



# DOT's Top Management Challenges

FY 2025 | November 4, 2024



# Highlights

## DOT's Fiscal Year 2025 Top Management Challenges

*Mandated by the Reports Consolidation Act of 2000*

### About This Report

Each year, as required by law, we report on the U.S. Department of Transportation's (DOT) top management challenges to help the Department meet its strategic priorities across its wide-ranging transportation program areas. We considered several criteria to identify the Department's top management challenges for fiscal year 2025, including safety impact, documented vulnerabilities, large dollar implications, and the Department's ability to effect change. In all these challenge areas, it is prudent that DOT focus on oversight that ensures compliance with Federal requirements and prevents fraud, waste, and abuse. Accordingly, in each chapter we've included a summary of our investigative work or other recent events to highlight the impact these instances can have on the Department's ability to achieve its strategic goals.

### What We Found

We identified the following top management challenges for fiscal year 2025:

- **Aviation Safety.** Strengthen the Federal Aviation Administration's (FAA) ability to identify and resolve Boeing production issues; and improve data analysis and implement initiatives to identify root causes, prevent aviation close calls, and sustain the aviation safety track record.
- **Surface Transportation Safety.** Partner with recipients and the private sector to improve the safety of drivers, passengers, and workers; and enhance verification and enforcement of safety compliance.
- **Aviation Governance and Modernization.** Refine air traffic controller staffing, placement, and training practices to meet facility needs and maintain safety in an evolving operational environment; keep the deployment of NextGen systems and capabilities on track while FAA terminates the Office of NextGen; and improve processes for collecting and analyzing flight delay and cancellation data and consumer complaint data to oversee airlines and protect consumers.
- **Surface Transportation Infrastructure.** Evaluate the progress of surface transportation programs; continue to strengthen oversight of Federal transportation investments; and provide support in a dynamic surface transportation sector.
- **Grant and Contract Fund Stewardship.** Make sound, transparent grant and contract award decisions; and confirm grant and contract funds are used as intended.
- **Financial Management.** Improve stewardship of agency-owned or federally funded property; improve compliance with Federal requirements for monitoring and reporting on grantee spending; and improve compliance with Federal requirements for managing and expending Federal funds.
- **Information Security.** Address longstanding weaknesses to protect DOT's critical information systems; and execute key cybersecurity initiatives to strengthen DOT's effectiveness addressing transportation-sector cybersecurity matters.
- **Transportation Transformation.** Integrate new technologies into the National Airspace System; and facilitate innovation by supporting stakeholders in their safe adoption of new technologies.
- **Organizational Excellence.** Hire, train, and retain the workforce necessary to meet Department goals; manage workforce and property assets and facilities in an evolving environment; and address longstanding organizational issues.

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# Memorandum

Date: November 4, 2024

Subject: INFORMATION: DOT's Fiscal Year 2025 Top Management Challenges  
Project No. PT2025005

From: Eric J. Soskin   
Inspector General

To: The Secretary  
Deputy Secretary

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The U.S. Department of Transportation (DOT) strives to deliver the world's leading transportation system, a mission that is essential to American prosperity, global competitiveness, national security, and general welfare. In fulfilling this mission, the Department must manage complex and multifaceted challenges that span its oversight of aviation, highways, transit, rail, ports, and more. The Office of Inspector General's (OIG) oversight responsibilities are commensurate with the full range of DOT's programs and operations. Our audit and investigative work seeks to promote the interests of the American public in economy, efficiency, and effectiveness; detect and prevent fraud, waste, and abuse; and provide transparency and accountability.

Each year, as required by law, we report on DOT's top management challenges to help the Department meet its strategic priorities across its wide-ranging transportation program areas. We base this report on our audit and investigative work, our knowledge of the activities and operations of DOT and its Operating Administrations, independent sources such as U.S. Government Accountability Office reports, and other information available to us.

We considered several criteria to identify the Department's top management challenges for fiscal year 2025, including safety impact, documented vulnerabilities, large dollar implications, and the Department's ability to effect change. In the enclosed report, we identify and discuss the following challenge areas:

- Aviation Safety
- Surface Transportation Safety
- Aviation Governance and Modernization
- Surface Transportation Infrastructure
- Grant and Contract Fund Stewardship
- Financial Management

- Information Security
- Transportation Transformation
- Organizational Excellence

Safety ranks as DOT's highest priority. The Federal Aviation Administration (FAA), for example, is responsible for overseeing production of aircraft and aviation operations in the United States. However, to effectively oversee these operations, FAA is challenged with enhancing its processes for identifying and resolving production issues, while also improving its data analysis capabilities to mitigate close calls between aircraft on runways. Other key tasks for FAA include securing the National Airspace System by ensuring adequate air traffic controller training and staffing, as well as keeping deployment of Next Generation Air Transportation System programs on track. The Department must also work diligently to continue to improve the safety of roads, vehicles, drivers, passengers, and workers, as well as enforce highway, motor carrier, railroad, transit, pipeline, and hazardous materials safety compliance.

In addition, through programs established by the Infrastructure Investment and Jobs Act along with existing funding programs, DOT oversees billions of dollars in surface infrastructure investments supporting roads, bridges, rail, transit, ports, and energy system projects and programs. In these areas, DOT faces challenges evaluating the progress of surface transportation programs, strengthening its oversight of Federal transportation investments, and providing support in managing programs that may impact transportation infrastructure security and resilience.

Further, responsible stewardship over Federal funds directly correlates to DOT's ability to achieve its strategic goals and mission of delivering the world's leading transportation system. As it oversees grants and contracts, DOT faces challenges ensuring compliance with Federal requirements, to include making sound and transparent grant and contract award decisions and confirming funds are distributed to eligible recipients and used as intended. Other challenges include overseeing agency-owned and federally funded properties and equipment, determining the allowability of millions of dollars in questioned costs identified in single audit reports, and addressing internal control weaknesses to safeguard Federal funds.

Alongside its considerable safety and stewardship challenges, DOT also faces longstanding challenges in its cybersecurity program. As the willingness and capability of malicious actors to undertake cyber attacks on government agencies and the Nation's critical infrastructure has increased, DOT's responsibilities for protecting its systems, as well as the sector at large, have increased in importance. A critical step will be addressing vulnerability and configuration management weaknesses that could allow attackers to gain access to mission-critical systems and sensitive data.

Finally, DOT's position as the leading transportation regulator and funder means DOT has an outsized impact on the ability of the American transportation sector to design for the future and meet the challenges of the present. The Department will need to act thoughtfully to strike a balance between safety and innovation and should continue

to reference its innovation principles when considering current needs and long-term goals to achieve the best outcomes for national security, American prosperity, and the Nation's workers and industries. Challenges include integrating new technologies, such as autonomous and electric vehicles, commercial space operations, Advanced Air Mobility aircraft, and Unmanned Aircraft Systems, while limiting unintended safety impacts. The Department, however, will face challenges achieving these and other goals if it cannot hire, train, and retain a capable, diverse, and collaborative workforce of highly skilled, innovative, and motivated employees. Thoughtfully managing its workforce by considering work schedule policies that balance work/life priorities with meaningful in-person collaboration, while also reviewing and assessing the Department's facility needs and organizational issues will help DOT address these challenges.

In all these challenge areas, it is prudent that DOT focus on oversight that ensures compliance with Federal requirements and prevents fraud, waste, and abuse. Notably, each year, we receive more than 4,000 hotline complaints and open roughly 150 investigations related to transportation safety, grant and procurement fraud, public interest, or employee integrity. Accordingly, in each chapter we've included examples of investigative work we have undertaken related to that challenge area or other recent events to highlight the impact these instances can have on the Department's ability to achieve its strategic goals.

As always, we will continue to work closely with Department officials to support DOT's efforts to improve safety, enhance efficiency, and maximize resource utilization. We appreciate the Department's consideration and prompt action in response to the challenges we have identified. Our final report and the Department's response will be included in DOT's Annual Financial Report, as required by law.

If you have any questions regarding this report, please contact me or Charles A. Ward, Principal Assistant Inspector General for Auditing and Evaluation.

cc: DOT Audit Liaison, M-1

## Index of DOT Operating Administrations Discussed in Each Chapter

Operating Administration	Chapters
Federal Aviation Administration (FAA)	<a href="#">Aviation Safety</a> , <a href="#">Aviation Governance and Modernization</a> , <a href="#">Grant and Contract Fund Stewardship</a> , <a href="#">Information Security</a> , <a href="#">Transportation Transformation</a> , <a href="#">Organizational Excellence</a>
Federal Highway Administration (FHWA)	<a href="#">Surface Transportation Safety</a> , <a href="#">Surface Transportation Infrastructure</a> , <a href="#">Financial Management</a> , <a href="#">Transportation Transformation</a> , <a href="#">Organizational Excellence</a>
Federal Motor Carrier Safety Administration (FMCSA)	<a href="#">Surface Transportation Safety</a> , <a href="#">Organizational Excellence</a>
Federal Railroad Administration (FRA)	<a href="#">Surface Transportation Safety</a> , <a href="#">Surface Transportation Infrastructure</a> , <a href="#">Financial Management</a> , <a href="#">Organizational Excellence</a>
Federal Transit Administration (FTA)	<a href="#">Surface Transportation Safety</a> , <a href="#">Surface Transportation Infrastructure</a> , <a href="#">Grant and Contract Fund Stewardship</a> , <a href="#">Financial Management</a> , <a href="#">Organizational Excellence</a>
Great Lakes and St. Lawrence Seaway Corporation (GLS)	(see cross-modal/Departmentwide below)
Maritime Administration (MARAD)	<a href="#">Surface Transportation Infrastructure</a> , <a href="#">Financial Management</a> , <a href="#">Organizational Excellence</a>
National Highway Traffic Safety Administration (NHTSA)	<a href="#">Surface Transportation Safety</a> , <a href="#">Financial Management</a> , <a href="#">Transportation Transformation</a> , <a href="#">Organizational Excellence</a>
Office of the Secretary of Transportation (OST)	<a href="#">Surface Transportation Safety</a> , <a href="#">Aviation Governance and Modernization</a> , <a href="#">Surface Transportation Infrastructure</a> , <a href="#">Financial Management</a> , <a href="#">Transportation Transformation</a> , <a href="#">Organizational Excellence</a>
Pipeline and Hazardous Materials Safety Administration (PHMSA)	<a href="#">Surface Transportation Safety</a> , <a href="#">Organizational Excellence</a>
Cross-modal/Departmentwide	<a href="#">Grant and Contract Fund Stewardship</a> , <a href="#">Financial Management</a> , <a href="#">Information Security</a> , <a href="#">Transportation Transformation</a> , <a href="#">Organizational Excellence</a>



# Aviation Safety



OAs Impacted  
FAA

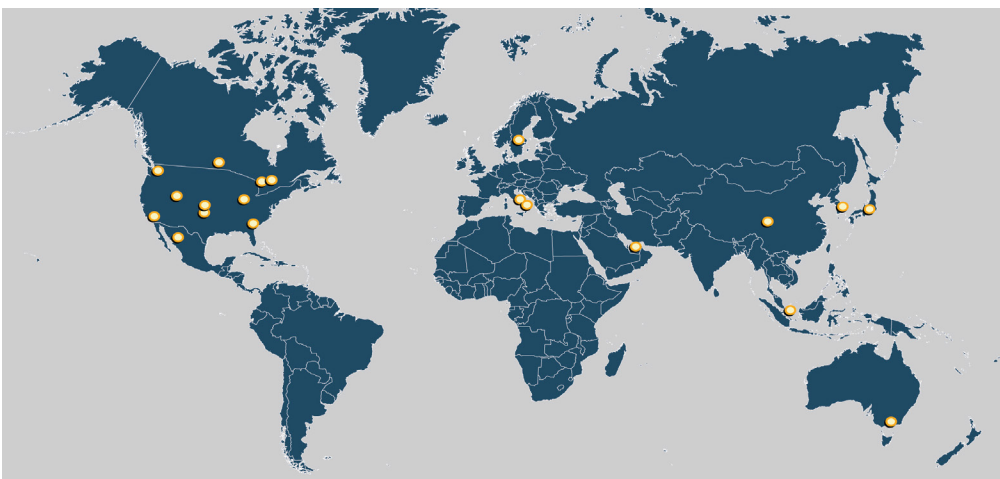
Related DOT Strategic Goal(s)  
Safety

Aviation safety is FAA's primary mission. Effectively overseeing production of aircraft and aviation operations in the United States is vital to fulfilling this goal. However, while FAA carries out numerous oversight activities of Boeing production, the Agency must improve its policy, data collection, and tools to enhance its oversight. As to aviation operations, while FAA deserves credit for making the aviation system one of the safest ways to travel, a series of serious runway incursions in 2023 highlighted a longstanding need for FAA to improve its data analysis capabilities to mitigate these types of close calls.

## Strengthen FAA's Ability To Identify and Resolve Boeing Production Issues

- On January 5, 2024, an exit door plug blew out of Alaska Airlines Flight 1282 shortly after the flight departed Portland, OR, renewing attention on FAA's oversight of Boeing aircraft production. Our work has identified that FAA faces challenges in conducting comprehensive oversight of Boeing 737 and 787 aircraft production. Specifically, FAA cannot determine what areas or processes it has audited within Boeing facilities and has not requested manufacturing data from Boeing that could better inform risk assessments. While FAA performed more audits in fiscal years 2021 through 2023 than required by its policy, Boeing production issues persist.
- FAA has not addressed longstanding weaknesses in Boeing's oversight of suppliers, which spans thousands of companies in more than 30 countries. FAA's focus on primary suppliers limits its view of overall parts manufacturing and its ability to assess risk within the supply chain. Additionally, FAA does not require its inspectors to review key inspections to ensure that Boeing and its suppliers' manufacturing processes can produce compliant parts.
- FAA has yet to achieve a proactive approach to oversee Boeing. For example, FAA did not identify deficiencies in Boeing's Safety Management System (SMS) because it did not perform a comprehensive assessment of Boeing's implementation of the system. However, an expert panel established to fulfill a requirement in the Aircraft Certification, Safety, and Accountability Act of 2020 identified 15 findings and made 31 recommendations related to Boeing's SMS and safety culture and FAA's oversight.

