



**U.S. Department of
Transportation**
Office of the Secretary
of Transportation

The Inspector General

Office of Inspector General
Washington, D.C. 20590

February 29, 2008

The Honorable Henry A. Waxman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Waxman:

This is in response to your December 7, 2007, letter requesting that the Department of Transportation Office of Inspector General (DOT OIG) provide a list of recommendations it has made from January 1, 2001, to the present that have not been implemented by agency officials or by Congress. We have identified 168 “key” recommendations, included in 81 audit reports, which remain open for the Department. In addition, we provide oversight for the National Transportation Safety Board (NTSB), although it is not part of the Department. Four “key” recommendations, contained in one audit report, are currently open for NTSB.

As we stated in our January 15, 2008, letter to you, our criteria for defining “key” open recommendations include recommendations from January 1, 2001 to December 17, 2007, that address significant safety, security, and oversight issues, or provide financial benefits.

The attached document highlights the 172 “key” recommendations and includes the following information:

- Report Title
- Report Number
- Date Report Issued
- Agency Responsible for Implementing the Recommendation (e.g., Federal Aviation Administration)
- “Key” Open Recommendation
- Significance of the Recommendation

To a large extent, the issues contained in these open recommendations are reflected in our annual Top Management Challenges report (OIG Report Number PT-2008-008, November 15, 2007). This report identifies the major challenges facing the Department for the coming year and focuses on the Department's key strategic goals to improve transportation safety, capacity, and efficiency. The issues highlighted in this year's report are:

- continuing to enhance oversight of the surface transportation infrastructure and maximizing the return on investments in infrastructure projects;
- addressing long- and short-term challenges for the National Airspace System;
- developing a plan to address highway and transit funding issues;
- reducing congestion;
- improving oversight and strengthening enforcement of surface safety programs;
- continuing to make a safe aviation system safer;
- strengthening the protection of information technology resources;
- managing acquisition and contract operations more effectively; and
- reforming intercity passenger rail.

We thank Secretary Peters, Deputy Secretary Barrett, the Department's Secretarial officers, the operating administrators, and Members and staff of Congress for their responsiveness to our recommendations to strengthen safety, improve program delivery, and maximize efficiency. They fully appreciate and support the role of an independent Inspector General.

If you have any questions or need further information, you may contact me at (202) 366-1959 or Madeline Chulumovich, Director of Congressional and Public Affairs, at (202) 366-6512.

Sincerely,



Calvin L. Scovel III
Inspector General

Attachment

cc: The Honorable Tom Davis, Ranking Minority Member

Department of Transportation, Office of Inspector General Open Recommendations
January 1, 2001 - December 17, 2007

<u>Page Number</u>	<u>Operating Administration (OA)</u>	<u>Number of Key Open Recommendations</u>	<u>Number of Audit Reports Containing These Key Open Recommendations</u>
2	Federal Aviation Administration (FAA)	65	28
22	Federal Highway Administration (FHWA)	20	15
29	Federal Motor Carrier Safety Administration (FMCSA)	12	5
35	Federal Railroad Administration (FRA)	5	4
37	Federal Transit Administration (FTA)	22	12
43	National Highway Traffic Safety Administration (NHTSA)	14	3
46	Office of the Secretary of Transportation (OST)	18	8
52	OST & Other OA (Multiple Responsibility for Recommendations)	7	4
55	Pipeline and Hazardous Materials Safety Administration (PHMSA)	1	1
55	Research and Innovative Technology Administration (RITA)	4	1
56	National Transportation Safety Board (NTSB)	4	1

Department of Transportation, Office of Inspector General Open Recommendations
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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
FAA Oversight of Airport Revenue Use	AV2003030	3/20/2003	FAA	<p>Verify the current status of \$40.9 million in potential revenue diversions that we identified during this review and, as necessary, see recoveries of \$252,000 identified at Allegheny County (sponsor of Pittsburgh International and Allegheny County Airports).</p> <p>Verify the current status of \$40.9 million in potential revenue diversions that we identified during this review and, as necessary, seek recoveries of more than \$38 million identified at Miami-Dade County (sponsor of Miami International Airport).</p>	<p>FAA needs to ensure that revenue diversions that occurred are addressed, and practices that led to the diversions are corrected. The OIG and FAA continue to find sponsors are diverting airport revenues. Allegheny County leased approximately 25 acres of airport land to the U.S. Army at 76 percent below fair market value. A portion of the land was funded with grant funds. The U.S. Army has refused to negotiate the lease at fair market value. FAA recently sent a letter to the Army requesting a meeting to resolve the issue.</p> <p>The OIG and FAA continue to find airport sponsors are diverting airport revenues, a violation of law. Miami-Dade County has agreed to return \$14 million in diverted funds to the Miami International Airport. After an initial payment of \$3 million Miami-Dade County will pay quarterly payments of \$564,251 over five fiscal years, beginning October 1, 2006. FAA expects all funds to be returned by September 2011.</p>
Review of Air Carriers' Use of Aircraft Repair Stations	AV2003047	7/8/2003	FAA	Develop a process to: (a) identify repair stations that air carriers use to perform aircraft maintenance; (b) identify repair stations that are performing safety critical repairs; and (c) target inspector resources based on risk assessments or analysis of data collected on air carrier outsourcing practices.	While FAA has made many improvements to its repair station oversight since our report was issued, the Agency still does not have an adequate mechanism in place to determine which facilities air carriers are using to perform critical maintenance. Obtaining this information and using it to target limited inspector resources/oversight is critical to ensuring air carriers continue to operate safely.

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Operational Evolution Plan (OEP)	AV2003048	7/23/2003	FAA	<p>Develop realistic cost estimates for capacity initiatives, and link the OEP with the Agency's budget in order to set priorities for what can be accomplished in the short term.</p> <p>Determine – in concert with the aviation community – how to move forward (and at what pace) with systems that require airspace users to purchase and install new technologies.</p>	<p>Reliable cost estimates for capacity-enhancing initiatives are important. Given that the OEP will be the vehicle for the Next Generation Transportation System (NextGen) initiatives, it will be important to link them to the budget to determine which ones are achievable and set priorities.</p> <p>This issue is still relevant given that NextGen plans call for users to equip with new avionics. The cost to airspace users to purchase and install the new technology will be significant, probably totaling billions of dollars. Some agreement must be reached with industry about the pace of equipage.</p>
FAA Terminal Automation Modernization Costs	AV2003058	9/9/2003	FAA	Select the most cost-effective and affordable strategy to complete terminal modernization (that would put at least \$221 million to better use) by augmenting Standard Terminal Automation Replacement Systems (STARS) deployments with Common ARTS.	Although STARS will no longer automatically deploy to all sites throughout the National Airspace System, FAA must identify the requirements for nearly 100 facilities that still need to be modernized.
Audit of FAA's Traffic Controller Program	AV2004060	6/2/2004	FAA	<p>Develop an assessment process for identifying a new controller's potential to certify at a certain facility level and use this information in placing newly hired controllers.</p> <p>Compile national statistics and establish a baseline to better manage the time and costs associated with the controller on-the-job training (OJT) process and include these in developing a tracking system for training.</p>	<p>FAA is experiencing a surge in controller attrition. A better selection and screening process will help in reducing the number of training failures and thereby avoid the time and costs FAA incurs in training new controllers.</p> <p>A wide variance in data collected by facilities, as well as the multiple factors affecting the OJT process underscores the need for FAA to evaluate, manage, and improve the overall OJT process. This is an urgent issue given the large number of developmental controllers in the system.</p>

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Security and Controls Over En Route Center Computer Systems	FI2004078	8/9/2004	FAA	<p>Enable and enforce use of passwords to authenticate users of Air Traffic Control systems.</p> <p>Install automatic fire suppression systems to protect telecommunications equipment at the en route centers and other key locations.</p> <p>Revise FAA's computer system security review policy by adopting the two-tiered certification & accreditation review process for all operational air traffic control computer systems.</p>	Securing computers housed at en route facilities is critical to safe and continued air traffic control operations. These computers not only support high altitude air traffic controls but also information sharing throughout the National Airspace System. Implementing these three recommendations is required to meet the minimum Government security standards.
Report on Observations on FAA's Controller Pilot Data Link Communications (CPDLC) Program	AV2004101	9/30/2004	FAA	Implement a process by which FAA and industry agree on "entrance" and "exit" criteria of joint programs that require synchronized government and industry investment, should FAA start another CPDLC program.	Controller Pilot Data Link is a core technology for NextGen that will require investments by both FAA and airspace users. A clear understanding of cost and benefits will be needed. The use of "exit" and "entrance" criteria will be helpful to set expectations and track progress.

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Review of FAA's Terminal Automation Alternatives	AV2005016	11/23/2004	FAA	<p>Replace aging displays at its four large terminal sites that do not have color displays. This should be done expeditiously and based on the priority needs of individual sites.</p> <p>Determine requirements for fusion tracking (integrating radar and satellite data for air traffic control) as well as where it is needed, how much it will cost, and how long it would take to deploy.</p>	<p>FAA has work underway to replace aging displays at four large facilities and has plans to complete the effort this year. Replacing the aging displays is important to improve reliability of controller equipment and allow for the addition of safety enhancements.</p> <p>This is an important issue for NextGen, particularly given the investment in Automatic Dependent Surveillance-Broadcast (ADS-B). It is very important that radar and ADS-B information be fully integrated so that aircraft locations can be quickly and accurately determined by controllers.</p>
National Airspace Redesign	AV2005059	5/13/2005	FAA	Develop a strategy and establish guidelines for addressing the demand for new sectors. This strategy should take into account, among other things, planned technology enhancements, equipment and frequency limitations, and the expected size of the controller workforce.	Redesign of the nation's airspace is critical to mitigate delays and meet the increasing demand for air travel. Other capacity enhancing initiatives, such as new runways and Random Navigation Area Navigation/Required Navigation Performance (RNAV/RNP), rely on the redesign of the nation's airspace. Airspace is divided into sectors for ease of traffic flow control by FAA controllers. As airspace becomes more congested, the ability of controllers to manage their sectors becomes increasingly more difficult. Therefore, additional sectors are needed to better manage traffic flow and ease controller workload. The issue of sectors--their number and size--will continue to be important and a cost driver in the near-term as FAA seeks ways to boost capacity.

