



*U.S. Department of Transportation, Office of Inspector General*

# SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2021–MARCH 31, 2022

# Table of Contents

<b>Highlights</b>	<b>1</b>
<b>Investigations</b>	<b>2</b>
<b>Audits</b>	<b>11</b>
<b>Correspondence</b>	<b>40</b>
<b>Testimony</b>	<b>42</b>
<b>Peer Reviews</b>	<b>43</b>
<b>Index</b>	<b>44</b>
<b>Acronym Glossary</b>	<b>45</b>

# Highlights

## Investigative Accomplishments

### investigations opened, by priority area

 transportation safety	20	 public interest	4
 grant and procurement fraud	16	 other	1
 employee integrity	5		

**73/80**

investigations/complaints closed/opened

**26/32**

convictions/indictments

**\$14.39m**

financial impact of DOT OIG investigations

## Audit Accomplishments

**26**

audit reports issued

**159**

recommendations

**\$649.8m**

financial impact of DOT OIG audit reports

### audit reports, by operating administration

 DOT-wide*	8	 FTA	1	 NTSB	1
 FAA	6	 GLS	2	 PHMSA	1
 FHWA	1	 MARAD	1	 STB	3
 FMCSA	1	 NHTSA	1		

\*DOT-wide count includes Single Audits issued during the performance period.





# 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:

- Wire fraud and money laundering.**  
 A trucking company owner was sentenced to a year and a day of imprisonment, 3 years' supervised release, \$1,035,115 in restitution, forfeiture of \$1,602,572, and a \$200 assessment for bribing a line-haul manager of an unaffiliated company at least \$50,000, which led to approximately \$19 million in unearned revenue.
- Surety bond fraud.** Four conspirators were sentenced to 196 months of incarceration, 3 years' supervised release, over \$2.6 million in restitution, forfeiture of over \$2.4 million, and a \$100 special assessment for conspiracy to commit mail and wire fraud. They sold contractors working on a FHWA-funded project a fraudulent surety bond for over \$919,000.
- Negligent discharge of a pollutant.**  
 Two individuals were sentenced to 1 year of probation, a \$25 special assessment, and \$1,138,772.06 in restitution. They shot at and punctured a diesel fuel pipeline, which caused about 3,900 gallons of fuel to spill and around \$1.1 million in damage and clean-up costs.
- Scheme to sell contaminated body parts.**  
 A business owner was convicted of misprision of a felony for selling donated human remains for medical training and research and falsely representing that the remains were tested and free of infectious diseases.

## Investigative Accomplishments

	hotline contacts received	<b>1,963</b>
	investigations/complaints closed/opened	<b>73/80</b>
	criminal/civil investigations referred for prosecution	<b>110/5</b>
	convictions/indictments	<b>26/32</b>
	years of incarceration, probation, home detention, supervised release	<b>91</b>
	financial impact of DOT OIG investigations	<b>\$14.39m</b>

# Statistical Data

## Financial impact of DOT OIG investigations



<b>total financial impact</b>		<b>\$14,395,174</b>
	costs avoided	\$0
	forfeitures	\$6,692,830
	recoveries	\$1,023,768
	finances and special assessments	\$339,435
	restitution	\$6,339,141

### 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

 **80**  
investigations/  
complaints opened  
this reporting period

 **394**  
ongoing  
investigations

 **73**  
investigations/  
complaints closed  
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

	referred	110
	accepted*	80
	declined*	42

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

persons referred to DOJ	83
businesses referred to DOJ	23
persons referred to State or local authority	2
businesses referred to State or local authority	2

## 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

	referred	5
	accepted*	2
	declined*	5

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

# Summary of referrals for criminal and civil prosecution



## grant and procurement 37

anti-trust/bid-rigging/collusion	11	false claims	4	other	6
DBE eligibility fraud (financial/ownership/control)	1	false statements	3	product substitution/substandard work or materials	3
embezzlement	2	kickbacks	6	public corruption/extortion	1



## aviation 13

accident related	1	interference or tampering with an aircraft	1	SUPs—parts manufacturing	2
certificate fraud, mechanic	1	SUPs—parts maintenance	1	SUPs—parts sale	6
falsification of FAA orders or other documents	1				



## motor carrier 7

CDL	3	CDL public corruption of a DMV employee	1	fraudulent registration filings (reincarnated carriers)	3
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## public interest 21

aiming a laser pointer at an aircraft	5	household goods/moving companies	10	unmanned aircraft systems	2
certificate fraud, medical by doctor	4				

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



### employee integrity **10**

disclosure of confidential information	<u>1</u>	theft	<u>2</u>	violation of law, rule, or regulation	<u>4</u>
ethics violation (misconduct)	<u>1</u>	time & attendance fraud	<u>2</u>		



### transportation safety **2**

falsification of FMVSS	<u>1</u>	NHTSA—Grey Market vehicles	<u>1</u>
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### hazmat **18**

carriage by motor vehicle/public highway	<u>13</u>	carriage by rail	<u>2</u>	pipelines	<u>3</u>
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### workforce protection **1**

broker, freight forwarder, carrier registration	<u>1</u>
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### other **6**

assistance to other OIG	<u>3</u>	forgery/alteration of documents	<u>1</u>	impersonation of government official	<u>2</u>
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## Investigative reports

DOT OIG distributed **33** investigative reports, including reports of investigation, stakeholder memos, and management implication reports.

## Indictments and informations from prior referrals

A total of **23** indictments or criminal informations resulted from previous referrals for prosecution.

## 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 and outcomes

convictions	<b>26</b>
indictments	<b>32</b>
years of incarceration & home detention	<b>28</b>
years of supervised release	<b>43</b>
years of probation	<b>21</b>
hours of community service	<b>160</b>

### 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 and outcomes resulting from DOT OIG investigations

## suspension and debarment actions\*

individual suspension	8
individual debarment	4
business suspension	4
suspension referral	3
business debarment	2
debarment referral	1

## other actions

compliance agreement	5
enforcement action taken	3
Federal funds reduced	1
certificate/license/permit terminated	1

## personnel action

proposed removal	2
removal	1

\* Number of suspensions and debarments may include referrals made in a prior reporting period.

## 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.

**Federal funds reduced** refers to money a State or locality repaid to a DOT agency following the improper award of a contract.

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

There were no investigations involving senior Government employees that were closed but not disclosed to the public.

### Investigations involving senior Government employees where misconduct was substantiated

There were no investigations involving senior Government employees where misconduct was substantiated.

### Types of allegations

**Unsubstantiated allegations** include no criminal, civil, or administrative actions taken as a result of the investigation.

