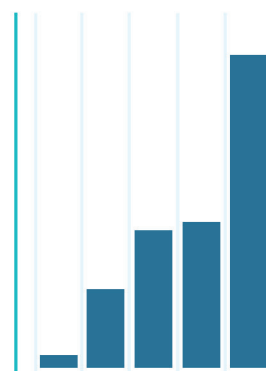
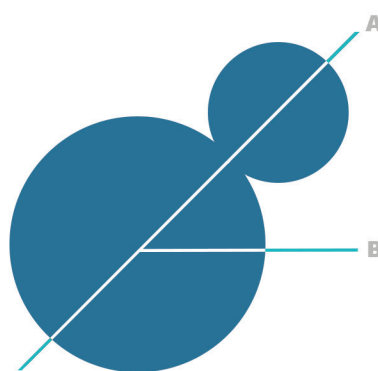
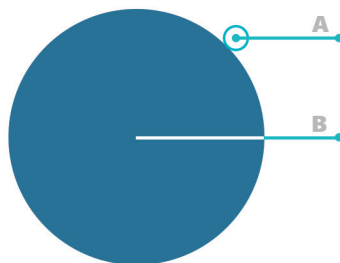
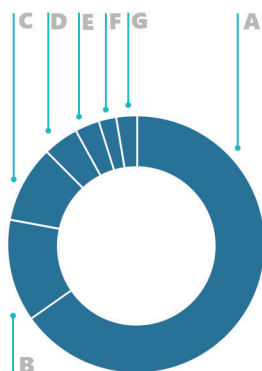




# SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2020 - MARCH 31, 2021



# Highlights

First Half FY 2021

## Investigative accomplishments



92/62

investigations closed/opened



31/31

convictions/indictments



\$2.55b

financial impact of  
DOT OIG investigations

## Audit accomplishments



23

audit reports issued



144

recommendations

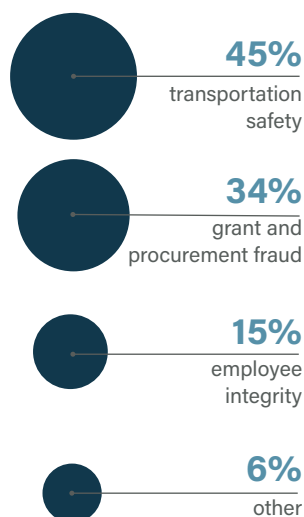


\$132m

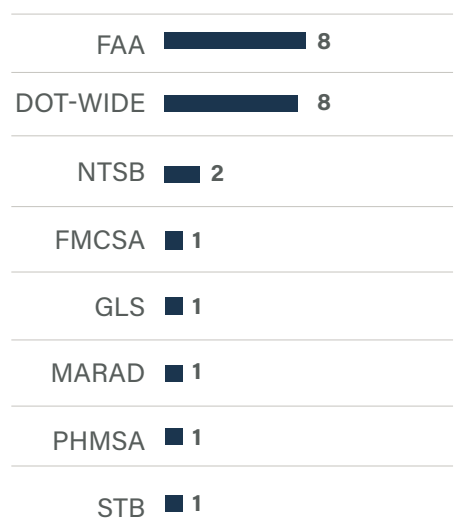
financial impact of  
DOT OIG audit reports

First Half FY 2021

## Investigations opened, by priority area



## Audit reports issued



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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 for which we completed or concluded investigations during this reporting period include:

- Aviation safety.** The Boeing Company agreed to pay over \$2.5 billion in criminal penalties and compensation following the 737 MAX crashes of Lion Air Flight 610 and Ethiopian Airlines Flight 302. The company also agreed to establish a \$500 million crash-victim beneficiaries' fund. According to a criminal information, Boeing defrauded FAA by lying about the 737 MAX's Maneuvering Characteristics Augmentation System.
- Household goods fraud.** A moving company operator was sentenced to 41 months' incarceration, 3 years' supervised release, and \$2.4 million in
- restitution for his role in a scheme to hold household goods hostage until customers paid inflated rates.
- False Claims Act violations.** An electrical contractor agreed to pay \$3.2 million plus interest and retain an independent monitor for 3 years to resolve allegations that it had violated the False Claims Act.
- Airline passenger safety.** An individual was sentenced to 30 months' incarceration, 3 years' supervised release, and \$1,000 in restitution for physically striking a flight attendant and interfering with flight crewmembers.

### Investigative accomplishments



1,353

hotline contacts received



92/62

investigations closed/opened



75/18

investigations referred for criminal/civil prosecution



31/31

convictions/indictments



67

total years of incarceration, probation, and supervised release



\$2.55b

financial impact of DOT OIG investigations

# Investigations

## Statistical Data

### Financial impact of DOT OIG investigations



**\$2,552,280,777**

total financial impact

**\$ 176,418**

costs avoided

**\$ 300,000**

forfeitures

**\$ 2,939,678**

finances and special assessments

**\$ 4,557,591**

recoveries

**\$ 2,544,307,089**

restitution

### Types of criminal monetary impositions

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

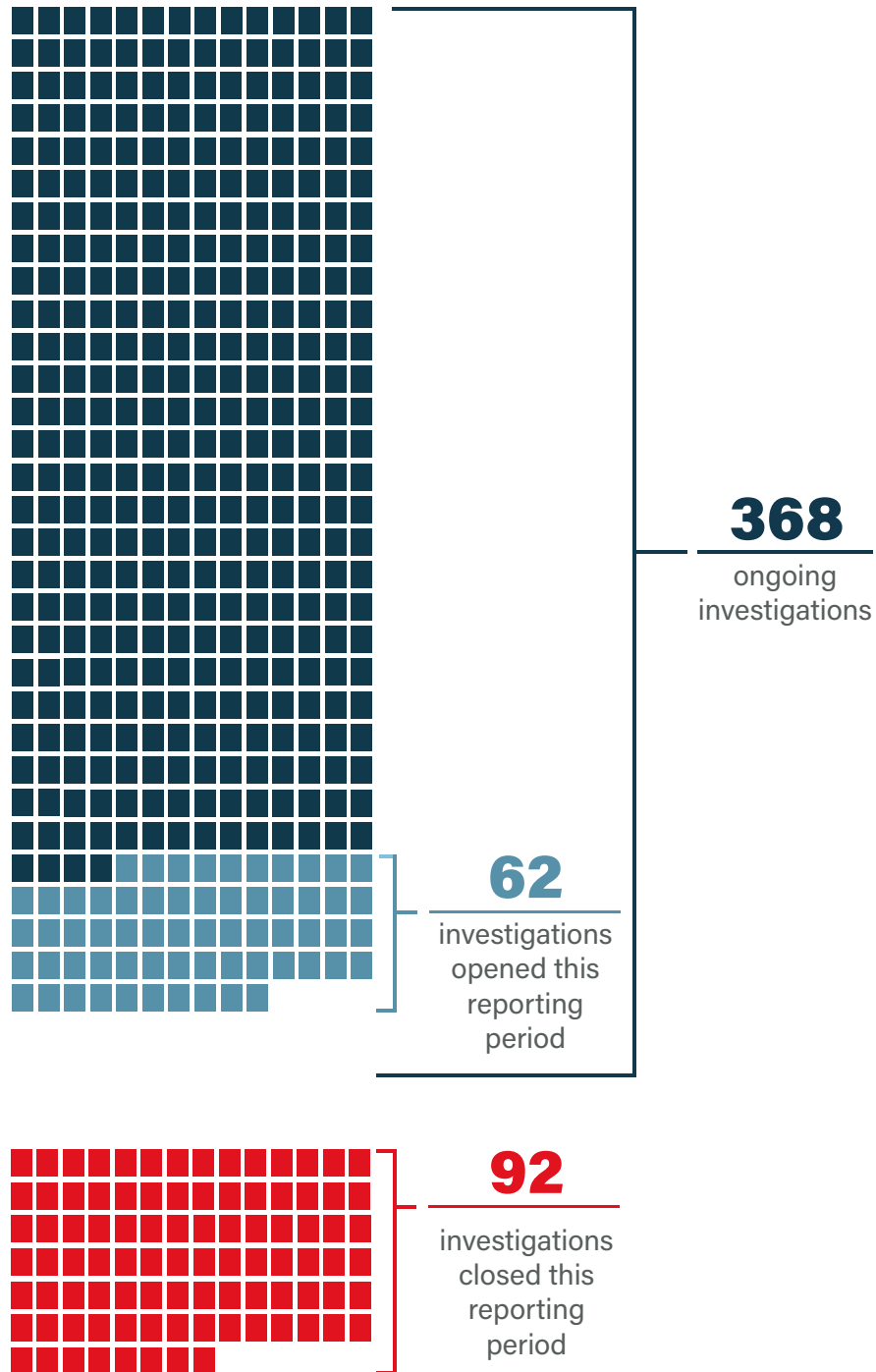
**Fines** are criminal or civil monetary penalties.

