

# SEMIANNUAL REPORT TO CONGRESS

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

*OCTOBER 1, 2023–MARCH 31, 2024*






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# Highlights

## Investigative Accomplishments

### investigations opened, by priority area

	transportation safety	22		public interest	3
	grant and procurement fraud	23		other	5
	employee integrity	4			

**84/77**

investigations/complaints  
closed/opened

**48/44**

convictions/indictments  
and criminal informations

**\$17,655,126**

financial impact of  
DOT OIG investigations

## Audit Accomplishments

### audit reports, by agency

**19**














audit reports issued

**94**

recommendations

**\$423,976,230**

financial impact of  
DOT OIG audit reports

	FAA	7		FTA	0		NHTSA	0
	FHWA	0		GLS	2		NTSB	1
	FMCSA	0		MARAD	0		OST	5
	FRA	1		Multimodal*	1		PHMSA	0
							STB	2

\*Multimodal refers to audits that involved two or more agencies.





# *Investigations*

# Performance Highlights

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:

- Driver's license fraud.** The owner of a driving school was sentenced to 15 months of incarceration, 1 year of supervised release, a \$10,000 fine, and over \$19,000 in forfeiture for bribing a road test examiner to falsely represent that applicants had passed road tests, resulting in unqualified applicants receiving driver's licenses.
- Small business contracting fraud.** A company agreed to pay over \$1.7M to settle civil fraud allegations that it and its subsidiaries falsely certified themselves as qualified small businesses and improperly obtained over 100 set-aside small business contracts that they were ineligible to receive.
- Flight crew interference.** An individual was sentenced to 30 months of incarceration and 3 years of supervised release for brandishing a box cutter on a flight and stating the intention to stab someone. The individual charged toward a flight attendant before being subdued.
- Intentionally crashing an airplane.** A pilot was sentenced to 6 months of incarceration and 2 years of supervised release for obstructing a Federal investigation after recording a crash with the intent to make money, destroying the wreckage, and lying to investigators.

## Investigative Accomplishments

	hotline contacts received	1,959
	investigations/complaints* closed/opened	84/77
	criminal/civil investigations referred for prosecution	83/10
	convictions/indictments and criminal informations	48/44
	years of incarceration, probation, home detention, supervised release	95.9
	financial impact of DOT OIG investigations	\$17,655,126
	hours of community service	120






\*A complaint is the preliminary review of an allegation during which it is determined whether an investigation will be opened.



# Statistical Data

## Financial impact of DOT OIG investigations



total financial impact		\$17,655,126
	costs avoided	\$0
	forfeitures	\$291,275
	recoveries	\$1,756,066
	finest and special assessments	\$2,607,003
	restitution	\$13,000,782

### Types of 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



**77**  
investigations/  
complaints opened  
this reporting period



**382**  
ongoing  
investigations/  
complaints






**84**  
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.

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

	referred	83
	accepted*	58
	declined*	42

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



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

individuals referred to DOJ	52
businesses referred to DOJ	19
individuals referred to State or local authority	10
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.

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





	referred	10
	accepted*	13
	declined*	3

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

# Human trafficking

In accordance with the Trafficking Victims Prevention and Protection Reauthorization Act of 2022 (Public Law Number 117-348), DOT OIG is required to report on its human trafficking investigations.

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

	allegations received	8
	referred	0
	accepted*	0
	declined*	0

\*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

32

false claims	3	overbilling	1	NHTSA STEP grant	1
product substitution/ substandard work or materials	1	false statements	5	embezzlement	3
Buy America requirements	3	public corruption/ extortion	2	DBE fraud	6
anti-trust, bid rigging/collusion	1	other	6		



## aviation

11

accident- related	2	certificate fraud, commercial airman	5	interference or tampering with an aircraft	3
certificate fraud, non-commercial airman	1				



## motor carrier

20

CDL fraud of school or 3rd party tester	2	CDL public corruption of a DMV employee	5	fraudulent registration filings, reincarnated carriers	3
other	10				



## public interest

9

aiming a laser pointer at an aircraft	4	household goods/ moving companies	1	unmanned aircraft systems	4
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# Summary of referrals for criminal and civil prosecution (cont.)

## employee integrity 2



conflict of interest  
(public corruption,  
current employee) 2

## transportation safety 5



falsification of FMVSS <span>1</span>	falsification of FRA-required records <span>1</span>	NHTSA—TREAD Act violations <span>1</span>
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substandard non-aviation parts substitution 2

## hazmat 9



carriage by motor vehicle/ public highway <span>4</span>	carriage by vessel <span>1</span>	illegal shipment of airbags <span>3</span>
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carriage by air 1



## workforce protection 0



## other 5

forgery/alteration of documents <span>2</span>	other* <span>3</span>
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\*Includes theft and money laundering.