Department of Transportation, Office of Inspector General Open Recommendations
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Review of Chicago O'Hare Modernization Program (OMP)	AV2005067	7/21/2005	FAA	Develop a schedule that synchronizes implementation of airspace changes with airfield changes and send to Congress a budget linked to this schedule that identifies the timing and cost of the resources needed to complete OMP airspace changes. This includes airspace changes outside the Chicago area that further enhance the OMP.	FAA has capped flights into O'Hare until these changes are made. The planned benefits (reduction in delays and increase in operations) of the OMP airfield changes and other infrastructure changes are contingent upon FAA completing substantial changes to the airspace. Airspace changes need to be made outside of the Chicago airspace (over 300 miles east and over 400 miles northwest) to sustain expected downstream capacity increases and delay reductions. FAA agreed with our recommendations but continued high level management attention is needed because these changes are critical and need to be in place by 2013 to maximize airfield changes.

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Disposal and Development of Properties Acquired Under Airport Noise Compatibility Programs	AV2005078	9/30/2005	FAA	<p>Ensure that sponsors (a) implement written, FAA-approved plans for disposing of Airport Improvement Program (AIP) funded noise land that is no longer needed for noise compatibility programs or for airport development and (b) either return the proceeds from any dispositions to the Trust Fund or reinvest them in other FAA-approved noise mitigation projects at the airport.</p> <p>FAA should direct airport sponsors to develop and implement plans to recover FAA's share (estimated at \$160.6 million) from disposition of 3,608 unneeded noise land acres at 11 airports.</p> <p>FAA should direct airport sponsors to develop and implement plans to recover FAA's share (estimated at \$81.7 million) of the affected land's fair market value from airports that are misusing noise land disposition proceeds at 11 airports.</p>	<p>At the time of our audit, 108 airports had acquired AIP funded noise land. As a result, the potential Federal recoveries on excess noise land could be significant, possibly totaling millions of dollars. FAA is working with all airport sponsors that have acquired AIP funded noise land. Each sponsor is required to prepare and submit to FAA an inventory of their noise land and a reuse plan that will identify planned disposition.</p> <p>Given the extent of the potential recoveries from the unneeded land at these 11 airports, attention to this matter is important. FAA is working with these 11 airport sponsors in preparing an inventory of their AIP funded noise land and reuse plans that identify the exact amount of acreage available for disposal. Once these items are completed, the sponsors and FAA will work together to value this land. These actions are necessary before sponsors can begin disposing of unneeded noise land and ensure FAA receives its proper share.</p> <p>FAA is working with airport sponsors in preparing response/action plans identifying the Federal share of AIP funded noise land previously disposed of and how they plan to repay FAA. FAA will then review these plans and work with the sponsors on a repayment schedule. This action is necessary to ensure FAA receives the proper share.</p>

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Follow-up Audit-Review of Air Traffic Controller Training	AV2006021	12/7/2005	FAA	<p data-bbox="911 266 1394 423">Identify specific coursework taught at the FAA Academy as part of new controller training that is currently provided or could be provided by colleges and universities.</p> <p data-bbox="911 695 1394 852">Determine if those courses could be discontinued as part of FAA provided training and instead made a prerequisite to employment as an air traffic controller with the FAA.</p> <p data-bbox="911 896 1394 1149">Report the results of the determination (course work review and analysis) to the Secretary, Congress, and the Office of Management and Budget as part of the next update to the Agency's Controller Workforce Plan, which is due at the beginning of the FY 2007 appropriations cycle.</p>	<p data-bbox="1400 266 1990 662">These 3 recommendations are significant because, by requiring new hires to have a certain skills set, they could potentially bypass the Academy altogether and go directly to on-the-job training at the facility. This could reduce the time and costs associated with training new air traffic controllers. If some of the general courses taught at the Academy were a prerequisite to employment as an FAA air traffic controller, the Academy could concentrate its resources on providing training that focuses more on FAA-specific operations and equipment.</p>

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Air Carriers' Use of Non-Certificated Repair Facilities	AV2006031	12/15/2005	FAA	<p>Inventory air carrier vendor lists that include all maintenance providers working on air carrier aircraft and identify non-certificated repair facilities performing critical or scheduled maintenance.</p> <p>Determine whether it should limit the type of work non-certificated facilities can perform.</p> <p>Review air carriers' internal audit programs for non-certificated repair facilities as part of the oversight of air carrier operations to ensure that each carrier has established a standard and in-depth process for evaluating these facilities.</p> <p>Determine whether air carriers evaluate the background, experience, and qualifications of temporary maintenance personnel used by contractors to ensure the work they perform is completed in accordance with FAA and air carrier requirements.</p>	<p>Air carriers now use facilities that are not certificated by FAA to perform critical maintenance procedures. These facilities do not receive adequate oversight by the air carriers that use them or FAA.</p> <p>FAA needs to obtain a better understanding of the type of work non-certificated repair facilities are performing (as discussed in previous recommendation). Until that action is taken, FAA will not be able to determine the adequacy and safety of maintenance and repair work performed at non-certificated facilities.</p> <p>FAA inspectors must evaluate air carrier audit programs more closely to ensure that non-certificated facilities receive oversight by the air carriers that use them, and that oversight monitors key areas such as maintenance and training records.</p> <p>FAA must ensure that air carriers carefully evaluate the background and experience of maintenance personnel prior to allowing them to work on their aircraft.</p>

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Physical Security of FAA Facilities	AV2006038	2/14/2006	FAA	<p>Establish protocols and conduct periodic tests of access controls at all FAA staffed facilities. Facility accreditation should be contingent upon successfully passing testing.</p> <p>Ensure vital areas of the facilities are secure to prevent unauthorized access.</p> <p>Implement stronger visitor controls at FAA facilities.</p> <p>Revise the current physical security plan to focus first on implementing the required security upgrades to all mission-critical and high-risk facilities before upgrading lower-risk facilities.</p> <p>Require that contract security guards obtain up-to-date training on various screening technologies and testing equipment.</p>	<p>Federal agencies remain a terrorist threat, and FAA needs to test its facility access controls and make necessary adjustments</p> <p>Our Nation's air traffic is controlled by facilities where security is vital to air safety. It is important to protect the perimeter as well as key areas of the facility.</p> <p>Because federal agencies remain a target for terrorists, visitor controls need to remain stringent.</p> <p>Mission-critical and high risk facilities are vital to our nation's air traffic control and safety.</p> <p>Because Federal agencies remain terrorist targets, the Department needs to ensure its security guards are trained on the latest screening technologies and potential threats.</p>

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Security and Control Over the Remote Maintenance Processing System (RMMS), FAA	FI2006039	2/21/2006	FAA	Enhance the current Maintenance Process System (MPS) contingency plan to address situations in which the MPS computer becomes nonfunctional, including an evaluation of alternative ways to gain remote access to critical field equipment.	This system allows maintenance technicians the ability to connect to remotely-located air traffic control systems. Without this system, technicians would have to physically visit the equipment. Much of this equipment is located in hard to reach locations such as on a mountain top. Ensuring a mission critical system continues to operate in the event of a disaster is of paramount importance. The FAA needs to finalized its plans for developing and testing disaster recovery plans for a disruption of this system.
Audit of Federal Aviation Administration's Telecommunications Infrastructure (FTI) Program	AV2006047	4/27/2006	FAA	Validate the FTI schedule, cost and benefit information to determine if the program is still cost-beneficial or whether it should be modified or terminated.	Validation of FTI cost and benefit estimates remains an important item because benefits in terms of cost savings are diminishing. FAA approved a re-baseline of FTI in August 2006 which added over \$100 million to the program, but did not independently validate estimates as we recommended. We note that OMB and FAA policy require that cost and benefit information be independently validated before a program re-baseline is approved.

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The Use of Airport Revenues by the Greater Orlando Aviation Authority	AV2006056	8/3/2006	FAA	<p>Require the City of Orlando to reimburse the Aviation Authority for: a) \$1.4 million for overcharges to the City's police pension fund, and b) \$325,822 for overpayments to the City's radio communication system operations, plus interest as required by the Airport Revenue Protection Act of 1996.</p> <p>Require the City of Orlando to provide the Aviation Authority with approximately \$493,000 in past net revenue from parking tickets at Orlando International Airport to offset the Aviation Authority's costs of traffic enforcement operations.</p>	<p>The Aviation Authority was overcharged over \$1.7 million by the City in pension fund and radio communication system costs. These funds could be put to better use on airport projects and offsetting operating costs. While the City has repaid the Aviation Authority for the overcharge to the pension fund, concerns regarding the \$325,822 for the radio system remain unresolved.</p> <p>The fines collected from the tickets are retained by the City of Orlando to fund the City's parking division. This is a revenue diversion because the law requires revenue generated by an airport to be used for the capital or operating costs of the airport.</p>
Quality Control Review of the Report on Controls Over the Enterprise Service Center's Delphi Financial Management System	QC2006076	9/29/2006	FAA	Enterprise Services Center Management should consider implementing a security enclave that would separate the Delphi servers by placing the servers on their own Internet Protocol network. The access to this network should be controlled by firewalls and monitored by an Intrusion Detection System. In the short run, coordinate patch management and other security features for all agencies that own hardware/software in the Mike Monroney Aeronautical Center.	This would add a layer of security protection to the Delphi system, because the Delphi database server resides in a shared network that is not fully controlled by Delphi staff. Therefore, computer architecture and vulnerability assessments could not ensure all known vulnerabilities were identified and corrected.

