully resolve key obstacles. While FAA has completed 7 of 12 Metroplex locations, the Agency does not expect to complete all remaining locations

until 2021, 4 years later than originally planned. Delays have occurred largely due to increased community concerns about aircraft noise. In addition, other previously identified PBN obstacles remain, including a lack of automated decision support tools for controllers, unclear terminology used by pilots and controllers for referring to flight paths, and the lengthy procedure amendment process. Further, Metroplex benefits to airspace users have fallen well short of predictions—in post-implementation reports, FAA estimated annual benefits of \$31.1 million, which is \$30.5 million (49.5 percent) less than the minimum amount initially expected when FAA first planned each Metroplex site. Finally, FAA's methods for estimating benefits overly rely on judgment and are not well documented, limiting the ability to readily test the estimates' robustness and replicate results. FAA concurred with all five of our recommendations.

## FEDERAL HIGHWAY ADMINISTRATION

### Inadequate Data and Guidance Hinder FHWA Force Account Oversight

*Self-Initiated*

May 29, 2019  
ST2019053

**\$22.3 MILLION UNSUPPORTED COSTS**

FHWA oversees more than \$40 billion in annual Federal aid for national highway and bridge projects. Federal law requires aid recipients to competitively award contracts for such projects unless some other method is more cost-effective or an emergency exists. One such method is force account work, which involves the noncompetitive use of State or local resources to execute highway projects. Given the inherent risk of higher costs associated with noncompetitive practices, we initiated an audit to (1) determine the scope and magnitude of force account projects funded through the Federal-aid Highway Program and (2) assess FHWA's processes for overseeing compliance with Federal force account requirements. We found that FHWA officials have designated force account as a low-risk activity. As a result, FHWA does not track force account activity and thus cannot readily identify which federally funded projects used force account or the amount and type of activity that received Federal funding. In addition, the Agency provides minimal oversight, does not monitor whether States comply with force account regulations, and has gaps in its guidance. For example, while Federal regulations detail when staff can waive a cost-effectiveness determination for use of force account, the Agency's guidance does not. Consequently, States may be using force account to perform permanent repairs when there may be a more cost-effective approach. FHWA does have a risk-based stewardship and oversight framework that gives it discretion in determining the scope of its oversight, as long as it is based on objective data and information. However, without adequate policies and procedures, FHWA cannot ensure that States comply with force account requirements and expend Federal dollars in a cost-effective manner. We made four recommendations to improve FHWA's oversight of States' compliance with Federal force account requirements, including one that identified \$22.3 million estimate of unsupported costs.

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## FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION

### **FMCSA's Plan Addresses Recommendations on Prioritizing Safety Interventions but Lacks Implementation Details**

*Mandated by the Fixing America's Surface Transportation Act of 2015*

September 25, 2019  
ST2019084

The Fixing America's Surface Transportation Act of 2015 (FAST Act) directed FMCSA to commission the National Academy of Sciences (NAS) to evaluate the Compliance, Safety, Accountability (CSA) program and the Safety Measurement System (SMS), and develop a corrective action plan in response to NAS recommendations. The FAST Act also directed our office to assess FMCSA's plan and its responses to our prior recommendations, as well as those from NAS and GAO. Accordingly, our audit objectives were to (1) assess the extent to which FMCSA's corrective action plan addresses the NAS recommendations and relevant OIG and GAO recommendations and (2) identify challenges FMCSA may face when implementing the corrective action plan. We found that while FMCSA's corrective action plan addresses motor carrier safety interventions, it lacks implementation details for improving transparency and its assessment of carrier safety rankings. For example, in response to recommendations from NAS and GAO, the Agency is testing an Item Response Theory (IRT) statistical model to gauge how it prioritizes motor carrier safety interventions. Regarding the NAS recommendation on collecting more accurate and diverse types of data, FMCSA determined that much of the data do not exist. As a result, FMCSA no longer plans to collect additional data. Similarly, the plan describes putting datasets on a publicly available website but does not discuss making them user-friendly, or outline costs and implementation steps—hindering FMCSA's efforts to make its data, safety measures, and rankings more transparent. Finally, the complexity of the IRT model may make implementation and public outreach difficult. We made two recommendations to improve the corrective action plan FMCSA developed in response to the NAS study.