### Locations of Origin for Boeing 787 Major Components



Source: OIG analysis of Boeing data; locations are approximate

## Related Investigative Work

OIG's aviation safety investigations include violations of DOT's safety regulations and statutes, such as counterfeit or substandard aircraft parts, falsified aircraft and aircraft parts maintenance records, and false certifications involving pilot and mechanic licensing and maintenance records. For example:

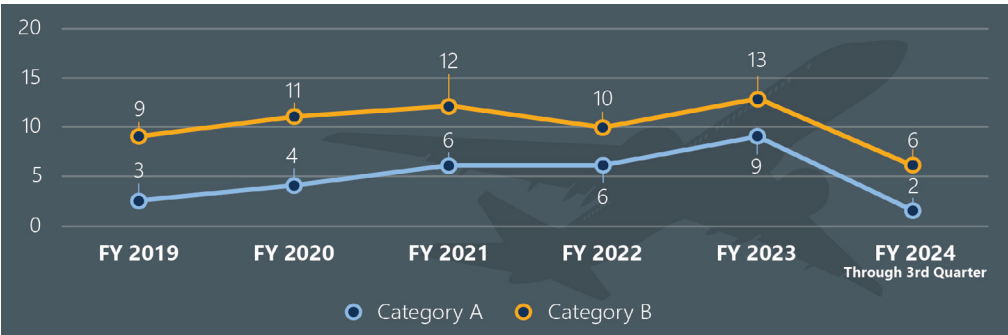
- An individual allegedly illegally accessed an FAA database to acquire another person's Airframe & Powerplant certificate and then used the certificate to gain employment at an Oklahoma City aircraft repair station. The individual pleaded guilty to computer access fraud and was sentenced in April 2023 to 20 months in prison and 3 years of supervised release.
- An Oregon company allegedly received more than \$900,000 from another company and produced at least 23 different types of unapproved aircraft parts. The company pleaded guilty to one count of aircraft parts fraud and was sentenced in July 2023 to 5 years of probation and a forfeiture of more than \$900,000 less the value of tools and equipment used to manufacture parts the company forfeited.



# Improve Data Analysis and Implement Initiatives To Identify Root Causes, Prevent Aviation Close Calls, and Sustain the Aviation Safety Track Record

- Runway incursions—incidents involving unauthorized aircraft, vehicles, or people on a runway—have long been a challenge for FAA and the aviation industry. Several incidents occurred within the past 2 years in which aircraft came close to each other on runways at large commercial airports, including an incident in April 2024 at Ronald Reagan Washington National Airport. While the number of serious incidents represents a small percentage of the total, they have fluctuated from a low of 12 incidents in fiscal year 2019 to a high of 22 in fiscal year 2023. FAA has reported a total of eight serious incidents in the first three quarters of fiscal year 2024.
- Aviation close calls can occur in the air or on runways. For example, FAA reported it was investigating a July 2024 incident in which two passenger aircraft came within close proximity midair in Syracuse, NY, after air traffic controllers instructed one aircraft to go around because there was an aircraft departing on the same runway.
- FAA has met with industry stakeholders and has conducted outreach to increase safety awareness among controllers, aircraft operators, pilots, and other aviation industry workforces. It is also continuing work on runway and related infrastructure projects.
- Moving forward, additional work remains for the Agency to improve its data sharing between FAA organizations and data analysis to identify root causes of close calls and other safety incidents. Other challenges include installing key surface surveillance technologies at airports and addressing recommendations from an expert panel regarding National Airspace System safety and efficiency enhancements.

Serious Runway Incursions: Fiscal Years 2019 Through 2024



Source: OIG analysis of FAA data

\*Serious runway incursions are incidents in which a collision was barely avoided (Category A) or separation decreased and there was a significant potential for collision, which may result in a time critical corrective/ evasive response to avoid a collision (Category B).

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## Recent Progress Reported by the Department

- In April 2024, FAA published its rule requiring production approval holders, such as Boeing, to implement Safety Management Systems.
- In July 2024, FAA announced that it had deployed new surface surveillance technologies at airports in Austin, TX; Nashville, TN; Indianapolis, IN; and Dallas, TX.

## Related OIG Work

- [FAA’s Oversight Processes for Identifying and Resolving Boeing Production Issues Are Not Effective](#) (October 9, 2024)  
>> 16 recommendations (16 open 0 closed)
- [FAA Has Made Progress in Implementing ASIAs, but Work Remains To Better Predict, Prioritize, and Communicate Safety Risks](#) (March 10, 2021)  
>> 3 recommendations (0 open, 3 closed)
- [FAA Faces Challenges in Implementing and Measuring the Effectiveness of Its 2015 Runway Safety Call to Action Initiatives](#) (June 27, 2018)  
>> 3 recommendations (0 open, 3 closed)

For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



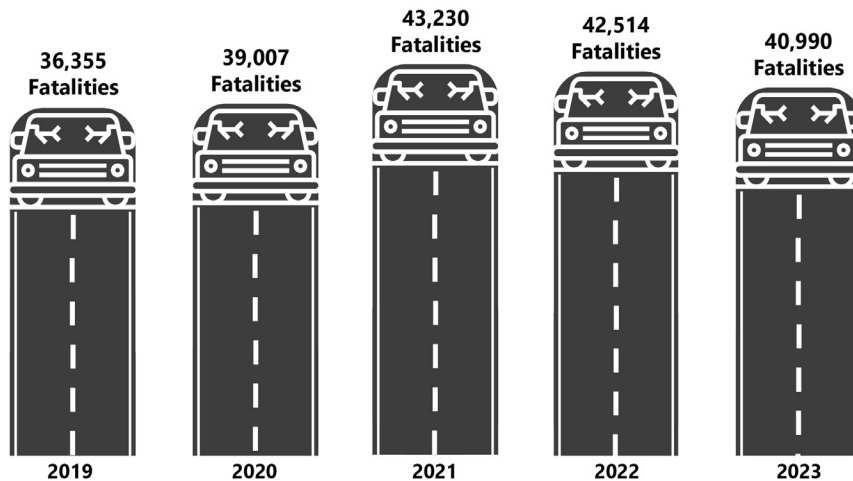
# Surface Transportation Safety

OAs Impacted  
FHWA, FMCSA,  
NHTSA, FRA, FTA,  
OST, PHMSA

Related DOT Strategic Goal(s)  
Safety

DOT's mission to make the U.S. transportation system the safest in the world requires continuous dedication and a sharp focus on reducing fatalities in surface transportation. DOT estimates that nearly 41,000 fatalities resulted from traffic crashes in 2023, a 5.2 percent decrease from the high reported in 2021 (see figure). Still, DOT faces challenges regarding the safety of drivers, passengers, and workers, as well as verification and enforcement of vehicle, rail, motor carrier, and pipeline safety compliance.

## Trends in Traffic Fatalities, 2019–2023



Source: NHTSA data

## Partner With Recipients and the Private Sector To Improve the Safety of Drivers, Passengers, and Workers

- DOT has regulatory and financial tools to shape vehicle and roadway design; however, most actions to improve road and vehicle safety and combat speeding and other high-risk behaviors take place at the State and local level. In addition, vehicle manufacturers and State and local laws currently set the pace for the introduction of autonomous vehicles and their potential to disrupt the stubbornness of current traffic fatality levels. Implementing the National Roadway Safety Strategy (NRSS) and achieving significant progress toward DOT's stated goal of zero fatalities will require encouraging and supporting these partners by stewarding funding and promoting the use of high-quality data.
- To receive Federal transit funding, States must establish safety oversight programs and State Safety Oversight Agencies. FTA must certify these programs—which vary considerably in the size and number of transit systems they oversee—and verify compliance with Federal requirements. We are conducting a congressionally directed audit of FTA's oversight program. In addition, FTA's oversight efforts need to be adequate to assure that transit agency grant recipients balance maintenance activities and safety-critical operations with competing priorities to maintain system safety.

## Related Investigative Work

OIG's transportation safety investigations aim to enhance DOT's transportation safety goals and typically involve parties that egregiously violate DOT's safety regulations. These investigations can include allegations of falsified safety inspection and maintenance reports. For example:

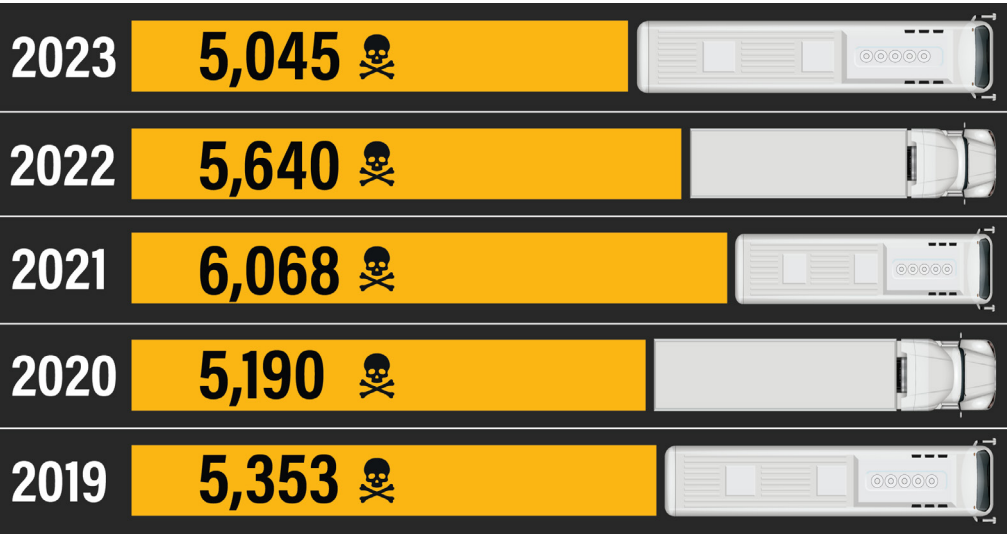
- An individual was charged with tampering with pipeline records and provided unsworn falsification to authorities on an interstate natural gas liquid pipeline. The individual pleaded guilty to the unsworn falsifications and was sentenced in Pennsylvania in August 2024 to 1 year of probation.
- An individual created false certificates for under-bridge inspection vehicles, stating that the vehicles had been examined according to Federal requirements. The individual knew the examinations had not taken place. The individual pleaded guilty to making a false statement, was sentenced in Connecticut to a \$5,000 fine, and was debarred by FHWA in October 2022 from doing business with the Government for 5 years.

- Major assaults on transit workers nearly tripled between 2008 and 2022. Recent DOT actions—including requiring that applicable transit agencies establish transit safety risk reduction programs through Public Transit Agency Safety Plans—are designed to better protect these workers, but FTA will need to assess compliance with these new plan requirements.
- The evolution of controlled substance laws at the State and potentially Federal levels creates new challenges in combating impaired driving, including through the potential for drivers to receive mixed messages about the consequences of controlled substance use. NHTSA and FMCSA must thoughtfully engage with State and industry partners to mitigate such mixed messages and prevent impaired driving.

### Enhance Verification and Enforcement of Safety Compliance

- NHTSA has made significant improvements to its defect investigation procedures but will need to maintain these efforts into the future to improve vehicle safety.
- Even as rail use increases, FRA does not have the procedures and accurate data necessary to effectively target limited hours of service oversight resources to highest risk areas and adequately oversee different railroad types. FRA is working to implement multiple OIG recommendations to address these challenges.
- FMCSA has reported over 5,000 large truck and bus fatalities annually since 2019 (see figure). FMCSA faces longstanding challenges to revise and implement its Safety Measurement System and to maintain data quality on motor carriers' safety performance. FMCSA should also complete NRSS priority actions it initiated to increase oversight and enforcement and complete rulemakings.
- PHMSA faces challenges in mitigating safety risks and emissions from aging natural gas distribution pipes, such as monitoring \$1 billion in Infrastructure Investment and Jobs Act funds provided for the Natural Gas Distribution Infrastructure Safety and Modernization grant program.

Trends in Large Truck and Bus Fatalities, 2019–2023



Source: FMCSA Quarterly Motor Carrier Safety Status Reports

For more information on the issues identified in this chapter, please contact:

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### Recent Progress Reported by the Department

- In February 2024, DOT published a second NRSS progress report detailing actions taken to reduce roadway fatalities and invited others to join its Call to Action campaign, which currently includes more than 180 stakeholders committed to taking actions to improve roadway safety.
- PHMSA enhanced its pipeline integrated inspection program by updating policies, verifying completed inspection documentation, and updating its risk model with statutorily required risk factors.