**Substantiated allegations** are allegations that were investigated and determined to have occurred.

## 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.



<b>total hotline contacts received</b>		<b>1,963</b>
 <b>fax</b> +1 (202) 366 - 7749		<b>1</b>
 <b>walk ins</b> 1200 New Jersey Ave SE, West Bldg, 7th floor, Washington DC 20590		<b>0</b>
 <b>letters</b> 1200 New Jersey Ave SE, West Bldg, 7th floor, Washington DC 20590		<b>47</b>
 <b>phone calls</b> +1 (800) 424-9071		<b>754</b>
 <b>web contacts</b> <a href="http://www.oig.dot.gov/hotline">www.oig.dot.gov/hotline</a>		<b>341</b>
 <b>emails</b> <a href="mailto:hotline@oig.dot.gov">hotline@oig.dot.gov</a>		<b>820</b>



# 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:

- **Aircraft maintenance.** FAA lacked effective oversight controls to ensure American Airlines' corrective actions for maintenance noncompliances addressed root causes and did not provide inspectors with adequate training and tools for assessing the carrier's safety management systems.
- **Financial management.** FTA's financial management systems have security control deficiencies that could affect its ability to approve, process, and disburse COVID-19 funds.
- **Contract award and administration.** MARAD's ability to achieve cost-effective USMMA contracts is compromised by several management control weaknesses that have put \$57.5 million in Federal funds at risk.
- **Hazardous material fitness reviews.** While its timeliness goal is not always achievable, PHMSA is improving its three-tier hazmat review processes and is working to address its internal control gaps for conducting these reviews.

## Audit Accomplishments

	audit reports issued	<b>26</b>
	recommendations	<b>159</b>
	financial impact of DOT OIG audits	<b>\$649.8m</b>

# Statistical Data

## Completed audits by type

### reports **26**

performance audits	14	financial audits	9
audits under Single Audit Act	2	attestation engagements	0
other	1		

### recommendations **159**

performance audits	117	financial audits	38
audits under Single Audit Act	4	attestation engagements	0

### financial impact **\$649,848,507**

performance audits	\$635,201,653
audits under the Single Audit Act	\$14,646,854
financial audits	\$0
attestation engagements	\$0

### Types of audits

**Performance audits** 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 the 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.

Note: Dollars shown are amounts reported to management. Actual amounts may change during final resolution. See pages 14 and 15 for definitions.

# Recommendations unresolved by the end of the 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	1	1		\$32,153,264	
That funds be put to better use	1	1	\$38,000,000		
For safety, efficiency, and economy	3	5			
<b>A Total unresolved recommendations at the start of the reporting period**</b>	<b>4</b>	<b>7</b>	<b>\$38,000,000</b>	<b>\$32,153,264</b>	

## Recommendations made during reporting period

	Number of reports	Number of recommendations	Funds put to better use	Questioned costs*	Unsupported costs
That questioned costs	3	3		\$14,822,884	
That funds be put to better use	3	5	\$635,025,623		
For safety, efficiency, and economy	22	151			
<b>B Total recommendations made during reporting period**</b>	<b>22</b>	<b>159</b>	<b>\$635,025,623</b>	<b>\$14,822,884</b>	
<b>Total recommendations to be resolved (A+B)**</b>	<b>26</b>	<b>166</b>	<b>\$673,025,623</b>	<b>\$46,976,148</b>	

## 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 disagrees with the recommendation or DOT OIG disagrees with the agency's proposed corrective actions.

# Recommendations unresolved by the end of the reporting period (cont.)

## 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	1	1		\$9,236,974	
(ii) dollar value of recommendations that were not agreed to by mgmt	2	2		\$32,329,294	
That funds be put to better use					
(i) dollar value of recommendations that were agreed to by mgmt	2	3	\$62,700,000		
(ii) dollar value of recommendations that were not agreed to by mgmt	2	3	\$610,325,623		
For safety, efficiency, and economy	23	152			
<b>C Total resolved at the end of the reporting period**</b>	<b>24</b>	<b>161</b>	<b>\$673,025,623</b>	<b>\$41,566,268</b>	
<b>D Total unresolved at the end of the reporting period [(A+B)-C]**</b>	<b>3</b>	<b>5</b>	<b>\$0</b>	<b>\$5,409,880</b>	

\*Includes reports and recommendations where management both agreed to and disagreed with the costs. Dollars shown are the amounts reported to management. Actual amounts may change during final resolution. \*\*Report totals may not add up precisely because one report may have multiple types of recommendations. Note: See next page for definitions.

## 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

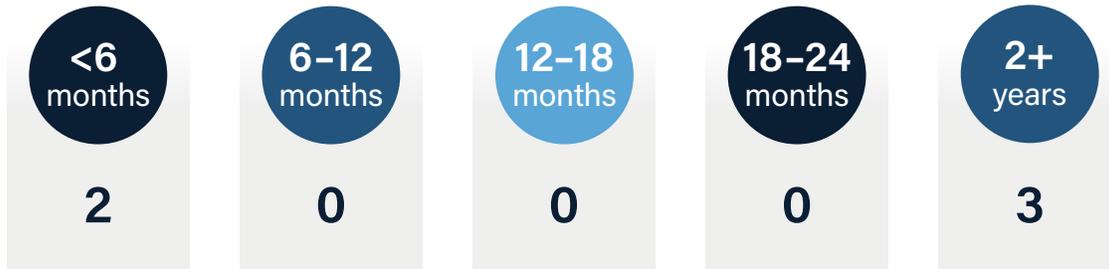
Dollar value that DOT management has decided should not be charged to the Government.

## 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.

# Unresolved Recommendations

## Age of unresolved recommendations



total funds put to better uses \$0 total questioned costs \$5,409,880

## Unresolved recommendations older than 6 months

### FAA Needs To Strengthen Its Management Controls Over the Use and Oversight of NextGen Developmental Funding

**AV2018030**  
3/6/2018

#### Recommendation 2.

Develop and implement a quality control checklist with criteria for determining when the use of incremental funding prior to project level agreement (PLA) approval is permissible.

#### Recommendation 3.

Develop and implement a control for enforcing the limits on the assessment of program management fees for various administrative and contract support specified in the Agency's standard operating procedures.