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Review of FAA's 2006 Update to the Controller Workforce Plan	AV2007032	2/9/2007	FAA	Begin using the on-the-job-training (OJT) national database to a) determine whether training resources can be used more efficiently and effectively, b) identify best practices, and c) identify and investigate instances where excessive time lapses in the OJT process occurred.	Although FAA has implemented the National Training Database, the data is not reliable or accurate. Until the database contains accurate information, it will not provide FAA with information that can be used to determine best training practices, or where newly hired controllers should be placed.
Joint Planning and Development Office (JPDO)	AV2007031	2/12/2007	FAA	<p>Report Next Generation Air Transportation System (NextGen) cost data along three vectors - developmental efforts, adjustments to existing programs, and NextGen implementation - when reporting NextGen financial requirements to Congress and stakeholders.</p> <p>Review existing ongoing modernization programs to determine if they are still needed and, if so, what adjustments in cost, schedule, and performance parameters will be needed.</p> <p>Include information in the annual JPDO progress report on specific research projects with budget data for FAA developmental efforts as well as budget data of other agencies that are being leveraged and specify how the ongoing research is supporting the JPDO.</p>	<p>FAA has historically had cost and schedule problems with its major modernization programs. NextGen will require an extraordinary amount of oversight and decision makers will need a clear understanding of NextGen costs and their dimensions.</p> <p>Over 30 existing capital programs are expected to serve as platforms for NextGen. To date, FAA has not made adjustments to existing air modernization programs.</p> <p>Previous JPDO progress reports have not provided specific details on participating agencies' research projects or budget data that JPDO expects to leverage. JPDO needs mechanisms to help it align diverse agency efforts over the long term. FAA is working with OMB to, among other things, develop an integrated budget document which is expected to be in place for FY09 budget. This will help decision makers address whether FAA is leveraging the right research and taking full advantage of ongoing research being performed by other agencies.</p>

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Joint Planning and Development Office (JPDO) (continued)				<p>Determine what skill sets and expertise, with respect to software development and system integration, will be required by the Air Traffic Organization and JPDO—and how they will be obtained—to manage and execute NextGen initiatives.</p> <p>Fund targeted human factors research to ensure that the changing roles of controllers and pilots envisioned by the JPDO can safely be accommodated. This will require a re-prioritization of ongoing efforts at FAA and close cooperation with National Aeronautics and Space Administration, which also conducts human factors research.</p>	<p>NextGen is a high-risk effort involving billions of dollars that span over the next decade. The JPDO and FAA need to articulate how and from where they will obtain and retain critical skills in disciplines such a software development and systems integration that will be required to keep NextGen initiatives on track.</p> <p>Addressing human factors concerns for pilots and controllers is essential to ensure new systems can be safely introduced. FAA will have to prioritize its ongoing human factors work and make sure it is targeted to address critical issues affecting controllers and pilots.</p>
Review of FAA's Actions To Address Runway Incursions at Boston Logan, Chicago O'Hare and Philadelphia International Airports	AV2007050	5/24/2007	FAA	Require each line of business to include quantitative goals in their annual business plans for reducing runway incursion risks that are specific to their oversight responsibilities and designate the Runway Safety Office the authority to review and approve all runway safety initiatives submitted by all lines of business.	FAA stated that it would re-establish its national plan for reducing runway incursions and will include quantitative goals for each line of business. The target completion date is now September 2008. The serious risks associated with runway incursions underscore the need for maintaining a proactive approach for preventing these incidents. Since 2003, the number of runway incursions has begun climbing again, reaching a high of 370 in fiscal year (FY) 2007—a 12-percent increase over FY 2006. Therefore, it is important that FAA reinvigorated its national program for improving runway safety by developing a National Plan that holds its lines of business accountable for reducing runway incursion risks that are specific to their oversight responsibilities.

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FAA's Review of Allegations of Unsafe Maintenance Practices at Northwest Airlines	AV2007080	9/28/2007	FAA	<p>Require the Flight Standards Service to establish better internal review procedures to ensure that comprehensive, independent investigations of safety allegations and recommendations are consistently performed.</p> <p>Require the Certificate Management Office (CMO) in Bloomington, Minnesota, to report to the Director of Flight Standards Service on actions taken by the CMO and Northwest to resolve deficiencies identified by inspectors and FAA review teams.</p>	<p>FAA must have an objective process for addressing safety allegations made by FAA inspectors and others. FAA's handling of an FAA inspector's safety allegations during the Northwest Airlines' mechanics' strike focused on discounting the validity of the complaints rather than determining whether conditions at Northwest and FAA needed correction. A potential consequence of FAA's handling of this safety allegation is that other inspectors may be discouraged from bringing safety issues to FAA's attention and significant safety problems may go uncorrected.</p> <p>There is currently no record showing that safety-related deficiencies, such as inadequate mechanic training, found by FAA inspectors in the CMO and by FAA's review teams were ever adequately corrected.</p>
Status of FAA's Airport Surface Detection Equipment-Model X (ASDE-X) Program	AV2008004	10/31/2007	FAA	Develop (a) realistic cost estimates for all activities required to complete ASDE-X implementation and (b) a master schedule through ASDE-X completion that outlines when all implementation activities and planned capabilities will be commissioned for operational use.	FAA continues to underestimate the cost of the ASDE-X program (an important tool to prevent accidents on runways) because they have failed to establish an agreed upon cost estimate with the contractor for several key activities and develop an Earned Value Management (EVM) system to track current versus actual cost. Consequently, the delivery of all 35 ASDE-X systems within the baseline cost of \$549 million is at risk.

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Status of FAA's Airport Surface Detection Equipment-Model X (ASDE-X) Program (continued)				<p>Correct prohibitive and improper contract administration procedures by (a) discontinuing the practice of increasing contractor fees based on costs incurred rather than negotiated fixed-fee dollar amounts, (b) discontinuing the practice of making payments before meaningful work has been completed on fixed-price items, and (c) adequately documenting any contract changes.</p> <p>Resolve operational performance issues identified during system testing before implementing key ASDE-X safety capabilities at other airports by (a) addressing timeliness of safety alert capabilities for intersecting runways and fully testing converging taxiways capability, (b) addressing problems with dropped targets and outages during heavy rain storms, and (c) testing rain configuration software upgrades at airports with Airport Surface Detection Equipment- Model 3 radars and intersecting runways and taxiways.</p>	<p>These practices violate Federal statute and FAA's Acquisition Management System (AMS) best practices because both policies 1) prohibit the payment of a fee computed as a variable of cost 2) AMS guidance requires that payments be made based on completion of meaningful work, and 3) contract modifications should be properly documented to describe the changes made to the scope of work and contract price.</p> <p>FAA is deploying ASDE-X at larger, more complex airports (multiple and intersecting runways, converging taxiways, dense air traffic and increased inclement weather) but concerns exist about system performance. FAA needs to rigorously and thoroughly test ASDE-X's safety capabilities at all airports scheduled to receive the system. FAA must ensure that the system is capable of reducing the risks of ground collisions caused by aircraft and/or ground vehicles operating on intersecting runways, converging taxiways and during inclement weather including rain, snow and fog.</p>

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Status of FAA's Airport Surface Detection Equipment-Model X (ASDE-X) Program (continued)				<p>Determine (a) the feasibility of combining ASDE-X, Automatic Dependent Surveillance Broadcast (ADS-B), and in-cockpit moving map technologies to simultaneously provide controllers and pilots with direct alerts to warn them of potential ground collisions and (b) the costs and timeline for implementing this capability at all ASDE-X airports.</p> <p>Work with airports to aggressively promote equipping their vehicles with transponders to maximize ASDE-X capabilities as a vital step in reducing the risks of ground collisions caused by vehicle operator error.</p>	<p>Providing direct alerts to pilots is a longstanding NTSB recommendation to improve safety. Currently, the ASDE-X surface surveillance system only provides direct alerts to controllers, although pilots and ground vehicles account for 70 percent of all runway incursions. Linking ASDE-X, ADS-B and cockpit displays has significant potential to enhance the margin of safety.</p> <p>ASDE-X cannot provide controllers with positive identification of ground vehicles unless vehicles are properly equipped with transponders. This is a key safety benefit that will assist controllers and ground vehicle operators in the avoidance of ground collisions.</p>
Monitoring of FY 2007 Audit of Federal Aviation Administration's (FAA) Financial Statement	QC2008005	11/9/2007	FAA	Fully comply with the existing standardized policies and procedures for timely entry of transactions in the fixed assets subsidiary ledger to ensure that Construction in Progress (CIP) and related Property, Plant & Equipment (PP&E) balances are accurate, complete and performed timely throughout the year. Perform a detailed review over all base and pool projects to ensure burden allocations and allocations are complete and accurate.	Implementation of these 7 recommendations is needed to ensure future PP&E and CIP balances are accurately reported.

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Monitoring of FY 2007 Audit of Federal Aviation Administration's (FAA) Financial Statement (continued)				<p>Complete the design and full implementation of internal controls around the existing and planned standardized policies and procedures, as well as clearly define the roles and responsibilities necessary to set-up and then manage financial reporting and capitalization operations in the various FAA organizations, as required by FMFIA and OMB Circular A-123.</p> <p>Ensure that supporting documentation for capitalization of PP&E, including CIP, is properly managed, maintained, and available for examination upon request. Management should consider the need for enhancing or re-evaluating current on-line documentation management system tools, as well as on-demand access to financial data for the Financial Management (AFM) organization for ad hoc reporting to support audit requirements and to support AFM in managing the CIP account.</p>	

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Monitoring of FY 2007 Audit of Federal Aviation Administration's (FAA) Financial Statement (continued)				<p>Implement a scorecard with metrics to track compliance with capitalization policies and procedures and to ensure that assets are being capitalized timely. Implement a capability to track the estimated date place in service by asset to facilitate CIP management, forecast deployment of assets, and improve the quality of the year end assertion/accrual process.</p> <p>Continue training and strengthening communication between the field, regions, and the operating accounting offices to ensure that they follow newly implemented guidance resulting from the Corrective Action Plan over PP&E, including CIP.</p> <p>Improve the functionality of its IT systems, especially fixed assets project modules, to automate transactions wherever possible, and reduce the extent of manual intervention to record routine transactions involving CIP and PP&E.</p>	

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Monitoring of FY 2007 Audit of Federal Aviation Administration's (FAA) Financial Statement (continued)				<p>Perform a human capital needs assessment for various FAA offices, with a particular focus on the Property Control and Analysis Division (AFM-500). The assessment should identify the additional managerial skill sets (e.g., financial accounting background, knowledge, and expertise) required to establish and strengthen the financial accounting and reporting infrastructure throughout the FAA, and once established, to effectively manage the processes, gradually correct control weakness, and produce reliable and timely financial statements throughout the year.</p> <p>Improve the information technology environment applicable to the applications reviewed by implementing the specific recommendations provided in the aforementioned separate Limited Distribution Management Report.</p>	<p>Implementation of this recommendation is needed to improve the financial statement process during the year and at year-end.</p>

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Monitoring of FY 2007 Audit of Federal Aviation Administration's (FAA) Financial Statement (continued)				<p>Assign ownership responsibility to the appropriate organization within the FAA to ensure inventory is fairly stated on a going forward basis.</p> <p>Perform periodic reviews to ensure the accuracy of inventory accounts in terms of valuation and classification.</p> <p>Develop policies and procedures to ensure new inventory items are not double-counted between inventory and the property general ledger.</p>	Implementation of these 3 recommendations is needed to improve the monitoring and reporting of inventory accounts.
Commonwealth Ports Authority	QC2007045	5/15/2007	FAA	Determine the allowability of the administrative costs and recover \$706,960 from the Authority, if applicable.	FAA is working with the Authority to recover Questioned Costs of \$706,960.
Augusta, Georgia	QC2007052	6/27/2007	FAA	Determine the allowability of the potential revenue diversion and recover \$28,316 from the City, if applicable.	FAA is working with the City to recover Questioned Costs of \$28,316.
City Of Bogalusa, Louisiana	QC2008018	12/4/2007	FAA	Determine the allowability of the property transactions and recover \$42,300 from the City, if applicable.	FAA is working with the City to recover Questioned Costs of \$42,300.
State Of Illinois	QC2008017	12/4/2007	FAA	Determine the interest liability related to the Airport Improvement Program and recover \$35,197 from the state, if applicable.	FAA is working with the State to recover Questioned Costs of \$35,197.

