



SEMIANNUAL REPORT TO CONGRESS

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

APRIL 1, 2024–SEPTEMBER 30, 2024



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Highlights

Investigative Accomplishments

investigations opened, by priority area

	transportation safety	19		public interest	4
	grant and procurement fraud	16		other	1
	employee integrity	7			

88/78

investigations/complaints
closed/opened

23/37

convictions/indictments
and criminal informations

\$38,123,882

financial impact of
DOT OIG investigations

Audit Accomplishments

audit reports, by agency

22














audit reports issued

92

recommendations

\$761,632,705

financial impact of
DOT OIG audit reports

	FAA	4		FTA	4		NHTSA	1
	FHWA	1		GLS	1		NTSB	0
	FMCSA	0		MARAD	0		OST	9
	FRA	0		Multimodal*	1		PHMSA	0
							STB	1

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

Return on Investment

In FY 2024, DOT OIG achieved an \$11 return on investment for every appropriated dollar with just a fraction of DOT's total workforce and budget.



OIG

FY 2024
Enacted
FTEs

397

FY 2024
Budgetary
Resources

\$116.5m



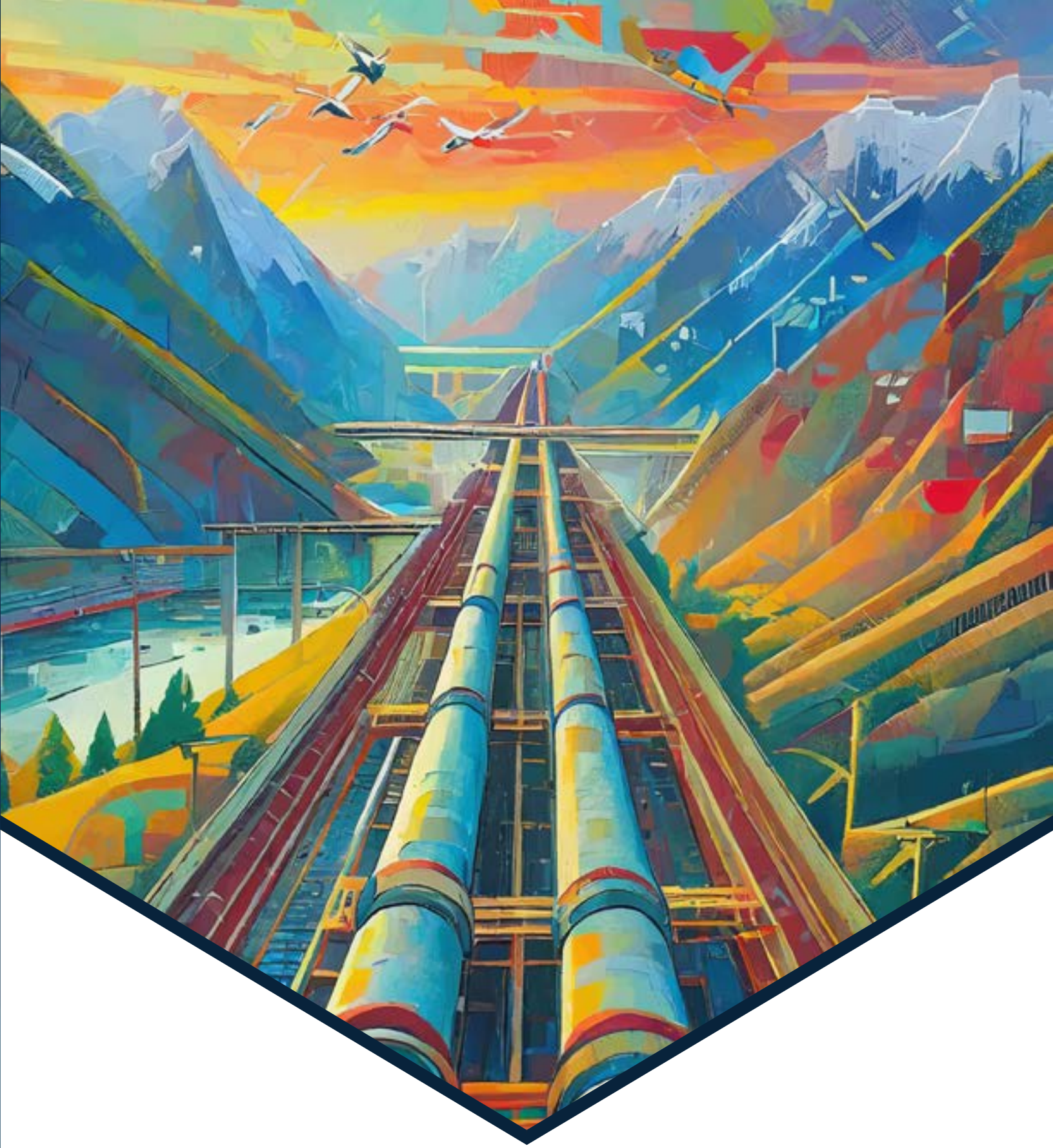
DOT

55,586

\$144.0b

Note: Return on investment compares the cost for DOT OIG to do business to the court-ordered fines, restitutions, recoveries, forfeitures, recoveries of improper payments, recommended cost savings, and recommendations for funds put to better use resulting from DOT OIG audits and investigations.













Investigations

Performance Highlights

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

- Aircraft parts fraud.** Two individuals were sentenced to 42 months of incarceration, 72 months of supervised release, and \$204,055 in restitution. The individuals purchased aircraft parts and resold them using false certificates claiming the parts to be airworthy.
- Bid rigging.** An asphalt company was fined \$6.5 million for two separate bid rigging conspiracies. The company and other co-conspirators schemed to rig bids for contracts to provide asphalt paving services.
- Fraudulent CDLs.** An individual was sentenced to 57 months of incarceration and 36 months of supervised release for paying over \$10,000 in cash bribes to a third-party commercial driver's license (CDL) examiner to issue passing scores on the exam leading to the fraudulent issuance of CDLs.
- False Claims Act violations and DBE fraud.** A company entered into a civil settlement agreement and agreed to pay \$950,000 to resolve allegations that it violated the False Claims Act by circumventing disadvantaged business enterprise (DBE) requirements. The company knowingly obtained construction contracts meant for DBE companies, even though it did not qualify as a DBE.