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## FEDERAL RAILROAD ADMINISTRATION

### **Opportunities Exist To Improve FRA and Volpe's Acquisition and Use of Oversight Contractors**

*Self-Initiated*

July 10, 2019  
ZA2019056

In 2009, Congress appropriated \$10.5 billion for FRA's High-Speed Intercity Passenger Rail (HSIPR) Program. To implement the program and fund the HSIPR projects, FRA took on new oversight responsibilities and entered into cooperative agreements with State departments of transportation and other entities. FRA also established an intra-agency agreement (IAA) with the John A. Volpe National Transportation Systems Center (Volpe). The IAA allowed FRA to implement its Monitoring and Technical Assistance Program with Volpe's assistance and acquire Monitoring and Technical Assistance Contractors (MTAC) to provide oversight support. In November 2013, Volpe competitively awarded 11 master contracts, with an estimated value of \$75 million, for MTAC services. Given the significant funds involved and FRA's expanded oversight responsibilities, we initiated this audit to assess (1) FRA's acquisition of MTACs through the Volpe Center and (2) FRA's management

and use of MTAC oversight services for HSIPR projects. We found that Volpe's acquisition and management of the MTACs did not always follow Federal requirements or guidance. For example, Volpe prepared independent government cost estimates without adequate support, and awarded an MTAC master contract and three task orders valued at \$7.6 million to a contractor that lacked a current audit of its accounting system. Also, adding steps to its invoice review process could help Volpe ensure that it pays allowable and reasonable costs for MTAC work. In addition, FRA lacked both the necessary oversight tools and a consistent reporting and recommendation tracking process to ensure effective use of MTAC services when it launched the HSIPR program. As result, the MTACs did not consistently document oversight reviews and much of their work was not formally reported. This in turn impeded FRA and Volpe's ability to realize the full benefit of the MTACs' oversight. We made 11 recommendations to improve FRA and Volpe's acquisition and use of MTACs.

**FRA Collects Reliable Grade Crossing Incident Data but Needs To Update Its Accident Prediction Model and Improve Guidance for Using the Data To Focus Inspections**

*Self-Initiated*

September 4, 2019  
ST2019063

According to data from FRA, roughly 27,000 rail accidents and 29,000 highway-rail grade crossing incidents occurred between 2006 and 2018, causing 10,004 fatalities, 3,508 of which occurred at grade crossings. Crossing incidents are the second leading cause of rail-related deaths after trespassing, and the leading cause of all railroad accidents. Risk of incidents at grade crossings grows as highway and train traffic increase. Both FRA and Members of Congress have expressed concern about these numbers despite long-term focus on the area. Statutes such as the Rail Safety Improvement Act of 2008 and the Fixing America's Surface Transportation Act of 2015 require States to use data-driven action plans to improve crossing safety. In 2005, we reported that FRA investigated very few crossing incidents, and in 2007, we reported that the information on grade crossing incidents in FRA's national accident database did not always include accurate or timely information, with some incidents being reported up to 3 years late or not at all. Due to the number of grade crossing fatalities and need to update OIG's prior work on this topic, we initiated this audit. Our objectives were to assess FRA's (1) collection of grade crossing incident and investigation data and (2) use of these data to reduce grade crossing collisions. We found that FRA has effective procedures to determine whether grade crossing incident data are complete and accurate. We also found that FRA has not updated its accident prediction formula since 2013, and lacks a comprehensive compliance manual for grade crossing teams. We made two recommendations to ensure FRA has the tools and guidance needed to effectively identify, inspect, and improve at-risk grade crossings.

## FEDERAL TRANSIT ADMINISTRATION

### FTA Has an Opportunity To Further Promote Lessons Learned To Enhance the Protection of Rolling Stock at Transit Agencies

*Self-Initiated*

April 3, 2019

ZA2019048

Hurricane Sandy caused widespread damage to the transportation infrastructure in the mid-Atlantic and northeastern United States in October 2012. This included damage to transit vehicles—buses, vans, cars, railcars, and locomotives, referred to as rolling stock—in the New York City metropolitan area. To support communities with damaged public transit systems, Congress appropriated \$10.9 billion to FTA, which provided funds to the transit agencies in the affected areas. Accordingly, our objectives were to assess (1) FTA's implementation of relevant guidance and oversight of emergency planning as it relates to the rolling stock of recipients impacted by Hurricane Sandy and other natural disasters and (2) the extent to which lessons learned from experiences with protecting rolling stock during Hurricane Sandy have been incorporated into emergency relief plans and procedures at FTA and the Office of the Secretary of Transportation. We found that, consistent with the Agency's interpretation of its authority under current Federal law, FTA does not require recipients to develop plans to protect rolling stock before an emergency and assumes a limited role in discussing such activities. Although they lacked a Federal requirement to do so, the five transit agencies we reviewed put emergency procedures in place before the hurricane struck. Still, they experienced over \$171 million in damage to rolling stock vehicles, which suggests there are benefits to improving the protection of rolling stock. Furthermore, FTA could do more to promote the lessons learned by its recipients, which might help transit agencies elsewhere protect their own rolling stock during future disasters. However, FTA doesn't provide a consistent or centralized means for sharing lessons learned to help other transit agencies protect their assets—actions that could result in disaster-related cost savings. We made two recommendations to improve the protection of public transit agency assets from future disasters.