#### Recommendation 6.

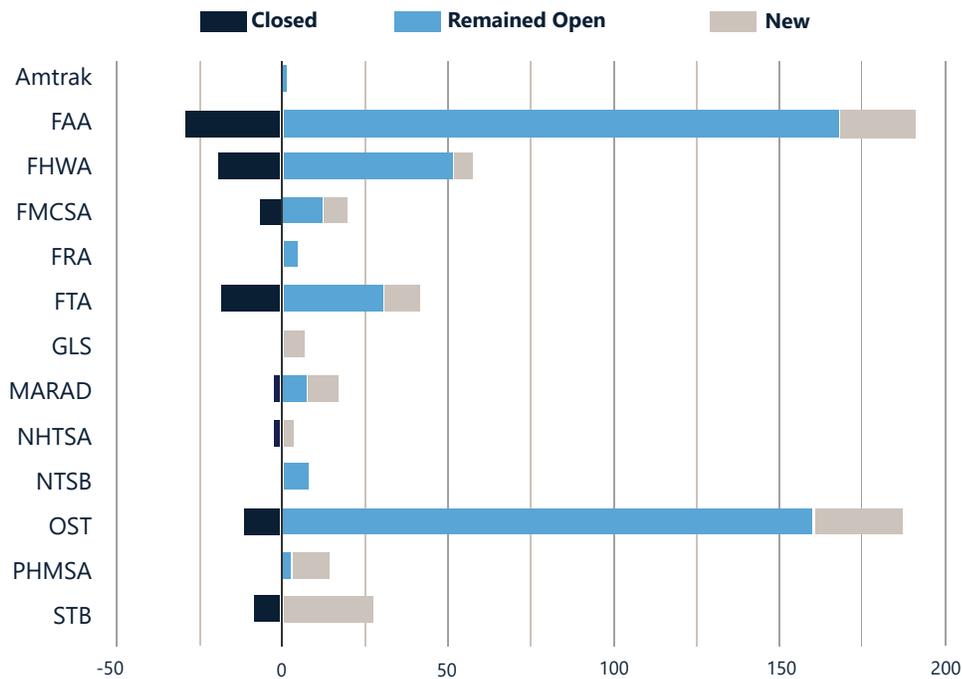
Establish and implement a mechanism for providing oversight of developmental funding, to include records of decision regarding selecting, justifying, and measuring the outcomes of PLAs to ensure FAA is funding the highest priority work.

# Open audit recommendations

As of March 31, DOT OIG had **580 open recommendations**, which were included in 174 audit reports issued since February 5, 2009. Of these, 59 recommendations (from 47 reports) carry an **estimated monetary or cost savings totaling over \$6.75 billion**, 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, links to audit summaries associated with each recommendation, interactive charts and recommendation data visualizations, and reports on recommendations required by the Inspector General Act.

## Status of audit recommendations, first half of FY 2022



### 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.

## 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.

## Significant revised management decisions

DOT did not revise any significant management decisions.

## Attempts to interfere with DOT OIG independence

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

## Information or assistance refused by DOT

DOT did not unreasonably refuse information or assistance.

## 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.

## DOT OIG disagreement with significant management decisions

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

## Compliance with Federal Financial Management Improvement Act

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

# Completed Audit Reports

## Department-wide

### **Quality Control Review of the Independent Auditor's Report on DOT's Compliance with the Digital Accountability and Transparency Act**

#### **Required by the Digital Accountability and Transparency Act of 2014**

**10.6.2021**

*QC2022002*

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires the establishment of Governmentwide data standards for financial data. These standards are intended to make it easier for taxpayers and policy makers to review and track Federal spending activity with accessible, consistent, reliable, and searchable data. The act also requires inspectors general to assess the completeness, accuracy, timeliness, and quality of the data submitted by agencies and their implementation and use of the data standards. We contracted with the independent public accounting firm KPMG LLP to audit DOT's compliance with the DATA Act during the first quarter of fiscal year 2021. KPMG's audit objectives were to assess (1) the completeness, accuracy, timeliness, and quality of DOT's first-quarter fiscal year 2021 financial and award data submitted for publication on USASpending.gov and (2) the Department's implementation and use of the Governmentwide financial data standards established by the Office of Management and Budget (OMB) and the Department of the Treasury. We conducted a quality control review (QCR) of KPMG's independent auditor's report. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards. DOT concurs with KPMG's four recommendations.

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

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

**10.25.2021**

*QC2022006*

This report presents the results of our QCR of an audit of DOT's information security program and practices. The Federal Information Security Modernization Act of 2014 (FISMA) requires agencies to develop, implement, and document agencywide 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 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. DOT concurs with all five of CLA's recommendations. CLA considers all five recommendations resolved but open pending completion of planned actions.

## **DOT's Fiscal Year 2022 Top Management Challenges**

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

**10.27.2021**  
*PT2022007*

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 2022, 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 COVID-19 pandemic. Accordingly, we included COVID-19 considerations in all nine of our top management challenges.

We identified the following top management challenge areas for fiscal year 2022:

- **Aviation safety.** Key challenges: maintaining confidence in the aircraft certification process and advancing FAA's air carrier oversight to keep pace with safety management system requirements.
- **Surface transportation safety.** Key challenge: increasing compliance with surface safety transportation regulations and programs by improving monitoring and enforcement.
- **Air traffic control and airspace modernization.** Key challenges: delivering NextGen benefits to airspace users and deploying controller automation tools to improve efficiency.
- **Surface transportation infrastructure.** Key challenges: employing effective oversight of Federal funding for response, recovery, and rebuilding projects and enhancing risk-based oversight to improve project delivery and update and maintain surface transportation infrastructure.
- **Contract and grant fund stewardship.** Key challenges: managing domestic preference and supply chain risk and dedicating qualified and sufficient oversight resources for contract and grant funds.

- **Information security.** Key challenges: addressing DOT's recurring cybersecurity weaknesses and protecting DOT's IT infrastructure and sensitive information.
- **Financial management.** Key challenges: avoiding increases in improper payments and improving policies and procedures to monitor and report grantee spending.
- **Innovation and the future of transportation.** Key challenges: safely integrating new technologies into transportation systems and implementing executive orders and other Federal priorities to tackle the impact of climate change, advance equity, and promote resilience in infrastructure and supply chains.
- **Evolving operations and workforce management.** Key challenges: integrating lessons learned to facilitate workplace reentry and communicating fully and consistently with employees on workplace procedures, status, flexibility, and expectations.

**Quality Control Review of the Independent Auditor's Report on the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020**

**Required by the Chief Financial Officers Act of 1990**

**11.15.2021**  
QC2022015

We contracted with the independent public accounting firm KPMG LLP to audit the DOT's consolidated financial statements as of and for the fiscal years ended September 30, 2021, and September 30, 2020. KPMG was required to provide an opinion on those financial statements, report on internal control over financial reporting, and report on compliance with laws and other matters. The contract also required KPMG to perform the audit 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 12, 2021, 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.

**Quality Control Review of the Management Letter for the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020****Required by the Chief Financial Officers Act of 1990****1.31.2022***QC2022017*

This report presents the results of our QCR of KPMG LLP's management letter for its audit, conducted under contract with us, of DOT's consolidated financial statements for fiscal years 2021 and 2020. The management letter discusses four internal control matters that KPMG was not required to include in its audit report. Our QCR of the management letter disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards. KPMG made seven recommendations in its management letter. DOT concurred with all seven recommendations.