### Related OIG Work

- [FRA Lacks Written Procedures and Formal Planning for Oversight of Railroad Hours of Service Compliance and the Passenger Railroad Fatigue Management Requirements](#) (March 27, 2024)  
>> 19 recommendations (15 open, 4 closed)
- [FMCSA Generally Met Requirements for Cross-Border Carriers' Long-Haul Operations, but Compliance Reviews Were Not Timely](#) (August 2, 2023)  
>> 3 recommendations (0 open, 3 closed)
- [NHTSA Has Not Fully Established and Applied Its Risk-Based Process for Safety Defect Analysis](#) (May 31, 2023)  
>> 12 recommendations (0 open, 12 closed)

For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



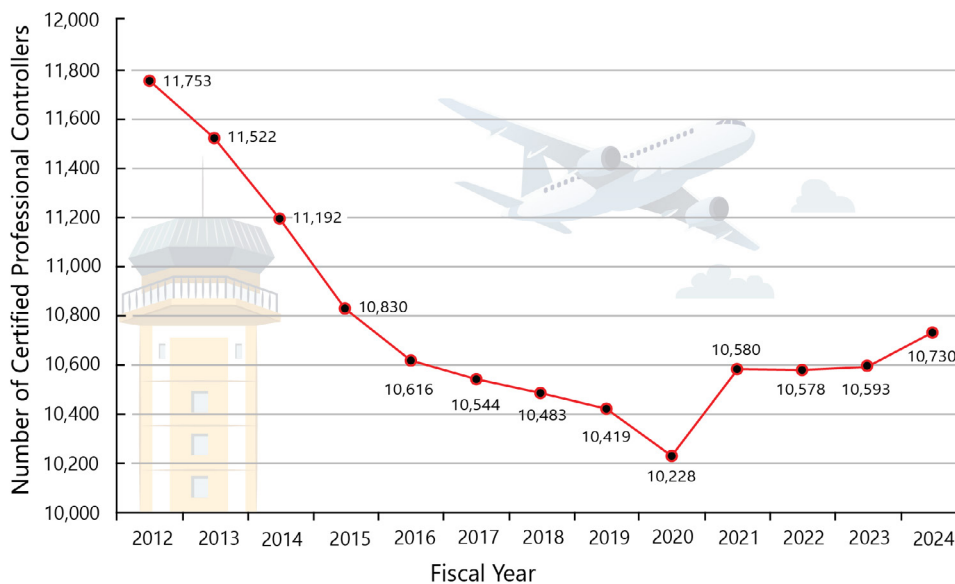
# Aviation Governance and Modernization

OAs Impacted  
FAA and OST

Related DOT Strategic Goal(s)  
Safety, Economic Strength and Global Competitiveness, Climate and Sustainability, Transformation

Even after an estimated \$13 billion has been appropriated for Next Generation Air Transportation System (NextGen) programs over nearly two decades, FAA continues to rely on aging legacy systems in its management of the National Airspace System (NAS). These challenges are compounded by difficulties achieving adequate controller training and staffing to maintain safety. Finally, as the agency expands its emphasis on protecting consumers, improving its processes for collecting and analyzing flight delay and cancellation and consumer complaint data will position DOT to better oversee airlines and address customer needs.

## Certified Professional Controller Staffing, Fiscal Years 2012–2024



Source: OIG analysis of DOT data

\*FY 2024 data as of June. FAA's goal is to certify all controllers, and as of June 2024, the Agency has 2,925 controllers in training. While controllers in training can complement staffing at air traffic control facilities, they are not fully certified and are not able to work all positions.

## Refine Air Traffic Controller Staffing, Placement, and Training Practices To Meet Facility Needs and Maintain Safety in an Evolving Operational Environment

- The FAA Reauthorization Act of 2024 mandates FAA assess its needs for air traffic controller instructors and conduct a review of the skills assessment administered to air traffic controller applicants prior to hiring. As we have previously reported, FAA has long faced challenges in ensuring adequate controller staffing and training to maintain safety of the NAS.
- Most recently, we reported that FAA has not ensured adequate controller staffing at its most critical facilities. For example, we found that 20 of 26 critical facilities were staffed below the Agency's threshold of 85 percent.

## Related Recent Events

FAA and industry face technical problems that challenge the resilience of NAS operations. For example:

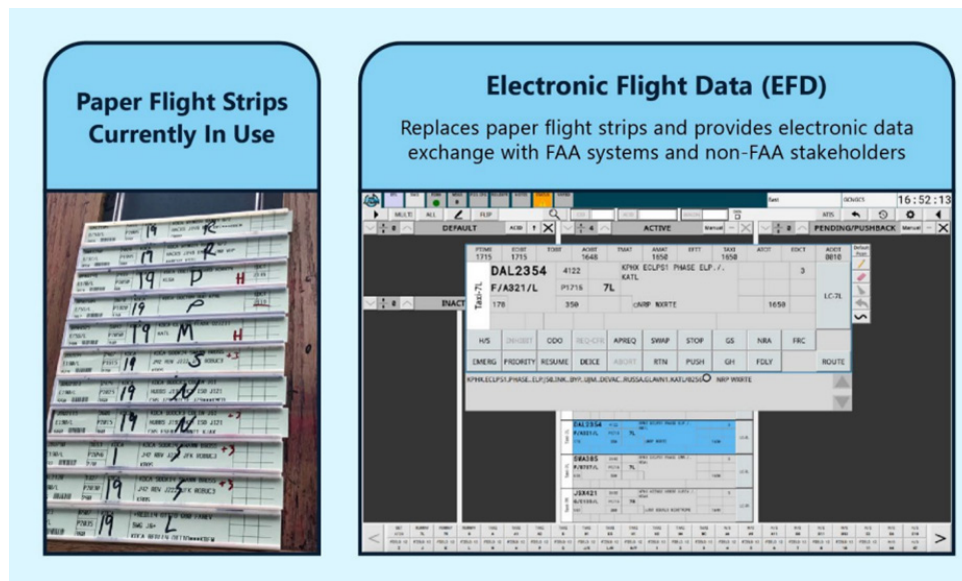
- On January 10, 2023, an outage in FAA's Notice to Air Missions system, which combined a newer system with a 20-year-old system, caused a nationwide ground stop and thousands of flight delays. Since then, FAA reports it has implemented corrective actions aimed at fixing the root cause of the outage.
- On July 19, 2024, U.S. airlines and airports were affected by the global technology outage caused by updates to cybersecurity software provided by CrowdStrike. Beyond the immediate flight delays and cancellations, one airline struggled to recover and faced days of significant impacts, mirroring challenges another airline faced following winter weather delays in December 2022. The Department opened investigations of both airlines in connection with these disruptions.

- Further, controller staffing challenges at critical facilities have led FAA to reduce air traffic operations in some circumstances. For example, Jacksonville Center has experienced over 300 staffing triggers—an action taken by FAA management when staffing constraints lead to a need to reduce the amount of air traffic in affected airspace—and New York Terminal Radar Approach Control Facility (TRACON) has had 170.
- FAA’s implementation of pauses in air traffic controller training during the COVID-19 pandemic contributed to controller staffing challenges by resulting in an increase in certification times for controllers. FAA needs improved resiliency in staffing and contingency planning for disruptions, and our audit work shows that FAA’s lack of a plan to address these staffing challenges limits the capacity of the NAS.

## Keep the Deployment of NextGen Systems and Capabilities on Track While FAA Terminates the Office of NextGen

- The FAA Reauthorization Act of 2024 mandates that FAA operationalize all key NextGen programs by the end of calendar year 2025. However, implementation challenges have delayed the full deployment of certain capabilities to beyond 2030. These delays, along with changes in the scope of many NextGen programs, have made NextGen less transformational than originally envisioned and resulted in continued reliance on legacy systems.
- For example, FAA has experienced a significant delay to the completion date of the Terminal Flight Data Manager (TFDM) system—an automation tool that introduces electronic flight strips and surface management tools—to February 2030, even though FAA has reduced the number of deployment sites from 89 airports to 49. Although the Agency expects that retention of the largest deployment sites will provide over 90 percent of the original anticipated monetized benefits, FAA will need to continue to rely on legacy paper flight strips in the airports to which TFDM is not deployed.
- Further, the Act directs FAA to terminate the Office of NextGen by the end of 2025 and transfer all functions, duties, and authorities to other FAA offices, including an Airspace Modernization Office to be established pursuant to the Act. While doing so, FAA will need to keep NextGen programs on track and mitigate future implementation challenges.

### Paper Flight Strips Compared to Terminal Flight Data Manager’s Electronic Flight Data



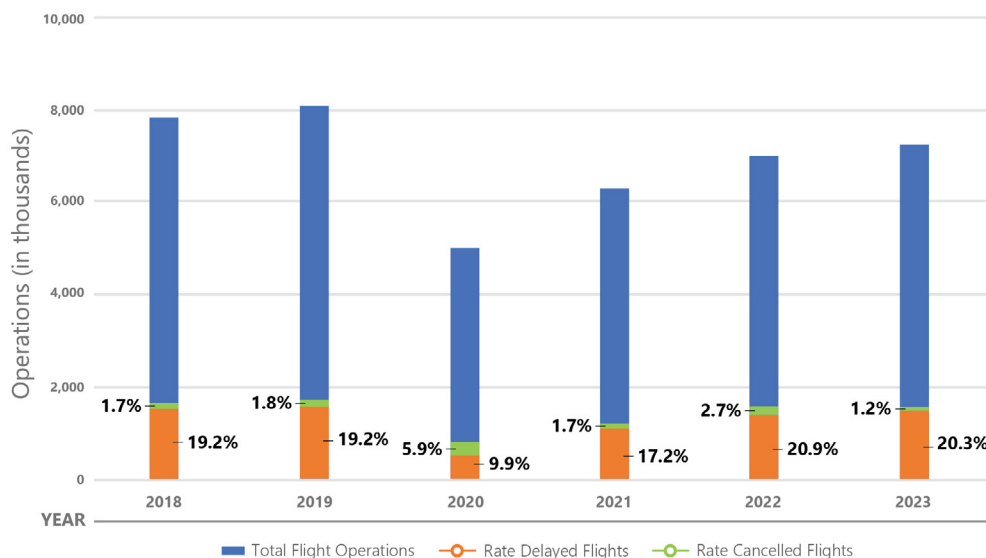
Source: FAA



## Improve Processes for Collecting and Analyzing Flight Delay and Cancellation Data and Consumer Complaint Data To Oversee Airlines and Protect Consumers

- DOT has been increasing its emphasis on consumer protection, including through oversight of airline scheduling practices.
- However, while DOT relies on systemwide and air carrier-specific delay and cancellation data collected by its Bureau of Transportation Statistics (BTS), we recently reported that BTS can do more to assess the completeness and consistency of this data, which is not always in agreement with air traffic control data collected by FAA. Having good data is essential to DOT's understanding of the nature and causes of flight delays and cancellations and ability to effectively oversee airline performance.
- As DOT seeks to protect consumers, it faces challenges driven by the scale and complexity of the consumer-protection mission. For example, DOT continues to receive substantially more complaints about airline refund practices than it did before the pandemic. And DOT faces complex tradeoffs in its priority of promoting competition, its rulemaking related to Part 135 operations, and its efforts to address pilot shortages and maintain connectivity to the NAS for small and rural communities.

Number of Flight Operations and Rates of Flight Delays and Cancellations, 2018–2023



Source: OIG analysis of DOT data

## Recent Progress Reported by the Department

- In February 2024, FAA announced it would use an enhanced collegiate training program to accelerate training and hiring of air traffic controllers.
- Since May 2024, FAA has deployed TFDM to 3 more air traffic control towers, totaling 10 deployment sites nationwide—9 with electronic flight strips and 1 with additional surface management tools.
- DOT issued an amended final rule in August 2024 requiring automatic refunds for canceled or significantly changed scheduled flights.

## Related OIG Work

• [FAA Faces Controller Staffing Challenges as Air Traffic Operations Return to Pre-Pandemic Levels at Critical Facilities](#) (June 21, 2023)

>> 2 recommendations (1 open, 1 closed)

• [FAA's Report on Air Traffic Modernization Presents an Incomplete and Out-of-Date Assessment of NextGen](#) (April 30, 2024)

>> 3 recommendation (1 open, 2 closed)

• [FAA Has Begun To Deploy TFDM, but Cost Growth Has Resulted in Significant Program Changes and Delayed Benefits](#) (July 17, 2024)

>> 3 recommendations (3 open, 0 closed)

• [The Bureau of Transportation Statistics Verifies the Accuracy of Flight Delay and Cancellation Data but Can Do more To Assess Its Completeness and Consistency](#) (October 23, 2024)

>> 7 recommendations (7 open, 0 closed)

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For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



# Surface Transportation Infrastructure

OAs Impacted  
FHWA, FRA, FTA,  
OST, MARAD

Related DOT Strategic Goal(s)  
Transformation, Economic Strength and  
Global Competitiveness, and Equity

DOT is responsible for overseeing billions of dollars in surface infrastructure investments—supporting roads, bridges, rail, transit, ports, and energy system projects and programs. As such, DOT will be challenged to evaluate the progress of its programs, strengthen its oversight, and prudently advance surface transportation priorities and goals.

Infrastructure Investment and Jobs Act (IIJA) Funding Through September 22, 2024, by Operating Administration (Dollars in Millions)

DOT Agency	IIJA Adjusted Budget Authority	IIJA Obligations	% Obligated	IIJA Disbursements	% Disbursed
FHWA	\$191,901	\$163,123	85%	\$80,976	47%
FTA	\$67,152	\$39,385	59%	\$12,707	20%
FRA	\$49,364	\$23,589	48%	\$9,083	19%
MARAD	\$1,375	\$180	13%	\$11	1%
OST	\$13,137	\$1,936	15%	\$218	2%
Total	\$321,929	\$228,213	71%	\$102,995	35%

Source: OIG analysis of DOT-provided information through September 22, 2024

Note: Budget authority amounts reflect adjustments and transfers. Amounts include IIJA-authorized appropriations. All numbers are rounded.

## Evaluate the Progress of Surface Transportation Programs

- DOT has made progress obligating and disbursing Infrastructure Investment and Jobs Act (IIJA) funds (see table). However, in the third year of IIJA, some grant programs are only beginning to obligate funds. For example, FRA's Federal State Partnership for Intercity Passenger Rail Grants Program—which received the largest portion of FRA's IIJA funds—has obligated less than 10 percent of its announced funding, as of September 22, 2024.
- For discretionary grants, the Secretary has stated that DOT is working to compress its processes. However, at a recent congressional hearing, concerns were raised over the complexity of the application process and DOT taking up to 2 years to execute a grant agreement after award.
- DOT developed a dashboard and biweekly report to track its IIJA spending but faces challenges in evaluating programs as required. For example, recent DOT plans identified several challenges for evaluating IIJA-related surface transportation programs, including the time required to assess long-term grant outcomes and inconsistently defined data.

## Related Investigative Work

OIG's investigations help protect Government infrastructure investments and investigate fraud schemes, bid rigging, and false claims. For example:

- A company's vice president, an estimator, and the company they worked for were indicted in Oklahoma for conspiracy to suppress and eliminate competition by fixing prices and rigging bids for erosion control products and services between September 2017 and April 2023.
- A vice president of a masonry restoration company was charged in Pennsylvania in a bribery scheme related to Amtrak's \$87 million 30th Street Station restoration project, funded largely with FRA grant funds. From at least May 2016 until November 2019, the vice president and others allegedly provided a former Amtrak employee with approximately \$320,000 in gifts and other things of value. In return, the former employee approved additional expenses for the project, thereby increasing the value of the contractor's work. A series of falsely inflated change orders reflected these additional expenses, causing Amtrak to be substantially overbilled.