### FTA Has an Opportunity To Improve the Integrity Monitor Program for Hurricane Sandy Grantees

*Mandated by the Disaster Relief Appropriations Act of 2013*

September 9, 2019

ZA2019064

To support transportation-related recovery and relief efforts in areas damaged by Hurricane Sandy in October 2012, the Disaster Relief Appropriations Act of 2013 (DRAA) appropriated \$10.9 billion\* to FTA. Recognizing it needed to be especially diligent with DRAA funds, FTA required grantees that received over \$100 million to hire independent integrity monitors as a safeguard against fraud, corruption, and cost abuse. DRAA also directed our office to support oversight of the funds. Accordingly, our audit objective was to assess FTA's policies for the use of integrity monitors and evaluate FTA's oversight of integrity monitors. We found that while FTA performs ongoing collaborative reviews of grantee integrity monitor plans, it lacks formal processes for identifying known risks and determining integrity monitor independence. As a result, internal staff who serve as integrity monitors may

\* The \$10.9 billion was reduced by \$545 million due to sequestration, which was required by the Balanced Budget and Emergency Deficit Control Act of 2011 (Pub. L. No. 112-25) for fiscal year 2013. Another \$185 million was transferred to another agency of the Department, bringing the total available to approximately \$10.2 billion. Of that amount, \$76.2 million is available for oversight and administrative expenses, bringing the total allocation to approximately \$10.1 billion.

### \$1.1 MILLION IN QUESTIONED COSTS

have self-interest concerns. For example, integrity monitors participated in settlements that could have included Federal funds and did not always notify FTA of these settlements until late in the process or after the settlements were completed. FTA also has an opportunity to improve the way grantees manage integrity monitor performance. For example, Agency officials did not make sure that grantees resolved integrity monitor recommendations or developed controls to prevent problems from reoccurring—in part because FTA viewed the integrity monitor program as a grantee internal control. Still, FTA recently improved its guidance on the amount of detail grantees should include in their quarterly reports. Until this guidance is implemented by all DRAA grantees, however, FTA may not realize the full benefits of the integrity monitor program, and Hurricane Sandy funds may be at risk. We made eight recommendations to improve FTA's oversight of Hurricane Sandy relief funds, including a recommendation to recover an estimated \$1.1 million in settlement funds.

## MARITIME ADMINISTRATION

### The Maritime Administration's Information Technology Infrastructure Is at Risk for Compromise

*Self-Initiated*

July 24, 2019  
FI2019057

MARAD programs promote waterborne transportation and integration with other transportation modes and the viability of the U.S. Merchant Marine. MARAD works in many areas, including ship building and shipping, vessel and port operations, national security, and transportation safety. The Agency has 12 information systems and 1 local area network. MARAD also uses a number of web applications, some of which contain sensitive data and personally identifiable information (PII). We conducted this audit because of the importance of MARAD's programs to the Nation's transportation system and the sensitive nature of some of the Agency's information. Accordingly, our objective for this self-initiated audit was to determine whether MARAD's IT infrastructure contains security weaknesses that could compromise the Agency's systems and data. When we gained unauthorized access to MARAD's network, MARAD did not detect our access or our placement of hacking tools on the network, in part because it did not have an alert system configured to do this, which the National Institute of Standards and Technology (NIST) recommends. We also gained access to records containing PII. While DOT policy requires the use of encryption to protect sensitive data, these records and other data we obtained were not encrypted. Had malicious attackers obtained these records, they could have used them to steal citizens' identities and MARAD could have lost \$103 million in credit monitoring fees. Furthermore, inadequate security awareness training may contribute to some Agency personnel's susceptibility to social engineering. These weaknesses, individually and together, put MARAD's network and data at risk for unauthorized access and compromise. We made several recommendations to help MARAD improve the security of information technology infrastructure.

## OFFICE OF THE SECRETARY OF TRANSPORTATION

### **DOT's Updated Anti-Harassment Policy Meets EEOC Requirements, but Program Compliance Hinges on Procedure Implementation and Data Usage**