**DOT Does Not Ensure Compliance With All Single Audit Provisions of OMB's Uniform Guidance****Self-initiated****3.23.2022***FS2022024*

DOT's Operating Administrations (OA) receive billions of dollars to provide financial assistance to States and other entities. OMB requires recipients that expend \$750,000 or more to perform single audits. OMB's Uniform Guidance sets requirements for single audits. Recipients must submit reporting packages, including auditors' reports, to the Federal Audit Clearinghouse (FAC) and develop plans to resolve findings. Because of the importance of single audits to tax dollar stewardship, we reviewed single audit processes at FAA, FHWA, and FTA. Our audit objectives were to evaluate their processes for (1) verifying that single audits are completed and reports submitted to FAC in the timeframe required by the Uniform Guidance; (2) issuing timely management decisions on single audit findings; and (3) following up on findings and recommendations, including high-priority findings and recommendations we identify in quarterly reports. DOT does not ensure that single audit reports are completed and timely submitted to FAC and does not have a single audit accountable official (SAAO) to ensure OAs fulfill Uniform Guidance requirements. DOT does not ensure the OAs verify that recipients complete single audits and submit timely packages. FAA, FHWA, and FTA's processes for these activities are not sufficient. This lack of oversight could inhibit DOT's ability to reduce improper payments. DOT also does not ensure OAs issue timely management decisions and track findings. Untimely management decisions inhibit OAs' abilities to evaluate findings and recover funds. The OAs follow up on findings that we identify in our quarterly reports rather than all findings. Because it has not designated an SAAO, DOT does not ensure OAs perform required followup. The Uniform Guidance requires agencies ensure that recipients correct all findings. Our reports do not cover all single

audit findings. DOT's lack of oversight could increase the risk of improper payments. The Office of the Secretary of Transportation concurred with our seven recommendations to help improve single audit process oversight. We consider all recommendations resolved but open pending completion of planned actions.

## FAA

### **FAA Lacks Effective Oversight Controls To Determine Whether American Airlines Appropriately Identifies, Assesses, and Mitigates Aircraft Maintenance Risks**

**Requested by the Ranking Members of the House Committee on Transportation and Infrastructure and its Aviation Subcommittee**

**10.20.2021**

*AV2022004*

American Airlines, one of the world's largest commercial air carriers, has not experienced a fatal accident in nearly 2 decades. Despite this safety record, reports of potentially unsafe maintenance practices have raised concerns about FAA's oversight of the carrier's maintenance programs. At the request of then-ranking members of the House Committee on Transportation and Infrastructure and its Aviation Subcommittee, we initiated this review. Specifically, we examined whether FAA ensures that American Airlines implemented effective corrective actions to address the root causes of maintenance problems and FAA's oversight of American Airlines' safety management systems (SMS). FAA lacks effective oversight controls to ensure American Airlines' corrective actions for maintenance non-compliances addressed root causes. According to FAA guidance, FAA inspectors should collaborate with the air carrier to correctly identify and fix the root cause(s) of deviations or non-compliances. However, in 171 of 185 (92 percent) of cases we sampled, FAA inspectors accepted root cause analyses by the air carrier that did not identify the true root cause of the problem. Furthermore, FAA closed compliance actions before the air carrier implemented its corrective actions. FAA's oversight controls are also not effective for evaluating if American Airlines' SMS sufficiently assesses and mitigates risk. FAA requires American Airlines to use its SMS to determine the level of risk associated with maintenance non-compliances. However, we found that FAA inspectors did not routinely or consistently evaluate whether the carrier adequately and effectively assessed and rated risks. This is in part because FAA did not provide its inspectors with comprehensive training and tools for overseeing and evaluating the carrier's SMS. FAA concurred with five and partially concurred with two of our seven recommendations to improve FAA's oversight of American Airlines maintenance programs. We consider all recommendations resolved but open, pending completion of planned actions.

### **Quality Control Review of the Independent Auditor's Report on the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020**

**Required by the Chief Financial Officers Act of 1990**

**11.12.2021**  
QC2022013

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, 2021, and September 30, 2020. KPMG was also required to provide an opinion on those financial statements, report on internal control over financial reporting, and report on compliance with laws and other matters. The contract required 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 KPMG's report dated November 9, 2021, 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.

### **Changes in Requirements and Schedule Delays Contributed to the Termination of the NAS Voice System Contract**

**Requested by the U.S. House Committee on Transportation and Infrastructure and its Subcommittee on Aviation**

**1.12.2022**  
AV2022016

FAA's modernization of its National Airspace System (NAS) includes a plan to update the Agency's aging voice switches with a voice-over internet protocol (VoIP) system. In August 2012, FAA awarded a contract to the Harris Corporation (Harris) to provide the NAS Voice System (NVS), but in December 2018, FAA and Harris agreed to terminate the contract, and FAA still depends on outdated voice communication. In response to a request from the Ranking Members of the U.S. House Committee on Transportation and Infrastructure and its Subcommittee on Aviation, we initiated this audit to assess (1) FAA's reasons for terminating the NVS contract with Harris and NVS costs and expected benefits and (2) the information on NVS development that the Program Office provided to FAA management and Congress. Our audit found that changes in requirements and schedule delays led to the contract's termination, and expenditures achieved few benefits. FAA lacked confidence that Harris's demonstration systems would support VoIP communication in a substantial portion of the NAS. However, the issues with Harris's systems stemmed in part from changes in FAA's requirements. Since the termination, FAA has identified reasons for the contract's failure and lessons learned from the NVS program. FAA spent \$160 million on NVS and will spend \$274 million to sustain its legacy switches. These expenditures have achieved few benefits. FAA's Contracting and Program Offices raised performance concerns but delayed taking action. According to FAA, Harris was trying to stabilize its demonstration system. Because FAA

would incur little cost from these efforts, allowing Harris to continue made more sense than ending the contract. Finally, FAA did not inform Congress until after contract termination because program costs and schedule variances did not exceed the thresholds required for such notification. FAA concurred with our recommendation to improve the Agency's future modernization efforts and provided appropriate actions and completion dates. We consider the recommendation resolved but open pending completion of planned actions.

**Quality Control Review of the Management Letter for the Federal Aviation Administration's Audited Consolidated Financial Statements for Fiscal Years 2021 and 2020**

**Required by the Chief Financial Officers Act of 1990**

**1.31.2022**

*QC2022018*

This report presents the results of our QCR of the management letter that KPMG issued on its audit, under contract with us, of FAA's consolidated financial statements for fiscal years 2021 and 2020. This management letter discusses internal control matters that KPMG was not required to include in its audit report. Our QCR disclosed no instances in which KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards. KPMG made six recommendations to FAA in its management letter. FAA concurred with all six recommendations.