**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.

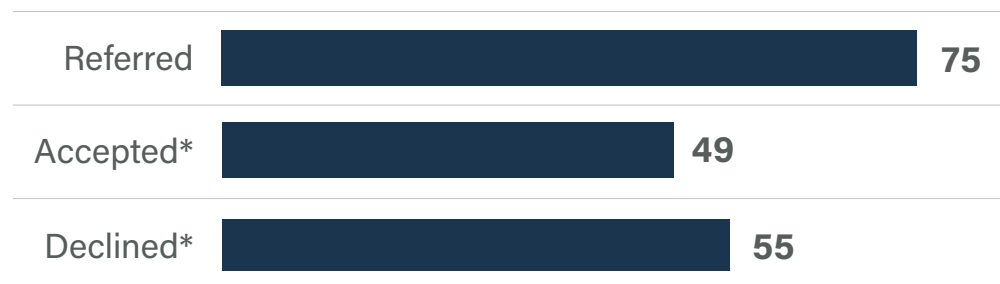
## Investigative workload



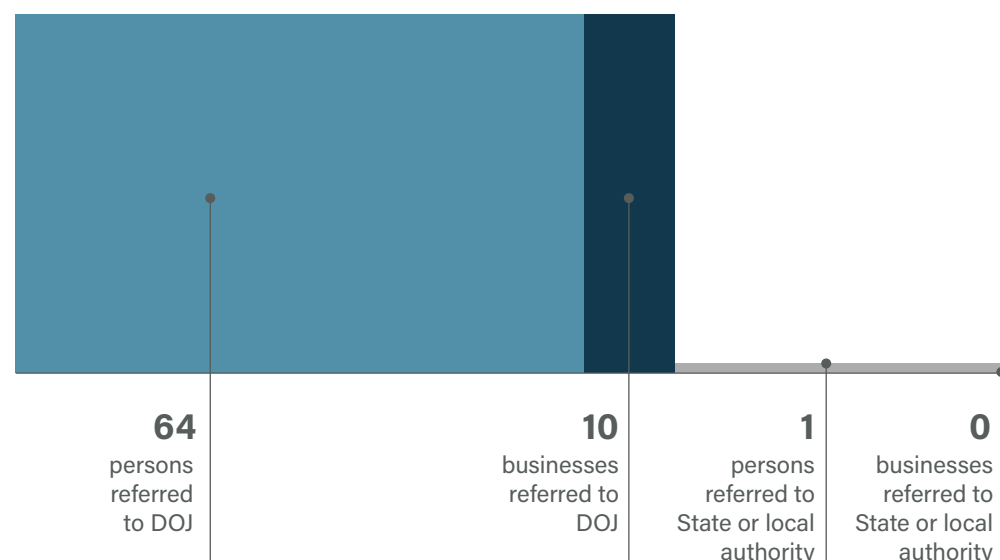
## Criminal prosecutions

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



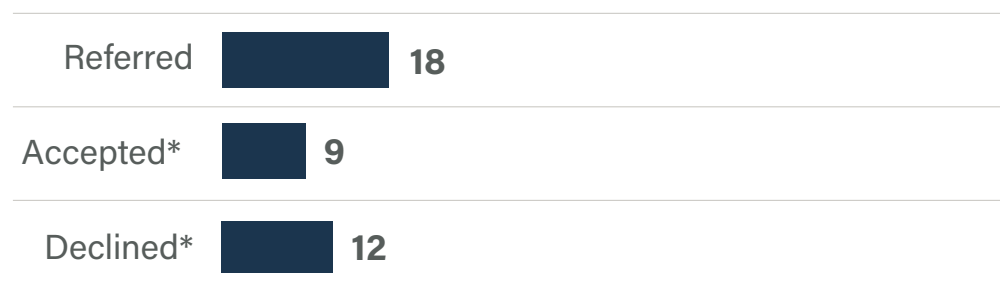
### Persons and businesses referred to the U.S. Department of Justice or State/local authorities for criminal prosecution



## Civil prosecutions

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

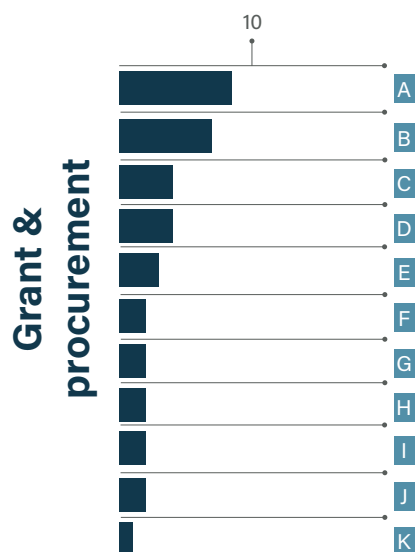
### Number of investigations referred, accepted, and declined for civil prosecution



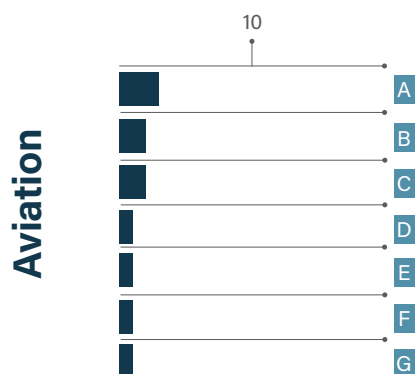
\*Numbers of accepted and declined referrals may include investigations initiated in a prior reporting period.



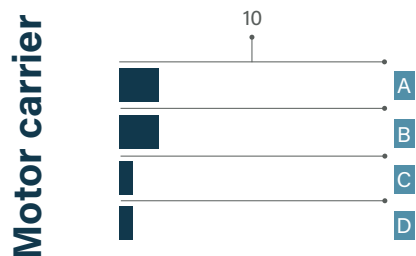
## Summary of referrals for criminal and civil prosecution



- |  |  |
|--|--|
| <b>A</b> Anti-Trust/<br>Bid-Rigging/<br>Collusion   <b>8</b> | <b>G</b> DBE Eligibility Fraud<br>(Financial Ownership/<br>Control)   <b>2</b> |
| <b>B</b> False Claims   <b>7</b>                             | <b>H</b> Embezzlement   <b>2</b>   |
| <b>C</b> Public Corruption/<br>Extortion   <b>4</b>          | <b>I</b> Product Substitution/<br>Substandard Work or<br>Materials   <b>1</b>  |
| <b>D</b> DBE Pass-through/<br>Fraud   <b>4</b>               | <b>J</b> Overbilling   <b>2</b>  |
| <b>E</b> Kickbacks   <b>3</b>                                | <b>K</b> False Statements   <b>1</b>   |
| <b>F</b> DBE Fraud   <b>2</b>                                |  |

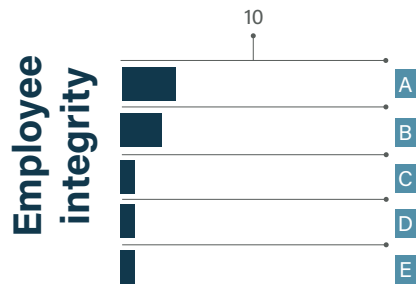


- |  |   |
|--|---|
| <b>A</b> Unmanned Aircraft<br>Systems   <b>3</b>   | <b>E</b> Sale of Suspected<br>Unapproved<br>Parts   <b>1</b>      |
| <b>B</b> Certificate Fraud,<br>Air Carrier   <b>2</b>  | <b>F</b> Certificate Fraud,<br>Mechanic   <b>1</b>                |
| <b>C</b> Accident Related   <b>2</b>   | <b>G</b> Certificate Fraud,<br>Noncommercial<br>Airman   <b>1</b> |
| <b>D</b> Administrative<br>(Failure To Comply<br>With FAA Orders on<br>Airworthiness)   <b>1</b> |   |



- |  |                              |
|--|------------------------------|
| <b>A</b> Certificate Fraud,<br>Medical by<br>Doctor   <b>3</b>                       | <b>C</b> Logbooks   <b>1</b> |
| <b>B</b> Fraudulent<br>Registration Filings<br>(Reincarnated<br>Carriers)   <b>3</b> | <b>D</b> Other   <b>1</b>    |

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



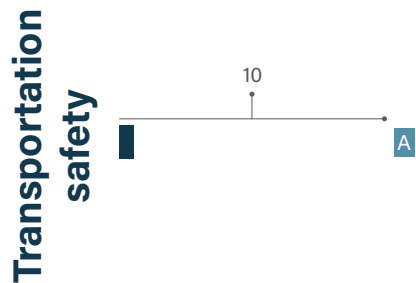
**A** Ethics Violation (Misconduct) | **4**

**D** Bribery/Gratuities | **1**

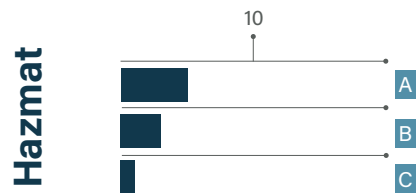
**B** Violation of Law, Rule, or Regulation | **3**

**E** Other | **1**

**C** Conflict of Interest (Public Corruption/Current Employee) | **1**



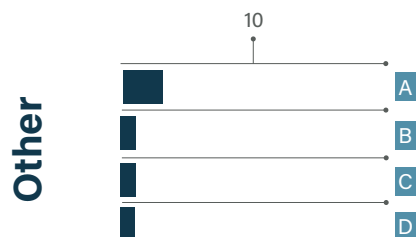
**A** NHTSA Gray Market Vehicles | **1**



**A** Carriage by Motor Vehicle/Public Highway | **5**

**C** Illegal Shipment of Airbags | **1**

**B** Pipelines | **3**

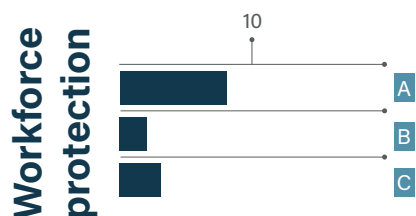


**A** Forgery/Alteration of Documents | **4**

**C** Loan Applicant Under Indictment | **1**

**B** Tampering With a Witness | **1**

**D** Theft of DOT Funds or Property | **1**



**A** Household Goods/Moving Companies | **8**

**C** Economic Fraud (Committed by Carrier) | **1**

**B** Prevailing Wage Violations | **2**

---

**Investigative reports**

DOT OIG issued 31 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 24 indictments or criminal informations resulted from previous referrals for prosecution.