*Self-Initiated*

September 11, 2019  
ST2019072

The U.S. Equal Employment Opportunity Commission (EEOC) requires Federal agencies to establish anti-harassment programs, which are designed to identify and resolve harassment issues before they become severe and pervasive. We initiated this review after a previous audit identified concerns about the DOT's Operating Administrations' (OA) anti-harassment policies and procedures. Our audit objectives were to assess the extent to which the Department and its OAs (1) have anti-harassment policies and procedures that comply with EEOC guidance and (2) collect and use data on harassment complaints. The DOT policy in place during our audit complied with 13 of 18 EEOC requirements but did not clearly explain prohibited conduct, require the EEO program to inform the anti-harassment program about all harassment allegations, provide for periodic training of managers, provide for periodic training of employees, or create firewalls between the decision makers for the anti-harassment and EEO programs. It also did not require OAs to develop implementation procedures, and the Department and four OAs did not have them, as EEOC requires. One reason for the gaps was EEOC's evolving and expanding oversight of anti-harassment programs—which led the Department to develop its U.S. DOT's Policy Framework for the Prevention of Harassment and Unprofessional Conduct (Policy Framework) over several years, including throughout our audit. In response to our findings, the Department closed all the gaps we identified and issued the Policy Framework on June 21, 2019. Also, while the Department was responsible for collecting, monitoring, and analyzing harassment data for 10 OAs, it did not have a system in place that met EEOC requirements. However, the Policy Framework establishes data collection requirements that may enhance the Department's and the OAs' ability to identify, address, and stop harassment before it becomes severe or pervasive. The Department concurred with our recommendation for improving DOT's anti-harassment procedures.

### **DOT Needs To Strengthen Its Oversight of IAAs With Volpe**

*Self-Initiated*

September 30, 2019  
ZA2019087

The John A. Volpe National Transportation Systems Center—a component within DOT's Office of the Assistant Secretary for Research and Technology—serves as an internal resource for research, development, testing, evaluation, analysis, and related activities. Between fiscal years 2015 and 2017, the Department's Office of the Secretary of Transportation and its Operating Administrations (OAs) obtained services from Volpe through 901 intra-agency agreements (IAA) totaling \$865.8 million. In 2010, DOT noted inconsistencies among all of the Department's IAAs and reiterated its existing policy for the proper form and content of the agreements. Accordingly, we initiated this audit to assess DOT's and its OAs' policies and procedures for (1) entering into IAAs with Volpe and (2) overseeing the deliverables and expenditure of funds for those IAAs. We found DOT OST and its Operating Administrations have limited documentation to show how they plan their use of IAAs with Volpe; and some OAs have adopted practices for executing Volpe IAAs

### **\$33.3 MILLION PUT TO BETTER USE**

that do not meet departmental requirements. We also found that neither OST nor the OAs have established specific guidance for evaluating Volpe's performance on IAA projects or sharing that information among the OAs. In addition, we found that OST and the OAs do not consistently comply with departmental requirements for overseeing IAA funds, such as reconciling financial records and promptly deobligating unused funds. We made eight recommendations to the Assistant Secretary for Budget and Programs and one recommendation to the Assistant Secretary for Research and Technology on ways to improve planning, financial management, and sharing of performance information on Volpe IAAs, including a recommendation to determine whether nearly \$6 million could be deobligated. We made nine recommendations, including one recommendation that could put \$33.3 million to better use.

## SURFACE TRANSPORTATION BOARD

### **Quality Control Review of an Independent Auditor's Report on the Surface Transportation Board's Information Security Program and Practices**

*Required by the Federal Information Security Modernization Act of 2014*

September 25, 2019  
QC2019082

The Federal Information Security Modernization Act of 2014 (FISMA) requires agencies to implement information security programs. FISMA also requires agencies to have annual independent evaluations performed to determine the effectiveness of their programs and report the results of these reviews to OMB. To meet this requirement, the Surface Transportation Board (STB) requested that we perform its fiscal year 2019 FISMA review. We contracted with Williams Adley & Company DC LLP (Williams Adley), an independent public accounting firm, to conduct this audit subject to our oversight. The audit objective was to determine the effectiveness of STB's information security program and practices in five function areas—Identify, Protect, Detect, Respond, and Recover. We performed a quality control review (QCR) of Williams Adley's report and related documentation. Our QCR disclosed no instances in which Williams Adley did not comply, in all material respects, with generally accepted Government auditing standards. While there are no new recommendations issued for fiscal year 2019, STB concurs with the audit's findings with respect to the remaining eight open recommendations from the fiscal year 2017 and fiscal year 2018 FISMA audits.

## SINGLE AUDITS

### Report on a Single Audit of the Municipality of Anchorage, Anchorage, AK

*Self-Initiated*

July 31, 2019  
SA2019061

### \$64,371 IN QUESTIONED COSTS

We reviewed the Municipality of Anchorage's single audit report for the fiscal year ending December 31, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated January 22, 2019. We found that the report contained a special tests and provisions finding that needs prompt action from FAA's management and an activities allowed or unallowed and an equipment and real property management finding that need prompt action from FTA's management. We recommend that FAA ensures that the Municipality complies with the special tests and provisions requirements. We also recommend that FTA ensures that the Municipality complies with the activities allowed or unallowed and equipment and real property management requirements, and recovers \$64,371 from the Municipality, if applicable.