**FAA Needs Additional Accountability and Transparency in Reporting Performance Measures and Targets for Major System Investments and Environmental Reviews**

**Mandated by the FAA Reauthorization Act of 2018**

**3.14.2022**

*AV2022023*

FAA is responsible for managing and operating the busiest and most complex airspace system in the world. The FAA Reauthorization Act of 2018 (Act) required the Secretary of Transportation to establish metrics for evaluating FAA's management and performance related to (1) the timely and cost-effective completion of projects and (2) the effectiveness in achieving the goals for an expedited, coordinated environmental review process for major safety, security, and capacity projects. Also, the act required our office to report on FAA's progress. Our objectives were to determine FAA's progress in meeting the performance targets for (1) the timely and cost-effective completion of projects and (2) the achievement of an expedited, coordinated environmental review process. FAA did not meet its major system targets in fiscal years 2019 and 2020, and full accountability and transparency in reporting is limited. Specifically, FAA did not meet its performance measure for 90 percent of major baselined acquisition programs to be within 10 percent of the current cost, schedule, and performance baselines. Also, we found weaknesses in FAA's reporting that limited transparency and accountability. For example, FAA does not disclose when it removes programs from the measure that

exceed baselines by over 10 percent and no longer reports them. In contrast, FAA reported meeting the environmental performance target to achieve on-schedule performance for 90 percent of FAA-led major transportation projects and to reduce the average time to complete environmental reviews. However, FAA's actual results are unclear because the Agency may not have included all major projects or captured when project milestones were late in the measure. As a result, FAA's reporting may not provide an accurate picture on how major system investments are performing or the extent to which the Agency meets its goals in the environmental measure. We made three recommendations to improve FAA's reporting on performance measures for major system investments and environmental review processes. FAA concurred with one recommendation and partially concurred with two. FAA proposed appropriate planned actions.

**While FAA Is Coordinating With Other Agencies on Counter-UAS, Delays in Testing Detection and Mitigation Systems Could Impact Aviation Safety**

**Requested by U.S. House Committee on Transportation and Infrastructure and its Subcommittee on Aviation**

**3.30.2022**

AV2022026

Unmanned Aircraft Systems (UAS) serve diverse sectors of the economy and are rapidly growing in number across the Nation. As UAS technology and physical and operational characteristics evolve, opportunities for some systems to evade detection and create challenges for the NAS arise. Many UAS are used for legitimate operations; however, the systems can also be used for malicious or disruptive activities by terrorists, criminal organizations, or other lone actors. To respond to these threats, private industry has developed countermeasure or mitigation technologies referred to as counter-UAS (C-UAS). Given the increasing safety and security concerns related to UAS, the Ranking Members of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation requested that we assess FAA's C-UAS coordination efforts. Accordingly, our objectives were to assess (1) FAA's process for coordinating with other Federal agencies authorized to issue guidance and implement the use of C-UAS technologies and (2) strategies undertaken by FAA to ensure that the use of C-UAS technologies by other authorized agencies do not adversely affect aviation and aerospace safety. FAA is coordinating with Federal agencies that use UAS detection and C-UAS technologies to ensure there is no impact to the NAS by such use. However, FAA has not conducted a strategic assessment of the UAS detection and C-UAS program to ensure it has the resources needed and agile coordination processes in place to keep pace with increasing demand. Further, because FAA has not yet completed the necessary testing of UAS detection and C-UAS technologies, the

Agency cannot fully assess their impact to aviation safety and security and may not understand those impacts for several years. FAA concurred with all three recommendations to improve the effectiveness of its C-UAS coordination and testing programs and provided appropriate actions and completion dates. We consider these recommendations resolved but open, pending completion of planned actions.

## FHWA

### Outdated Policies Hinder FHWA's Ability To Oversee Unobligated Emergency Relief Funds

#### Self-initiated

**2.15.2022**

*FS2022022*

*\$176,030 in questioned costs*

*\$7,158,064 in funds put to better use*

In August and September 2017, three costly hurricanes hit the United States and caused devastation to transportation infrastructure, particularly highways and bridges. DOT provided emergency aid for infrastructure repairs through FHWA's emergency relief programs. Due to the size of DOT's investment and the speed required for emergency relief, we initiated this audit. Specifically, we assessed FHWA's controls over the use of its emergency relief funds. FHWA does not always deallocate funds that have not been obligated by the end of the fiscal year, as its policy requires. For example, of the \$48,022,716 that FHWA allocated to Florida in 2018 and 2019 for hurricane damages, approximately \$46 million remained unobligated in March 2020 but had not been deallocated. FHWA's Division Offices also do not always deallocate unobligated quick release funds—funds that are allocated quickly for emergency repairs—as required. We noted that Florida DOT took over 10 months to obligate \$13.4 million of \$25 million in quick release funds, FHWA officials stated that the Agency is not statutorily required to deallocate these funds. FHWA also did not document required approvals for \$48 million in quick release funds and has not deobligated almost \$2 million in unneeded emergency relief funds allocated to Texas DOT. FHWA is required to maintain adequate internal financial management controls. By not following its own policies, the Agency increases the risk that unused quick release funds and unobligated allocations will not be available for other States in need. Furthermore, the FHWA *Emergency Relief Manual*, last updated in May 2013, does not reflect current practices or align with other Agency policies. Still, despite these oversight weaknesses, we found a low incidence of improper payments in a sample of Highways disbursements. FHWA partially concurred with our recommendation 1, did not concur with our recommendation 2, and concurred with our recommendations 3 through 6.

## FMCSA

### **FMCSA's IT Infrastructure Is at Risk of Compromise**

#### **Self-initiated**

**10.20.2021**

*IT2022003*

*\$570,367,559 in funds put to better use*

FMCSA regulates and oversees the safety of commercial motor vehicles. It partners with other agencies and the motor carrier industry to conduct this work. The Agency uses 13 web-based applications to aid vehicle registration, inspections, and other activities. Many of FMCSA's information systems contain sensitive data, including personally identifiable information (PII). Due to the importance of FMCSA's programs to the transportation system and sensitivity of some Agency information, we conducted this audit of FMCSA's information technology (IT) infrastructure. Our objective was to determine whether FMCSA's IT infrastructure contains security weaknesses that could compromise the Agency's systems and data. We found vulnerabilities in several Agency web servers that allowed us to gain unauthorized access to FMCSA's network. FMCSA did not detect our access or placement of malware on the network in part because it did not use required automated detection tools and malicious code protections. We also gained access to 13.6 million unencrypted PII records. Had malicious hackers obtained this PII, it could have cost FMCSA up to \$570 million in credit monitoring fees. Furthermore, the Agency does not always remediate vulnerabilities as quickly as DOT policy requires. These weaknesses put FMCSA's network and data at risk for unauthorized access and compromise. FMCSA concurred with our 13 recommendations. We closed 6 of the 13 recommendations and consider the remaining 7 to be resolved but open, pending FMCSA's completion of planned actions.