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**Whistleblower retaliation**

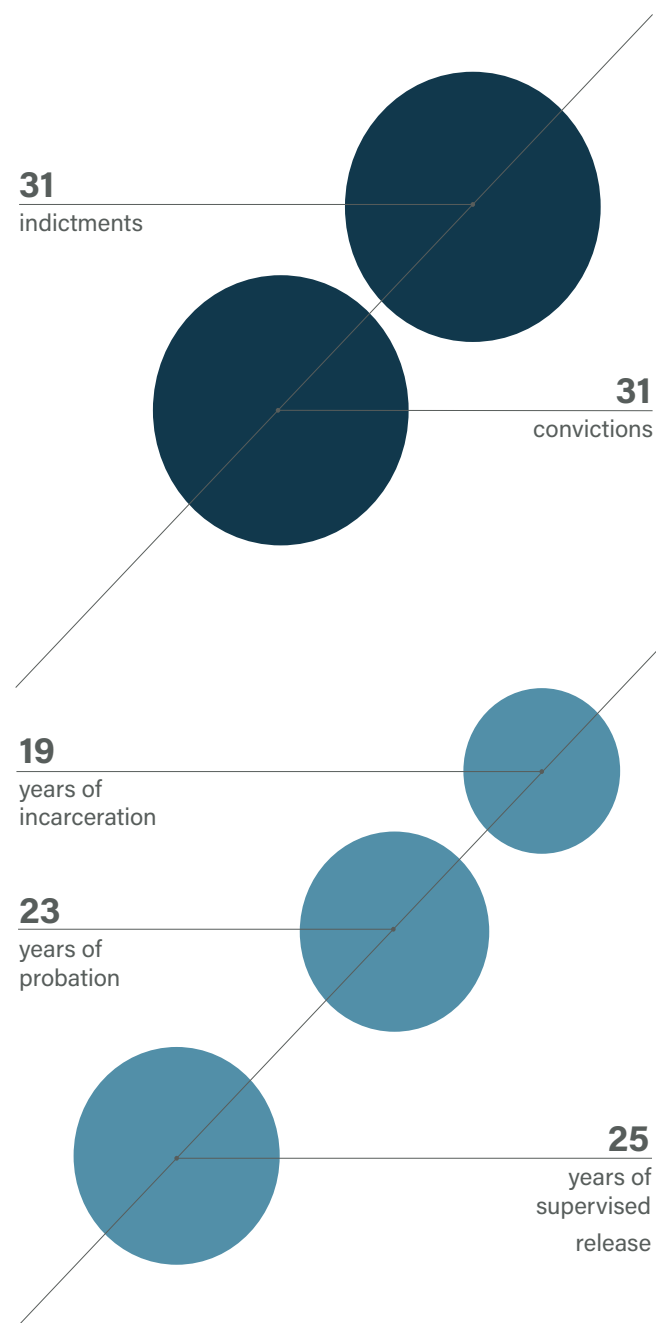
DOT OIG did not close any investigations in which a DOT official was found to have engaged in whistleblower retaliation.

---

**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



**1,150**

hours of community service

## 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.

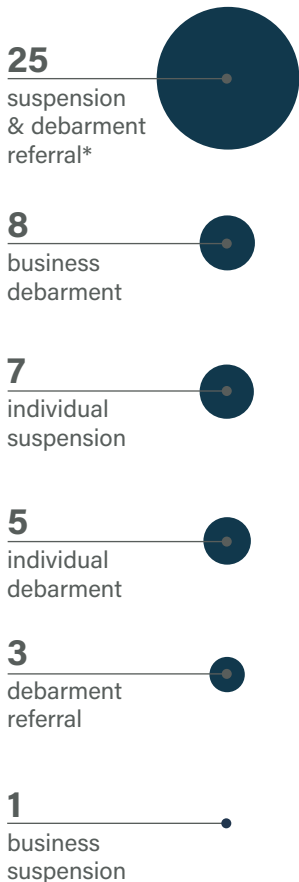
**Supervised release** is a period of supervision following an offender's release from prison. It is imposed in addition to a sentence of imprisonment.

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

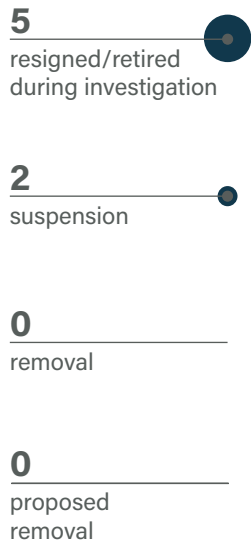
**Community service** is a sentencing option ordering offenders to perform a number of hours of unpaid work for the benefit of the public.

## Administrative actions

### Suspension and debarment actions



### Personnel action



### Other actions



\* 11 of these referrals were made with another agency

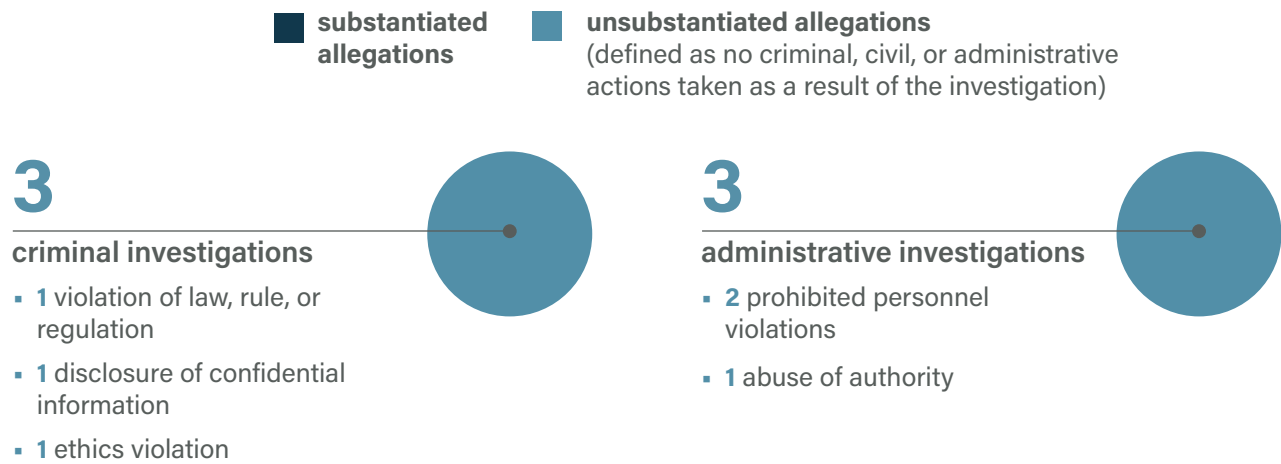
## Types of administrative actions

**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
<b>Fraud.</b> From 2005 to 2017, former FHWA employee Edward Stephens fraudulently enrolled extended family members in his Federal healthcare plan.	12/13/2018	Accepted 12/13/2018	Stephens pleaded guilty to one count of Federal healthcare fraud and was sentenced to 24 months' probation, with the first 6 months confined to home detention; a \$10,000 fine; and \$108,411.59 in restitution.
<b>Ethics violations.</b> Former DOT Secretary Elaine L. Chao used DOT staff and resources for family and personal activities and asked political appointees to contact DHS about the work status of a foreign university student supported by her family.	12/16/2020 12/17/2020	Declined 12/16/2020 & 12/17/2020	Secretary Chao resigned from DOT, citing unrelated matters.
<b>Undisclosed financial transactions.</b> Former DOT Secretary Raymond LaHood admitted that in June 2012 he accepted a \$50,000 loan from a foreign national without disclosing it on Government ethics forms and also made misleading statements to the FBI.	12/5/2016	Accepted 12/5/2016	Secretary LaHood repaid the \$50,000 loan and paid a \$40,000 fine to the Government to resolve the criminal investigation into his conduct.

## 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.



# 1,353

total hotline contacts received

### 3 faxes

1 (202) 366-7749

### 31 letters

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

### 179 phone calls

1 (800) 424-9071

### 415 web contacts

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

### 725 emails

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

# 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 for which we completed reviews during this reporting period include:

- **PHMSA's safety culture efforts.** While PHMSA exhibits several indicators of a positive safety culture, we also found opportunities to further enhance its efforts. PHMSA also developed a number of safety culture-related initiatives but did not always complete or document its actions.
- **FAA's certification and delegation processes.** Limitations in FAA's guidance and processes impacted certification and led to a significant misunderstanding of the flight control software identified as contributing to two crashes of Boeing aircraft.
- **Oversight of commercial motor vehicle drivers.** FMCSA's ability to oversee whether drivers meet physical qualification standards to safely operate a commercial vehicle is limited because of a lengthy outage of the National Registry of Certified Medical Examiners, which resulted in
- **Oversight of national security multi-mission vessels (NSMV).** Vulnerabilities in MARAD's NSMV program management may hinder achievement of program goals, and the Agency's risk-management efforts are inadequate.