### Investigative reports

DOT OIG distributed **48** investigative reports, including reports of investigation, stakeholder memos, and management implication reports.

### Indictments and informations from prior referrals

A total of **31** 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	48
convictions/indictments and criminal informations	44
years of incarceration and home detention	13.9
years of supervised release	28
years of probation	54
hours of community service	120

#### 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	7
individual debarment	2
business suspension	2
business debarment	2
suspension referral	17
debarment referral	11

## personnel action

proposed removal	1
removal	1

## other actions

compliance agreement	3
enforcement action taken	1
Federal funds reduced	0
certificate/license/permit revoked/terminated	9
suspension/debarment referral**	4
employee resigned/ retired during investigation	1
employee suspension	1
non-DOT employee action taken	1

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

\*\* Specifically, when another agency(ies) with which DOT OIG is working jointly initiates the suspension/debarment referral.

## 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 was one administrative investigation involving violations of 41 U.S. Code § 4712 in which misconduct was unsubstantiated.

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

There were no investigations involving senior Government employees in which 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 to receive allegations of fraud, waste, abuse, or mismanagement in DOT programs and operations. Allegations may be reported 24 hours a day, 7 days a week by DOT employees, contractors, or the general public.



total hotline contacts received		1,959
	<b>fax</b> +1 (202) 366-7749	1
	<b>walk ins</b> 1200 New Jersey Ave SE, West Bldg, 7th floor, Washington, DC 20590	0
	<b>letters</b> 1200 New Jersey Ave SE, West Bldg, 7th floor, Washington, DC 20590	41
	<b>phone calls</b> +1 (800) 424-9071	311
	<b>web contacts</b> <a href="http://www.oig.dot.gov/hotline">www.oig.dot.gov/hotline</a>	540
	<b>emails</b> <a href="mailto:hotline@oig.dot.gov">hotline@oig.dot.gov</a>	1,066





*Audits*

# Performance Highlights

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:

- **High-value asset governance.** DOT has not established an effective and consistent high-value asset governance program to protect its most critical information systems. In addition, DOT lacks an approach for assessing, remediating, and responding to incidents and identified weaknesses involving its high-value assets.
- **Do Not Pay Initiative.** Internal control weaknesses contributed to DOT's noncompliance with the Do Not Pay Initiative. DOT also lacks policies and procedures to ensure it meets OMB guidance and PIIA requirements and does not make payments to ineligible recipients.
- **IT and telecommunications contracting.** FAA's noncompliance with requirements for IT and telecommunication contracting has limited the Agency's ability to achieve best value outcomes. FAA has not properly developed and documented independent Government cost estimates prior to awarding contracts, putting the Agency at risk for improper pricing and price analyses and unreasonable offerors.
- **Railroad hours of service and fatigue management.** FRA's ability to oversee and target highest railroad risk areas is hindered by a lack of detailed procedures. Specifically, FRA does not maintain documentation on how the Agency plans and performs oversight of railroad hours of service compliance, fatigue mitigation, violation penalties, and annual enforcement reports.

## Audit Accomplishments



audit reports issued

19



recommendations

94



financial impact  
of DOT OIG audits

**\$ 423,976,230**

To access our full library of audits, recommendations, investigations, testimonies, and other reports, visit <https://www.oig.dot.gov/>.



# Statistical Data

## Completed audits by type

<b>reports</b>		<b>19</b>	
performance audits	8	financial audits	9
audits under Single Audit Act	2	attestation engagements	0
<b>recommendations</b>		<b>94</b>	
performance audits	50	financial audits	42
audits under Single Audit Act	2	attestation engagements	0
<b>financial impact</b>		<b>\$423,976,230</b>	
performance audits		\$417,511,640	
audits under the Single Audit Act		\$6,464,590	
financial audits		\$0	
attestation engagements		\$0	

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

### Types of audits

**Performance audits** provide objective analyses, findings, and conclusions to assist management and those charged with governance and oversight to, among other things, improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

**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 in Federal assistance (i.e., Federal funds, grants, or awards) received for its operations. We review single audit reports and report quarterly on significant findings related to programs directly funded by DOT. We also perform quality control reviews on a sample of the single audits.