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Safety of Highway Bridges	MH2006043	3/21/2006	FHWA	<p>Revise its annual compliance reviews of state bridge programs to address the most serious deficiencies found during bridge inspections. FHWA should develop a risk-based, data-driven approach and metrics to focus on ensuring that states: (a.) Maintain up-to-date maximum weight limit records through state quality assurance/quality control programs that ensure current bridge conditions are accurately incorporated into load rating calculations. (b.) Post accurate maximum weight limit signs on bridges in a timely manner, when inspections indicate posting or revised posting should occur. (c.) Coordinate with other states to improve the accuracy and completeness of the Bridge Inventory and reporting of results to Congress. FHWA should focus on reducing discrepancies, including the most frequent deficiency identified in our statistical sample—the failure of information in the Bridge Inventory to match bridge load rating results in state databases.</p>	<p>FHWA has modified the Bridge Program Manual to provide better guidance to Division Office bridge engineers conducting the annual compliance reviews. The manual is currently under review by FHWA's legal staff in accordance with the OMB's Good Guidance Practices. The manual has been under review since July 24, 2007. It is critical that this manual be finalized and distributed to Division Offices as quickly as possible to ensure that FHWA engineers have the guidance necessary to make greater use of existing bridge data. FHWA has also implemented new National Bridge Inventory reports that are intended to identify problem areas in load rating data and has distributed these reports to the Division Offices. FHWA is continuing to develop new reports to further enhance its capability to identify problem areas for structurally deficient bridges. FHWA needs to ensure that these reports are being used as a tool for identifying and correcting data errors, and not just viewed as a data-collection exercise.</p>

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Safety of Highway Bridges (continued)				Evaluate greater use of computerized bridge management systems to improve states' bridge inspection programs and enhance the accuracy of bridge load ratings.	FHWA's Office of Asset Management promised to continue to provide technical and program assistance to other FHWA offices, partners, and customers in the development and implementation of comprehensive bridge management systems. FHWA also maintains a Bridge Management Information Systems Laboratory to identify and analyze causes and trends of deficiencies within the nation's bridge inventory. To better identify bridge needs and fully implement a risk based, data-driven approach, FHWA must aggressively promote the use of these computer-based resources going forward. Our ongoing Phase I audit of the National Bridge Inspection Program is further assessing FHWA's progress in moving toward a risk-based, data-driven approach to oversight of load rating and posting.
Audit of Mississippi DOT Katrina Emergency Repair Contracts	MH2006065	9/6/2006	FHWA	Determine whether there is any legal recourse for recovering a potential \$1.4 million in equipment charges for the Sewer Hog and limit Federal participation in the amount FHWA determines to be fair and reasonable under the emergency circumstances that existed after Hurricane Katrina.	FHWA is working with MDOT to ascertain the specific rationale behind the use and pricing of the "Sewer Hog" and to determine whether the fees paid for the use of this equipment should be considered an overcharge, and whether recoveries can and should be pursued. The issue had been referred to the Mississippi Attorney General's Office for investigation and subsequently referred to an FHWA Attorney in Atlanta, GA, and is currently under review by the OIG Chief Investigator in Atlanta, GA. Because of this, FHWA is unable to provide a target completion date for this recommendation.
Audit of FY 2006 and 2005 DOT Consolidated Financial Statements	FI2007010	11/15/2006	FHWA	Deobligate the unneeded obligation amount stated in our report.	FHWA is working to deobligate \$71,691,000 (Funds to better use).

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Audit of Opportunities for the Federal Highway Administration to Free Up Unneeded Funds in Affected States for Use In Hurricane Recovery Efforts	MH2007037	3/6/2007	FHWA	<p>Coordinate with the five Gulf State departments of transportation to promptly identify how the earmarked funds in the 19 projects we identified in our audit could best be redirected for use on hurricane recovery efforts. FHWA should also formally alert Congress that approximately \$10.7 million in earmarked funds are available for redirection to hurricane recovery efforts within these same states. If necessary, FHWA should also coordinate with Congress regarding the legislative requirements of each earmark in order to identify the best method for redirecting these funds.</p> <p>Continue to regularly compile a list of earmarked highway funds that states no longer need and transmit that list to Congress for legislative consideration.</p>	<p>FHWA completed coordination with the five Gulf State departments of transportation, and reported that 12 projects currently have about \$7 million in funds available for redirection to hurricane recovery efforts. We await a complete listing of the status of all 19 projects that were included in our report (totaling \$10.7 million).</p> <p>According to FHWA, it will transmit to Congress compiled lists of unneeded earmarked highway funds in a manner that is timed to coincide with the FHWA budget process. We have asked FHWA to identify at which point in the budget cycle it anticipates transmitting the list to Congress and whether it intends to complete this action on an annual basis. Completing these actions will assist Congress in taking appropriate legislative action to redirect unneeded Federal funds.</p>

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FHWA's Oversight for Implementing Value Engineering	MH2007040	3/28/2007	FHWA	<p>Require Division Office engineers to either monitor or participate in all state value engineering studies, including Federal-aid projects, and ensure that all required studies are performed.</p> <p>Develop performance goals for measuring the effectiveness of state value engineering programs and for evaluating Division Office personnel in fulfilling the FHWA and OMB requirements for value engineering programs.</p>	<p>FHWA will ensure that value engineering studies are performed on improvement projects as required. The draft final rulemaking is scheduled to be published in FY 2008. We had estimated that \$725 million in Federal funds could have been saved during the period FY 2001 through FY 2004 if states had taken full advantage of the opportunities provided by value engineering studies. Active participation of Division Office engineers will promote better stewardship and success of the Value Engineering Program.</p> <p>FHWA will convene a working group consisting of representatives from the FHWA Division Offices, Resource Center, and Highway Infrastructure Program Administration Offices, to evaluate and establish performance goals and measures to assess FHWA's Value Engineering (VE) Program. This group will also be tasked to work with industry representatives to identify changes in the report that annually assesses and reports on the progress of State DOT's VE programs and their completed studies. This effort will focus on identifying changes that will be used in the data collection and reporting that will be conducted in FY 2008 on the progress achieved by State DOT's VE programs. The target date for completion is June 2009. Measures of effectiveness and goals for VE programs will assist in tracking significant cost savings opportunities that otherwise might be lost.</p>

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FHWA's Oversight for Implementing Value Engineering (continued)				<p>Incorporate value engineering into either the Financial Integrity Review and Evaluation (FIRE) reviews or the corporate risk assessment process to determine whether all required studies are performed and to assess the states' consideration of recommendations with identified cost savings. Ensure that FHWA's annual assurance statements that each Federal-aid Division Office is required to perform in support of FHWA's annual certification of internal and financial controls to support the financial statements, as required by the Federal Managers' Financial Integrity Act, are based on the results of the FIRE reviews and the corporate risk assessments.</p>	<p>Value engineering will be incorporated into FHWA's corporate risk assessment process to support the risk management assessments that are completed for 2008. The FHWA does not consider the Financial Integrity Review and Evaluation (FIRE) Program process to be suitable for monitoring, reporting, or assessing value engineering practices. This is based on the limited ability for a State DOT or FHWA's financial accounting system to track or identify changes in a project's construction cost estimate that may result from implementing value engineering study recommendations. The target date for completion is June 2009. We believe that incorporating value engineering into the risk assessment process is important because of the significant cost savings opportunities that otherwise might be lost.</p>

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FHWA's Oversight for Implementing Value Engineering (continued)				Disseminate to the states known best practices for value engineering including: (a.) Performance metrics, (b.) Annual value engineering training by the National Highway Institute or other vendors with similar expertise, and, (c.) Inclusion of states' senior management and outside stakeholders in the value engineering process.	FHWA recognizes the need to develop and distribute value engineering (VE) technical guidance, best practices, and outreach material. FHWA will soon initiate the development of these resources, including a focus on the need for and importance of performance metrics, available training resources, inclusion of agency management and stakeholders in sustaining a successful VE program, and in conducting specific VE studies. The target date for completion is June 2009, to allow for sufficient interaction with the American Association of State Highway and Transportation Officials Value Engineering Technical Committee at its mid-year 2008 meeting. FHWA will use this meeting to obtain feedback on key issues that are anticipated for inclusion in the proposed rulemaking, prior to publishing the draft rule making for official public comments in the Federal Register.

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State of Minnesota	QC2007058	7/18/2007	FHWA	Determine the allowability of numerous transactions, and recover \$9,296,000 from the state, if applicable.	FHWA is working with the State to recover Questioned Costs of \$9,296,000.
Initial Assessment of the Central Artery/Tunnel Project Stem to Stern Phase I Report	MH2007063	8/16/2007	FHWA	Produce a clear and comprehensive methodology for Phase II, including a realistic schedule with a critical path for sequencing activities and reasonable cost estimates. The methodology should reflect the analyses and remedial work to be performed on outstanding findings and recommendations of the Commonwealth's Phase I report. The methodology should also include plans to independently verify that remedial work is completed.	We continue to evaluate these issues and provide oversight to the Stem to Stern Safety Review, as directed by Congress. Our oversight emphasizes remedial work and resolution of safety risk priorities identified to date, including fire modeling for a two-truck fire in tunnels and additional testing of adhesive anchors used to secure ceiling tiles.
Monitoring of FY 2007 Audit of Highway Trust Fund's (HTF) Financial Statements	QC2008006	11/9/2007	FHWA	FHWA and FTA must continue to improve the information technology environment applicable to HTF applications by implementing specific recommendations in the separate management report to correct weaknesses such as Fiscal Management Information System and Transportation Electronic Award Management segregation of duties, password management and log/monitoring practices.	Implementation of recommendation is needed to improve the financial statement process during the year and at yearend.
State of Connecticut	QC2007019	12/18/2006	FHWA	Determine the allowability of the procurement transaction, and recover \$6,500,000 from the State, if applicable.	FHWA is working with the State to recover Questioned Costs of \$6,500,000.
State of Florida	QC2007059	7/18/2007	FHWA	Recover \$462,123 from the State.	FHWA is working with the State to recover Questioned Costs of \$462,123.