### Audit accomplishments



23

audit reports issued



144

recommendations



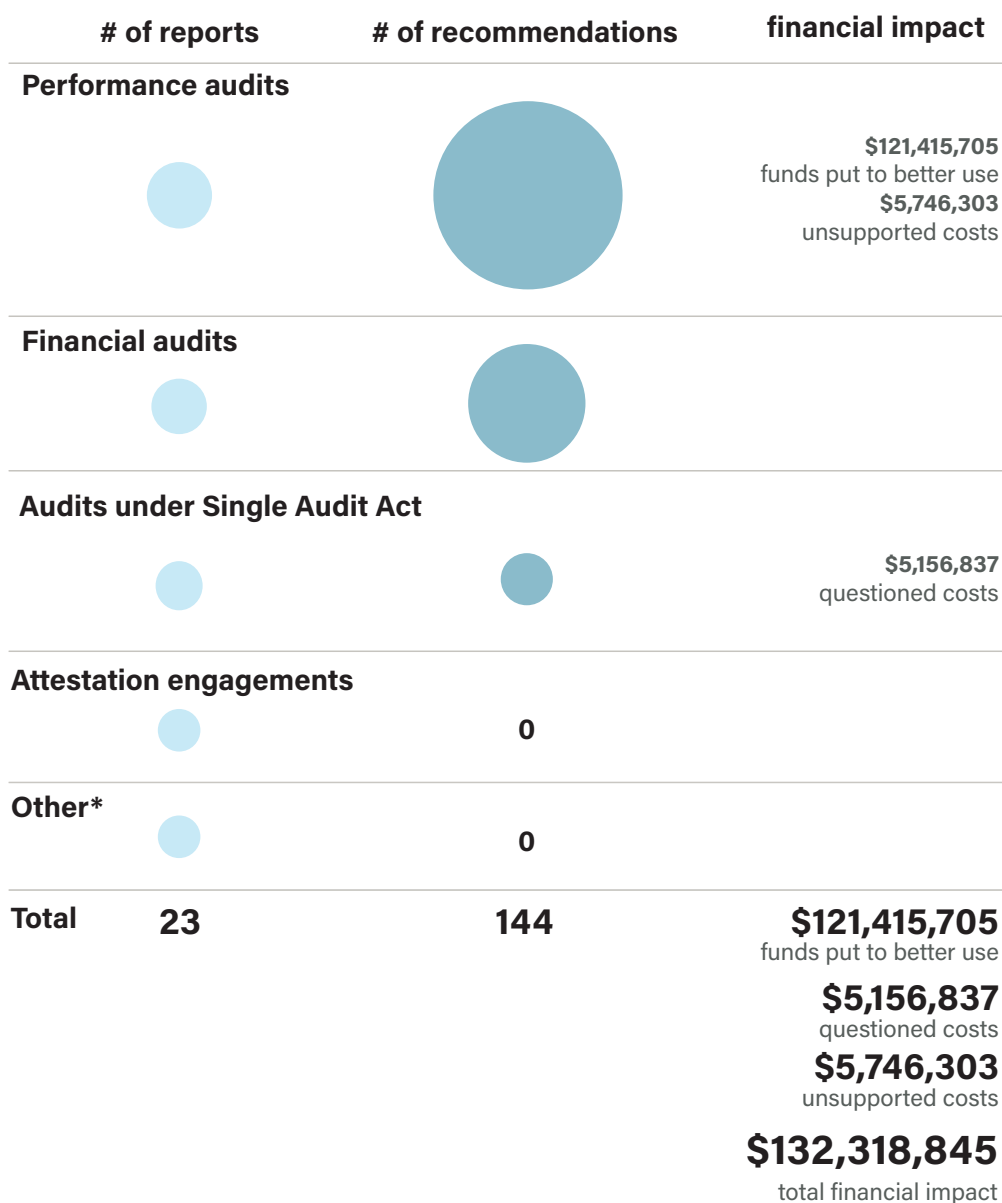
\$132m

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.

#### Financial audits

are assessments that determine whether the reported financial conditions, results, and use of resources are presented fairly in accordance with recognized 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.

\* For this reporting period, other audits included the annual DOT's Top Management Challenges report.

NOTE: Dollars shown are amounts reported to management. Actual amounts may change during final resolution. See page 20 for definitions.

## Status of recommendations at end of reporting period

### Unresolved recommendations at the start of the reporting period

	Number of reports	Number of recommendations	Funds put to better use	Questioned costs*	Unsupported costs
That questioned costs					
That funds be put to better use	2	2	\$62,800,000		
For safety, efficiency, and economy	4	6			
<b>A</b> Total unresolved recommendations at the start of the reporting period**	5	8	\$62,800,000		

### Recommendations made during reporting period

	Number of reports	Number of recommendations	Funds put to better use	Questioned costs*	Unsupported costs
That questioned costs	3	4		\$5,156,837	\$5,746,303
That funds be put to better use	1	2	\$121,415,705		
For safety, efficiency, and economy	18	138			
<b>B</b> Total recommendations made during reporting period**	22	144	\$121,415,705	\$5,156,837	\$5,746,303
Total recommendations to be resolved (A+B)**	27	152	\$184,215,705	\$5,156,837	\$5,746,303

### Recommendations resolved during reporting period

	Number of reports	Number of recommendations	Funds put to better use	Questioned costs*	Unsupported costs
That questioned costs					
(i) dollar value of recommendations that were agreed to by mgmt	3	4		\$5,156,837	\$5,746,303
(ii) dollar value of recommendations that were not agreed to by mgmt	0	0			
That funds be put to better use					
(i) dollar value of recommendations that were agreed to by mgmt	1	2	\$121,415,705		
(ii) dollar value of recommendations that were not agreed to by mgmt	1	1	\$60,600,000		
For safety, efficiency, and economy	19	138			
<b>C</b> Total resolved at the end of the reporting period**	24	145	\$182,015,705	\$5,156,837	\$5,746,303
<b>D</b> Total unresolved at the end of the reporting period [(A+B)-C]**	5	7	\$2,200,000		

\*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.

## 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.

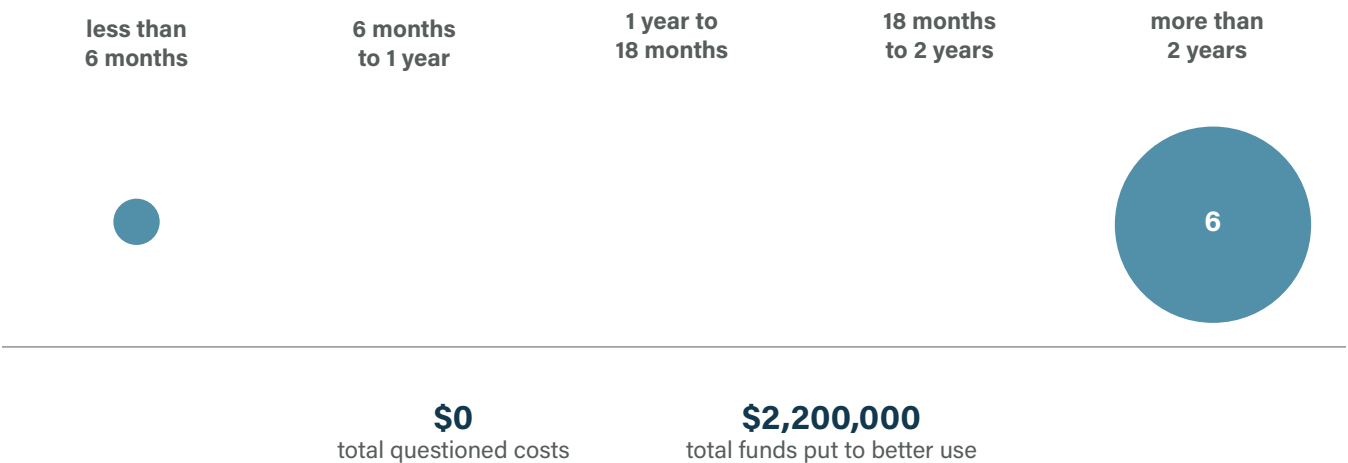
### Disallowed costs

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
More than 2 years	
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>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>
<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>



Open audit recommendations

As of March 31, 2021, DOT OIG had **589 open recommendations**, which were included in 196 audit reports issued between February 5, 2009, and March 30, 2021. Of these, 68 recommendations (from 51 reports) carry an **estimated monetary or cost savings totaling over \$7.8 billion**, including funds that could be put to better use and questioned costs.

Please visit our [Recommendation Dashboard](#) for accurate and timely information on the status of DOT OIG's audit recommendations, links to audit summaries associated with each recommendation, interactive charts and data visualizations, and reports on recommendations required by the Inspector General Act.