*Indictments, informations, and criminal complaints are only accusations by the Government. All defendants are presumed innocent unless and until proven guilty.*



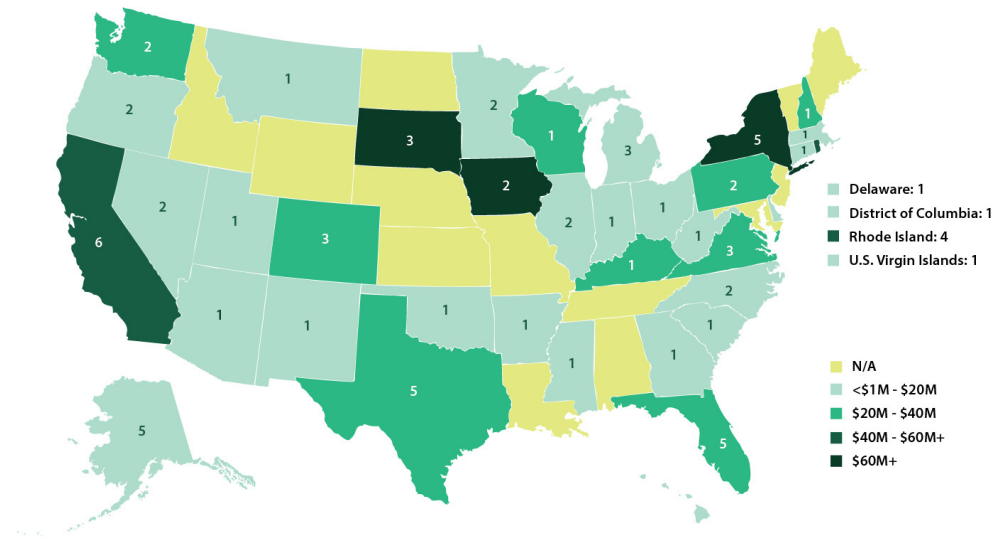
## Continue To Strengthen Oversight of Federal Transportation Investments

- As it disburses IIJA funds, DOT faces challenges in overseeing usage to assure that the Nation receives high-quality, high-value outcomes from these expenditures. In 2023, we recommended that DOT improve the effectiveness of its IIJA fraud risk assessment processes. Our ongoing audit work evaluating FHWA's construction quality assurance oversight activities is reviewing how FHWA's programs address fraud risk. As DOT makes some awards in excess of \$1 billion, our past work on DOT's oversight of Amtrak and high-speed rail funding highlights the importance of assuring recipient compliance with grant agreements and other Federal requirements to achieve intended goals.
- DOT faces challenges in overseeing other funding as well, including unexpended Hurricane Sandy and COVID-19 relief funds. For example, we recommended in 2022 that FTA address the risk areas it identified in COVID-19 relief funding control activities, including fraud and abuse, and the limited capacity of oversight contracts; this recommendation remains open.
- Operating Administrations will also be challenged to incorporate evolving Federal requirements and guidance into their oversight practices, which could help them address issues identified in our audit work. For example, FTA, which used retrospective reviews to determine if grant recipients carry required flood insurance, is still addressing our 2019 recommendation to implement additional procedures to strengthen these reviews. However, under IIJA, applicants for FTA's Public Transportation Emergency Relief Program are now required to provide proof of insurance required by Federal law for all structures related to the grant application. Furthermore, in June 2024, the U.S. Government Accountability Office proposed changes to its Federal internal control standards that emphasize similar preventive control activities to avert unintended outcomes rather than detective approaches to correct unintended outcomes after they occur.

## Provide Support in a Dynamic Surface Transportation Sector

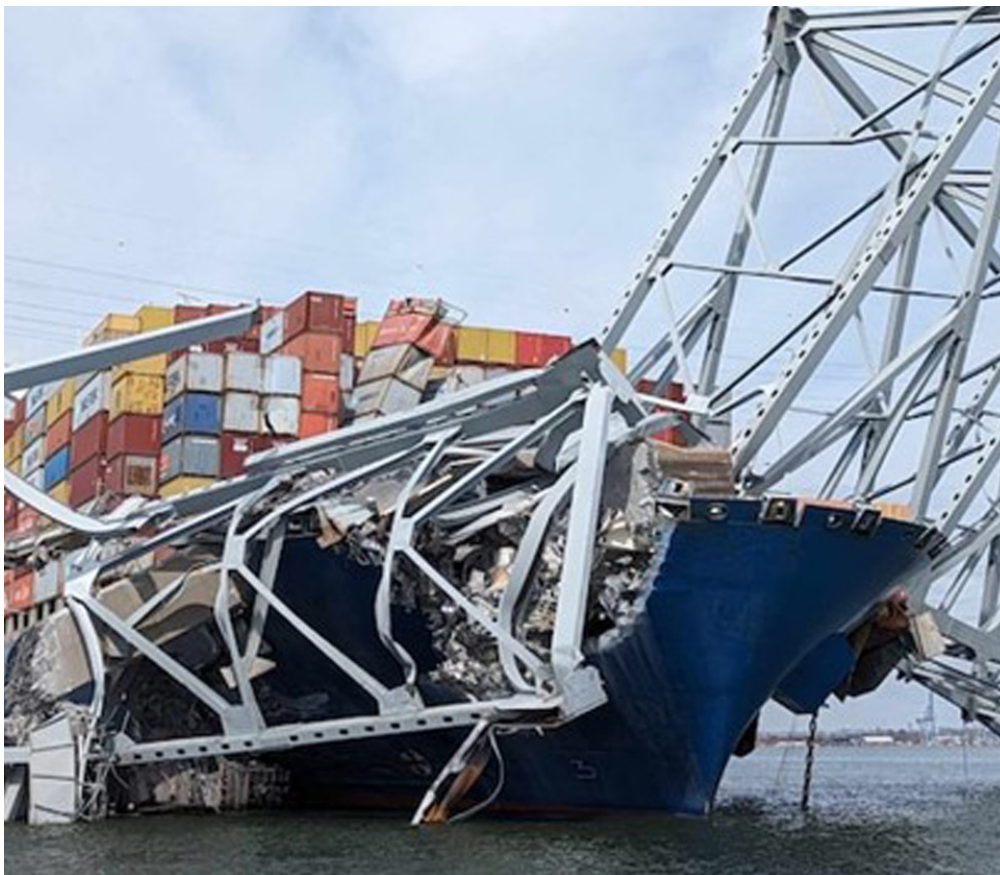
- The deliberate pace of progress in programs such as the \$5 billion National Electric Vehicle Infrastructure Program underscores the tradeoffs DOT faces in setting standards and requirements, particularly when the Department seeks to achieve numerous objectives such as consistency, affordability, equity, and consumer protection, as well as overarching goals related to climate and union-job creation.
- As transit agencies exhaust pandemic relief funds and ridership remains below pre-pandemic levels, FTA's support for maintaining transit systems in a state of good repair will be critical. Our ongoing work examines FTA's oversight of capital improvement grant recipients' progress in meeting transit asset management targets.
- DOT faces coordination and funding challenges in transportation sector resilience. Even as IIJA introduced an emphasis on natural disasters and weather events, it continued to define resilience in terms of anticipating, preparing, withstanding, and recovering from all kinds of disruptions. The loss of life, dislocation, and potential replacement cost generated by events like the Francis Scott Key Bridge collision and collapse in Baltimore, MD, underscore the importance of this effort.
- Amidst a landscape marked with increased risks, including from expanded global instability, DOT's role as the Cybersecurity and Infrastructure Security Agency's Co-Sector Risk and Resilience Management Lead Agency for the Transportation Systems Sector takes on increasing importance. Success in this function will require drawing on the subject matter expertise at DOT and its Operating Administrations and coordination with other government entities at the Federal, State, and local level as well as private sector and nongovernmental organization stakeholders.
- To implement its resilience-focused 2024–2027 Climate Adaptation Plan, DOT will need to coordinate with both internal and external stakeholders and optimize funds delivered through programs such as PROTECT grants (see graphic on next page), from which DOT recently awarded almost \$830 million. However, our work on FAA's actions to address resiliency through IIJA programs highlights the challenges in identifying risks and establishing metrics through which to deliver on resiliency priorities.

## Map of Fiscal Year 2022 and 2023 PROTECT Discretionary Grant Recipients



Source: OIG analysis of FHWA information

## Francis Scott Key Bridge Collapse, March 26, 2024



Source: U.S. Army Corps of Engineers

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## Recent Progress Reported by the Department

- DOT reported its work with ports and supply chain companies contributed to reductions in supply chain pressures including a large reduction in the number of ships waiting at ports.
- DOT provided nearly \$9 billion to expand service and reduce delays on Amtrak's Northeast Corridor, which supports 200 million trips each year.
- DOT awarded \$7.2 million to fund instrumentation, testing, and evaluation of complementary Positioning, Navigation, and Timing technologies to facilitate technology adoption for resiliency improvement.

## Related OIG Work

- [FHWA's Oversight of Construction Quality Assurance on Federal-aid Projects](#) (*not yet published*)
- [DOT Should Enhance Its Fraud Risk Assessment Processes for IIJA-Funded Surface Transportation Programs](#) (June 20, 2023)  
>> 2 recommendations (2 open, 0 closed)
- [FTA Made Progress in Providing Hurricane Sandy Funds but Weaknesses in Tracking and Reporting Reduce Transparency Into Their Use](#) (July 21, 2021)  
>> 2 recommendations (0 open, 2 closed)

For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



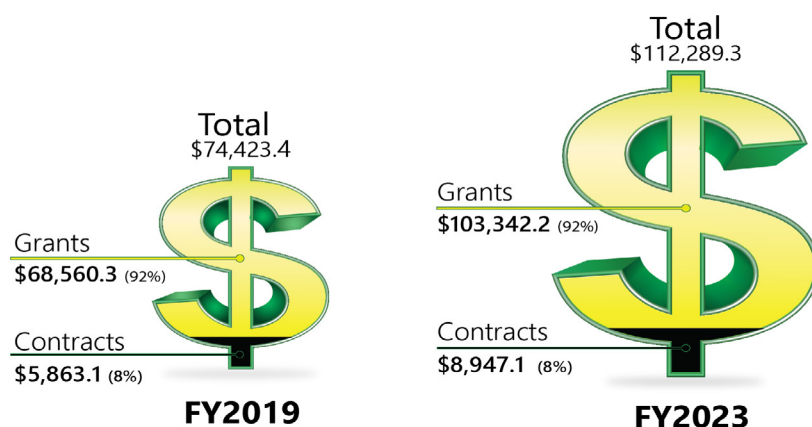
# Grant and Contract Fund Stewardship

OAs Impacted  
Departmentwide

Related DOT Strategic Goal(s)  
Safety, Economic Strength and Global Competitiveness, Climate and Sustainability, Transformation, Organizational Excellence

In fiscal year 2023, DOT obligated approximately \$112 billion (\$103 billion in grant funds and \$9 billion in contract funds), representing a 51-percent increase from fiscal year 2019, immediately before the flow of pandemic relief and Infrastructure Investment and Jobs Act (IIJA) funds began (see figure). The use of these funds directly correlates to DOT's ability to achieve its strategic goals and mission of delivering the world's leading transportation system. However, our work identifies challenges DOT will face regarding its grant and contract fund stewardship, including making sound award decisions, promoting competition, and confirming funds are used as intended.

DOT Grant and Contract Obligations Fiscal Year 2019 Versus 2023 (in Millions)



Source: OIG analysis of the grant application narrative and project's final invoice payment

## Make Sound, Transparent Grant and Contract Award Decisions

- Sound grant and contract award decisions include evidence of a transparent selection process, determining reasonable pricing, considering competition, and evaluating applicant qualifications and proposed project plans. However, DOT has demonstrated shortfalls in these areas, inhibiting its ability to achieve best value outcomes. For example, FAA awarded \$22.9 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds without the receipt of complete grant applications. As such, FAA could not validate the recipients' proposed project costs as reasonable and eligible.
- Further, the U.S. Government Accountability Office and congressional testimony from stakeholders of DOT's discretionary grant programs have continued to highlight concerns regarding the timeliness, consistency, and transparency of DOT's discretionary grant award process, including the more than \$110 billion IIJA authorized for discretionary programs—approximately \$40 billion of which was awarded in fiscal year 2023 alone.
- The efficient use of grant funds depends, in part, on genuine competitive bidding and cost competition for the project contracts they fund. Yet the ability to achieve competitive outcomes is dependent on the extent of competition, the number of qualified contractors, and the capacity to detect anti-competitive behaviors.
- In its acquisitions, DOT's use of long-term, single vendor contracts—often for new and evolving technologies—challenges its ability to adequately evaluate qualifications, project requirements, and costs when making award decisions. As we have previously reported, DOT could better combat this challenge by using incremental acquisition strategies, particularly for larger and more technical contracts. This would also help DOT promote competition throughout acquisition lifecycles, allowing for lower prices and better-quality results.

## Related Investigative Work

OIG's grant and contract fraud investigations safeguard Federal transportation dollars by investigating bribery and corruption, bid rigging, false claims, or labor and materials overcharging. For example:

- A construction company falsely represented the origin and environmental quality of stone used in a Rhode Island highway project, which violated terms of the contract. The company agreed in October 2022 to pay \$1 million to resolve allegations that it violated the False Claims Act.
- Owners and operators of an Ohio-based pavement-marking contractor that performed paint-stripping services for Ohio, Kentucky, and West Virginia contracted with State authorities to paint-stripe roads using a certain amount of paint and glass beads but then underapplied those materials and falsely said they had complied with contractual requirements. The two individuals pleaded guilty to committing fraud and were sentenced in April 2023 to 2 years of incarceration, 2 years of supervised release, a \$160,000 fine, and to jointly pay \$579,014 in restitution.