**Sensitive information exempt from public disclosure under the Freedom of Information Act, 5 U.S.C. § 552, has been redacted and we have marked the document as FOR OFFICIAL USE ONLY.**

## FTA

### **FTA Does Not Effectively Assess Security Controls or Remediate Cybersecurity Weaknesses To Ensure the Proper Safeguards Are in Place To Protect Its Financial Management Systems**

#### **Self-initiated**

**10.20.2021**

*IT2022005*

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided appropriations to support executive agency operations during the COVID-19 pandemic. FTA has received nearly \$70 billion in CARES Act and other COVID-19 relief appropriations. FTA uses several financial management systems to approve, process, and disburse this funding for the transit industry's COVID-19 response and recovery. Given the size of this investment, we initiated this audit. Our audit objective was to assess the effectiveness of FTA's financial management systems' security controls designed to protect the confidentiality, integrity, and availability of the systems and their information. FTA's financial management systems have security control deficiencies that could affect FTA's ability to approve, process, and disburse COVID-19 funds. FTA security officials mislabeled and incorrectly documented control types for over 180 security controls in its fiscal year 2020 system security plans for these systems. FTA also does not adequately monitor security controls provided by or inherited from DOT's common control provider. FTA also has not remediated security control weaknesses identified since 2016. Lastly, FTA lacks sufficient contingency planning and incident response capabilities such as an alternate set of personnel to restore its financial management systems if its primary personnel are unavailable. Due to these security control weaknesses, FTA's security officials cannot be sure financial management systems have the proper safeguards and countermeasures in place to protect the systems and that they effectively manage information security risk. FTA concurred with all of our 13 recommendations to help the Agency address its security control weaknesses and improve its systems' cybersecurity posture. We closed 2 of the 13 recommendations and consider the remaining 11 to be resolved but open, pending FTA's completion of planned actions

**Sensitive information exempt from public disclosure under the Freedom of Information Act, 5 U.S.C. § 552, has been redacted and we have marked the document as FOR OFFICIAL USE ONLY.**

## GLS

### **Independent Auditor's Report on the Great Lakes Saint Lawrence Seaway Development Corporation's Financial Statements for Fiscal Years 2021 and 2020**

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

**11.10.2021**

*FS2022011*

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of the Great Lakes Saint Lawrence Seaway Development Corporation (GLS), a U.S. Government Corporation, as of and for the fiscal years ended September 30, 2021, and September 30, 2020. In our opinion, GLS's financial statements present fairly, in all material respects, GLS's financial position as of September 30, 2021, and September 30, 2020, 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 2021, with provisions of the applicable laws, regulations, and contracts we tested. We made no recommendations.

### **Management Letter Report on the Great Lakes Saint Lawrence Seaway Development Corporation's Audited Financial Statements for Fiscal Years 2021 and 2020**

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

**1.31.2022**

*FS2022019*

In accordance with the Government Corporation Control Act of 1945, we audited the financial statements of GLS, a U.S. Government corporation, as of and for the years ended September 30, 2021, and September 30, 2020. We are now issuing a management letter that discusses control matters that we were not required to include in our audit report. We found three internal control matters based on interim testing of GLS' Operating Expenses, Minority Bank Certificates of Deposits, and Inventory. We made seven recommendations. GLS concurred with all seven recommendations.

## MARAD

### **MARAD's Ability To Achieve Cost-Effective USMMA Contracts Is Compromised by Several Management Control Weaknesses**

#### **Self-initiated**

**10.27.2021**

ZA2022008

*\$57.5 million in funds put to better use*

The United States Merchant Marine Academy (USMMA) is a Federal service academy operated by MARAD. Its mission is to graduate exemplary leaders committed to serve the Nation's security, marine transportation, and economic needs. In support of its mission, USMMA procures contracts for operational products and services that, for fiscal years 2015 through 2019, totaled an estimated \$99.2 million. Prior reviews found weaknesses in MARAD's acquisition controls and processes, such as noncompliance with Federal and departmental procurement requirements. Accordingly, we initiated this audit with the following objective: to assess contract award and administration policies, procedures, and practices for MARAD's USMMA acquisitions. MARAD's ability to achieve cost-effective USMMA contracts is compromised by several management control weaknesses. Specifically, its USMMA contract documentation is incomplete, which hinders the Agency's decision making for new investments to support Academy missions. MARAD also could not demonstrate compliance with key procurement requirements, including those to help ensure fair and reasonable pricing, for 19 sample USMMA contracts totaling \$45 million. Additionally, MARAD has gaps in its management of contracting officers and contracting officer representatives assigned to USMMA contracts, increasing the risk that unauthorized or improperly qualified individuals may execute, award, or manage these contracts. For example, a contracting officer without the appropriate warrant authority awarded a \$1.9 million USMMA contract, and contracting officer's representative assigned to USMMA contracts totaling \$18.2 million lacked proper certifications. Finally, frequent changes to Academy plans have impeded efficient execution of Capital Improvement Program (CIP) contracts—USMMA's highest dollar contracts—as MARAD does not have a process to adequately assess how such changes impact the overall CIP portfolio. As a result, USMMA's CIP project contracts have experienced inefficiencies, including increased costs and schedule delays. We estimate that MARAD's lack of adequate controls to verify compliance with requirements has put \$57.5 million in Federal funds at risk. MARAD concurred with all 10 of our recommendations. We considered all recommendations resolved but open pending completion of planned actions, and two of those recommendations are now closed.