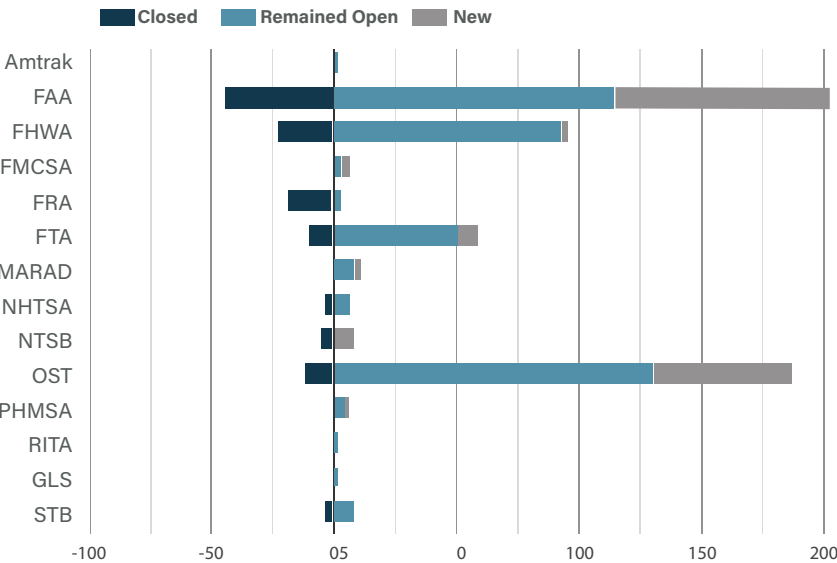


Open and closed audit recommendations

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, first half of FY 2021



Note: Amtrak, 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. All agency responses were received within 60 calendar 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**

As stated in our February 2021 report on FAA's National Drug Control Program, we were unable to conclude on the reliability of FAA's management assertions for the fiscal year 2020 Budget Formulation Compliance, Detailed Accounting, and Performance Summary reports, because of insufficient documentation. FAA did not provide the required signed assertions for all the reports.



# Audits

## Completed Audit Reports

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### DEPARTMENT-WIDE

#### **DOT Is Making Progress Toward Fulfilling the Requirements of the Geospatial Data Act of 2018**

*Required by the Geospatial Data Act of 2018*

10.2.2020  
IT2021001

Geospatial data contain information on locations on Earth, such as location identifiers and boundary characteristics. Transportation-related geospatial data include instrument-flight-rule navigation charts and maps of pipeline inspection boundaries. In October 2018, Congress passed the Geospatial Data Act (GDA) on the management of the National Spatial Data Infrastructure (NSDI). NSDI includes 17 geospatial data themes, including a transportation theme. The act requires inspectors general of covered agencies to report to Congress on their agencies' geospatial data. Our audit objective was to assess DOT's progress in fulfilling the act's requirements. Specifically, we reviewed the Department's status in implementing its responsibilities (1) as a lead covered agency under section 756 and (2) as a covered agency under sections 759(a) and 759(b). DOT has implemented two of five responsibilities under section 756—communicating with theme users about data needs and designating a point of contact for the GeoPlatform. It has partially completed a third. DOT has not yet developed standards for the National Geospatial Data Asset (NGDA) in the transportation theme, and does not have complete information about financial resources needed for transportation theme maintenance. DOT is making progress implementing 11 responsibilities as a covered Agency under section 759(a), with 4 complete and 4 partially complete. For example, DOT is updating its Geospatial Information System Strategic Plan—its strategy for promoting use of geographic information. While it is addressing the act's reporting requirements under section 759(b), DOT has not collected information needed for an annual report. DOT also does not have a complete inventory of geospatial data assets but is updating its data inventory guidelines, which will explain how Operating Administrations (OA) should inventory and verify the accuracy of their geospatial data. DOT concurred with all 13 recommendations to help it comply with the act's requirements and provided documentation to close 1 recommendation.

## DOT's Fiscal Year 2021 Top Management Challenges

*Required by the Reports  
Consolidation Act of  
2000 and OMB Circular  
A-136*

10.21.2020  
PT2021002

As required by law, we report annually on DOT's most significant challenges to meeting its mission. We considered several criteria in identifying DOT's top management challenges for fiscal year 2021, including their impact on safety, documented vulnerabilities, large dollar implications, and the ability of the Department to effect change. In addition, we recognize that the Department faces the extraordinary task of meeting these challenges while also responding to the Coronavirus Disease 2019 (COVID-19) global pandemic, including implementing the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Accordingly, we included CARES Act and COVID-19 considerations in all eight of our top management challenges.

We identified the following top management challenge areas for fiscal year 2021:

- **Aviation safety.** Key challenges: improving FAA's oversight of aircraft certification processes and enhancing aviation safety oversight while working in a collaborative environment.
- **Surface transportation safety.** Key challenges: ensuring compliance with safety regulations and programs and continuing progress in safety monitoring and enforcement.
- **Air traffic control and airspace modernization.** Key challenges: modernizing new systems while introducing new capabilities and implementing new performance-based navigation flight procedures and delivering benefits to airspace users.
- **Surface transportation infrastructure.** Key challenges: enhancing oversight of surface transportation projects and employing effective asset and performance management.
- **Contract and grant fund stewardship.** Key challenges: awarding pandemic relief and other DOT contracts and grants efficiently, effectively, and for intended purposes and enhancing contract and grant management and oversight to achieve desired results and compliance with requirements.
- **Information security.** Key challenges: addressing longstanding cybersecurity weaknesses and developing Departmentwide policy to validate the proper adoption and security of cloud services.
- **Financial management.** Key challenges: strengthening procedures to monitor and report grantee spending and preventing an increase in improper payments.
- **Innovation and the future of transportation.** Key challenges: adapting oversight approaches for emerging vehicle automation technologies and ensuring the safe integration of Unmanned Aircraft Systems in the National Airspace System.

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**Quality Control  
Review of the  
Independent  
Auditor's Report on  
the Assessment of  
DOT's Information  
Security Program and  
Practices**

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

10.26.2020  
QC2021003

This report presents the results of our quality control review (QCR) of an audit of DOT's information security program and practices. The Federal Information Security Modernization Act (FISMA) requires agencies to develop, implement, and document agency-wide information security programs and practices. FISMA also requires inspectors general to conduct annual reviews of their agencies' information security programs and report the results to the Office of Management and Budget (OMB). To meet this requirement, we contracted with CliftonLarsonAllen LLP (CLA) to conduct this audit subject to our oversight. The audit objective was to determine the effectiveness of DOT's information security program and practices in five function areas—Identify, Protect, Detect, Respond, and Recover. We performed a QCR of CLA's report and related documentation. Our QCR disclosed no instances in which CLA did not comply, in all material respects, with generally accepted Government auditing standards. CLA made 18 recommendations. DOT concurred with recommendations 1, 3 through 15, and 17 and 18 and partially concurred with recommendations 2 and 16. CLA considers all 18 recommendations resolved but open pending completion of planned actions.

**Quality Control  
Review of the  
Independent  
Auditor's Report  
on the Department  
of Transportation's  
Audited Consolidated  
Financial Statements  
for Fiscal Years 2020  
and 2019**

*Required by the Chief  
Financial Officers Act of  
1990*

11.16.2020  
QC2021008

We contracted with the independent public accounting firm KPMG LLP to audit DOT's consolidated financial statements as of and for the fiscal years ended September 30, 2020, and September 30, 2019, and provide an opinion on those financial statements; to report on internal control over financial reporting; and to report on compliance with laws and other matters. The contract requires the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and the Government Accountability Office's (GAO) and Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Financial Audit Manual. We performed a QCR of KPMG's report dated November 13, 2020, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted Government auditing standards. DOT concurred with KPMG's seven recommendations. We agree with KPMG's recommendations and are not making any additional recommendations.

### **DOT Needs To Strengthen Travel Card Program Internal Controls To Minimize Misuse**

*Required by the Government Charge Card Abuse Prevention Act of 2012*

12.16.2020  
FS2021011

According to U.S. Bank, DOT employees made more than 1.1 million travel card transactions—totaling \$180 million—in calendar year 2019. In 2014, we reported on internal control weaknesses in the Department’s travel card program and found that excessive or unauthorized cash advances and instances of travel card misuse sometimes went undetected because DOT lacked robust internal controls to prevent these transactions. In addition, our annual charge card risk assessments disclosed areas that constitute risk to the Department’s charge card program such as outdated and incomplete policies, overdue travel card training, and a travel card account that remained active after a travel cardholder (TCH) separated from the Agency. As a result, we determined that another audit of this program was needed. Accordingly, our objective was to determine whether DOT’s internal controls for its travel card program are effectively designed and operating efficiently to prevent and detect travel card misuse and abuse. We identified internal control weaknesses that prohibit DOT from preventing or detecting the inappropriate use of travel cards. These weaknesses have resulted in TCHs not consistently following existing controls, increasing the risk of travel card misuse and abuse. Specifically, based on our findings for 71 of the 793 travel card transactions in our samples, TCHs did not always follow prescribed controls for an estimated \$18.6 million in purchases. Furthermore, we found that TCHs did not use their Government travel cards to pay for \$28 million in official travel-related expenses, thus preventing DOT from receiving the total amount of rebates it would be eligible to receive. We made 11 recommendations to assist DOT in increasing the effectiveness of its internal controls. DOT fully concurred with the all of our recommendations, and we consider them resolved but open pending completion of the planned actions.

### **Quality Control Review of the Management Letter for the Department of Transportation’s Audited Consolidated Financial Statements for Fiscal Years 2020 and 2019**

*Required by the Chief Financial Officer Act of 1990*

1.27.2021  
QC2021015

This report presents the results of our QCR of KPMG LLP’s management letter related to the audit it conducted, under contract with us, of DOT’s consolidated financial statements for fiscal years 2020 and 2019. In addition to its audit report on DOT’s financial statements, KPMG issued a management letter that discusses 12 internal control matters that it was not required to include in its audit report. Our QCR of KPMG’s management letter disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards. KPMG made 14 recommendations in its management letter. DOT concurred with all 14 recommendations.