## Confirm Grant and Contract Funds Are Used as Intended

- Given the magnitude of grant and contract funds DOT administers on behalf of taxpayers, a significant challenge for the Department is confirming these funds are used as intended. This includes ensuring recipients and contractors comply with applicable laws, regulations, and award terms and conditions. However, we have found DOT relies on self-certifications for certain funding requirements without adequate follow-up reviews—a practice we and the Federal oversight community have identified as exposing agencies to risks, such as improper payments and Buy America noncompliance.
- For example, FTA’s reliance on self-certifications contributed to nearly \$200 million in unsupported and ineligible expenses in CARES Act payments to six of eight sample Region 9 recipients (see figure). We also found FTA could not confirm a recipient’s compliance with Buy America standards for its \$138 million railcar contract with a U.S. subsidiary of a Chinese state-owned rolling stock manufacturer contributing to termination of the contract after a \$55 million, 6-year investment. FTA funds were involved in at least two other major U.S. transit authorities’ railcar contracts—totaling more than \$1 billion—with this Chinese company and a related subsidiary.
- Given the scale of grant funds DOT awards, it should conduct robust pre- and post-award risk assessments that consider a variety of data sources, such as external stakeholders, single audits, and safety agencies. Doing so will help DOT uphold funding integrity and achieve funding objectives.

Sampled FTA Region 9 Recipients’ CARES Act Total Payment, Unsupported Cost, and Ineligible Expense Amounts


Sample Recipients	Total FTA CARES Act Payments	Total Unsupported Costs	Total Ineligible Expenses
1	\$377,053,455	\$25,811,637	\$183,071
2	\$3,807,217	\$522,190	\$122,591
3	\$23,796,604	\$0	\$0
4	\$861,910,265	\$90,042,776	\$3,309,292
5	\$53,266,820	\$9,717,149	\$617,769
6	\$112,263,863	\$0	\$0
7	\$90,200,000	\$200,000	\$0
8	\$373,782,759	\$66,537,361	\$0
Totals	\$1,896,080,983	\$192,831,113	\$4,232,723

Source: OIG analysis of FTA Region 9 data. FTA Region 9 includes Arizona, California, Hawaii, Nevada, American Samoa, the Commonwealth of the Northern Marianas Islands, and Guam.

## Recent Progress Reported by the Department

- DOT onboarded the Director of its newly established Office of Grants and Financial Assistance in February 2024 and is actively hiring staff for this office. The mission of this office includes implementing guidance, programs, and technology aimed to enhance and streamline grants management across DOT.
- FTA has agreed to develop and implement written procedures to strengthen its ability to assess expense eligibility as part of the recipient’s reimbursement request process for funds identified as elevated risk for misuse.

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## Related OIG Work

- [FTA’s Oversight of SEPTA’s Compliance With Buy America Rolling Stock Requirements Faced Several Challenges](#) (July 31, 2024)  
>> 8 recommendations (7 open, 1 closed)
- [FTA’s Oversight of Its Region 9 Recipients Is Insufficient To Confirm Compliance With CARES Act Funding Requirements](#) (May 21, 2024)  
>> 4 recommendations (4 open, 0 closed)
- [FAA Did Not Fully Follow Its Processes When Awarding and Administering CARES Act-Funded Airport Development Grants and Contracts](#) (February 21, 2024)  
>> 8 recommendations (7 open, 1 closed)

For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



# Financial Management

OAs Impacted  
Departmentwide

Related DOT Strategic Goal(s)  
Economic Strength and Global  
Competitiveness, Organizational Excellence

DOT faces challenges exercising adequate stewardship over Federal funds and complying with Federal requirements. Specifically, DOT needs to improve its ability to protect taxpayers' financial interests in real property, strengthen controls to properly oversee and report equipment that should be capitalized, and address single audit issues timely. Further, the Department's controls are not sufficient to ensure that DOT does not make payments to ineligible recipients and that the Working Capital Fund is self-sustaining.

Discrepancies in Operating Administrations' (OA) Capitalized Equipment Values as Reported by OST and Reported to OIG, FYs 2022 and 2021 (Dollars in Thousands)

OA	Fiscal Year 2022			Fiscal Year 2021		
	OST B-30 Reported Values	OA Provided to OIG	Discrepancy	OST B-30 Reported Values	OA Provided to OIG	Discrepancy
MARAD	\$82,656	\$86,663	\$4,007	\$1,831	\$1,831	\$0
FHWA	\$14,069	\$9,348	(\$4,722)	\$15,125	\$10,405	(\$4,720)
OST	\$13,800	\$2,775	(\$11,025)	\$15,308	\$4,815	(\$10,493)
NHTSA	\$7,557	\$6,058	(\$1,499)	\$3,813	\$2,940	(\$873)
Total	\$118,082	\$104,844		\$36,077	\$19,991	

Source: OIG analysis of OST B-30 and individual Operating Administration reported data

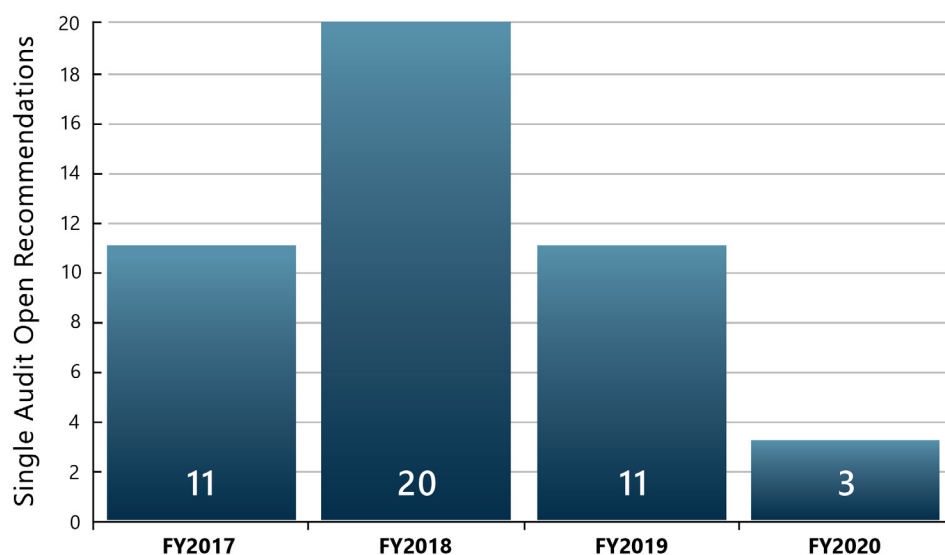
## Improve Stewardship of Agency-Owned or Federally Funded Property

- DOT faces challenges overseeing both agency-owned and federally funded properties, impacting its ability to protect the American public's financial interests. For example, FTA should improve its processes to verify disposition of all real property; identify all real property acquired with grant funds; and verify all real property inventories.
- DOT and its Operating Administrations lack controls to manage capitalized equipment—a type of personal property that agencies enter on general ledger records as major investments or assets. Departmental policies relevant to capitalized equipment do not comply with Federal law, and some Operating Administrations' lists of capitalized equipment do not reconcile with DOT's financial report (see table above). For example, MARAD misclassified \$84 million of Agency-owned vessels while FRA did not capitalize up to \$53 million of eligible equipment.
- Accounting policy weaknesses for FHWA's construction projects on Federal lands caused a significant deficiency in DOT's fiscal year 2023 financial statements. Specifically, FHWA did not perform necessary capitalization as construction-in-progress and transfer-out of a completed asset to its Federal land management agency partner.
- A new accounting standard being implemented in fiscal year 2026 will require agencies to report estimated acreage for general property, plant and equipment land, and stewardship land in the notes to the financial statements. Consequently, DOT may be challenged to implement processes to produce required data.

## Related Investigative Work

OIG's financial management investigations aim to prevent the loss of Federal dollars and equipment and ensure funds are properly spent, including those designated for disadvantaged business enterprises (DBEs) and veteran-owned or women-owned small businesses. For example:

- A trucking firm official submitted a loan application to the Small Business Administration on behalf of a sham trucking company in an attempt to steal approximately \$133,200 in Federal funds. The official was sentenced in Georgia in June 2022 to 21 months in prison and 3 years of supervised release and ordered to pay \$133,000 in restitution and to forfeit four automobiles.
- A company and its president falsely certified that two DBEs performed work on an FHWA-funded project in New Jersey and billed the company for work performed by non-DBEs. In a civil settlement agreement, the company and president agreed to pay a total of \$400,000 to resolve civil False Claims Act violations.



Source: OIG analysis of DOT data as of August 22, 2024

## Improve Compliance With Federal Requirements for Monitoring and Reporting on Grantee Spending

- Between 200 and 300 single audit reports are issued annually that include findings related to programs directly funded by DOT. OMB's Uniform Guidance requires agencies to follow up on single audit findings and verify the appropriateness of grantees' resolutions. Numerous repeat findings demonstrate the challenge of ensuring grantees resolve findings timely, and DOT also faces a major task in determining the allowability of millions of dollars in questioned costs identified in these reports and taking appropriate recovery actions (see graphic).
- We previously reported that DOT had not appointed a single audit accountable official, as required, who is responsible for ensuring that the agency complies with the Uniform Guidance. DOT has appointed an accountable official and another key role in its new grants management office. However, this office has not issued new single audit procedures, and DOT's current procedures do not ensure that Operating Administrations fully meet Uniform Guidance requirements for tracking and monitoring grantees' single audits.

## Improve Compliance With Federal Requirements for Managing and Expending Federal Funds

- DOT faces challenges ensuring the Working Capital Fund (WCF) is self-sustaining and costs for services provided are fully recovered. We recently reported that DOT lacks controls to determine whether its billing-rate methodologies achieve cost recovery for WCF IT services. Internal control weaknesses result in inadequate oversight to validate charges, inaccurate accounting of IT services, and noncompliant agreements with customers. The Office of Financial Management lacks written policies and procedures to demonstrate how the WCF governs reserves, identifies surplus advances and excess funds, and evaluates whether it breaks even.
- Ensuring that Government funds are distributed to eligible recipients is another important financial management challenge for the Department. The Do Not Pay Initiative requires agencies to verify recipients' eligibility to receive payments in the U.S. Department of the Treasury's Working System databases (see table on next page) as appropriate before funds are released. We reported on weaknesses in DOT's internal controls that do not comply with the Initiative. Consequently, as it disburses funds, DOT increases risks of making payments to ineligible recipients.

Database	Description
Death Master File (DMF), Public	DMF is a Social Security Administration (SSA) database, containing information about persons whose deaths were reported to SSA from 1962 to present. The Treasury's Working System uses a truncated version of SSA's DMF that is available to the public.
System for Award Management (SAM) Exclusions, Restricted	SAM exclusion records contain data for all active exclusion records entered by the Federal Government. These records identify parties excluded from receiving Federal contracts, certain subcontracts, and Federal financial and non-financial assistance and benefits.
Treasury Offset Program (TOP) Debt Check	TOP Debt Check is a data extract or subset of data contained in the TOP delinquent debtor database. It was created for the Do Not Pay (DNP) system to help agencies deny Federal loans, loan insurance, and loan guarantees to entities delinquent on Federal non-tax debts and child support obligations (if allowed by agency statute and regulations).
Credit Alert System (CAIVRS)	CAIVRS is a shared database of defaulted Federal debtors. CAIVRS enables application processors for Federal credit benefits to identify individuals who are in default, have had claims paid on direct or guaranteed Federal loans, or are delinquent on other debts owed to Federal agencies.
List of Excluded Individuals and Entities (LEIE), Restricted	The LEIE is the Department of Health and Human Services OIG's current record of individuals and entities excluded from receiving reimbursement from federally funded healthcare programs for any goods or services provided.
Incarcerated Individuals	This database contains information on incarcerated individuals under the jurisdiction of the U.S. Attorney General. It verifies recipients' eligibility for benefits, which are prohibited or adjusted for prisoners. (This database is not yet in the DNP portal.)

Source: U.S. Department of the Treasury's Bureau of the Fiscal Service

## Recent Progress Reported by the Department

- To enhance compliance with the Do Not Pay Initiative, DOT is working with Treasury's Bureau of the Fiscal Service to establish a process to assess the appropriateness of available data sources.
- DOT has launched the WCF Improvement Project, which is reviewing, revising, and documenting policies and processes. The project includes a review of billing methodologies, a benchmarking analysis of other Federal revolving funds, and establishing the WCF's SharePoint site to improve transparency.

## Related OIG Work

• [DOT's Working Capital Fund Oversight and Management Are Insufficient To Achieve Cost Recovery for IT Services](#) (July 3, 2024)

>> 9 recommendations (8 open, 1 closed)

• [FTA's Oversight of Federally Funded Real Property Is Insufficient To Ensure Grant Recipients Meet Federal Reporting and Disposal Requirements](#) (May 20, 2024)

>> 8 recommendations (8 open, 0 closed)

• [DOT's Policies and Do Not Pay Portal Use Are Not Sufficient To Comply With the DNP Initiative](#) (November 20, 2023)

>> 2 recommendations (2 open, 0 closed)

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# Information Security



OAs Impacted  
Departmentwide

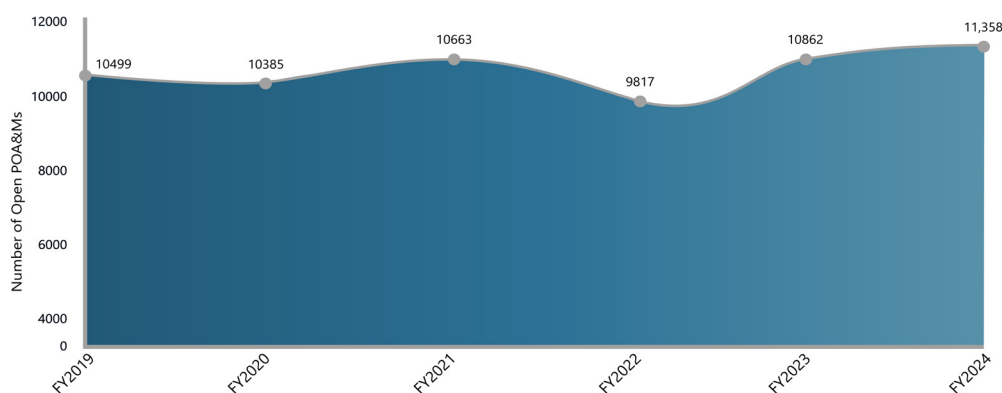
Related DOT Strategic Goal(s)  
Safety, Transformation,  
Organizational Excellence

DOT faces longstanding challenges in its cybersecurity program, which includes about 400 information systems. For instance, DOT lacks an accurate inventory of hardware assets and cloud-based systems—a key requirement for an effective cybersecurity program. Additionally, vulnerability and configuration management weaknesses may allow attackers to gain access to mission-critical systems and sensitive data. As it works to address these challenges, DOT must implement Federal information security requirements and priorities while addressing cybersecurity matters to protect the transportation sector's critical infrastructure.