### Report on a Single Audit of the City and County of Honolulu, Honolulu, HI

*Self-Initiated*

July 31, 2019  
SA2019058

We reviewed the City and County of Honolulu's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 20, 2019. We found that the report contained a reporting finding that needs prompt action from FTA's management. We recommend that FTA ensures that the City and County complies with the reporting requirements.

### Report on a Single Audit of the Highways Division, Department of Transportation, State of Hawaii, Honolulu, HI

*Self-Initiated*

July 31, 2019  
SA2019059

We reviewed the Highways Division, DOT, State of Hawaii's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 4, 2019. We found that the report contained a cash management finding that needs prompt action from FHWA and NHTSA management. We recommend that FHWA and NHTSA ensure that the State complies with the cash management requirements.

### **Report on a Single Audit of the State of Louisiana, Baton Rouge, LA**

*Self-Initiated*

July 31, 2019  
SA2019060

**\$165,141 IN QUESTIONED COSTS**

We reviewed the State of Louisiana's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 27, 2019. We found that the report contained an allowable costs/cost principles and cash management finding that needs prompt action from NHTSA's management. We recommend that NHTSA ensures that the State complies with the allowable cost/cost principles and cash management requirements. We also recommend that NHTSA recovers \$165,141 from the State, if applicable.

### **Report on a Single Audit of the Crooked Creek Traditional Council, Crooked Creek, AK**

*Self-Initiated*

September 10, 2019  
SA2019068

**\$194,821 IN QUESTIONED COSTS**

We reviewed the Crooked Creek Traditional Council's single audit report for the fiscal year ending September 30, 2013, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated February 19, 2019. We found that the report contained an activities allowed or unallowed finding that needs prompt action from FHWA's management. We recommend that FHWA ensures that the Council complies with the activities allowed or unallowed requirements. We also recommend that FHWA recovers \$194,821 from the Council, if applicable.

### **Report on a Single Audit of the State of Vermont, Montpelier, VT**

*Self-Initiated*

September 10, 2019  
SA2019067

We reviewed the State of Vermont's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 25, 2019. We found that the report contained a level of effort finding that needs prompt action from NHTSA's management. We recommend that NHTSA ensures that the State complies with the level of effort requirements.

### **Report on a Single Audit of the State of Indiana, Indianapolis, IN**

*Self-Initiated*

September 10, 2019  
SA2019066

We reviewed the State of Indiana's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 21, 2019. We found that the report contained a special tests and provisions finding that needs prompt action from the FHWA's management. We recommend that FHWA ensures that the State complies with the special tests and provisions requirements.

### **Report on a Single Audit of the Commonwealth of Virginia, Richmond, VA**

*Self-Initiated*

September 10, 2019  
SA2019065

We reviewed the Commonwealth of Virginia's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated February 8, 2019. We found that the report contained an allowable costs/cost principles finding that needs prompt action from PHMSA's management. We recommend that PHMSA ensures that the Commonwealth complies with the allowable costs/cost principles requirements. We also recommend that PHMSA recovers \$150,203 from the Commonwealth, if applicable.

**\$150,203 IN QUESTIONED COSTS**

### **Report on a Single Audit of the Association of Village Council Presidents, Bethel, AK**

*Self-Initiated*

September 10, 2019  
SA2019071

We reviewed the Association of Village Council President's single audit report for the fiscal year ending December 31, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated May 7, 2019. We found that the report contained a procurement and suspension and debarment finding, reporting findings, and a special tests and provisions finding that need prompt action from FHWA's management. We recommend that FHWA ensures that the Council complies with the procurement and suspension and debarment, reporting, and special tests and provisions requirements.

### **Report on a Single Audit of the State of Connecticut, Hartford, CT**

*Self-Initiated*

September 10, 2019  
SA2019070

We reviewed the State of Connecticut's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 28, 2019. We found that the report contained an allowable costs/cost principles finding that needs prompt action from FHWA's management. We recommend that FHWA ensures the State complies with the allowable costs/cost principles requirements and recovers \$1,023,224 from the State, if applicable.

**\$1,023,224 IN QUESTIONED COSTS**

### **Report on a Single Audit of the Puerto Rico Highways and Transportation Authority, San Juan, PR**

*Self-Initiated*

September 10, 2019  
SA2019069

We reviewed the Puerto Rico Highways and Transportation Authority's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 25, 2019. We found that the report contained a subrecipient monitoring finding that needs prompt action from the FTA's management. We also found that the report contained a matching finding that needs prompt action from FHWA's management. We recommend that FTA ensures that the Authority complies with the subrecipient monitoring requirements. We also recommend that FHWA ensures that the Authority complies with the matching requirements.