## FEDERAL AVIATION ADMINISTRATION

### **Quality Control Review of the Independent Auditor's Report on the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2020 and 2019**

*Required by the Chief Financial Officers Act of 1990*

11.13.2020  
QC2021007

We contracted with the independent public accounting firm KPMG LLP to audit FAA's consolidated financial statements as of and for the fiscal years ended September 30, 2020, and September 30, 2019, and provide an opinion on those financial statements; to report on internal control over financial reporting; and to report on compliance with laws and other matters. The contract requires the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and GAO's and CIGIE's Financial Audit Manual. We performed a quality control review of KPMG's report dated November 9, 2020, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted Government auditing standards. FAA concurred with KPMG's three recommendations. We agree with KPMG's recommendations and are not making any additional recommendations.

### **Weaknesses in FAA's Supplemental Passenger Restraint System Authorization Process Hinder Improvements to Open-Door Helicopter Operations**

*Requested by Senators Charles Schumer and Kirsten Gillibrand*

12.8.2020  
AV2021010

On March 11, 2018, a fatal Liberty Helicopters crash in New York, NY, took the lives of five passengers who were trapped in their supplemental passenger restraints when the open-door helicopter partially submerged in the East River. In response, Senators Charles Schumer and Kirsten Gillibrand requested that we—in consultation with NTSB—review FAA's oversight of helicopter air tours and how FAA approved the supplemental restraint system used during the tragic crash. Our objectives were to assess FAA's processes for (1) review and approval of supplemental restraints for open-door helicopter operations and (2) oversight of company use of supplemental restraints. FAA did not maintain effective and consistent oversight of open-door helicopter operations to maintain the safety of air tour passengers. FAA lacks an effective process to review, authorize, and ensure the safe use of supplemental restraints for open-door helicopter operations, and FAA inspectors lack sufficient guidance to oversee operator use of supplemental passenger restraints. FAA has made efforts to issue guidance to achieve prompt operator compliance and eliminate safety risks by developing a special authorization for supplemental passenger restraint systems. However, that authorization process is still evolving and important risk information has been overlooked. Also, FAA does not currently provide the guidance inspectors need to ensure operators are using and maintaining the supplemental restraints the Agency has authorized. Overall, we found that FAA has the opportunity to improve its authorization process and oversight regarding supplemental passenger restraint use and increase the safety of helicopter air tour passengers. FAA concurred with four of our five recommendations to improve the effectiveness of its supplemental passenger restraint authorization process, providing appropriate actions and completion dates. FAA partially concurred with recommendation 3 and did not provide an alternative action or completion date. We asked the Agency to reconsider its response to this recommendation and provide us with an alternative action and anticipated completion date.

**Quality Control Review  
of the Management  
Letter for the  
Federal Aviation  
Administration's  
Audited Consolidated  
Financial Statements  
for Fiscal Years 2020  
and 2019**

*Required by the Chief  
Financial Officer Act of  
1990*

1.27.2021  
QC2021014

This report presents the results of our QCR of KPMG LLP's management letter related to the audit it conducted, under contract with us, of FAA's consolidated financial statements for fiscal years 2020 and 2019. In addition to its audit report on FAA's financial statements, KPMG issued a management letter that discusses 17 internal control matters that it was not required to include in its audit report. Our QCR of KPMG's management letter disclosed no instances in which KPMG did not comply, in all material respects, with generally accepted Government auditing standards. KPMG made 20 recommendations in its management letter. FAA concurred with all 20 recommendations.

**Gaps in FAA's  
Oversight of the AIP  
State Block Grant  
Program Contribute to  
Adherence Issues and  
Increase Risks**

*Self-initiated*

2.10.2021  
AV2021017

FAA's Airport Improvement Program (AIP) provides grants to public and private entities to enhance safety and security, maintain infrastructure, increase capacity, and mitigate airport noise. According to FAA, between 2019 and 2023, U.S. airports will need approximately \$35.1 billion for these types of projects. Under the State Block Grant Program (SBGP), FAA provides AIP funds directly to Block Grant States (BGS), which then take on certain responsibilities for administering the AIP. Given the need to ensure that Federal funds are spent appropriately, as well as Congress' recent expansion of the SBGP, we initiated this audit with the following objectives: to assess FAA's oversight of (1) State project selection and (2) grantee and subgrantee compliance with Federal laws and regulations on the use of funds. FAA performs few oversight activities during the project selection process. For example, while entitlement funds represent the majority of SBGP awards, FAA policy directs Agency officials to focus on projects seeking discretionary funds. We estimate that, as a result, FAA did not evaluate projects awarded \$87.9 million in Federal funds. FAA did not provide BGS with consolidated guidance for almost 3 decades; consequently, BGS still do not fully understand their responsibilities. FAA also has never performed an assessment to ensure compliance with Federal requirements or required BGS to document their decisions. Thus, FAA may be funding airport projects that do not meet national priorities. Furthermore, FAA's oversight does not prevent compliance gaps or resolve persistent programmatic issues. Finally, the Agency's own reviews of the program have been inconsistent and do not assign responsibility for corrective actions or track grantee compliance. As a result, staff are unsure where to direct their oversight. We made 13 recommendations to improve FAA's oversight of SBGP project selection and grantee compliance with Federal financial laws and regulations. The Agency concurred with 11 of our recommendations and partially concurred with 2, proposing alternative actions. We consider all 13 recommendations to be resolved but open pending completion of planned actions.

**\$121,415,705  
FUNDS PUT TO  
BETTER USE**

**\$5,746,303  
UNSUPPORTED  
COSTS**



### **Inspector General Review of the Federal Aviation Administration's Fiscal Year 2020 National Drug Control Program Activities**

*Required by the Office  
of National Drug Control  
Policy Circular National  
Drug Control Program  
Agency Compliance  
Reviews*

2.17.2021  
FI2021019

Under the Office of National Drug Control Policy (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, when drug-related obligations total less than \$50 million and a full compliance with the Circular would constitute an unreasonable reporting burden, agencies may submit alternative reports. FAA submitted alternative Budget Formulation Compliance, Detailed Accounting, and Performance Summary reports. We reviewed the reports and related management assertions to determine the reliability of those assertions in compliance with the Circular. We conducted our review in accordance with generally accepted Government auditing standards for attestation engagements. We limited our review to inquiries and analytical procedures appropriate for an attestation review according to the Circular's criteria. We were not able to validate the budget amounts in FAA's Budget Formulation Compliance Report because FAA did not provide sufficient supporting documentation to allow a review. As a result, we were not able to conclude that the funding levels in the budget submission provided by the budget decision units to FAA were without alteration or adjustment. We were not able to verify the reasonableness of FAA's reported Air Traffic Organization (ATO) obligations because FAA did not provide documentation to support the obligations. We also noted that the estimation method FAA used to determine its ATO obligations included a baseline full-time equivalent level last updated in 2003. Because FAA did not provide a signed assertions letter with its Performance Summary Report, as required, we were unable to perform procedures related to performance assertions. Based on our review of FAA's fiscal year 2020 Budget Formulation Compliance, Detailed Accounting, and Performance Summary reports, we were not able to conclude on the reliability of FAA's management assertions.

### **Weaknesses in FAA's Certification and Delegation Processes Hindered Its Oversight of the 737 MAX 8**

*Requested by Secretary  
Elaine Chao; the  
Chairmen of the  
House Committee  
on Transportation &  
Infrastructure and its  
Aviation Subcommittee;  
the Chairman and  
Ranking Member of the  
Senate Appropriations  
Transportation-HUD  
Subcommittee; and  
Senator Blumenthal*

2.23.2021  
AV2021020

FAA has historically maintained an excellent safety record. However, two fatal accidents in 2018 and 2019 involving the Boeing 737 MAX 8 raised concerns about FAA's oversight and certification of civilian aircraft manufactured and operated in the United States. At the request of then Secretary of Transportation Elaine L. Chao and several members of Congress, our office undertook a series of reviews related to FAA's certification of the MAX and its safety oversight, including the Agency's oversight of Boeing's Organization Designation Authorization (ODA). Our overall audit objective was to determine and evaluate FAA's process for certifying the Boeing 737 MAX series of aircraft. In this report, we focused on assessing (1) the effectiveness of FAA's guidance and processes for managing the certification of the 737 MAX 8 and (2) FAA's oversight of the Boeing ODA. While FAA and Boeing followed the established certification process for the 737 MAX 8, we identified limitations in FAA's guidance and processes that impacted certification and led to a significant misunderstanding of the Maneuvering Characteristics Augmentation System (MCAS), the flight control software identified as contributing to the two accidents. First, FAA's certification guidance does not adequately address integrating new technologies into existing aircraft models. Second, FAA did not have a complete understanding of Boeing's safety assessments performed on MCAS until after the first

accident. Communication gaps further hindered the effectiveness of the certification process. In addition, management and oversight weaknesses limit FAA's ability to assess and mitigate risks with the Boeing ODA. For example, FAA has not yet implemented a risk-based approach to ODA oversight, and engineers in FAA's Boeing oversight office continue to face challenges in balancing certification and oversight responsibilities. Moreover, the Boeing ODA process and structure do not ensure ODA personnel are adequately independent. While the Agency has taken steps to develop a risk-based oversight model and address concerns of undue pressure at the Boeing ODA, it is not clear that FAA's current oversight structure and processes can effectively identify future high-risk safety concerns at the ODA. We made 14 recommendations to improve the Agency's aircraft certification process and oversight of the Boeing ODA. FAA concurred with all 14 of our recommendations and provided appropriate actions and planned completion dates.