# NHTSA

## **Weaknesses in NHTSA's Training and Guidance Limit Its Ability To Set and Enforce Federal Motor Vehicle Safety Standards**

### **Self-initiated**

**11.9.2021**

*ST2022009*

As part of its mission to prevent and reduce vehicle crashes, NHTSA's Office of Safety Compliance (OVSC) sets Federal Motor Vehicle Safety Standards (FMVSS) to improve traffic safety. FMVSS provide performance and regulatory requirements for manufacturers of motor vehicles and vehicle safety components, such as seatbelts. Given the importance to the traveling public that all vehicles and components meet Federal safety standards, we initiated this audit to assess NHTSA's efforts to set and enforce FMVSS. While NHTSA has established policies and procedures for evaluating FMVSS and safety-related motor vehicle standards, the Agency is limited in its ability to update, set, and enforce these standards in a timely manner. First, NHTSA has faced significant delays in processing rulemaking petitions to modify or set new FMVSS, which may put the Agency in noncompliance with Federal regulations. For example, the Agency did not respond within the required 120-day timeline to 87.5 percent of FMVSS petitions submitted between March 2016 and December 2020. Second, NHTSA lacks formal training and clear guidance for enforcing compliance with FMVSS. For example, NHTSA's OVSC lacks documented standard procedures and training for reviewing contractors' compliance test reports and has not implemented guidance for conducting compliance investigations. Third, NHTSA is not meeting requirements for ensuring imported vehicles meet FMVSS. NHTSA's OVSC requires Registered Importers to submit conformity packages detailing safety modifications made to comply with FMVSS. However, NHTSA lacks a standard process for reviewing these packages, increasing the risk of unsafe vehicles operating on U.S. roads. NHTSA concurred with our six recommendations to strengthen its oversight of FMVSS to comply with Federal requirements. We consider recommendations 1 through 6 resolved but open pending completion of planned actions.

## NTSB

### **Quality Control Review of the Independent Auditor's Report on the National Transportation Safety Board's Audited Financial Statements for Fiscal Years 2021 and 2020**

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

**11.12.2021**

QC2022012

We contracted with the independent public accounting firm Harper Rains Knight & Company, PA (HRK), to audit NTSB's financial statements as of and for the fiscal year ended September 30, 2021; provide an opinion on those financial statements; and report on internal control over financial reporting, compliance with laws, and other matters. The contract required 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 HRK's report dated November 5, 2021, and related documentation and inquired of its representatives. Our QCR disclosed no instances in which HRK did not comply, in all material respects, with U.S. generally accepted government auditing standards. HRK made no recommendations.

# PHMSA

## **PHMSA Can Enhance Its Hazardous Material Fitness Reviews by Meeting Its Application Processing Goal and Addressing Oversight Gaps**

### **Self-initiated**

**3.23.2022**

*ST2022025*

According to data from PHMSA, more than 3.3 billion tons of hazardous materials (hazmat) are transported within the United States each year. As PHMSA is responsible for evaluating the fitness of companies that transport hazmat, we initiated this audit with the following objective: to assess PHMSA's implementation of Federal requirements for conducting fitness reviews of applicants seeking hazmat approvals or special permits. Specifically, we assessed (1) PHMSA's three-tier process for reviewing applicants' fitness and (2) internal controls the Agency employed to conduct those reviews and communicate the results, as required. PHMSA is improving its three-tier hazmat fitness review processes, but its timeliness goal is not always achievable. Specifically, PHMSA processed most Tier 1 reviews within DOT's 120-day goal but took longer for Tiers 2 and 3. PHMSA investigators did meet Agency standards for inspecting and developing fitness memorandums. PHMSA is also improving its methods for tracking Tier 2 and Tier 3 applications and for documenting decisions regarding Tier 3 inspections. However, its software systems do not communicate with each other, and the Agency does not require fitness memorandums to identify relevant inspection report numbers—factors that will hinder PHMSA's efforts to meet its timeliness goal or identify potential problems. PHMSA also has internal control gaps for conducting hazmat fitness reviews, although it is working to address those gaps. In addition, some data were not correctly correlated to company profiles, which could impact the accuracy of Tier 1 reports and fitness reviews. Finally, PHMSA did not fully publicly communicate, as required, the status of applications delayed more than 120 days. Until PHMSA addresses these internal control gaps, it has less assurance its application review process will meet Federal requirements. We made 12 recommendations to improve PHMSA's implementation of Federal requirements for conducting fitness reviews. PHMSA concurred with all 12 recommendations, and we consider them resolved but open pending completion of planned actions.

## Single Audits

### Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending September 30, 2021

#### Self-initiated

**11.10.2021**

SA2022010

*\$9,236,974 in questioned costs*

We queried and downloaded 75 single audit reports prepared by non-Federal auditors and submitted to FAC between July 1, 2021, and September 30, 2021, 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 16 grantees that require prompt action from DOT's OAs. The auditors also identified questioned costs totaling \$9,236,974 for five grantees. Of this amount, \$44,115 was related to COVID-19 formula grants for FAA's CARES Act Airport Grant Agreement Program. 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 \$9,236,974, if applicable.

### Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending December 31, 2021

#### Self-initiated

**2.9.2022**

SA2022021

*\$5,409,880 in questioned costs*

We queried and downloaded 56 single audit reports prepared by non-Federal auditors and submitted to FAC between October 1, 2021, and December 31, 2021, 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 12 grantees that require prompt action from DOT's OAs. The auditors also identified questioned costs totaling \$5,409,880 for five grantees. Of this amount, \$2.8 million was related to the Crow Tribes of Indians and \$2.4 million to the Confederated Tribes of the Colville Reservation. 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 \$5,409,880, if applicable.

## STB

### **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**

**10.4.2021**

QC2022001

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, STB requested that we perform its fiscal year 2021 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 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. STB concurred with Williams Adley's 27 recommendations. Williams Adley closed 13 of the 27 recommendation and considers the remaining 14 to be resolved but open, pending STB's completion of planned actions.

### **Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2021 and 2020**

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

**11.15.2021**

QC2022014

We contracted with the independent public accounting firm Allmond & Company, LLC (Allmond), to audit STB's financial statements as of and for the fiscal year ended September 30, 2021; provide an opinion on those financial statements; and report on internal control over financial reporting, compliance with laws, and other matters. The contract required 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 11, 2021, 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 Surface Transportation Board's Audited Financial Statements for Fiscal Years 2021 and 2020**

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

**1.31.2022**

*QC2022020*

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 STB's financial statements as of and for the fiscal year ended September 30, 2021. The management letter discusses internal control matters that Allmond was not required to include in its report on the audit. 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. STB concurred with all eight recommendations.

# Correspondence

## **Capstone Memorandum: Observations and Common Themes in DOT OIG's Recent Work on FAA's Oversight of Air Carrier Maintenance Programs**

**1.5.2022**

CC2022002

This capstone memorandum to FAA provides a summary of findings and recommendations from three recent DOT OIG reports regarding FAA's oversight of Allegiant Air, American Airlines, and Southwest Airlines maintenance and operations practices. The Allegiant and American audits were requested by several members of Congress, and the Southwest audit was conducted as a result of a hotline complaint. The memorandum highlights common themes regarding FAA's oversight and is intended to inform the Administrator of potential systemic issues. While FAA has taken positive steps to work more closely with air carriers to improve safety, our work found that weaknesses in FAA's oversight led to long-unresolved safety issues. In particular, FAA did not ensure Allegiant Air, American Airlines, and Southwest Airlines identified and resolved root causes of non-compliances. Further, our reviews indicate that FAA is not fully prepared to evaluate whether air carriers are effectively assessing and mitigating safety risks, due in part to a lack of training and guidance on how to oversee air carriers' SMS. We issued and FAA has taken action on a number of recommendations to strengthen its management controls related to overseeing and enforcing air carrier safety. Ultimately, while some of the issues we identified were specific to FAA local offices that oversee particular carriers, they present an opportunity for FAA to assess its overall oversight of air carrier safety programs.