Investigative Accomplishments






	hotline contacts received	2,571
	investigations/complaints* closed/opened	88/78
	criminal/civil investigations referred for prosecution	92/14
	convictions/indictments and criminal informations	23/37
	years of incarceration, probation, home detention, supervised release	99
	financial impact of DOT OIG investigations	\$38,123,882
	hours of community service	240
	administrative actions	38

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

Statistical Data

Financial impact of DOT OIG investigations



total financial impact		\$38,123,882
	costs avoided	\$0
	forfeitures	\$16,432,211
	recoveries	\$1,791,279
	finances and special assessments	\$14,365,936
	restitution	\$5,534,456

Types of monetary impositions

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

Fines are criminal or civil monetary penalties.

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

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

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

Costs avoided are funds that were not disbursed due to DOT OIG's investigative work.

Investigative workload



78
investigations/
complaints opened
this reporting period



374
ongoing
investigations/
complaints






88
investigations/
complaints closed
this reporting period

Criminal prosecutions

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

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

	referred	92
	accepted*	59
	declined*	61

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


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

individuals referred to DOJ	70
businesses referred to DOJ	17
individuals referred to State or local authority	5
businesses referred to State or local authority	0

Civil prosecutions

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

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





	referred	14
	accepted*	10
	declined*	0

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

Human trafficking

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

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




	allegations received	1
	referred	1
	accepted*	0
	declined*	1

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

No-knock warrants

In accordance with Executive Order 14074, DOT OIG is required to report the number of no-knock entries performed during the performance period.