**FAA Has Made Progress in Implementing ASIAs, but Work Remains To Better Predict, Prioritize, and Communicate Safety Risks**

*Mandated by the FAA Reauthorization Act of 2018*

3.10.2021  
AV2021022

To enhance safety, FAA and the aviation industry use data to proactively detect risks and implement mitigation strategies before accidents and incidents occur. Since 2007, FAA's Aviation Safety Information Analysis and Sharing (ASIAs) program has drawn together a wide variety of safety data and information across Government and industry to identify emerging, systemic safety issues. In 2013, we reported that FAA had made progress implementing ASIAs, but the system lacked advanced capabilities, and aviation safety inspectors' access to ASIAs confidential data remained limited. The FAA Reauthorization Act of 2018 directed our office to perform a follow-up review to assess FAA's progress in improving ASIAs. Our objectives were to assess FAA's (1) progress with implementing ASIAs and plans to improve the system, including its predictive capabilities, and (2) efforts to more widely disseminate results of ASIAs data analyses. FAA has made progress in implementing ASIAs since our 2013 review, but work remains to improve the program. For example, by September 2020, ASIAs grew to include data from 41 airlines, which according to FAA represents 99 percent of air carrier operations. However, FAA has not yet established a robust process for prioritizing analysis requests. Also, the Agency plans to make incremental enhancements to ASIAs, but the Agency does not expect to fully integrate predictive capabilities until 2025. In addition, while FAA provides some ASIAs information to aviation safety inspectors, the Agency does not provide access to national trend information that could improve their safety oversight. Further, inspectors do not widely use non-confidential ASIAs data for air carrier oversight due to the lack of guidance and the existing availability of similar data through other FAA databases. We made three recommendations to improve FAA's ability to better prioritize ASIAs efforts, provide improved data to aviation inspectors, and communicate the intended use and benefits of non-confidential ASIAs data. FAA concurred with all three recommendations and provided appropriate actions and completion dates.



**NextGen Benefits  
Have Not Kept  
Pace With Initial  
Projections, but  
Opportunities Remain  
To Improve Future  
Modernization Efforts**

*Mandated by the FAA  
Reauthorization Act of  
2018*

3.30.3021  
AV2021023

FAA's Next Generation Air Transportation System (NextGen) is a multibillion dollar infrastructure project aimed at modernizing our Nation's aging air traffic system to provide safer and more efficient air traffic management. Since 2006, our office and others have identified a number of challenges to implementing NextGen programs and capabilities, which have led to program delays and lower usage of new capabilities. Given these concerns, the FAA Reauthorization Act of 2018 mandated that DOT OIG study the potential impacts of a significantly delayed, diminished, or completely failed delivery of NextGen. Our audit objectives were to (1) compare the current expected benefits of NextGen with the initial projections and identify the reasons for revising those projections and (2) identify lessons learned from developing and implementing significant air traffic modernization programs. NextGen's actual and projected benefits have not kept pace with initial projections due to implementation challenges, optimistic assumptions, and other factors. FAA's most recent business case projects total NextGen benefits to be over \$100 billion less than the Joint Planning and Development Office's original estimate, and benefits actually achieved to date have been minimal and difficult to measure. FAA's projections were optimistic about traffic growth and did not account for risk factors. We also found that significant declines in air traffic due to COVID-19 have further extended the timeframe for realizing expected NextGen benefits. In addition, our prior NextGen-related work has identified lessons that FAA could use to improve NextGen delivery. For example, while FAA has collaborated with industry to prioritize, implement, and measure benefits of NextGen programs, there are still opportunities for improving transparency, which will be critical to secure industry's long-term investment. Further advancing NextGen will depend on resolving complex implementation challenges, including effectively prioritizing programs, integrating interdependent capabilities, and harnessing controller automation tools to achieve benefits. FAA concurred with our three recommendations to improve NextGen delivery and other future National Airspace System modernization efforts, and provided appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

## FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION

### **FMCSA Has Not Fully Met Oversight Requirements as It Rebuilds the National Registry of Certified Medical Examiners**

*Self-initiated*

1.3.2021

ST2021013

In the last 5 years, fatalities in crashes involving large trucks or buses increased by 10.6 percent. As part of its mission, FMCSA oversees its medical certification program and promotes safety through regulations, policies, and monitoring of certified medical examiners and driver examinations. In May 2014, FMCSA initiated the National Registry of Certified Medical Examiners (National Registry) to assist in verifying that medical examiners can effectively determine if interstate commercial drivers meet FMCSA's physical qualification standards. We initiated this audit given the significant safety risk posed by drivers who do not meet physical qualification requirements. Our audit objectives were to evaluate FMCSA's procedures for overseeing its medical certificate program. Specifically, we analyzed FMCSA's procedures for (1) validating and maintaining data quality in the National Registry and (2) monitoring medical examiner eligibility and performance and reviewing driver examinations. FMCSA's ability to oversee whether drivers meet physical qualification standards to safely operate a commercial vehicle is limited because of a lengthy outage of the National Registry and a resulting backlog of driver examination reports that were not entered into the Registry. In addition, weaknesses associated with the accuracy and completeness of data in the National Registry limit the effectiveness of FMCSA's oversight. Furthermore, FMCSA has not fully implemented requirements for random periodic monitoring of medical examiners' eligibility and performance. While FMCSA has conducted initial certification reviews of medical examiners' eligibility qualifications, the Agency is not yet conducting annual eligibility audits after initial certification. Without these oversight reviews, FMCSA may be missing fraud indicators or other risks that may require mitigation and has less assurance that drivers are physically qualified to safely operate a commercial vehicle. We conducted our audit of FMCSA's medical certification program during a transition period while the Agency is working to design and deploy a new National Registry. FMCSA concurred with our four recommendations to improve FMCSA's oversight of its medical certification program once the Agency deploys its new National Registry.

## MARITIME ADMINISTRATION

### **Vulnerabilities in MARAD's NSMV Program May Hinder Effective Achievement of Program Goals**

*Self-initiated*

3.2.2021

ZA2021021

MARAD provides ships from the National Defense Reserve Fleet as training vessels for cadets at the State maritime academies to become licensed mariners. In fiscal year 2015, MARAD began the design of National Security Multi-Mission Vessels (NSMV) to replace five training ships nearing the end of useful life. Congress directed MARAD to use an entity other than itself to contract for NSMV construction using commercial design standards and construction practices and has thus far appropriated approximately \$1.3 billion for the NSMV program. Given this significant investment and MARAD's support of national security, we initiated this audit. Our objective was to assess MARAD's management of the NSMV Program, including oversight of the vessel construction manager (VCM) contract and use of commercial design standards and commercial construction practices consistent with the best interests of the Federal Government. Vulnerabilities in MARAD's NSMV program management may hinder achievement of program goals. Though it has taken some risk mitigation steps, MARAD's program risk management is inadequate. Its risk assessment lacked complete analysis of important elements such as individual risk likelihood, consequences, and mitigation strategies. It also does not sufficiently update and monitor program risks. These deficiencies could affect the Agency's ability to achieve timely and cost-effective vessels that meet its needs. Furthermore, MARAD has not reviewed complete versions of three required oversight plans that describe key areas of the VCM's strategy for managing and overseeing NSMV design and construction. Incomplete plans impede MARAD's ability to effectively oversee the VCM. Lastly, delays in the VCM contract and shipyard subcontract awards may increase MARAD's exposure to program risks. Later-than-planned awards reduced the time between first vessel delivery and placement into service from 17 months to 1. This lost cushion increases the possibility that the VCM and shipyard will not have enough time to address issues and that contingency plans for late vessel delivery will be implemented, thus adding cost to the program's billion-plus dollar investment. MARAD concurred with both recommendations to improve its management of the NSMV Program.

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## NATIONAL TRANSPORTATION SAFETY BOARD

### **Quality Control Review of the Independent Auditor's Report on the National Transportation Safety Board's Audited Financial Statements for Fiscal Years 2020 and 2019**

*Required by the  
Accountability of Tax  
Dollars Act of 2002*

11.10.2020  
QC2021004

We contracted with the independent public accounting firm Allmond & Company, LLC, to audit NTSB's financial statements as of and for the fiscal years ended September 30, 2020, and September 30, 2019, provide an opinion on those financial statements, and report on internal control over financial reporting, compliance with laws, and other matters. The contract requires the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and GAO's and CIGIE's Financial Audit Manual. We performed a QCR of Allmond's report dated November 6, 2020, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards. Allmond made no recommendations.

### **Quality Control Review of the Management Letter for the National Transportation Safety Board's Audited Financial Statements for Fiscal Years 2020 and 2019**

*Required by the  
Accountability of Tax  
Dollars Act of 2002*

2.1.2021  
QC2021016

This report presents the results of our QCR of Allmond & Company, LLC's management letter regarding the audit it conducted, under contract with us, of NTSB's financial statements for fiscal years 2020 and 2019. In addition to its audit report on NTSB's financial statements, Allmond issued a management letter that discusses internal control matters that it was not required to include in its audit report. Our QCR of the management letter disclosed no instances in which Allmond did not comply, in all material respects, with generally accepted Government auditing standards. Allmond made eight recommendations in its management letter. NTSB concurred with all eight recommendations.