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State of Minnesota	QC2007058	7/18/2007	FHWA	Determine the allowability of the incorrect payment, and recover \$1,900,000 from the State, if applicable.	FHWA is working with the State to recover Questioned Costs of \$1,900,000.
State Of Illinois	QC2008017	12/4/2007	FHWA	Determine the allowability of the subrecipient expenditure reimbursement, and recover \$94,000 from the State, if applicable.	FHWA is working with the State to recover Questioned Costs of \$94,000.
State Of Louisiana	QC2008013	12/4/2007	FHWA	Recover \$402,852 from the State.	FHWA is working with the State to recover Questioned Costs of \$402,852.
Commonwealth of Pennsylvania	QC2008016	12/4/2007	FHWA	Recover \$176,617 from the State.	FHWA is working with the State to recover Questioned Costs of \$176,617.
Commonwealth of Pennsylvania	QC2008016	12/4/2007	FHWA	Determine the allowability of the equipment charge's and recover \$392,536 from the state, if applicable.	FHWA is working with the State to recover Questioned Costs of \$392,536.
Testing and Licensing Commercial Drivers, Federal Motor Carriers Safety Administration	MH2002093	5/8/2002	FMCSA	Strengthen the framework for State Commercial Driver's License (CDL) programs by issuing new or clarifying existing Federal standards that require CDL applicants to demonstrate citizenship or legal presence in the United States and residency in the State where the examination takes place and require verification of a CDL applicant's Social Security number before license is issued.	While FMCSA has recognized the importance of strengthening Federal Standards for the Commercial Driver's Licenses (CDL) program by developing revised CDL rules, it has not yet issued the final rule addressing our CDL recommendations. Existing Federal standards need to be strengthened and clarified in the areas of verification of citizenship or legal presence in the United States, residency in the State where the examination takes place, and Social Security numbers before a license is issued. This is significant as an added safeguard for preventing unqualified individuals from obtaining a license to operate large trucks and buses on our highways, as large-truck and bus-related crashes result in 5,000 fatalities per year. Congress has also supported the implementation of this recommendation and similar ones by requiring the Department to implement prior OIG recommendations for the CDL program under provisions of the Safe Port Act of 2006.

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Testing and Licensing Commercial Drivers, Federal Motor Carriers Safety Administration (continued)				Strengthen the framework for State Commercial Driver's License (CDL) programs by issuing new or clarifying existing Federal standards that require: (a.) testing protocols and performance-oriented requirements for English language proficiency for CDL applicants; (b.) successful completion of the CDL knowledge test by applicants before the State issues a learner's permit; (c.) information on individuals holding CDL learner's permits be included in the Commercial Driver's License Information System (CDLIS); (d.) specific training and qualification standards for State and third-party CDL examiners; and (e.) use of covert procedures for monitoring a portion of State or third-party CDL examiners.	Existing Federal standards need to be strengthened and clarified in the areas of testing for English language proficiency, testing for CDL knowledge, including learners' permits in the CDLIS, requiring training and qualification for CDL examiners, and using covert procedures to monitor CDL examiners. This is significant as an added safeguard for preventing unqualified individuals from obtaining a license to operate large trucks and buses on our highways, as large-truck and bus-related crashes result in 5,000 fatalities per year. Congress has also supported the implementation of this recommendation and similar ones by requiring the Department to implement prior OIG recommendations for the CDL program under provisions of the Safe Port Act of 2006.

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Follow-up Audit of Motor Carrier Safety Program Improvement	MH2006046	4/21/2006	FMCSA	Strengthen the repeat violator policy by developing a procedure to count toward a "pattern of violations" under Section 222 of the Motor Carrier Safety Improvement Act of 1999, irrespective of how the violations are treated under FMCSA's Uniform Fine Assessment program, all acute and critical violations that FMCSA discovers during future compliance reviews and either documents for inclusion on the Notice of Claim or obtains the motor carrier's signed admission. The procedure must include an appropriate mechanism to notify the motor carrier of the agency's discovery of the violation and of the applicability of Section 222. This recommendation shall neither diminish a motor carrier's opportunity to challenge the Section 222 "strike", nor FMCSA's enforcement discretion to decline charging an arguable violation in appropriate circumstances.	Since approximately 5,000 fatalities occur each year in crashes involving large trucks, it is important that the Federal Motor Carrier Safety Administration (FMCSA) take strong action against truck or bus companies that repeatedly violate critical safety rules such as those requiring drug testing of drivers. Our report identified a loophole in FMCSA's enforcement policy that allowed hundreds of companies to repeatedly violate safety rules without exposure to maximum penalties. FMCSA agreed to correct the problem, but the issue remained open pending issuance of a subsequent GAO report that uncovered the same problem while also raising issues regarding the interpretation of the repeat violator provision passed by Congress in 1999. With the issuance of this GAO report in August 2007, FMCSA should take timely action to finally close this loophole and better deter violations of important safety regulations.

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Follow-up Audit of Motor Carrier Safety Program Improvement (continued)				<p>Develop milestones for completing the required legislative recommendations for the Large Truck Crash Causation Study issued in March 2006.</p> <p>Expediently complete the driver medical certificate rulemaking.</p>	<p>Given concerns about fatalities and injuries from crashes involving large trucks, Congress passed the Motor Carrier Safety Improvement Act of 1999. A key provision of the Act directed the Department to determine the causes for large truck crashes and propose required legislative solutions. Our report in 2006 found that the Crash Causation study and the legislative recommendations had not yet been transmitted to Congress. While FMCSA has subsequently sent the report to Congress and shifted its programmatic emphasis to driver issues based on the results of the study, it has not provided a specific response to Congress on the issue of legislative recommendations. Such a response would be beneficial at this time as Congress begins consideration of the next surface transportation reauthorization bill.</p> <p>With over 12 million Commercial Driver's Licenses (CDL) on record in the United States and over 400,000 new licenses issued each year, it is critical to highway safety that only medically qualified drivers obtain and retain their licenses. Drivers must carry proof that they have passed a medical exam every two years, but this provision is difficult to enforce because the medical certificate is not linked to the drivers license. The Motor Carrier Safety Improvement Act of 1999 directed that the Department correct this situation but the rulemaking needed to carry this legislation has yet to be completed. This rule is a one of a number of pending rules needed for improving the CDL program.</p>
Audit of FY 2006 and 2005 DOT Consolidated Financial Statements	FI2007010	11/15/2006	FMCSA	Deobligate the unneeded obligation amount stated in our report.	FMCSA is working to deobligate \$7,361,000 (Funds to better use).

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2006 Report on Status of North American Free Trade Agreement's (NAFTA) Border Crossing Provisions	MH2007062	8/6/2007	FMCSA	<p>Improve the comprehensiveness and consistency of conviction data on Mexican commercial drivers in the 52nd State System by ensuring that the corrective action plans on data reporting problems provided by Arizona, California, New Mexico, and Texas are completed as scheduled.</p> <p>Improve the comprehensiveness and consistency of conviction data on Mexican commercial drivers in the 52nd State System by developing a process to periodically (at least quarterly) identify and notify states of inconsistencies in 52nd State System data, and to ensure that states take immediate steps to correct the inconsistencies.</p>	<p>While FMCSA has reported that corrective action plans are in place for addressing the problems we found, we are currently assessing the plans as part of our ongoing audit work on the demonstration program required by Congress. This is significant because the database of traffic conviction data on Mexican commercial drivers operating in the United States is a key safety provision of the demonstration program that the Department has established to permit a select number of Mexican trucking companies to operate beyond the narrow commercial zone along the southern border.</p> <p>FMCSA has indicated that the initial notification report showing the inconsistencies of the conviction data in the database had been developed, and it has been working to include more enhancements to the report before implementing a periodic reporting and review process. We plan to assess this review process as part of our ongoing audit work on the demonstration program required by Congress. This is significant because the database of traffic conviction data on Mexican commercial drivers operating in the United States is a key safety provision of the demonstration program that the Department has established to permit a select number of Mexican trucking companies to operate beyond the narrow commercial zone along the southern border.</p>

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
2006 Report on Status of North American Free Trade Agreement's (NAFTA) Border Crossing Provisions (continued)				<p>Ensure that adequate space is available to conduct bus inspections by working on a site-specific basis with the U.S. Customs and Border Protection to modify the Southern Border Commercial Bus Inspection Plan with respect to providing adequate inspector coverage at the Lincoln-Juarez crossing in Laredo, Texas, during holidays or other periods of peak bus traffic.</p> <p>Ensure that adequate space is available to conduct bus inspections by working on a site-specific basis with the U.S. Customs and Border Plan with respect to periodically determining the effectiveness of the bus inspection plan by surveying field personnel or through other methods.</p> <p>Address our finding by establishing an action plan, in coordination with other Department of Transportation offices, to address concerns regarding drug and alcohol testing of all Mexican commercial drivers.</p>	<p>FMCSA reported that it has reviewed the bus inspection plan for the Laredo-Juarez crossing for coverage limitations during peak traffic time. FMCSA is currently considering options to resolve coverage limitations. Bus activity has been excluded from the demonstration program, and thus is not part of our ongoing review. We have requested status updates and will be monitoring FMCSA's progress in resolving this issue. This is significant because it is a Section 350 requirement of the Department of Transportation and Related Agencies Appropriations Act for Fiscal Year 2002.</p> <p>FMCSA reported that it has a grant in place to fund a review of bus inspection activities and operations at the Southern border. FMCSA expects the review to be completed in April 2008. Bus activity has been excluded from the demonstration program, and thus is not part of our ongoing review. We have requested status updates and will be monitoring FMCSA's progress in resolving this issue. This is significant because it is a Section 350 requirement of the Department of Transportation and Related Agencies Appropriations Act for Fiscal Year 2002.</p> <p>While the Department had committed to taking action to complete this recommendation by December 2007, we are currently assessing FMCSA's response to this recommendation as part of our ongoing audit work on the demonstration program (e.g., we are currently analyzing FMCSA's progress in conducting audits of Mexican drug testing collection sites).</p>