## Address Longstanding Weaknesses To Protect DOT's Critical Information Systems

- Although DOT has made progress addressing recommendations from our past reviews of its compliance with the Federal Information Security Modernization Act (FISMA), outstanding recommendations remain, covering areas that impact its ability to improve its cybersecurity program. Most importantly, DOT has not implemented a broad scope recommendation to develop a multiyear strategy that commits resources to improving its information security program overall.
- Further, DOT faces other IT challenges, including security weaknesses associated with unsupported software, missing software updates, and configuration management, all of which present a significant risk to DOT systems. These weaknesses, many of which we identified during our fiscal year 2019 FISMA review and have found unresolved each year since, may allow unauthorized access into mission-critical systems and data.
- Finally, DOT faces challenges addressing known weaknesses in its information security profile. More specifically, as of June 30, 2024, DOT faces a cumulative backlog of 11,358 open security weaknesses in its Plans of Action and Milestones (POA&Ms), 90 percent of which belong to FAA (see figure). These challenges result from inconsistent enforcement of its information security policies and ineffective communication practices.

Number of Open POA&Ms Departmentwide Since Fiscal Year 2019



Source: OIG analysis of DOT POA&M data

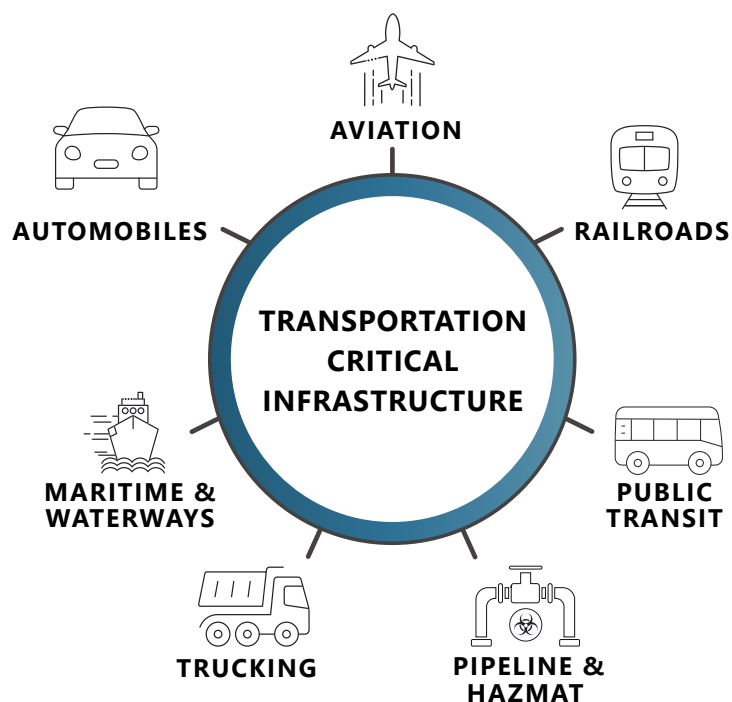
## Rising Risks in an Evolving Cybersecurity Landscape

- Cyberattacks on the Federal Government and the Nation's critical infrastructure have increased in number, impact, and sophistication as malicious actors have become more willing and capable of carrying out such attacks. The U.S. Government Accountability Office recently issued a report calling for urgent action to address critical cybersecurity challenges facing the Nation, including to transportation infrastructure.
- The emergence of new technologies, including the expanded use of artificial intelligence (AI) applications, poses significant cybersecurity challenges for the Department. DOT directly provides IT systems and other technologies that comprise America's transportation infrastructure and regulates a landscape of increasing interconnectivity among Federal, State, and private sector entities. This is creating new dependencies, relationships, and vulnerabilities, resulting in new risks to DOT's IT infrastructure, systems, and mission.

## Execute Key Cybersecurity Initiatives To Strengthen DOT's Effectiveness Addressing Transportation-Sector Cybersecurity Matters

- DOT and the Department of Homeland Security (DHS) have been designated as Co-Sector-Risk Management Agencies for the Transportation Systems Sector. As such, DOT is responsible for leadership, coordination, support, and engagement of its Operating Administrations and regulated communities on transportation-sector cybersecurity matters (see figure).
- However, as we reported last year, DOT has faced challenges in establishing an effective governance program for high-value assets to identify, prioritize, and secure its own critical information systems.
- In addition, DOT has not achieved zero-trust security—required by the Office of Management and Budget (OMB) by the end of fiscal year 2024, including implementation of multifactor authentication and encryption of data in transit—for information systems, devices, networks, applications, and data that support critical infrastructure. Therefore, DOT may also face challenges meeting OMB's new requirement for agencies to submit updated zero-trust implementation plans for all information systems, including the agency target maturity levels for high-value assets and high-impact systems to be achieved by the end of fiscal year 2026.

### DOT Cybersecurity Role Protecting Transportation Critical Infrastructure



Source: OIG review of DHS National Infrastructure Protection Plan: Transportation Systems Sector

## Recent Progress Reported by the Department

- DOT established a project team to address prior-year recommendations and engaged governance stakeholders to implement improvements in information system compliance monitoring.
- DOT established the Office of Sector Cyber Coordination to serve as advisor to the Chief Information Officer on cybersecurity matters. This Office supports DOT's objective to strengthen transportation systems' resilience to protect against disruption from attacks and collaborates with DOT stakeholders to include cybersecurity language in DOT's discretionary grants for critical infrastructure projects. DOT has also appointed an Acting Chief Information Security Officer.

## Related OIG Work

- [FISMA 2024—Quality Control Review of the Independent Auditor's Report on the Assessment of DOT's Information Security Program and Practices](#) (September 30, 2024)

>> 10 recommendations (10 open, 0 closed)

- [DOT's Cloud-Based System's Security Weaknesses Hinder Its Transition to a Zero Trust Architecture](#) (August 30, 2023)

>> 21 recommendations (20 open, 1 closed)

- [DOT Needs To Improve Its High-Value Assets Governance Program To Effectively Identify, Prioritize, and Secure Its Most Critical Systems](#) (October 30, 2023)

>> 7 recommendations (4 open, 3 closed)

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For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



# Transportation Transformation

**OAs Impacted**  
FAA, FHWA, NHTSA, OST

**Related DOT Strategic Goal(s)**  
Safety, Economic Strength and Global Competitiveness, Equity, Climate and Sustainability, Transformation, Organizational Excellence

DOT has adopted “transformation” as a strategic goal, and its position as the leading transportation regulator and funder means DOT has an outsized impact on the ability of the American transportation sector to design for the future and meet the challenges of the present. DOT should continue to reference its innovation principles to guide it in balancing its safety mission and oversight responsibilities with emerging current needs and long-term goals. Success in integrating new technologies into the National Airspace System (NAS) and offering robust choices for surface travel to the public will enhance national security, American prosperity, and the Nation’s workers and industries.

## Select Companies Approved for Beyond Visual Line of Sight Operations



Source: UAS Operators and Service Suppliers (from left to right: Zipline; Phoenix Air Unmanned; UPS Flight Forward; and uAvionix)

## Integrate New Technologies Into the NAS

- Advancing innovation in the NAS requires the safe integration of Unmanned Aircraft Systems (UAS), Advanced Air Mobility (AAM) aircraft, and commercial space operations.
- Foreign capabilities in beyond visual line of sight (BVLOS) drone operations have surged as UAS are employed in increasingly sophisticated ways. Similarly, innovation in the United States depends on advancing more economically viable operations for UAS, by making BVLOS operations routine and scalable. FAA will continue to face challenges as it works to address recent congressional mandates to establish performance-based BVLOS regulations and safely integrate UAS into airspace. FAA will also need to continue working with stakeholders to enhance public acceptance of BVLOS operations.
- FAA also faces challenges integrating AAM vehicles, including electric vertical takeoff and landing (eVTOL) aircraft, into the Agency’s existing certification and operational framework. Of note, FAA published final airworthiness criteria for two eVTOL AAM aircraft in March and May of 2024. Yet, the Agency also has work to do in AAM-related areas, such as airspace management and infrastructure requirements, to potentially unlock benefits in reduced emissions and expanded access in the NAS.
- FAA reported as of August 14, 2024, that there have been 126 licensed commercial space operations in fiscal year 2024, more than triple the number in 2020. FAA estimated that the number could increase anywhere from 73 to nearly 200 percent from fiscal years 2023 through 2028, which also increases the chance of a mishap occurring. While the Department collaborates with the private sector to allow for experimentation and learning from setbacks, implementing this while overseeing the increased pace of operations has been challenging. The moratorium limiting new FAA regulations for commercial human space flight, extended multiple times and now to January 1, 2025, also creates uncertainty about the Agency’s future activities.

## Related Investigative Work

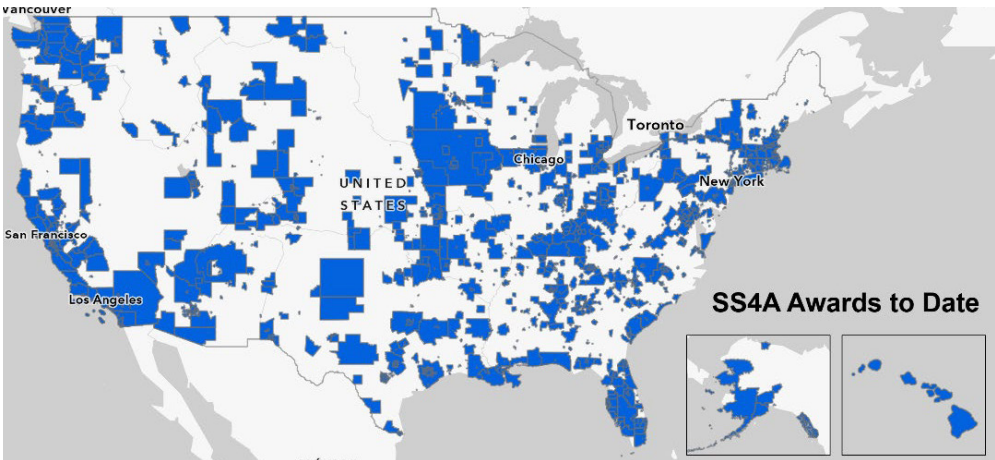
OIG conducts investigations to address wrongdoing affecting public safety and to improve DOT’s programs. This includes allegations of the improper use of UAS, as well as high-risk criminal conduct inspired by social media. For example:

- An individual used a UAS to drop a paint bomb and a homemade improvised explosive device. The individual pleaded guilty in November 2022 and was sentenced in Georgia to 3 years of incarceration and 17 years of probation.
- An individual flew a drone over the National Football League’s AFC Championship Game in Maryland, temporarily suspending the game. The individual was sentenced in March 2024 to 1 year of probation and a \$500 fine.
- A California pilot mounted video cameras on an airplane and deliberately parachuted from the aircraft, crashing it in Los Padres National Forest. The pilot posted video footage on YouTube and lied to Federal investigators. The pilot pleaded guilty to obstructing an investigation and was sentenced in December 2023 to 6 months of incarceration.

## Facilitate Innovation by Supporting Stakeholders in Their Safe Adoption of New Technologies

- DOT faces challenges on many fronts in overseeing the testing and implementation of technological changes in transportation that best serve the public as DOT carries out its 2022 innovation principles across all surface modes.
- A key challenge is overseeing Infrastructure Investment and Jobs Act (IIJA)-funded innovation-related programs—such as the Safe Streets for All program (see figure)—and optimizing IIJA-funded research to most efficiently advance innovation. This includes administering the recently launched Advanced Research Projects Agency-Infrastructure (ARPA-I), which will fund research and development projects intended to unleash innovation and address persistent problems in physical and digital transportation infrastructure.
- DOT must address evolving vehicle technology, including automation and electric vehicles, which offer the potential to transform roadway safety and the Nation’s energy usage while improving accessibility and fairness in surface transportation. The Department faces challenges in developing voluntary consensus standards, testing new tools, and making decisions based on robust, outcome-oriented data about safety, emissions, and other priorities. If these transformations are to be successful, DOT and its Federal, State, and private partners will need to move beyond a focus on anecdotes of failure to a data driven focus on successes.

Safe Streets for All (SS4A) Grants Awarded in 2022, 2023, and 2024 as Reported by DOT



Source: DOT SS4A Program Fact Sheet

For more information on the issues identified in this chapter, please contact:

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	<p>David Pouliott Assistant Inspector General for Surface Transportation Audits (202) 366-1844   <a href="mailto:David.Pouliott@oig.dot.gov">David.Pouliott@oig.dot.gov</a></p>

## Recent Progress Reported by the Department

- FAA plans to publish a proposed rule for BVLOS operations by the end of 2024. In July 2024, FAA authorized multiple operators to fly commercial drones without visual observers in the same airspace, allowing them to deliver packages using UAS Traffic Management (UTM) technology.
- In June 2024, FAA announced that Virgin Galactic and Sierra Space will transmit space vehicle launch and re-entry data to FAA’s Space Data Integrator.
- In 2024, DOT formed the Transforming Transportation Advisory Committee to advise the Secretary.
- In August 2024, DOT published aspirational targets including having vehicle-to-everything (V2X) technology deployed along 50 percent of the country’s highways and at 40 percent of intersections by 2031.