## PIPELINE AND HAZARDOUS MATERIALS ADMINISTRATION

### PHMSA's Safety Culture Efforts

*Self-initiated*

1.13.2021  
ST2021012

PHMSA aims to protect people and the environment by advancing the safe transportation of energy and other hazardous materials. An essential element of PHMSA's safety mission is its underlying safety culture—the organization's safety-related values and behaviors. A positive safety culture is essential to any organization that directly or indirectly addresses high-hazard risks, such as the regulatory agencies of DOT. We initiated this audit to help Agency leaders make informed decisions about their organizational safety culture and focused on PHMSA because it had publicly identified fostering a positive safety culture as a strategic goal. The first part of this report is an assessment of PHMSA's safety culture. The second part evaluates PHMSA's efforts to foster a positive safety culture as it carries out its mission and other responsibilities. While PHMSA exhibits several indicators of a positive safety culture, we also found opportunities to further enhance its efforts. For example, many employees have positive perceptions of their immediate supervisors and the Agency's impact on industry safety. However, some non-supervisors indicated that they do not trust management to share information and perceive that industry and PHMSA are not sufficiently separate, which may impact the way employees share concerns with management. PHMSA also developed a number of safety culture-related initiatives but did not always complete or document its actions. For example, in 2015, PHMSA allocated \$1.5 million for safety culture planning and, over the next 4 years, expended one-third of that amount. Additionally, no one individual is focused wholly on fostering a positive safety culture at all times, including during changes of administrations. While most employees believe PHMSA's leadership is committed to safety, some express doubt about the leadership's commitment to fostering a positive safety culture. PHMSA concurred with our two recommendations to enhance its efforts to foster a positive safety culture. Accordingly, we consider them resolved but open pending completion of the planned actions.

## SINGLE AUDITS

### **Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending September 30, 2020**

*Self-initiated*

12.2.2020  
SA2021009

We queried and downloaded 35 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between July 1, 2020, and September 30, 2020, to identify significant findings related to programs directly funded by DOT. We found that reports contained a range of findings that impacted DOT programs. The auditors reported significant noncompliance with Federal guidelines related to eight grantees that require prompt action from DOT's OAs. The auditors also identified questioned costs totaling \$25,838 for one grantee. We recommend that DOT coordinate with the impacted OAs to develop a corrective action plan to resolve and close the findings identified in this report. We also recommend that DOT determine the allowability of the questioned transactions and recover \$25,838, if applicable.

### **\$25,358 IN QUESTIONED COSTS**

### **Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending December 31, 2020**

*Self-initiated*

2.10.2021  
SA2021018

We queried and downloaded 52 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between October 1, 2020, and December 31, 2020, to identify significant findings related to programs directly funded by DOT. We found that reports contained a range of findings that impacted DOT programs. The auditors reported significant noncompliance with Federal guidelines related to eight grantees that require prompt action from DOT's OAs. The auditors also identified questioned costs totaling \$5,130,999 for three grantees. We recommend that DOT coordinate with the impacted OAs to develop a corrective action plan to resolve and close the findings identified in this report. We also recommend that DOT determine the allowability of the questioned transactions and recover \$5,130,999, if applicable.

### **\$5,130,999 IN QUESTIONED COSTS**

## ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

### **Independent Auditor's Report on the Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2020 and 2019**

*Required by the Government Corporation Control Act of 1945 and the Chief Financial Officers Act of 1990*

11.12.2020  
FI2021005

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of SLSDC,\* a U.S. Government Corporation, as of and for the fiscal years ended September 30, 2020, and September 30, 2019. In our opinion, SLSDC's financial statements present fairly, in all material respects, SLSDC's financial position as of September 30, 2020, and September 30, 2019, and its operations and changes in cumulative results of operations, cash flows, budgetary resources and actual expenses, and changes in equity of the U.S. Government for the years then ended, in accordance with U.S. generally accepted accounting principles. We found no material weaknesses in internal control over financial reporting based on the limited procedures we performed. We also found no reportable noncompliance for fiscal year 2020, with provisions of the applicable laws, regulations, and contracts we tested. We are making no recommendations.

\*In December 2020, the St. Lawrence Seaway Development Corporation (SLSDC) became the Great Lakes St. Lawrence Seaway Development Corporation (GLS).

## SURFACE TRANSPORTATION BOARD

### **Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2020 and 2019**

*Required by the Accountability of Tax Dollars Act of 2002*

11.13.2020  
QC2021006

We contracted with the independent public accounting firm Leon Snead & Company, P.C., to audit STB's financial statements as of and for the fiscal years ended September 30, 2020, and September 30, 2019, provide an opinion on those financial statements, and report on internal control over financial reporting, and report on compliance with laws and other matters. The contract requires the audit to be performed in accordance with U.S. generally accepted Government auditing standards, OMB audit guidance, and GAO's and CIGIE's Financial Audit Manual. We performed a QCR of Leon Snead's report dated November 6, 2020, and related documentation, and inquired of its representatives. Our QCR disclosed no instances in which Leon Snead did not comply, in all material respects, with U.S. generally accepted Government auditing standards. Leon Snead made no recommendations.



# Correspondence

## **Memorandum to the Deputy Secretary: Follow Up to Audit Request for FAA's Flight Standards Service**

12.21.2020  
CC2021002

DOT OIG issued a memorandum to the Deputy Secretary to follow up on the Department's recent audit request regarding FAA's Flight Standards Service. In accordance with the Department's request, we are developing plans to determine whether FAA's policies and procedures for documenting and maintaining records are sufficient to facilitate effective oversight of the Nation's air operators. Per our standard audit process, we will issue a formal audit announcement outlining our objectives prior to initiating our review.

## **Challenges To Implementing DOT's Framework for Return to Normal Operations**

*Requested by the Subcommittee on Government Operations of the House Committee on Oversight and Reform*

1.15.2021  
CC2021003

The Chairman of the Subcommittee on Government Operations of the House Committee on Oversight and Reform asked 24 Federal offices of inspector general, including our office, to examine agencies' plans for returning employees to Federal offices in the wake of the coronavirus pandemic. Accordingly, we assessed the DOT's "Framework for DOT's Return to Normal Operations" to (1) determine the extent to which it is in accord with guidance for safe reopening from OMB and Office of Personnel Management and incorporates advice from the Centers for Disease Control, General Services Administration, and Occupational Safety and Health Administration and (2) identify the initial actions DOT has taken to transition personnel safely back to their normal duty stations. While we are not making recommendations based on our assessment to the Department or its OAs, we identified five challenges the Department faces in safely transitioning personnel back to their duty stations. By focusing on these challenges, utilizing key internal controls, and providing detailed guidance, DOT can better support its employees and contractors in executing its mission as safely as possible.

## **Letter to OMB on DOT Status of Charge Card Open Recommendations**

*Required by the Government Charge Card Abuse Prevention Act of 2012*

1.28.2021  
CC2021004

The Government Charge Card Abuse Prevention Act of 2012 requires us to report to OMB on the implementation of recommendations made to address findings from audits of DOT charge card programs. During 2020, we issued two reports on charge card programs—one pertaining to purchase cards and the other to travel cards. Specifically, we made 13 purchase card and 11 travel card recommendations. DOT agreed to implement all 24 recommendations; however, 21 recommendations remain open.



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**Letter to Chairman  
DeFazio Regarding  
Potential Conflicts  
of Interest Involving  
Former Secretary of  
Transportation Elaine  
L. Chao**

3.2.2021  
CC2021005

On October 11, 2019, and December 20, 2019, Chairman Peter DeFazio of the House Committee on Transportation and Infrastructure requested that we investigate reports of potential conflicts of interest and favoritism involving former Secretary of Transportation Elaine L. Chao. Prior to receiving Chairman DeFazio's letter, our office had opened a preliminary review regarding the issues raised in that letter as well as other matters. This letter provides information on our preliminary review and subsequent formal investigation into potential misuses of position. We referred our investigation's findings to the U.S. Attorney's Office for the District of Columbia on December 16, 2020, and the U.S. Department of Justice Public Integrity Section on December 17, 2020, both of which declined prosecution.

# 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, CIGIE 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

The Department of Health and Human Services (HHS) OIG conducted a CIGIE peer review of our Office of Auditing and Evaluation in fiscal year 2019. 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.

The Small Business Association (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

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# Acronym Glossary

AIP	Airport Improvement Program
ASIAS	Aviation Safety Information Analysis and Sharing
ATO	Air Traffic Organization
ATSAP	Air Traffic Safety Action Program
BGS	Block Grant State
CIGIE	Council of Inspectors General on Integrity and Efficiency
DBE	Disadvantaged Business Enterprise
DOJ	U.S. Department of Justice
DOT	U.S. or State Department of Transportation
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FHWA	Federal Highway Administration
FISMA	Federal Information Security Modernization Act of 2014
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FY	fiscal year
GAO	U.S. Government Accountability Office
GDA	Geospatial Data Act
GLS	Great Lakes St. Lawrence Seaway Development Corporation
HHS	U.S. Department of Health and Human Services
MARAD	Maritime Administration

NAS	National Airspace System
NextGen	Next Generation Air Transportation System
NGDA	National Geospatial Data Asset
NHTSA	National Highway Traffic Safety Administration
NSDI	National Spatial Data Infrastructure
NSMV	National Security Multi-Mission Vessel
NTSB	National Transportation Safety Board
OA	Operating Administration
ODA	Organization Designation Authorization
ONDCP	Office of National Drug Control Policy
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary of Transportation
QCR	quality control review
RITA	Research and Innovative Technology Administration
SBA	Small Business Administration
SBGP	State Block Grant Program
SLSDC	Saint Lawrence Seaway Development Corporation
SSI	sensitive security information
STB	Surface Transportation Board
UAS	Unmanned Aircraft Systems
VCM	vessel construction manager