### **Quality Control Review on a Single Audit of the Los Angeles County Metropolitan Transportation Authority, Los Angeles, CA**

*Self-Initiated*

September 17, 2019  
QC2019075

We performed a quality control review (QCR) on the single audit that Crowe LLP performed for the Los Angeles County Metropolitan Transportation Authority's fiscal year that ended June 30, 2018. During this period, the Authority expended approximately \$1.4 billion from DOT's grant programs. Crowe determined that DOT's major programs were the Transportation Infrastructure Finance and Innovation Act Program and the Transit Services Programs Cluster. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and the Office OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) whether the Authority's reporting package complied with the reporting requirements of the Uniform Guidance. Crowe's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that Crowe's opinion on DOT's major programs was inappropriate or unreliable. In addition, we did not identify deficiencies in the Grantee's reporting package that required correction and resubmission.

### **Quality Control Review on a Single Audit of the New Mexico Department of Transportation, Santa Fe, NM**

*Self-Initiated*

September 17, 2019  
QC2019073

We performed a quality control review (QCR) on the single audit that CliftonLarsenAllen LLP (CLA) performed for the New Mexico Department of Transportation's (NMDOT) fiscal year that ended June 30, 2018. During this period, NMDOT expended approximately \$414 million from DOT's grant programs. CLA determined that DOT's major programs were the Highway Planning and Construction Cluster, the Highway Safety Cluster, and the Transit Services Programs Cluster. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and the OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) whether NMDOT's reporting package complied with the reporting requirements of the Uniform Guidance. CLA's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that CLA's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified an audit quality deficiency in CLA's work that should be corrected in future audits. We also identified a deficiency in NMDOT's reporting package that required correction and resubmission.

**Quality Control Review on a Single Audit of the Louisville Regional Airport Authority, Louisville, KY**

*Self-Initiated*

September 17, 2019  
QC2019074

We performed a quality control review (QCR) on the single audit that Crowe LLP performed for the Louisville Regional Airport Authority's fiscal year that ended June 30, 2018. During this period, the Authority expended approximately \$14.5 million from a DOT grant program. Crowe determined that the program, the Airport Improvement Program, was a major program. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and the OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) the Authority's reporting package complied with the reporting requirements of the Uniform Guidance. Crowe's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that Crowe's opinion on DOT's major program was inappropriate or unreliable. In addition, we did not identify deficiencies in the Authority's reporting package that required correction and resubmission.

**Report on a Single Audit of the City of Birmingham, Birmingham, AL**

*Self-Initiated*

September 17, 2019  
SA2019077

We reviewed the City of Birmingham's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 27, 2019. We found that the report contained a procurement and suspension and debarment finding that needs prompt action from OST's management. We recommend that OST ensures that the City complies with the procurement and suspension and debarment requirements. We also recommend that OST recovers \$381,190 from the City, if applicable.

**\$381,190 IN QUESTIONED COSTS**

**Report on a Single Audit of the Commonwealth of Pennsylvania, Harrisburg, PA**

*Self-Initiated*

September 17, 2019  
SA2019076

We reviewed the Commonwealth of Pennsylvania's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 19, 2019. We found that the report contained a subrecipient monitoring finding that needs prompt action from FHWA's management. We recommend that FHWA ensures that the Commonwealth complies with the subrecipient monitoring requirements.

### **Report on a Single Audit of the Puerto Rico Metropolitan Bus Authority, San Juan, PR**

*Self-Initiated*

September 17, 2019  
SA2019078

We reviewed the Puerto Rico Metropolitan Bus Authority's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 1, 2019. We found that the report contained an equipment and real property management finding that needs prompt action from FTA management. We recommend that FTA ensures that the Authority complies with the equipment and real property management requirements.

### **Report on a Single Audit of the Los Angeles County Metropolitan Transportation Authority, Los Angeles, CA**

*Self-Initiated*

September 18, 2019  
SA2019079

We reviewed the Los Angeles County Metropolitan Transportation Authority's single audit report for the fiscal year ended June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated December 19, 2018. We found that the report contained a subrecipient monitoring finding that needs prompt action from FTA's management. We recommend that FTA ensures that the Authority complies with the subrecipient monitoring requirements.

### **Report on a Single Audit of the Terre Haute Regional Airport Authority, Terre Haute, IN**

*Self-Initiated*

September 18, 2019  
SA2019081

We reviewed the Terre Haute Regional Airport Authority's single audit report for the fiscal year ended December 31, 2017, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 8, 2019. We found that the report contained a special tests and provisions finding, and an allowable costs/cost principles and reporting finding that need prompt action from FAA's management. We recommend that FAA ensures that the Authority complies with the special tests and provisions and allowable costs/cost principles and reporting requirements.