Numbers of no-knock entries executed under a warrant or exigent circumstances

	entry with warrant	0
	entry with exigent circumstances	0
	injuries incurred during entry	0

Summary of referrals for criminal and civil prosecution

grant and procurement

24



false claims	6	overbilling	2	surety bonds	2
anti-trust, bid rigging/collusion	4	DBE fraud	4	embezzlement	1
DOT-funded research and development grant fraud	1	other	4		

aviation

18



accident-related	2	certificate fraud, commercial airman	2	interference or tampering with an aircraft	1
flight standards, lax enforcement	2	unauthorized operation of an aircraft	2	falsification of FAA orders or other documents	2
suspected unapproved parts, maintenance	1	suspected unapproved parts, sale	4	airman's log	1
failure to comply with FAA orders, airworthiness directives admin	1				



transportation safety

Common transportation safety cases can include: falsification of Federal Motor Vehicle Safety Standards, falsification of FRA required records, TREAD Act violations, grey market vehicles, substandard non-aviation parts substitution, and others.



motor carrier

18

CDL school or 3rd party tester fraud	3	CDL	1	fraudulent registration filings, reincarnated carriers	8
other	6				

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

public interest 8



aiming a laser pointer at an aircraft	3	household goods/ moving companies	1	unmanned aircraft systems	1
human trafficking	1	unruly passengers, flight crew interference	2		

employee integrity 9



conflict of interest (public corruption, current employee)	2	assault/threat	1	misuse of Government property or funds	1
time and attendance fraud	4	other	1		

hazardous materials 7



carriage by vessel	1	illegal shipment of airbags	6
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workforce protection 3



broker, freight forwarder, carrier registration	2	economic fraud by forwarder/broker	1
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other 19



forgery/alteration of documents	5	identity theft	11	child sexual abuse material	1
investigative assistance to OA	1	harassment/threats	1		

Investigative reports

DOT OIG distributed **59** investigative reports, including reports of investigations, stakeholder memos, and management implication reports.

Indictments and informations from prior referrals

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

Whistleblower retaliation

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

Metrics used to develop investigative statistical data

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

Judicial actions and outcomes

convictions	23
indictments and criminal informations	37
years of incarceration and home detention	42
years of supervised release	40
years of probation	17
hours of community service	240

Types of judicial actions

- A **conviction** is the verdict that results when a court of law finds a defendant guilty of a crime.
- An **indictment** is an official written accusation of a crime that is presented to a court by a grand jury.
- An **information** is an official written accusation made by a prosecutor against a person for a criminal offense.
- Supervised release** is a period of supervision following an offender’s release from prison. It is imposed in addition to a sentence of imprisonment.
- Probation** is a period of supervision over an offender, ordered by a court instead of a sentence of imprisonment.
- Community service** is a sentencing option ordering offenders to perform a number of hours of unpaid work for the benefit of the public.

Administrative actions and outcomes resulting from DOT OIG investigations

suspension and debarment actions*

individual suspension	4
individual debarment	0
business suspension	0
business debarment	0
suspension referral	4
debarment referral	19

personnel action

proposed removal	1
removal	0

other actions

compliance agreement	0
enforcement action taken	3
Federal funds reduced	0
certificate/license/permit revoked/terminated	0
corrective action taken	1
employee resigned/ retired during investigation	1
employee reprimand	1
no suspension/debarment action taken	1
unfounded	3

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

Types of administrative actions

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

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

Compliance agreements are voluntary agreements aimed at preventing future wrongdoing by putting

safeguards in place to correct past misconduct and identify and correct any future misconduct.

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

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

There was one administrative investigation involving alleged violations of 5 Code of Federal Regulations Part 2635 in which misconduct was unsubstantiated.