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

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

**2.7.2022**

CC2022003

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's charge card programs. In fiscal year 2020, we issued one report on DOT's purchase card program, and in fiscal year 2021, we issued one report on the DOT's travel card program. Specifically, 2 of 13 purchase card recommendations and all 11 travel card recommendations remain open.

**Letter from Inspector General Soskin to Representative Bob Gibbs Regarding Oversight of DOT Funds Provided by the Infrastructure Investment and Jobs Act**

**2.17.2022**

CC2022004

The Inspector General responded to a letter dated January 11, 2022, from Congressman Bob Gibbs regarding oversight of DOT funds provided by the Infrastructure Investment and Jobs Act (IIJA). Joined by 15 other Members of Congress, Mr. Gibbs expressed concerns about the proper distribution of the act's funds and the importance of preventing fraud to ensure taxpayer dollars are used for their intended purpose. Detecting and preventing fraud, waste, and abuse of Government funds is a central part of our mission. Planning to protect IIJA funds will begin with DOT's efforts to build safeguards into IIJA programs. Currently, we are assessing how our work can best assist DOT once it has taken those steps. We are also working with CIGIE to address oversight issues that affect all Government agencies.

**Memorandum to the Secretary: Supporting DOT's Efforts To Meet IIJA Responsibilities**

**2.17.2022**

CC2022005

Responding to the recently passed IIJA will be one of DOT's highest priorities for years to come. IIJA authorized more than \$660 billion for transportation funding over the next 5 years, which directed the Department to establish new discretionary and formula programs. We acknowledge the inherent challenges for DOT in carrying out its IIJA responsibilities and overseeing this influx of funds. To aid the Department in its efforts, we will provide an initial product in the coming months summarizing crosscutting oversight risks and suggestions for mitigating risks. We will announce future work related to IIJA as needed and will coordinate with DOT staff in advance to ensure we focus on the areas of increased risk.

# Testimony

**Strengthening DOT's  
Cybersecurity Program  
To Protect the Nation's  
Transportation Infrastructure  
Before the House Committee  
on Transportation  
and Infrastructure**

**12.2.2021**

*CC2022001*

On December 2, 2021, Kevin Dorsey, Assistant Inspector General for Information Technology Audits, testified before the House Committee on Transportation and Infrastructure at a hearing titled "The Evolving Cybersecurity Landscape: Federal Perspectives on Securing the Nation's Infrastructure." Mr. Dorsey's testimony focused on DOT's challenges in three areas: (1) developing a comprehensive cybersecurity strategy, (2) protecting information systems at DOT's OAs, and (3) coordinating with external entities to protect the transportation sector.

# 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.

## Peer reviews conducted of DOT OIG

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.

The Social Security Administration (SSA) OIG conducted a CIGIE peer review of our Office of Auditing and Evaluation in fiscal year 2022. SSA 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 in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects. Accordingly, SSA OIG provided a "pass" rating and did not make any recommendations. The report was released on March 15, 2022.

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

## Peer reviews conducted by DOT OIG

DOT OIG did not conduct a peer review during this reporting period.

# Index

## Reporting Requirements

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

Section	Requirement	Page
5(a)(1)	Significant problems, abuses, and deficiencies	3–41
5(a)(2)	Significant recommendations for corrective action	19–39
5(a)(3)	Prior significant recommendations unimplemented	16
5(a)(4)	Matters referred and resulting prosecutions	5–10
5(a)(5)	Information or assistance refused by the Department	18
5(a)(6)	List of audits issued	19–39
5(a)(7)	Summaries of significant audits	12, 19–39
5(a)(8)	Statistical table for questioned/unsupported costs	14–15
5(a)(9)	Statistical table for funds to be put to better use	14–15
5(a)(10)	Summary of prior reports unresolved	16
5(a)(11)	Significant revised management decisions	18
5(a)(12)	Significant management decisions with which DOT OIG disagreed	18
5(a)(13)	Compliance with Federal Financial Management Improvement Act	18
5(a)(14)	Peer reviews conducted of DOT OIG	43
5(a)(15)	Peer review recommendations	43
5(a)(16)	Peer reviews conducted by DOT OIG	43
5(a)(17)	Statistical table of investigative reports and referrals	5–8
5(a)(18)	Investigative reporting metrics	8
5(a)(19)	Substantiated misconduct of senior Government employees	10
5(a)(20)	Instances of whistleblower retaliation	8
5(a)(21)	Interference with DOT OIG independence	18
5(a)(22)	Closed but undisclosed audits and investigations of senior Government employees	10, 18

# Acronym Glossary

Acronym	Definition
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CDL	commercial driver's license
CIGIE	Council of Inspectors General on Integrity and Efficiency
CIP	Capital Improvement Program
COVID-19	Coronavirus Disease 2019
C-UAS	counter-UAS technology
DBE	Disadvantaged Business Enterprise
DATA Act	Digital Accountability and Transparency Act
DMV	Department of Motor Vehicles
DOJ	U.S. Department of Justice
DOT	U.S. or State Department of Transportation
FAA	Federal Aviation Administration
FAC	Federal Audit Clearing House
FISMA	Federal Information Security Modernization Act
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FMVSS	Federal Motor Vehicle Safety Standards
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FTE	full-time equivalent
FY	fiscal year
GAO	Government Accountability Office
GLS	Great Lakes Saint Lawrence Seaway Development Corporation

Acronym	Definition
Hazmat	hazardous material
IIJA	Infrastructure Investment and Jobs Act
MARAD	Maritime Administration
NAS	National Airspace System
NextGen	Next Generation Air Transportation System
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
NVS	NAS Voice System
OA	Operating Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary of Transportation
OVSC	Office of Safety Compliance, NHTSA
PHMSA	Pipeline and Hazardous Materials Safety Administration
PII	personally identifiable information
QCR	quality control review
SAAO	single audit accountable official
SBA	Small Business Administration
SMS	safety management system
SSA	Social Security Administration
STB	Surface Transportation Board
SUPs	Suspected Unapproved Parts
UAS	unmanned aircraft systems
USMMA	U.S. Merchant Marine Academy