## Related OIG Work

- [Regulatory Gaps and Lack of Consensus Hindered FAA’s Progress in Certifying Advanced Air Mobility Aircraft, and Challenges Remain](#) (June 21, 2023)  
>> 4 recommendations (2 open, 2 closed)
  - [FAA Has Deployed a Prototype System for Monitoring Commercial Space Operations but Faces Integration Challenges](#) (June 21, 2023)  
>> 4 recommendations (2 open, 2 closed)
  - [FAA Has Made Progress on a UAS Traffic Management Framework, but Key Challenges Remain](#) (September 28, 2022)  
>> 4 recommendations (0 open, 4 closed)
- For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.





# Organizational Excellence

OAs Impacted  
Departmentwide

Related DOT Strategic Goal(s)  
Organizational Excellence

In 2022, DOT adopted a strategic goal of organizational excellence, including through a capable, diverse, and collaborative workforce of highly skilled, innovative, and motivated employees as well as the use of data-driven programs and decision-making, with an orientation toward outcome-based performance measures. Given the breadth of DOT's mission, the size of its workforce, and changes to the work environment, DOT's challenges include addressing gaps in its workforce to fulfill mission needs, continuing efforts to assess its facility needs, and addressing longstanding organizational issues.

## IIJA Hires by Surface Transportation Operating Administration Through September 2024

Operating Administration	IIJA Hiring Target	IIJA Selections	IIJA Positions Filled	Percent Positions Filled
FHWA	307	262	278	91%
FMCSA	312	183	143	46%
FRA	294	482	270	92%
FTA	245	320	130	53%
MARAD	33	27	17	52%
NHTSA	155	95	95	61%
PHMSA	9	9	8	89%
OST*	285	402	154	54%
Total	1640	1780	1095	67%

Source: OIG analysis of OST data

\* OST figures include data for DOT's John A. Volpe National Transportation Center, which provides policy, management, and research expertise to support projects across all modes of transportation.

## Hire, Train, and Retain the Workforce Necessary To Meet Department Goals

- To employ a world-class workforce with the talent to provide leadership across the transportation sector, DOT faces numerous workforce challenges. These include addressing a number of recommendations issued by the U.S. Government Accountability Office, such as to assess gaps in DOT's cybersecurity, data analysis, and IT acquisitions skills. Our work has likewise identified shortcomings in planning and hiring for IT needs, maintenance technicians, and other critical roles. The Department can also do better in providing staff with necessary guidance and training on topics ranging from contract documentation to Buy America compliance. Although DOT has begun addressing many recommendations, key actions remain to be taken.
- DOT also faces ongoing challenges in addressing human capital needs identified to achieve the Infrastructure Investment and Jobs Act's (IIJA) program goals. For example, we have found that some of DOT's surface Operating Administrations did not have comprehensive procedures to appropriately develop and validate their IIJA hiring goals. While DOT has made progress in achieving its internal hiring goals to implement IIJA programs in 2024 (see table), the selection numbers reported to the Office of Personnel Management may not represent actual headcount. Therefore, DOT officials cannot rely on these metrics for accurate information on the Department's progress toward achieving its targeted workforce capacity.

## Related Investigative Work

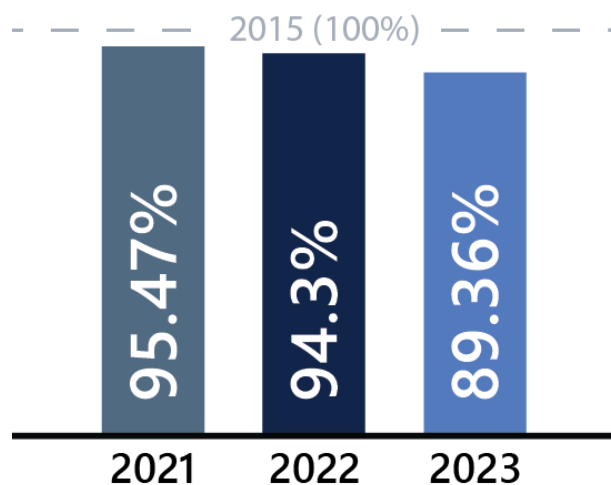
Employee integrity matters, particularly those implicating the criminal law, are among OIG's core investigative priorities. Such investigations address serious DOT employee misconduct, such as misuse of Government property or funds and other illegal or prohibited actions. For example:

- An FRA employee purposefully misled FRA regarding the employee's official duty station to obtain higher locality pay. The employee pleaded guilty to theft of Government money and was sentenced in Pennsylvania in April 2024 to 36 months of probation and ordered to pay over \$123,000 in restitution.
- Between 2015 and 2018, a DOT employee imported, marketed, and sold Iranian currency to customers in violation of the International Emergency Economic Powers Act. The individual also conspired to conduct international wire transfers of funds to purchase foreign currencies while misrepresenting the true purpose of the wire transfers. The employee pleaded guilty and was sentenced in Maryland in July 2023 to 24 months of incarceration and 24 months of supervised release.

## Manage Workforce and Property Assets and Facilities in an Evolving Environment

- The challenges of managing the DOT workforce of more than 55,000 employees include administering remote work, telework, and flexible work schedules while facilitating meaningful in-person collaboration. In response to a congressional request, we are currently auditing DOT's oversight of its telework and remote work policies and its actions to evaluate the impact of these policies.
- DOT also faces capital planning challenges associated with directives such as the U.S. Office of Management and Budget's (OMB) "Reduce the Footprint" policy to shrink Federal office space from 2015 baselines (see figure) and office space provisions of the FAA Reauthorization Act of 2024. In August 2024, OMB reported that DOT is assessing its headquarters space utilization as well as potential office consolidation and collocation.
- Providing security, convenience, and accessibility to onsite workers is also an important area of focus. For example, FAA recently transferred control of some New York-area airspace to Philadelphia in an attempt to address air traffic control operational issues, in a move that led to staff reassignments. Separately, we have made recommendations to improve accountability for contractor employee Personal Identity Verification (PIV) cards that should be collected and deactivated when no longer needed. DOT should also remain aware of external events affecting DOT's workforce, including cybersecurity events, high-profile crimes, and changes in transit service near DOT headquarters and other facilities.

DOT's Property Portfolio Square Footage Compared to Fiscal Year 2015 Baseline



Source: OIG analysis of Performance.gov information

Note: DOT's fiscal year 2023 property portfolio is approximately 89 percent of its 2015 property portfolio.

## Address Longstanding Organizational Issues

- DOT will be challenged to ensure it addresses longstanding organizational issues. For example, previous OIG audits identified significant concerns at MARAD's United States Merchant Marine Academy (USMMA), such as critical gaps in the Academy's Sexual Assault Prevention and Response Program and changing Academy plans that contributed to increased Capital Improvement Program contract costs and schedule delays.
- While MARAD has addressed our audit recommendations, USMMA still faces challenges to continue meeting mission requirements. As required by the National Defense Authorization Act for fiscal year 2023, we are currently auditing MARAD's actions to address 24 National Academy of Public Administration recommendations across a variety of areas.
- Departmentwide, DOT has in place policies and procedures to facilitate the reporting of wrongdoing and protect whistleblowers from retaliation. Further, the Secretary has stressed the obligation to cooperate with our office and of whistleblower protections. However, promoting a culture of such protection at all organizational levels requires sustained effort. For example, we recently recommended that one DOT office take further steps to revise business rules that appeared to conflict with whistleblowers' rights.





Source: OIG

For more information on the issues identified in this chapter, please contact:



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Assistant Inspector General for Surface Transportation Audits  
(202) 366-1844 | [David.Pouliott@oig.dot.gov](mailto:David.Pouliott@oig.dot.gov)

## Recent Progress Reported by the Department

- DOT again ranked in the top 10 of large agencies in 2023's Best Places to Work in the Federal Government rankings.
- DOT reported increasing outreach to Historically Black Colleges and Universities and focusing on recruiting women for technical roles.
- According to DOT, the Department both lowered the greenhouse gas footprint of facilities and operations since 2021 and reduced the waste generated from its buildings.

## Related OIG Work

- [DOT's Processes for Identifying Surface Transportation Workforce Needs To Implement IIJA](#) (not yet published)

- [FAA's Information Technology and Telecommunications Contracting Practices Limit Best Value Outcomes](#) (February 26, 2024)

>> 7 recommendations (4 open, 3 closed)

- [Fragmented Processes Weaken DOT's Accountability for Contractor Employee PIV Cards](#) (May 24, 2023)

>> 6 recommendations (5 open, 1 closed)

For the current status of all our recommendations, visit our [Recommendation Dashboard](#) online.



## Exhibit A. List of Last Year's Top Management Challenges

FY 2024 Top Management Challenges	Key Challenges
Aviation Safety	<ul style="list-style-type: none"> <li>Enhance FAA's Oversight of Aircraft Certification and Production</li> <li>Diagnose Root Causes To Prevent and Mitigate Runway Incursions</li> </ul>
Surface Transportation Safety	<ul style="list-style-type: none"> <li>Identify Root Causes and Implement Safety Programs To Reduce Fatalities</li> <li>Verify and Enforce Railroad, Transit, Pipeline, and Hazardous Materials Safety Compliance</li> </ul>
Air Traffic Control and Airspace Modernization	<ul style="list-style-type: none"> <li>Understand and Address the Causes of Flight Delays and Cancellations</li> <li>Recover From and Assess the Impact of Delayed and Diminished NextGen Programs on Agency Costs and Benefits for Airspace Users</li> </ul>
Surface Transportation Infrastructure	<ul style="list-style-type: none"> <li>Steward Surface Transportation Investments in a Changing Environment</li> <li>Support Effective Funding Oversight as IIJA Progresses</li> <li>Advance a Range of Surface Transportation Priorities and Goals</li> </ul>
Contract and Grant Fund Stewardship	<ul style="list-style-type: none"> <li>Award Contract and Grant Funds To Achieve Best Value Outcomes</li> <li>Verify Efficient and Appropriate Use of Contract and Grant Funds</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>Reduce the Occurrence of Improper Payments</li> <li>Improve Compliance With Federal Requirements for Monitoring and Reporting on Grantee Spending</li> <li>Improve Quality of Financial Data</li> </ul>
Information Security	<ul style="list-style-type: none"> <li>Overcome Obstacles To Mitigate Longstanding Weaknesses in DOT's Cybersecurity Program</li> <li>Execute Federal Priorities To Move Towards a Zero Trust Architecture</li> </ul>
Fraud Detection and Prevention	<ul style="list-style-type: none"> <li>Identify and Assess Fraud Risks</li> <li>Manage Fraud Risks Through Oversight, Outreach, and Data Analysis</li> </ul>
Transportation Transformation	<ul style="list-style-type: none"> <li>Advance Safety and Other DOT Missions Through the Innovation Principles</li> <li>Safely Advance Emerging and Innovative Vehicle Technologies</li> <li>Integrate New Technologies Into the NAS</li> </ul>
Organizational Excellence	<ul style="list-style-type: none"> <li>Establish the Workforce Capabilities Needed To Meet the Department's Mission</li> <li>Manage an Evolving Work Environment</li> <li>Cultivate Data-Driven Approaches To Support Policymakers and Manage the Mission</li> </ul>

Note: Prior OIG reports are available on our website at <http://www.oig.dot.gov/>.

## Exhibit B. List of Acronyms

AAM	Advanced Air Mobility
AI	artificial intelligence
ARPA-I	Advanced Research Project Agency-Infrastructure
ASIAS	Aviation Safety Information Analysis and Sharing
BTS	Bureau of Transportation Statistics
BVLOS	beyond visual line of sight
CAIVRS	credit alert system
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
DBE	disadvantaged business enterprise
DHS	U.S. Department of Homeland Security
DMF	Death Master File
DNP	Do Not Pay
DOT	U.S. Department of Transportation
EFD	electronic flight data
EV	electric vehicle
eVTOL	electric vertical takeoff and landing
FAA	Federal Aviation Administration
FISMA	Federal Information Security Modernization Act
FY	fiscal year
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
GLS	Great Lakes St. Lawrence Seaway Development Corporation
IIJA	Infrastructure Investment and Jobs Act
IT	information technology
LEIE	List of Excluded Individuals and Entities
MARAD	Maritime Administration
NAS	National Airspace System
NextGen	Next Generation Air Transportation System
NHTSA	National Highway Traffic Safety Administration
NRSS	National Roadway Safety Strategy
OA	Operating Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary of Transportation

## Exhibit B. List of Acronyms (cont.)

PHMSA	Pipelines and Hazardous Materials Safety Administration
PIV	Personal Identity Verification
POA&Ms	Plans of Action and Milestones
SAM	System for Award Management
SMS	safety management system
SSA	Social Security Administration
SS4A	Safe Streets for All
TFDM	Terminal Flight Data Manager
TRACON	Terminal Radar Approach Control Facility
TOP	Treasury Offset Program
UAS	Unmanned Aircraft Systems
USMMA	United States Merchant Marine Academy
UTM	UAS Traffic Management
V2X	vehicle to everything
WCF	Working Capital Fund



U.S. Department  
of Transportation  
Office of the  
Transportation

# Memorandum

**Date:** October 21, 2024

**Subject:** INFORMATION—Management Response to the Office of Inspector General (OIG) Draft Report: DOT's Fiscal Year (FY) 2025 Top Management Challenges

**From:** Victoria B. Wassmer

VICTORIA BAECHER WASSMER

Digitally signed by VICTORIA BAECHER  
WASSMER  
Date: 2024.10.21 18:13:30 -04'00'

Assistant Secretary for Budget and Programs, and Chief Financial Officer

**To:** Eric J. Soskin

Inspector General

The mission of the U.S. Department of Transportation (DOT) is to deliver the world's leading transportation system, serving the American people and our economy through the safe, efficient, sustainable, and equitable movement of people and goods. The OIG's report highlights the major management challenges that DOT will need to address over the coming year to achieve our strategic goals and objectives. The following summary provides the notable progress DOT has made during FY 2024 on these efforts.

### **Aviation Safety**

*Safety is DOT's top priority, and DOT continues to push for enhanced safety in aviation. Through the first nine months of FY 2024 DOT oversight contributed to a record of zero commercial aviation fatalities, and a reduction in general aviation fatalities.*

**Strengthen the Ability of Federal Aviation Administration (FAA) to Identify and Resolve Boeing Production Issues** – Following the Alaska Airlines Flight 1282 incident on January 5, 2024, FAA took immediate action to increase oversight of Boeing by launching a special audit of Boeing's compliance with manufacturing requirements. FAA also increased the number of on-site safety inspectors at Boeing facilities increased data monitoring of Boeing's processes.