Investigations involving senior Government employees where misconduct was substantiated

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

Types of allegations







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

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

Hotline Complaint Center

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



total hotline contacts received		2,571
	fax +1 (202) 366-7749	0
	walk ins 1200 New Jersey Ave SE, West Bldg, 7th floor, Washington, DC 20590	0
	letters 1200 New Jersey Ave SE, West Bldg, 7th floor, Washington, DC 20590	25
	phone calls +1 (800) 424-9071	331
	web contacts www.oig.dot.gov/hotline	698
	emails hotline@oig.dot.gov	1,517



Audits

Performance Highlights

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

- **Cybersecurity continuous monitoring tools.** DOT uses continuous monitoring tools to support essential Continuous Diagnostics and Monitoring requirements and has implemented a Dashboard to automatically report cybersecurity information. Yet, FAA has not performed consistent near real-time cyber monitoring activities due to air traffic and safety concerns.
- **Capitalized equipment.** DOT's policies and procedures for managing capitalized equipment are out-of-date and noncompliant with the Federal Personal Property Management Act of 2018. Several OAs' policies and procedures do not comply with these laws.
- **NextGen status update.** NextGen's vision has remained constant but it will be less transformational than originally promised. In its report, FAA did not include all NextGen expenditures or increasing cost challenges. The report also projects \$100 billion in benefits by 2030, although FAA had previously acknowledged that this was not achievable.
- **Buy America rolling stock requirements.** FTA does not require recipients to retain documentation for pre-award audits or to verify suppliers' Buy America information. FTA also lacks regulations to address domestic shipping costs and could not rely on SEPTA to oversee its rolling stock procurement and risks that recipients miscalculate domestic content costs—raising concerns about whether FTA's Buy America rules are being met.

Audit Accomplishments



audit reports issued

22



recommendations

92



financial impact
of DOT OIG audits

\$ 761,632,705

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



Statistical Data

Completed audits by type

reports		22	
performance audits	15	financial audits	0
audits under Single Audit Act	6	attestation engagements	1
recommendations		92	
performance audits	83	financial audits	0
audits under Single Audit Act	9	attestation engagements	0
financial impact		\$761,632,705	
performance audits		\$747,673,826	
audits under the Single Audit Act		\$13,958,879	
financial audits		\$0	
attestation engagements		\$0	

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

Types of audits

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

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

Audits under the Single Audit Act are examinations of an entity that expends \$750,000 or more in Federal assistance (i.e., Federal funds, grants, or awards) received for its operations. We review single audit reports and report quarterly on significant findings related to programs directly funded by DOT. We also perform quality control reviews on a sample of the single audits.

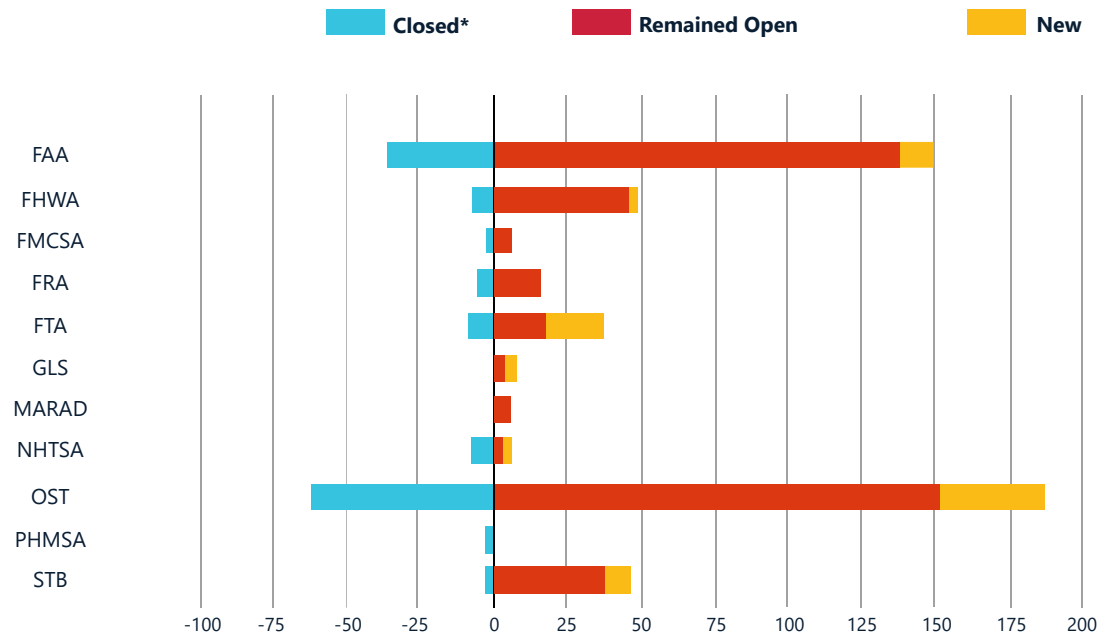
Attestation engagements are examinations, reviews, or agreed-upon procedure engagements of a subject matter or assertion for which another party is responsible.