### **Report on a Single Audit of the State of Nebraska, Lincoln, NE**

*Self-Initiated*

September 18, 2019  
SA2019080

We reviewed the State of Nebraska's single audit report for the fiscal year ended June 30, 2018, in order to identify findings that affect directly awarded DOT programs. An independent auditor prepared the single audit report, dated March 19, 2019. We found that the report contained two allowable costs/cost principles and subrecipient monitoring findings that need prompt action from FTA's management. We also found that the report contained an allowable costs/cost principles and subrecipient monitoring finding that needs prompt action from NHTSA's management. We recommend that FTA ensures that the State complies with the allowable costs/cost principles and subrecipient monitoring requirements. We also recommend that NHTSA ensures that the State complies with the allowable costs/cost principles and subrecipient monitoring requirements. In addition, we recommend that FTA recovers \$303,917 and NHTSA recovers \$11,745 from the State, if applicable.

### **\$315,662 IN QUESTIONED COSTS**

**Quality Control Review on a Single Audit of the Massachusetts Bay Transportation Authority, Boston, MA***Self-Initiated*September 24, 2019  
QC2019083

We performed a quality control review (QCR) on the single audit that KPMG LLP performed for the Massachusetts Bay Transportation Authority's (MBTA) fiscal year that ended June 30, 2018. During this period, MBTA expended approximately \$353 million from DOT grant programs. KPMG determined that DOT's major programs were the Federal Transit Cluster, the Highway Planning and Construction Cluster, and the Transportation Investment Generating Economic Recovery grants program. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major programs; and (2) whether MBTA's reporting package complied with the reporting requirements of the Uniform Guidance. KPMG's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that KPMG's opinion on each of DOT's major programs was inappropriate or unreliable. We did not identify any deficiencies in MBTA's reporting package that required correction and resubmission.

**Quality Control Review on a Single Audit of the Valley Metro Regional Public Transportation Authority, Phoenix, AZ***Self-Initiated*September 25, 2019  
QC2019085

We performed a quality control review (QCR) on the single audit that CliftonLarsonAllen LLP (CLA) performed for the Valley Metro Regional Public Transportation Authority's (Authority) fiscal year that ended June 30, 2018. During this period, the Authority expended approximately \$51 million from DOT grant programs. CLA determined that DOT's major program was the Federal Transit Cluster. Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and OMB's Uniform Guidance, and the extent to which we could rely on the auditors' work on DOT's major program; and (2) whether the Authority's reporting package complied with the reporting requirements of the Uniform Guidance. CLA's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that CLA's opinion on DOT's major program was inappropriate or unreliable. We did not identify any deficiencies in the Authority's reporting package that required correction and resubmission.

# Correspondence

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**Letter to Chairmen  
DeFazio and Larsen  
and Ranking  
Members Graves  
and Graves on  
ADS-B Out Equipage  
Rates**

September 12, 2019  
CC2019003

FAA's Automatic Dependent Surveillance-Broadcast (ADS-B) technology is a cornerstone of the Next Generation Air Transportation System and is intended to allow FAA to transition from ground-based radar to a satellite-based system for tracking aircraft and managing air traffic. FAA has mandated that aircraft operating in most controlled domestic airspace be equipped with ADS-B Out avionics by January 1, 2020. Citing concerns about whether operators would meet the 2020 deadline, Chairmen Shuster and LoBiondo of the House Transportation and Infrastructure Committee and its Aviation Subcommittee requested that we provide information regarding equipage rates for ADS-B and other technologies on commercial and general aviation aircraft. This letter provides the preliminary results on our ongoing audit work related to ADS-B Out equipage rates. Also enclosed with the letter is a briefing that we recently provided to the Chairmen and Ranking Members' staff. We plan on completing our audit and issuing a final report this winter.

# Review of Legislation and Regulations

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The Inspector General Act directs OIG to review existing or proposed legislation and regulations affecting DOT programs and operations, and to make recommendations in our Semiannual Report concerning their impact both on the economy and efficiency of the Department's programs and on the prevention of fraud, waste, and abuse. DOT OIG recommends the following legislative action to increase the effectiveness of the Department's pipeline safety program.

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## **Strengthen criminal penalties for pipeline safety violations in Title 49 of the U.S. Code.**

Currently, the threshold for criminal pipeline safety violations by a pipeline facility owner or operator involves proving a 'willful' violation, knowingly taking a prohibited action. During the last two reauthorization cycles of the pipeline safety authorization statute (PIPES Act), OIG provided to congressional committees of jurisdiction two legislative proposals. First, we proposed amending 49 U.S.C § 60123 to change the threshold for criminal violations from a standard of 'willfulness' to one of 'recklessness,' which involves consciously disregarding a substantial and unjustifiable risk. This change would bring parity between this statute and the current standard for proving criminal hazardous materials transportation violations. Second, we proposed bolstering existing whistleblower incentives to increase voluntary reporting of potential criminal activity. We believe that both proposals would help serve as a deterrent of criminal pipeline safety violations and enhance public safety.