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State of North Dakota	QC2008014	12/4/2007	FMCSA	Recover \$36,422 from the State.	FMCSA is working with the State to recover Questioned Costs of \$36,422.
Audit of Highway-Rail Grade Crossing Safety Program	MH2004065	6/16/2004	FRA	Promote mandatory reporting requirements for railroads and states through rulemaking or legislation to improve the accuracy and completeness of FRA's national grade crossing inventory data, and to identify high-risk crossings and strategies to mitigate risks. The data should also be used to monitor the effectiveness of the strategies in the Department's new Action Plan, identify needed changes, and make adjustments, as necessary. FRA and FHWA should work cooperatively to accomplish mandatory inventory reporting.	Although FRA and FHWA have taken actions to improve the voluntary reporting of grade crossing inventory information to FRA's national database, mandatory reporting requirements for railroads and states have not been established. Accurate and complete inventory data on the characteristics of grade crossings are needed to better target safety improvements for states to further reduce grade crossing collisions and fatalities. The draft legislation to reauthorize the Federal Railroad Safety Program includes a provision to require railroads and states to report grade crossing inventory data to FRA's national database.
Audit of Highway-Rail Grade Crossing Inspections, Accident Reporting, and Investigations	MH2006016	11/28/2005	FRA	Clarify accident reporting to the National Response Center (NRC) by requiring the railroads to report any grade crossing collision resulting in a fatality at the scene or within 24 hours of the accident.	In November 2005, FRA officials told us that they would clarify NRC reporting requirements by adding language to require railroads to immediately report any grade crossing collision resulting in a fatality at the scene or death within 24 hours of the collision. However, the regulations governing the information railroads are required to immediately report to NRC have not been changed. Immediate reporting allows the Federal Government to decide whether or not to conduct an investigation (shortly after a grade crossing collision has occurred). By December 2008, FRA plans to clarify its regulations (49 CFR 225.9) governing the immediate reporting of grade crossing fatalities to NRC.
Audit of FY 2006 and 2005 DOT Consolidated Financial Statements	FI2007010	11/15/2006	FRA	Deobligate the unneeded obligation amount stated in our report.	FRA is working to deobligate \$2,139,000 (Funds to better use).

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Audit of Highway-Rail Grade Crossing Accident Reporting and Vegetation Control	MH2007044	5/3/2007	FRA	<p>Strengthen safety oversight by ensuring that the railroads comply with mandatory requirements to report each grade crossing collision to FRA's accident reporting system by issuing a violation and assessing a civil penalty each time a railroad fails to submit a grade crossing collision report in accordance with Federal requirements, on a consistent basis. Moreover, FRA should assess higher civil penalties against each railroad that repeatedly fails to report crossing collisions.</p> <p>Develop model legislation for states to improve safety by addressing sight obstructions at grade crossings that are equipped solely with signs, pavement markings, and other passive warnings.</p>	<p>Accurate, timely, and complete reporting of grade crossing collisions serves an important purpose of identifying safety problems so appropriate corrective actions can be taken. On December 5, 2006, FRA issued a proposed rule to increase the dollar amount of civil penalties assessed railroads for failing to report a grade crossing collision. Under this proposed rule, the fine for failing to report a grade crossing collision would increase from \$2,500 to \$5,000. In addition, the penalty for a willful violation of this requirement would increase from \$6,500 to \$9,000. FRA is awaiting congressional action on the railroad safety reauthorization bill, which may further increase civil penalties, before issuing a final rule.</p> <p>For states that lack laws or regulations for addressing sight obstructions at grade crossings that are not protected with automated warning devices, immediate safety benefits could be achieved if laws were established to address all types of sight obstructions. FRA officials stated that they will work with FHWA to develop model legislation for states to improve safety by addressing sight obstructions at grade crossings with passive (nonautomated) warning signs. The model legislation is scheduled to be completed by June 30, 2008.</p>

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Contract Audit of General Controls and Security of FTA's Transportation Electronic Award and Management (TEAM) and Electronic Cleaning House Operating (ECHO) systems	FI2003093	9/30/2003	FTA	<p>Develop procedures for granting and periodically revalidating user access, and enforce use of access request forms and security agreement (Rules of Behavior) before granting system access.</p> <p>Require that test plan, test results, and user approvals for ECHO and Department Online Transaction System (DOTS) system changes be documented.</p> <p>FTA management test disaster recovery processes for ECHO and DOTS, and determine whether the recovery site is distant enough to ensure continued operations in case of large scale disasters.</p>	<p>Controlling system access is a basic requirement for computer security. Minimum government security standards require that agencies protect sensitive data by implementing strong password security, including annual evaluation of user access.</p> <p>The change control process is very important because unknown or unauthorized system changes could be introduced into the system that could potentially allow fraud or impact the data integrity without management knowledge.</p> <p>Ensuring the continued operation of mission critical systems in a disaster is of paramount importance. FTA needs to finalize its plans for developing and testing disaster recovery plans for a disruption of these systems.</p>
Indianapolis Public Transportation Corporation	QC2004052	4/8/2004	FTA	<p>Determine the allowability of the transactions and recover \$377,648 of potential unallowable costs from the Corporation.</p> <p>Determine the allowability of the vendor payments and recover \$427,467 of potential unallowable costs from the Corporation.</p> <p>Determine the allowability of the vendor payments and recover \$3,574,699 of potential unallowable costs from the Corporation.</p>	<p>FTA is working with the Corporation to recover Questioned Costs of \$377,648.</p> <p>FTA is working with the Corporation to recover Questioned Costs of \$427,467.</p> <p>FTA is working with the Corporation to recover Questioned Costs of \$3,574,699.</p>

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Follow up Audit of the Tren Urbano Rail Transit Project	MH2004098	9/29/2004	FTA	Designate the Puerto Rico Highway and Transportation Authority (PRHTA) a "high-risk" grantee based on PRHTA's unsatisfactory management of Tren Urbano, Finance Plan and cash flow deficiencies, and failure to comply with the full funding grant agreement requirements to use fair cost estimates. This will ensure that increased oversight is provided the Tren Urbano project. FTA should also set specific conditions on any release of future grants to ensure that PRHTA exercises greater accountability over the Federal funds it receives.	FTA had notified the Puerto Rico Highway and Transportation Authority (PRHTA) that it had been designated a "high-risk" grantee in a letter dated September 30, 2004. To date, the "high-risk" designation has not been lifted, as certain conditions set by FTA had not been completed. (For example, PRHTA expects to fully implement an Integrated Construction Information Management System by June 2008.) This is a significant financial risk area because Tren Urbano project costs escalated from \$1.25 billion to \$2.25 billion and additional cost growth may result when Tren Urbano addresses additional safety and performance issues.
Audit of FY 2006 and 2005 DOT Consolidated Financial Statements	FI2007010	11/15/2006	FTA	Deobligate the unneeded obligation amount stated in our report.	FTA is working to deobligate \$37,362,000 (Funds to better use).

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Baseline Report on Dulles Corridor Metrorail Project	MH2007060	7/27/2007	FTA	Conduct all of the reviews involved in the New Starts process per FTA regulations with extra vigilance and consider going beyond those reviews regarding the sufficiency of local funding sources, the contractual and associated arrangements that deal with the Washington Metropolitan Area Transit Administration, and Washington Metropolitan Airports Administration's project management plan.	This continues to be a significant risk area in that FTA is still in the process of deciding whether the project should be allowed to enter the final design phase. The very high price tag, the technical complexity, and the organizational complexity resulting from the large number of entities involved make it especially important that FTA does not incorrectly approve this project. In response to the recommendation FTA stated that their oversight program is scalable to meet the challenges imposed by the level of risk in any project and that they recognized the high risk in the Dulles project. Specifically, FTA engaged a second Project Management Oversight Consultant to address all of the risks as an independent and complementary effort in addition to the oversight of the resident consultant. This additional effort should be sustained during the approval process. FTA has not made an official decision about the project so this recommendation remains open until FTA concludes its evaluation of the project and provides the results of these reviews.

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Baseline Report on Dulles Corridor Metrorail Project (continued)				<p>Consider reevaluating the transportation user benefits for the Dulles Project in accordance with current FTA policy and use this updated figure to make any decisions regarding New Starts funding for the project.</p> <p>Closely coordinate with the Transportation Infrastructure Finance and Innovation Act Credit Council to share information about the project.</p>	<p>Transportation user benefits are a critical part of the calculation of project cost-effectiveness, which in turn is a critical figure that FTA uses in deciding which competing projects receive limited Federal funding. Our review found that FTA had calculated transportation user benefits in a way that was no longer in use and had not recalculated them using new methodology. FTA partially concurred, stating that they would recalculate the user benefits only if the sponsor modified the scope of the project or the baseline alternative. We have asked FTA for further clarification and have not yet received it, although recent correspondence from FTA indicates that user benefits will not be recalculated.</p> <p>This recommendation is significant because the project's finance plan includes a large Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, and so the project must meet the financial requirements of both the FTA New Starts Program and the TIFIA program. The two programs should share all information to ensure that each program has all relevant information and to resolve any conflicting information. FTA has not made an official decision about the project so this recommendation remains open until FTA concludes its evaluation of the project and provides the results of these reviews.</p>

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Baseline Report on Dulles Corridor Metrorail Project (continued)				Recommend reviewing the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan application, the TIFIA Credit Council conduct an independent rigorous review of the Dulles Project that takes into account all of the unusual risks associated with the project.	The large amount of the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan being requested makes it essential that the TIFIA Credit Council is aware of the risks in the Dulles project and ensures that the project meets all requirements to obtain the TIFIA loan. FTA has not made an official decision about the project so this recommendation remains open until FTA concludes its evaluation of the project and provides the results of these reviews. Further, the TIFIA Council has not made a decision regarding the project's application for a TIFIA loan.
Monitoring of FY 2007 Audit of Audit of Highway Trust Fund's (HTF) Financial Statements	QC2008006	11/9/2007	FTA	Enhance its internal controls over the development of its grant accrual methodology to ensure that information submitted from selected grantees used in the development of the methodology constitutes sufficient and appropriate evidence on which to base the grant accrual estimate.	Implementation of recommendation is needed to ensure future DOT financial statements are not materially misstated.
Greenville Transit Authority	QC2006034	2/2/2006	FTA	Recover \$210,684 plus applicable interest from the Authority.	FTA is working with the Transit Authority to recover Questioned Costs of \$210,684.
Capital Area Transit System	QC2007033	2/21/2007	FTA	Determine the allowability of the FY 2004 transaction and recover \$110,600 from the Transit System. Determine the allowability of the FY 2005 transaction and recover \$78,303 from the Transit System. Determine the allowability of the transaction and recover \$62,000 from the Transit System, if applicable.	FTA is working with the Transit System to recover Questioned Costs of \$110,600. FTA is working with the Transit System to recover Questioned Costs of \$78,303. FTA is working with the Transit System to recover Questioned Costs of \$62,000.
City of Turlock	QC2007051	6/27/2007	FTA	Determine the allowability of the direct labor costs and recover \$128,417 from the City, if applicable.	FTA is working with the City to recover Questioned Costs of \$128,417.