Open audit recommendations

As of September 30, DOT OIG had **512 open recommendations**, which were included in **161** audit reports issued since **June 20, 2013**. Of these, **59** recommendations (from **44** reports) carry an **estimated monetary or cost savings totaling over \$1,245,908,233**, including funds that could be put to better use and questioned costs.

Please visit our Recommendation Dashboard at www.oig.dot.gov/recommendation-dashboard for accurate and timely data on the status of DOT OIG’s audit recommendations, links to audit summaries associated with each recommendation, interactive charts and recommendation data visualizations, and reports on recommendations required by the Inspector General Act.

Status of audit recommendations, second half of FY 2024



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

Open and closed audit recommendations

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

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

Reports with no agency comment within 60 days

We work closely with the Department to ensure timely responses to our draft audit reports. All agency responses were received within 60 calendar days.

Management decisions on previously issued audits

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

Attempts to interfere with DOT OIG independence

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

Audits closed but not disclosed to the public

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

Compliance with Federal Financial Management Improvement Act

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

Information or assistance refused by DOT

DOT did not unreasonably refuse information or assistance.

Peer Reviews

DOT OIG's auditing and investigations functions are subject to peer reviews in accordance with generally accepted Government auditing standards, CIGIE guidelines, and the Attorney General Guidelines for Federal OIGs with statutory law enforcement authority. These peer reviews provide formal, objective assessments of DOT OIG's adherence to prescribed standards, regulations, and legislation.

Peer reviews of DOT OIG

The Social Security Administration (SSA) OIG conducted a CIGIE peer review of our Office of Auditing and Evaluation in fiscal year 2022. SSA OIG concluded that the audit organization's system of quality control was suitably designed and complied with to provide DOT OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and legal and regulatory requirements in all material respects. Accordingly, SSA OIG provided a "pass" rating and did not make any recommendations. The report was released on March 15, 2022.

The Environmental Protection Agency (EPA) OIG conducted a CIGIE peer review of our Office of Investigations in fiscal year 2024. EPA OIG concluded that the system of internal safeguards and management procedures used for our investigative operations complied with the quality standards established by CIGIE and other applicable guidelines and statutes and did not make any recommendations. The report was released on September 13, 2024.

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

Outstanding peer review recommendations addressed to DOT OIG

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

Peer reviews conducted by DOT OIG

During this reporting period, DOT OIG conducted a CIGIE peer review of the audit organization at the U.S. Department of Housing and Urban Development (HUD) OIG. We reported that HUD OIG's system of quality control has been designed and complied with to provide HUD OIG with reasonable assurance that its performance and reporting conform with applicable professional standards and statutory and regulatory requirements in all material respects. The report was released on September 30, 2024.

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Reporting Requirements

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

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Acronym Glossary

Acronym	Definition
CDL	commercial driver's license
CIGIE	Council of Inspectors General on Integrity and Efficiency
DBE	disadvantaged business enterprise
DOJ	U.S. Department of Justice
DOT	U.S. or State Department of Transportation
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FTE	full-time equivalent
FY	fiscal year
GLS	Great Lakes Saint Lawrence Seaway Development Corporation
HUD	U.S. Department of Housing and Urban Development
MARAD	Maritime Administration
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
OA	Operating Administration
OIG	Office of Inspector General
OST	Office of the Secretary of Transportation
PHMSA	Pipeline and Hazardous Materials Safety Administration

Acronym	Definition
SEPTA	Southeastern Pennsylvania Transportation Authority
SSA	Social Security Administration
STB	Surface Transportation Board
TREAD Act	Transportation Recall Enhancement, Accountability, and Documentation Act