FAA directed Boeing to develop a comprehensive action plan to address its systemic quality control and production issues. Boeing provided the plan to FAA on May 30, 2024, and committed to enhance employee engagement; increase oversight of suppliers and at each step of the production process; and simplify its production procedures. FAA will continue to monitor implementation of the changes outlined in Boeing's plan and gauge their effectiveness.

**Improve Data Analysis and Implement Initiatives to Identify Root Causes, Prevent Aviation**

Close Calls and Sustain the Aviation Safety Track Record – FAA has implemented the Aviation Safety Information Analysis and Sharing system to detect safety risks early and quickly share vital information with airlines, airports, and air traffic controllers. By collaborating with the aviation industry and implementing targeted safety measures, FAA aims to maintain its strong safety record within the National Airspace System (NAS). FAA is also deploying Arrival Runway Verification technology and Runway Incursion Device technology to enhance controller awareness of runway status.

### **Surface Transportation Safety**

*DOT continues to reduce the unacceptable number of roadway safety fatalities through its National Roadway Safety Strategy. DOT's programs and oversight have contributed to nine straight quarters of reduced roadway fatalities, with much more work remaining to be done.*

Partner With Recipients and the Private Sector to Improve the Safety of Drivers, Passengers, and Workers – The Department continues to advance the safety of drivers, passengers, and workers through the National Roadway Safety Strategy (NRSS), our comprehensive approach to reducing roadway fatalities and serious injuries. The NRSS includes actions that foster partnership with state, local, and Tribal governments, and the private sector. In FY 2024 the Safe Streets and Roads for All discretionary grant program made 1,073 awards totaling approximately \$2 billion to local, regional, and Tribal governments to address roadway fatalities and serious injuries. Through the NRSS Allies in Action<sup>1</sup> campaign, DOT received over 180 commitments in FY 2024 from government and private sector organizations to take action to reverse the number of fatalities and serious injuries on our roadways. Action areas included mitigating speed, reducing impaired driving, enhancing vehicle technology, and improving transit safety. (See <https://www.dot.gov/NRSS>.)

### **Aviation Governance and Modernization**

*DOT continues to invest in new technologies that will enable safe and efficient use of the Nation's airspace into the future. DOT is also building its air traffic controller workforce.*

Refine Air Traffic Controller Staffing, Placement, and Training Practices to Meet Facility Needs and Maintain Safety in an Evolving Operational Environment – FAA is addressing controller staffing challenges by streamlining the hiring and training process for air traffic controllers. In FY 2024, FAA hired 1,814 new controllers, surpassing the year's target of 1,800 and the 1,514 that were hired in FY 2023. For FY 2025, FAA has increased its hiring target to 2,000 air traffic controllers.

To achieve these goals, FAA again established Pre-Employment Processing Center (PEPCs) across the United States in FY 2024 to reduce clearance processing times. In March, FAA introduced the Enhanced Air Traffic-Collegiate Training Initiative program, allowing graduates of approved schools to bypass the FAA Academy and report directly to a facility for training. So far, 29 colleges have applied, five of which are Historically Black Colleges or Universities, and two have signed agreements.

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<sup>1</sup> Allies in Action is a call-to-action campaign, inviting stakeholders to embrace and commit to specific actions.

Also in FY 2024, FAA is modernizing and streamlining its training processes by refreshing course content, expanding capacity at the Academy and in the field, and updating technologies used for learning. FAA began a nationwide technology refresh, which includes installation of updated software at all 111 of its Tower Simulation System simulators. Updated software will enable controllers to practice current and future air traffic procedures and will reduce the time it takes controllers to fully certify at their facility.

Keep the Deployment of NextGen Systems and Capabilities on Track While FAA Terminates the Office of NextGen – FAA continues to develop, integrate, and deploy NextGen systems and capabilities into airspace operations. FAA will continue to ensure that the program baselines are met to facilitate safe, efficient, and successful integration into the NAS. FAA will continue to track investments delivering NextGen capabilities in a comprehensive NAS Enterprise Architecture, as mandated by the 1996 Clinger-Cohen Act and the Federal Information Technology Acquisition Reform Act.

Improve Processes for Collecting and Analyzing Flight Delay and Cancellation Data to Oversee Airlines and Protect Consumers – The Office of Aviation Consumer Protection has continued to enhance protections for air travelers. On April 24, 2024, DOT issued a final rule requiring airlines to promptly provide consumers with automatic refunds if their flight is canceled or significantly changed, and they do not accept the alternative transportation or travel credits offered. The Bureau of Transportation Statistics continues to work closely with FAA to analyze the root causes of flight delays, and to separate those delays that can be attributed to the NAS and those that can be attributed to the air carriers themselves.

### **Surface Transportation Infrastructure**

*DOT continues to manage the historic investments provided by the Infrastructure Investment and Jobs Act (IIJA) to renew and expand our Nation's critical surface transportation infrastructure. DOT continues to ensure that the funds are obligated within the period of availability and that projects are delivered during the period of performance.*

Evaluate the Progress of Surface Transportation Programs, Continue to Strengthen Oversight of Federal Transportation Investments, Provide Support in a Dynamic Surface Transportation Sector – Since the enactment of IIJA, DOT has awarded an unprecedented level of formula and discretionary grant funding. To provide transparency and accuracy to the public, DOT issues a biweekly Status of Funds report that tracks IIJA grants announcements, obligations, and outlays. As of September 2024, the Department is tracking more than 63,000 projects receiving IIJA funds, over 16,000 of which have been completed. These projects are generating measurable impacts, with 10,200 bridge projects, 175,000 miles of roadway, 11,200 transit projects, and 1,100 airports being built, repaired and/or modernized using IIJA funding. To support these efforts, DOT has recently established a new Office of Grants and Financial Assistance; delivered numerous technical assistance programs for its grantees; and built new tools for tracking IIJA implementation data.

Notable progress in the some of the Surface Operation Administrations include:

- Federal Highway Administration (FHWA) distributed over \$180 billion in highway formula funding to States. With a large number of new, non-traditional recipients that require a

higher level of technical assistance and oversight, FHWA has taken steps to expedite project delivery and is reducing the time it takes to process grant agreements from award announcement to obligation.

- Federal Transit Administration (FTA) announced over \$54 billion in IIJA funding, including \$46 billion in Transit formula grants. FTA is committed to ensuring investments in recipient projects and property are protected through its oversight programs.
- Federal Railroad Administration (FRA) announced over \$31 billion in IIJA funding and has obligated more than \$5.9 billion to three key railroad infrastructure and corridor development projects: Nevada DOT's Brightline West High-Speed Intercity Passenger Rail System (\$2.3 billion), California High-Speed Rail Authority's California Inaugural High-Speed Rail Service (\$1.7 billion), and the Gateway Development Commission's Gateway Program: Hudson Tunnel Project Systems and Fit Out (\$1.9 billion).
- Maritime Administration (MARAD), through the Port Infrastructure Development Program (PIDP), has awarded over \$2.1 billion to 162 projects to expand capacity at our ports, which interface between maritime and surface transportation.

### **Grant and Contract Fund Stewardship**

*The Department takes very seriously its responsibility for sound stewardship of the historic resources for investment entrusted to it. The Department proactively seeks to ensure that its grant and contract resources deliver the intended results for the American people.*

Make Sound, Transparent Grant and Contract Award Decisions – The new Office of Grants and Financial Assistance (GFA) is improving the administration of grants throughout the Department. DOT has established a rigorous acquisition planning process for contracts that varies by dollar threshold, complexity, and criticality of the planned procurement action. DOT's use of long-term, single vendor contracts is limited, and is governed by the acquisition procedures that are outlined in the Transportation Acquisition Manual (TAM).

Confirm Grant and Contract Funds Are Used as Intended – The Department has strengthened our internal policy and procedures and help ensure compliance with applicable rules and regulations for grants. To support implementation of Departmental guidance and governmentwide requirements, GFA engages regularly with the Financial Assistance Team of Executives (FATE) to provide updates, technical assistance, and share best practices. The FATE includes representatives from across the Department, including all OAs.

### **Financial Management**

*Strong financial management is also essential for sound stewardship of our financial resources. DOT has obtained unmodified audit opinion for 17 consecutive years and seeks to continue its legacy of success in financial reporting.*

Improve Stewardship of Agency-Owned or Federally Funded Property – The Department has taken steps to improve the management and oversight of agency-owned and federally funded property. For example, FTA is revising their Awards Management Requirements to clarify real property reporting requirements for grant recipients with a requirement to report on all real property in which FTA retains an interest.



To address the tracking and recording of Federal Lands Management capital assets, DOT has coordinated with the U.S. Department of the Interior to strengthen its process, including a review of all construction projects to ensure federal assets are correctly accounted for. In FY 2024, the FHWA developed and implemented a standard operating procedure for future projects that ensures federally owned assets are recorded as construction projects and transferred to the appropriate Federal Lands Management Agency at the time of completion.

Improve Compliance with Federal Requirements for Monitoring and Reporting on Grantee Spending –The newly established GFA appointed an accountable official for Single Audit and plans to develop additional Single Audit guidance to be distributed to the Operating Administrations. The guidance will encompass pre-award, award, and post award Single Audit roles and responsibilities to ensure that the Department meets the Uniform Guidance requirements.

Improve Compliance with Federal Requirements for Managing and Expending Federal Funds – The Department uses the Do Not Pay Initiative to preserve the integrity of DOT payments. The Department currently matches all payments against select Working System databases daily and work is underway with the U.S. Department of Treasury to assess the appropriateness of screening payments against additional databases.

## **Information Security**

*In the 21<sup>st</sup> century, safeguarding our information resources is absolutely critical to the success of any large organization. DOT continues to enhance its multi-layered cybersecurity protections for its networks and systems.*

Address Longstanding Weaknesses to Protect DOT’s Critical Information Systems – In FY 2024, the Department updated its Cybersecurity Compendium and published policy-based Implementation Instructions. This included guidance on roles and responsibilities for vulnerability and weakness management, as well as clarification of remediation timelines. The Department organizing teams to address long-standing weaknesses by executing project sprints on priority issues throughout the operating environment. Through these efforts, DOT has already closed 24 prior year Federal Information Security Modernization Act recommendations.

Execute Key Cybersecurity Initiatives to Strengthen DOT’s Critical Infrastructure – The Department is investing in additional to address cybersecurity initiatives, including enhanced cybersecurity training, increased adoption of multi-factor authentication, stronger data encryption, and enhanced enterprise cloud system security.

## **Transportation Transformation**

*DOT continues to proactively engage industry stakeholders regarding the safe adoption of transformative transportation technologies, including innovative aviation and surface transportation applications.*

Integrate New Technologies into the NAS – FAA continues to support the safe and efficient integration of new technologies into transportation systems. FAA made significant progress

towards enabling routine, scalable beyond visual line of sight operations in the past year. FAA issued three Letters of Acceptance (LOAs) for UAS traffic management services in FY 2024.

For commercial space operations, FAA is undertaking several initiatives to enhance the performance-based safety regulations under 14 CFR Part 450 – Launch and Reentry License Requirements. In FY 2024, FAA onboarded three additional Launch/Reentry Operators (LROs) to the Space Data Integrator tool, providing additional situational awareness to operations, with plans to onboard more LROs in FY 2025.

Facilitate Innovation with Safe Adoption of Technological Changes by Surface Transportation Stakeholders – DOT is actively engaged in the work to support the transformation of our surface transportation system and is exploring applications for new technologies, in partnership with a broad cross-section of stakeholders.

The Advanced Research Projects Agency - Infrastructure (ARPA-I) has been actively engaged in stakeholder consultation, releasing a second Request for Information in 2024 seeking input on AI applications, opportunities, and challenges in transportation on behalf of the Department.

DOT has also convened the Transforming Transportation Advisory Council (TTAC). TTAC met throughout 2024 and is preparing recommendations to the Department regarding transportation innovation. TTAC currently has four subcommittees actively working toward recommendations: Automated Driving System State/Local Policy Needs; Impacts of AI on Transportation; Technology and Innovation’s Role in Improving Transportation Project Delivery; and Emerging, Overlooked, and Underleveraged Innovation for Safety.

### **Organizational Excellence**

*DOT has empowered its organizational workforce through hiring, training, and employee retention initiatives. Through these efforts, the DOT workforce reached 57,000 employees on board for the first time, a testament to how DOT is rising to meet this challenge.*

Hire, Train, and Retain the Workforce Necessary to Meet Department Goals – To drive our efforts in recruitment and retention of employees, DOT validated competencies for the engineering and economist occupations, administered a competency assessment to identify skill gaps for individuals supporting artificial intelligence, and worked with OPM to issue a competency assessment for the acquisition workforce. Data from those assessments will be analyzed to determine technical training needs at the Department and OA levels.

Improve System Capabilities in Procurement Contract Filing – DOT’s Office of the Senior Procurement Executive (OSPE) collaborated with the OAs to further the Department’s Electronic Contract Filing initiative through improved system capabilities. OSPE is working with the Acquisition Policy Working Group to update supporting policies in the TAM.

Manage Workforce and Property Assets and Facilities in an Evolving Environment – DOT successfully managed its workforce using the full breadth of available workplace flexibilities including telework, remote work, and flexible work schedules. In the most recent year, DOT

initiated and completed an internal audit of remote work with a focus on ensuring locality pay is correct and that DOT is adhering to established policies.

DOT updated the Space Policy Order (4330.3A) in FY 2024 for the first time since 2016. The updates addressed the evolving environment of the increased use of work schedule flexibilities. The new Order complies with OMB memo MPM 24-01, accelerates the Reduce the Footprint effort via a new 150 usable square foot utilization rate target, and follows Federal Real Property Council and OMB government-wide guidance on calculating space utilization rates. The Department also began a space study for the potential consolidation of National Capital Region office leases into the William T. Coleman Jr. and Norman Y. Mineta Federal Buildings.



U.S. Department of Transportation  
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