# Peer Reviews

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## Peer reviews

DOT OIG's auditing and investigations functions are subject to peer reviews in accordance with Generally Accepted Government Auditing Standards, the Council of the Inspectors General on Integrity and Efficiency guidelines, and the Attorney General Guidelines for Federal OIGs with statutory law enforcement authority. These peer reviews provide formal, objective assessments of DOT OIG's adherence to prescribed standards, regulations, and legislation.

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## Peer reviews conducted of DOT OIG

HHS OIG completed a CIGIE peer review of our Office of Auditing and Evaluation this period. HHS OIG concluded that the audit organization's system of quality control was suitably designed and complied with to provide DOT OIG with reasonable assurance of performing and reporting with applicable professional standards in all material respects. Accordingly, HHS OIG provided a "pass" rating and did not make any recommendations. The report was released on April 23, 2019.

SBA OIG conducted a CIGIE peer review of our Office of Investigations in fiscal year 2018. SBA OIG concluded that the system of internal controls and management procedures used for our investigative operations complied with the quality standards established by CIGIE and other applicable guidelines and statutes, and did not make any recommendations. The report was released on August 29, 2018.

Both reports are available on our website at <https://www.oig.dot.gov/about-oig/peer-review>.

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## Peer reviews conducted by DOT OIG

During this reporting period, OIG did not conduct a CIGIE peer review.

# Index of Reporting Requirements

## Index of reporting requirements under the Inspector General Act of 1978, as amended

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# Acronym Glossary

## Acronym glossary

ADS-B	Automatic Dependent Surveillance-Broadcast	NAS	National Airspace System
AFR	Agency Financial Report	NextGen	Next Generation Air Transportation System
ATSAP	Air Traffic Safety Action Program	NHTSA	National Highway Traffic Safety Administration
CEO	chief executive officer	NIST	National Institute of Standards and Technology
CIGIE	Counsel of Inspectors General for Integrity & Efficiency	NMDOT	New Mexico Department of Transportation
COE	common operating environment	NTSB	National Transportation Safety Board
CRADA	cooperative research and development agreement	OA	Operating Administration
CSA	Compliance, Safety, Accountability	OIG	Office of Inspector General
DBE	disadvantaged business enterprise	OMB	Office of Management and Budget
DOJ	U.S. Department of Justice	OST	Office of the Secretary of Transportation
DOT	U.S. Department of Transportation	OST-R	Office of the Assistant Secretary for Research & Technology
DRAA	Disaster Relief Appropriations Act	PBN	Performance-Based Navigation
EEOC	Equal Employment Opportunity Commission	PFC	Passenger Facility Charge Program
ESC	Enterprise Services Center	PHMSA	Pipeline and Hazardous Materials Safety Administration
FAA	Federal Aviation Administration	PII	personally identifiable information
FAST Act	Fixing American's Surface Transportation Act	PIPES Act	Protecting Our Infrastructure of Pipelines and Enhancing Safety Act
FHWA	Federal Highway Administration	PLA	project level agreements
FISMA	Federal Information Security Management Act	PMA	Program Management Assessment
FMCSA	Federal Motor Carrier Safety Administration	QCR	quality control review
FRA	Federal Railroad Administration	R&D	research and development
FTA	Federal Transit Administration	RITA	Research and Innovative Technology Administration
FY	fiscal year	RTCA	Radio Technical Commission for Aeronautics
GAO	Government Accountability Office	SBA	Small Business Administration
GSA	General Services Administration	SBIR	Small Business Innovative Research
HHS	Health and Human Services	SENSR	Spectrum Efficient National Surveillance Radar
HPC	Highway Planning and Construction Program	SLSDC	St. Lawrence Seaway Development Corporation
HSIPR	High Speed Intercity Passenger Rail Program	SMS	Safety Measurement System
IAA	inter-agency agreement	SSI	sensitive security information
IPERA	Improper Payments Elimination and Recovery Act	STB	Surface Transportation Board
IRT	Item Response Theory	UAS	unmanned aircraft systems
IT	information technology	U.S.C.	United States Code
MARAD	Maritime Administration	Volpe	Volpe National Transportation Systems Center
MBTA	Massachusetts Bay Transportation Authority		
MTAC	Monitoring and Technical Assistance Contractors		
MWAA	Metropolitan Washington Airports Authority		