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South Carolina Department of Transportation	QC2007055	7/18/2007	FTA	Determine the allowability of the Department's payment to the authority, and recover \$496,479 from the Department and/or Authority, if applicable.	FTA is working with the State to recover Questioned Costs of \$496,479.
Tri-County Metropolitan Transportation District of Oregon	QC2007078	9/25/2007	FTA	Recover \$47,812 from the District.	FTA is working with the Transportation District to recover Questioned Costs of \$47,812.
Lakeland Area Mass Transit District	QC2007041	3/29/2007	FTA	Determine the eligibility of students riding ADA paratransit buses and recover \$172,250 from the Transit District, if applicable. Determine the allowability of the charter services and after school bus routes and recover \$178,674 from the Transit District, if applicable.	FTA is working with the Transit District to recover Questioned Cost of \$172,250. FTA is working with the Transit District to recover Questioned Costs of \$178,674.

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Audit of the National Highway Traffic Safety Administration's Alcohol-Impaired Driving Highway Traffic Safety Program (continued)				Periodically assess the degree to which states have adopted the recommended intermediate performance measures, the results from the measures, and actions needed to assist states in fully implementing the use of the performance measures.	This recommendation is significant as it builds on the performance measures to be developed under the first recommendation and tracked under the second recommendation. NHTSA must assess whether states need further assistance in implementing the measures and key strategies.
Computer Security and Control Over the National Driver Register	FI2008003	10/29/2007	NHTSA	<p>Enhance security protection of National Driver Register (NDR) data by:</p> <p>Establishing an interconnection security agreement and MOU with American Association of Motor Vehicle Administrators (AAMVA) to document security requirements, identify authorities, and specify responsibilities of both organizations, such as the encryption of the data and the security assistance required to meet Government minimum security standards.</p> <p>Installing encryption on the dedicated line between NHTSA and the NDR contractor site.</p> <p>Requiring NDR officials to modify the cooperative agreement to require AAMVA personnel providing Help Desk services to have the appropriate type of background check.</p> <p>Protecting the NHTSA computers used to access NDR mainframe database, such as installing firewall security to separate these mission-critical computers from other computers on the network.</p>	As NDR connects with a contractor-managed network, it is essential to ensure proper use and security of the DOT system and its data. To ensure this, the line between NHTSA and the contractor must be encrypted, but this has not been the case. In the past, personally identifiable information was transmitted in clear text. If intercepted, such data could be subject to unauthorized access and use. Further, unless AAMVA Help Desk personnel have appropriate background checks--which two did not have--they can make system software changes and jeopardize the overall integrity and security of computer operations. Finally, firewall security protection is essential because NDR computers are on a DOT-wide network also used by thousands of other systems. Such protection would ensure that these computers did not become an entry point for unauthorized access to the NDR mainframe.

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Computer Security and Control Over the National Driver Register (continued)				<p>Enhance data timeliness and accuracy by:</p> <p>Working with states to establish a mechanism to ensure that Department of Motor Vehicles (DMVs) enter problem-driver data into NDR within 31 days of receipt of conviction, as required by Title 49.</p> <p>Requiring NDR officials to work with state DMV officials to determine which physical attributes should be mandatory for NDR reporting, provide the guidelines to the states in a directive, and establish edit checks in NDR to verify that required data fields are complete before accepting a record into the system.</p> <p>Requiring that state DMVs correct the invalid and duplicate Social Security numbers stored in NDR—a Federal system—and use the online verification of Social Security numbers.</p> <p>Requiring NDR officials to work with state DMVs to determine what functional upgrades should be included in the NDR modernization plan.</p>	<p>When NDR records are not created quickly, problem drivers have more time to try to obtain valid licenses from other states; if they succeed, more dangerous drivers are on the roads. Having physical descriptions is important because it decreases the large number of potentially inaccurate matches. Likewise, SSNs can identify specific drivers, but the many invalid/duplicate SSNs in NDR create confusion. Finally, Department of Motor Vehicle input will be important in deciding how to upgrade NDR; security and data integrity can be improved, and its original search algorithm uses outdated technology.</p>

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Computer Security and Control Over the National Driver Register (continued)				<p>Enhance NDR's contingency planning capability by:</p> <p>Coordinating with state DMVs to test the transaction processing capacity of the recovery system at the contractor's alternate data center.</p> <p>Requiring that a copy of the weekly backup data files from the NDR data center be stored in a more remote site than the one currently used.</p>	To understand whether the recovery system will be able to process large amounts of data quickly enough, states need to coordinate testing with NHTSA using the new telecommunications line to the backup data center. Further, at present, the backup site is a mere 15 miles from the primary data center; both would therefore likely be vulnerable to the same regional disaster. Losing both sites would threaten the ability of NDR to operate.
State of New Jersey	QC2008015	12/4/2007	NHTSA	Determine the allowability of the equipment purchases and recover \$637,454 from the State, if applicable.	NHTSA is working with the State to recover Questioned Costs of \$637,454.
Delphi Accounting System General and Application Control Review	FI2003094	9/30/2003	OST	Acting Assistant Secretary for Budget and Programs/Chief Financial Officer direct the Office of Financial Management to restrict access to employee Social Security Numbers and purchase card information stored in Delphi to people with a legitimate need to know, and use secure mechanisms to transmit sensitive information on DOT networks.	Protecting these kinds of information is paramount, especially when the information contains privacy data. OMB and DOT now have requirements that need to be followed by agencies with systems containing and transmitting these types of information.
Review of Consolidation of DOT Accounting Functions	FI2005064	6/17/2005	OST	Estimate potential cost savings that would result from consolidating routine accounting functions at the Services Center (\$2,300,000 funds to better use).	DOT needs to complete the consolidation of accounting operations at the Services Center and determine the actual savings resulting from the consolidation.

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FY 2005 Federal Information Security Management Act Review	FI2006002	10/7/2005	OST	Develop Departmental policy establishing the minimum acceptable geographical distance between the primary and recovery processing sites for information systems, and setting a target completion date for the OAs to comply with the policy.	To ensure that the primary and backup sites are geographically separated within an acceptable distance that are consistently determined across all Operating Administrations DOT needs to establish guidelines that align with business best practices for separating primary and secondary operation sites to ensure continuous operation of systems in the event of a disruption of service.
Physical Security of FAA Facilities	AV2006038	2/14/2006	OST	Establish protocols and conduct periodic covert tests of access controls at the FAA and DOT headquarters buildings using improvised explosive devices and other threat objects. Upon request, provide copies of test results to FAA.	Although the Department and its operating administration's (except FAA) have moved to a new more secure building, federal agencies still remain a terrorist threat, and therefore, the Department still needs to test its building access controls by using the most up to date improvised explosive devices and other threat objects. Such tests should also include the FAA headquarters building.
FY 2006 Federal Information Security Management Act Review	FI2007002	10/23/2006	OST	Evaluate the adequacy of the corrective action plans submitted by FAA for reviewing operational air traffic control system security and developing contingency plans for prolonged service disruptions. a) Work with the OAs to develop performance measures on their IT investment projects to ensure effective oversight by OAs' Investment review boards (IRB). b) Require OAs to report their review results to the departmental IRB.	When implemented, this should ensure the continued operation of the air traffic control system continues to operate in a disaster. This is paramount to FAA's critical mission of providing air traffic control. FAA needs to finalize its plans for developing and testing disaster recovery plans for a disruption of air traffic services. Establishment of effective measures for managing DOT's \$2.5 billion IT expenditures is critical to effective operation and oversight in DOT's decentralized environment. This allows the Secretary of DOT to know if the independent OAs are achieving returns on their IT investments without having to be intimately involved in their IT decisions.

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Stranded Airline Passenger Review	AV2007077	9/25/2007	OST	Require each certificated and commuter airline that provides domestic scheduled service using any aircraft with more than 30 passenger seats to (a) define what constitutes an extended period of time; (b) set a time limit on delay durations before deplaning passengers; and (c) incorporate such policies in its contract of carriage and post on its Internet site.	On Nov. 20, 2007, the Department issued an advanced notice of proposed rulemaking (ANPRM) that proposes to require carriers to develop contingency plans for long on-board delays and make the plan part of their contract of carriage while making that contract (including contingency plans) readily available on the web. The ANPRM requires that the plans specify the maximum tarmac delay the carrier will permit and the amount of time on the tarmac that triggers the assurance of adequate food, water, lavatory facilities, and medical attention, if needed. The Department anticipates issuing a notice of proposed rulemaking (NPRM) in September 2008. Therefore, this remains an important issue for improving customer satisfaction with air travel.