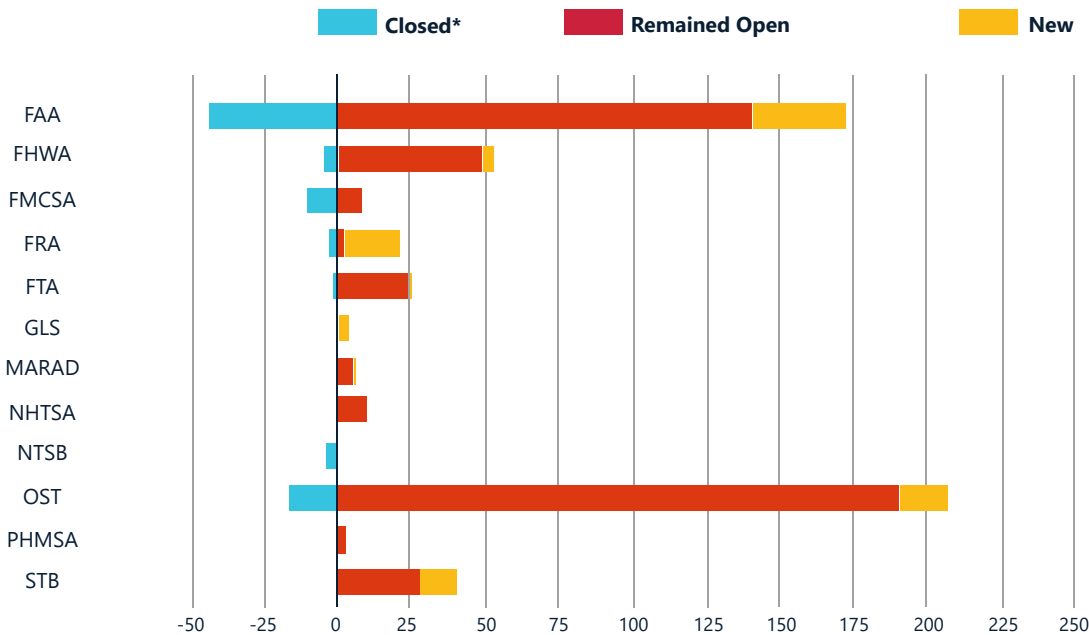
**Attestation engagements** are examinations, reviews, or agreed-upon procedure engagements of a subject matter or assertion for which another party is responsible.

# Open audit recommendations

As of March 31, DOT OIG had **522 open recommendations**, which were included in **169** audit reports issued since **November 14, 2011**. Of these, **57** recommendations (from **44** reports) carry an **estimated monetary or cost savings totaling over \$815,836,740**, including funds that could be put to better use and questioned costs.

Please visit our Recommendation Dashboard at [www.oig.dot.gov/recommendation-dashboard](http://www.oig.dot.gov/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 2024



\*Some closed recommendations were opened prior to the reporting period.

## 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 auditee and DOT OIG agree on the step(s) necessary to address the recommendation. Then the recommendation is considered “resolved” and remains open until the auditee completes the corrective action and provides DOT OIG with sufficient supporting evidence of the actions taken.

A recommendation is **closed** after the auditee 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.

## **Management decisions on previously issued audits**

DOT made management decisions regarding five recommendations from two audit reports issued during a previous reporting period.

## **Attempts to interfere with DOT OIG independence**

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

## **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.

## **Compliance with Federal Financial Management Improvement Act**

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

## **Information or assistance refused by DOT**

DOT did not unreasonably refuse information or assistance.

# 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 of DOT OIG

The Small Business Administration (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>.

## Outstanding peer review recommendations addressed to DOT OIG

DOT OIG does not have any outstanding peer review recommendations that have not been implemented.

## Peer reviews conducted by DOT OIG

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

# Index

## Reporting Requirements

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

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# Acronym Glossary

Acronym	Definition
CDL	commercial driver's license
CIGIE	Council of Inspectors General on Integrity and Efficiency
DBE	disadvantaged business enterprise
DMV	Department of Motor Vehicles
DOJ	U.S. Department of Justice
DOT	U.S. or State Department of Transportation
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FMVSS	Federal Motor Vehicle Safety Standards
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FY	fiscal year
GLS	Great Lakes Saint Lawrence Seaway Development Corporation
Hazmat	hazardous material
MARAD	Maritime Administration
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary of Transportation
PHMSA	Pipeline and Hazardous Materials Safety Administration

Acronym	Definition
PIIA	Payment Integrity Information Act of 2019
SBA	Small Business Administration
SSA	Social Security Administration
STB	Surface Transportation Board
STEP	Selective Traffic Enforcement Program
TREAD	Transportation Recall, Enhancement, Accountability and Documentation Act