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Stranded Airline Passenger Review (continued)				<p>Require all airlines that report on-time performance to DOT pursuant to 14 CFR Part 234 to establish specific targets for reducing chronically delayed or cancelled flights.</p> <p>Require BTS to implement the necessary changes in the airlines' on-time performance reporting requirements to capture all events resulting in long, on-board delays, such as flight diversions.</p>	<p>The Aviation Enforcement Office (AEO) has initiated an industry-wide investigation of whether the schedules that carriers list in the Official Airline Guide (OAG) and computer reservation systems for flights are indicative of the schedules that the carriers could reasonably be expected to achieve. The AEO will take enforcement action against carriers for any flight that is "chronically delayed" (operates at least 45 times over calendar quarter and is late more than 70% of the time; is not corrected by the second calendar quarter thereafter). For example, using 1st quarter 2007, Bureau of Transportation Statistics (BTS) data the office sent out 183 letters in April to carriers requesting corrective action be taken. Actions were completed by the 3rd quarter 2007. The ANPRM noted above proposes to codify the AEO's position on chronically delayed flights as a Department requirement. The Department anticipates issuing a notice of proposed rulemaking (NPRM) in September 2008. Actions taken to address our recommendation will improve airline service.</p> <p>BTS has issued an NPRM proposing to require enhanced delay data reporting by carriers. Currently no information is reported on cancelled flights beyond the fact that they are cancelled, whether or not they leave the gate. There is also no information reported on flights once they are diverted to an alternate airport. The NPRM proposes to correct these deficiencies. BTS expects to issue a final rule in August 2008.</p>

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FY 2007 Federal Information Security Management Act Review	FI2008001	10/10/2007	OST	<p>Ensure the consistency and timeliness of security incident reporting by directing the FAA Computer Security Incident Response Center to establish consistent procedures to ensure that all security incidents are reported to the Department and U.S. Computer Emergency Response Team (US CERT) in a timely manner and conduct periodic reviews to determine the effectiveness of FAA's security incident reporting practices.</p> <p>Enhance the protection of information systems by developing, implementing and enforcing a policy for OA's to use to ensure proper risk categorization and security protection of systems containing personally identifiable information.</p>	<p>When implemented, these two combined recommendations should help to ensure the consistency and timeliness of security incident reporting which is critical to promote information assurance among federal agencies and private sectors. Starting fiscal year 2008, DOT's two cyber incidents response facilities have been merged into the DOT Cyber Security Management Center (CSMC). CSMC needs to establish consistent procedures to ensure that all security incidents are reported to US CERT in a timely manner, and DOT management needs to provide oversight on effectiveness of CSMC's security incident reporting practices.</p> <p>When implemented, these two recommendations should help to establish adequate security controls for systems within DOT. The agency needs to establish risk assessment guidelines in accordance with the National Institute of Standards and Technology security risk management policies. This will ensure that the agency has developed guidelines for the OA's to determine adequate level of risk thereby guiding them in implementing the level of security controls required to protect their data and systems that is used to support their mission.</p>

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FY 2007 Federal Information Security Management Act Review (continued)				Enhance network security configuration by finalizing the secure remote access implementation and management policy; and continuing to explore alternatives to using employee home computers for telework, such as having a pool of Government-issued laptop computers that are properly configured and in compliance with departmental security standards to support telework.	With the direction of the Federal government to implement teleworking for Federal employees, policies need to be established to protect agency data from misuse or unauthorized access when outside Federal facilities specifically if non-governmental computers are utilized in a telework environment.
Monitoring of FY 2007 Audit of Highway Trust Fund's (HTF) Financial Statements	QC2008006	11/9/2007	OST	<p>Follow existing policies and procedures consistently over the journal entry review and approval process to ensure that all journal entries are complete, accurate, properly supported and approved prior to posting in the general ledger.</p> <p>Follow existing policies and procedures consistently to ensure that all routine or recurring journal entries are properly prepared and posted each month and that all journal entries are properly maintained in a centralized location.</p> <p>Develop effective policies and procedures to ensure that the Enterprise Service Center and FTA use the same numbering sequence for all journal entries related to FTA to ensure completeness.</p>	Implementation of these 6 recommendations is needed to ensure future DOT financial statements are not materially misstated.

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Monitoring of FY 2007 Audit of Highway Trust Fund's (HTF) Financial Statements (continued)				<p>Revise the existing policies to include a firm due date for the timely resolution of variances and to require a thorough review and resolution of variances prior to posting balancing journal entries to the general ledger.</p> <p>Follow the existing and revised policies and procedures to review and document the resolution of account relationship variances at the Treasury Appropriation Fund Symbol level monthly.</p> <p>Review each OA's analysis in order to ensure compliance with existing policies and procedures and to ensure that transactions posted to the general ledger are accurate.</p>	
Review of Consolidation of DOT Accounting Functions	FI2005064	6/17/2005	OST/All OA's	Continue to work with the Operating Administrations and the Services Center to ensure that the consolidation of routine accounting functions is completed in a timely manner in order to maximize the benefits to both the Department and the Operating Administrations.	The consolidation of accounting functions at the Services Center is critical to financial statement audits.
FY 2006 Federal Information Security Management Act Review	FI2007002	10/23/2006	OST/All OA's	Establish system backup and recovery sites for the DOT consolidated IT infrastructure and all application systems operating on it. Develop and test contingency plans for information systems that lack such plans.	When implemented these two combined recommendations should strengthen DOT's backup capabilities in a disaster. DOT requires that all administrations develop contingency plans and test them annually to ensure that the systems will effectively operate when a disaster occurs.

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
More Incurred Cost Audits of DOT Procurement Contracts Should be Obtained	FI2007064	8/29/2007	OST/All OA's	<p>Resolve the \$12.7 million in questioned costs that OA's have not addressed and report any resulting costs recovered to our office, the Senior Procurement Executive, and Administrators of each OA.</p> <p>Ensure that OA's obtain incurred-cost audits and that audit report recommendations are resolved within 6 months of issuance of the final report.</p>	<p>While DOT contracting officers have recovered significant overpayments due to audits, additional action is required to address significant questioned costs that have not yet been resolved.</p> <p>Annually, DOT spends about \$6.0 billion in procuring goods and services to support departmental operations. DOT uses cost reimbursable contracts to procure such goods and services. Use of cost-reimbursable contracts increases the Government's risk because contractors generally have little incentive to control costs. An effective contract management system utilizes contract audits, like incurred-cost audits of these contracts to ensure claimed contractor costs are accurate and allowable. DOT's rate of recovery of contractor overpayments resulting from incurred cost audits have been positive--recovering over \$4 for every dollar spent for these audits. The lack of audits also increases the vulnerability of DOT's contracting dollars for fraud, waste, and abuse.</p>

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FY2007 Federal Information Security Management Act Review	FI2008001	10/10/2007	OST/All OA's	<p>Enhance the protection of information systems by requiring Operating Administration CIOs and system owners to identify and implement security upgrades needed to meet minimum security standards by March 31, 2008.</p> <p>Enhance the protection of information systems by establishing a security test and evaluation process for all departmental systems operating on the common IT infrastructure after the security controls review is complete for the expanded infrastructure.</p> <p>Enhance correction of identified security deficiencies by working with Operating Administrators to develop measures of accountability that would hold Operating Administration CIO's and system owners responsible for timely correction, and decisions to support cancellations, of identified security weaknesses, such as incorporating these measures as part of their performance standards.</p>	<p>In accordance with the National Institute of Standards and Technology guidelines minimum security standards were established for each of the risk level for protection of the data used by the agency. The Federal Agencies were required to test, implement and test these minimum security controls by March 2008 until this is done there is no assurance that the system data is properly protected from misuse or unauthorized access.</p> <p>Prior to 2007 each OAs was responsible for implementation of security controls for their computer networks. This changed in 2007 when DOT moved under a consolidated computer network which will require DOT to develop and test the necessary security controls to protect the OAs data under this type of environment.</p> <p>Too often we see computer deficiencies that are not remediated on the date recorded in the system of record. These dates are pushed further and further into the future and no one is being held accountable. Implementing this recommendation would make the OA CIO's accountable for the timely correction of computer security deficiencies found in their systems and would strengthen DOT's overall computer security.</p>

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Report Title	Report #	Date Issued	Operating Admin.	Open Recommendation(s)	Significance
Actions Taken and Needed for Improving Pipeline Safety	SC2004064	6/14/2004	PHMSA	Require operators of natural gas distribution pipelines to implement some form of pipeline integrity management or enhanced safety program with the same or similar integrity management elements as the hazardous liquid and natural gas transmission pipelines.	PHMSA, its state partners, and a broad range of stakeholders agree that all gas distribution pipeline operators should implement Integrity Management Programs (IMPs). PHMSA has a proposed rule requiring IMPs for all gas distribution operators and plans to have the final rule issued in mid-2008 but implementation is not expected until sometime in 2009.
Volpe Center IT Security and Resource Management Activities	FI2007061	8/1/2007	RITA	<p>Strengthen Volpe network security by:</p> <p>a. Assign a high priority to correct remaining high-risk vulnerabilities identified on Volpe computers during our audit and establishing a timetable to remediate all other vulnerabilities.</p> <p>b. Fully implement the Department's security configuration standards for commercial software products operating on all Volpe computers.</p> <p>Enhance protection of systems in operation by: Completing the security certification and accreditation review of the Facility Physical Security System and ensuring that all systems are included in the Department's official systems inventory for tracking and management review.</p> <p>b. Conducting systems recovery testing at the back-up site for Volpe and for customer systems for which it is responsible.</p>	<p>Vulnerabilities identified presented a significant risk of compromising agency's networks by attackers. The agency needs to timely implement its action plan to remediate all remaining vulnerabilities.</p> <p>Ensuring adequate security configuration on all of agency's computers is crucial to prevent computer vulnerabilities in the first place. The agency needs to continue its effort to ensure its computer configurations meet the federal minimum security requirement.</p> <p>Minimum computer security standards in the Federal Government require that agencies have a system inventory and that these systems go through a system certification and accreditation process every three years to ensure they are adequately secured.</p> <p>Ensuring that individual OAs continue to operate in a disaster is of paramount importance of each of the transportation modes. The agency needs to finalized its plans for developing and testing disaster recovery plans for a disruption of the systems that support each of the administrations.</p>

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Monitoring of FY 2007 Audit of NTSB Financial Statements	QC2008009	11/9/2007	NTSB	<p>Issue operation bulletins to document the processes and controls over: (a) the preparation, review, and documentation requirements for journal vouchers; (b) the accounting reconciliations, and account relationship tests performed by NTSB relating to financial statement and financial reporting operations, and (c) research and correction of abnormal account balances.</p> <p>Ensure the procedures strengthen controls so that errors identified in NTSB journal vouchers are prevented in the future, and that any difference identified in an accounting test is properly researched and corrected, and maintain detailed supporting documentation for any reconciling item that is not corrected.</p> <p>Ensure that revenue amounts, both earned and unearned for Federal and non-Federal clients, are posted in accordance with the Standard General Ledger.</p> <p>Perform a quarterly analysis of general ledger accounts, by funds, to identify, research, and correct, as appropriate, abnormal account balances. Document and retain the results of the analysis and any actions taken to correct the abnormal balance.</p>	Implementation of these 4 recommendations is needed to ensure future NTSB financial statements are not materially misstated.