



OFFICE OF INSPECTOR GENERAL
U.S. Department of Transportation

Semiannual Report to Congress

April 1, 2005 – September 30, 2005



Semiannual Report to Congress

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FROM THE INSPECTOR GENERAL

We are pleased to present the Department of Transportation Office of Inspector General's Semiannual Report to Congress for the 6 months ending September 30, 2005. We thank Secretary Mineta, Deputy Secretary Cino, our modal administrators, and Congressional members and staff for their responsiveness to our recommendations to strengthen safety, improve program delivery, and maximize efficiency.

During this semi-annual period, we issued 24 audit reports and 89 recommendations, and our investigations resulted in 146 convictions. Our office had a financial impact on the Department, totaling more than \$1.3 billion in financial recommendations, fines, restitutions, civil penalties, and recoveries. We testified before Congress on 11 occasions. A summary of highlights from audits, investigations, and testimonies presented during this report period can be found inside.

As we end this reporting period and look forward to the new fiscal year, there are four key priorities impacting the Department and driving the work of our office.

Hurricane Katrina. In the immediate aftermath of the hurricane, DOT was engaged in an unprecedented effort to provide emergency relief in carrying out its role under the National Response Plan. Following the Department's lead and soon after the hurricane struck, OIG criminal investigators were on the ground in Mississippi and New Orleans protecting DOT assets and people, assisting DOT with damage assessments, and conducting liaisons with other Federal law enforcement agencies.

The Department is now turning to long-term recovery and reconstruction of the transportation infrastructure in the affected states with current estimates exceeding \$2 billion. We recently announced our plans to carry out a series of audits and investigations to provide oversight of the Department's relief and recovery activities. Our plan has been developed in coordination with the Office of the Secretary as well as the President's Council on Integrity and Efficiency which is coordinating government-wide oversight efforts.

Intercity Passenger Rail. Reauthorization and the FY 2006 appropriation for Amtrak generated substantial policy debate and controversy. During this period, we testified before Congress three times and issued a report on our analysis of cost savings on Amtrak's long distance service. In correspondence to the members of the Conference Committee for the FY 2006 DOT Appropriations,

we provided recommendations on how Congress could structure its appropriation to promote reform and achieve greater fiscal discipline in Amtrak operations. The FY 2006 DOT Appropriations Act largely incorporated our recommendations and assigned our office responsibility for reporting quarterly on Amtrak's progress in achieving cost savings. We will be discharging those responsibilities beginning with our first report in January 2007.

Reauthorization of Surface and Aviation Programs. During this period, Congress enacted the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), reauthorizing surface programs for \$287 billion over a 5-year period. SAFETEA-LU provides a historic level of financing to address the many challenges facing our surface transportation system today. We will continue to stress stewardship and oversight, improved financial management, and the prevention and detection of fraud impacting these programs. Now attention will be turning to the reauthorization of our aviation programs.

Over the next year, Congress and FAA will be preparing to reauthorize a wide range of aviation programs and explore alternative financing mechanisms. The current authorization and various taxes expire in 2007. With projected Aviation Trust Fund revenues failing to materialize, FAA must develop a clear understanding of its financial requirements (for new and existing efforts) and of ways to control costs before making decisions on future funding mechanisms and the level of financing that is needed. This will also require determinations as to who should pay for what and the fair allocation of costs among stakeholders. Other key reauthorization issues include establishing requirements for the next generation air traffic system and issues concerning foreign ownership of air carriers.

Top DOT Management Challenges. We have identified the following nine top DOT management challenges for FY 2006 and will continue our work to aid the Department in meeting these challenges.

- Working With Other Agencies To Respond to Disasters and Address Transportation Security
- Getting the Most for Every Taxpayer Dollar Invested in Highway and Transit Projects
- Building on Recent Initiatives To Further Strengthen Surface Safety Programs
- Reforming Intercity Passenger Rail To Improve Performance

-
- Mitigating Flight Delays and Relieving Congestion-Actions Needed To Meet Demand
 - Reauthorizing Aviation Programs-Establishing Requirements and Controlling Costs Are Prerequisites for Examining FAA Financing Options
 - Aviation Safety-Developing Effective Oversight Programs for Air Carrier Operations, Repair Station Maintenance, and Operational Errors
 - Improving Information Technology Investment and Computer Security
 - Ensuring That Reforms Are Implemented in the Maritime Administration's Title XI Loan Guarantee Program

We appreciate the support and responsiveness of the Secretary, the Deputy Secretary, the Operating Administrations, and Congress during this year's work and look forward to continuing our work together to achieve a safer, simpler, and smarter transportation system for our Nation.

A handwritten signature in blue ink, reading "Kenneth C. Neal". The signature is written in a cursive style with a large initial "K".



WORK PLANNED AND IN PROGRESS

During this reporting period, the Office of Inspector General will continue to focus on the Department's efforts to achieve its strategic objectives in safety, mobility, global connectivity, environmental stewardship, and security. We will review the cost and schedules of major acquisitions programs in FAA, safety oversight of the changing aviation industry, and physical security of aviation facilities. We will ensure thorough financial reporting and accounting practices throughout the Department and review information system acquisitions and security. We will continue to monitor the progress of major highway and transit projects, assess programs to improve motor carrier safety, and evaluate activities to improve public transit and passenger rail security. In response to the natural disasters in the Gulf Coast region, we will ensure that the Department's efforts to rebuild damaged or destroyed infrastructure are well-coordinated and cost-effective to protect reconstruction funding from fraud, waste, and abuse.

OIG has developed the following work plan for the period of October 1, 2005, through March 31, 2006.

AVIATION AND SPECIAL PROGRAM AUDITS

■ Air Carriers Use of Non-Certificated Repair Facilities

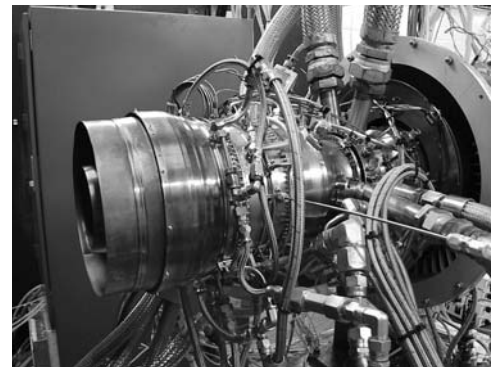
Determine (1) how FAA identifies and oversees work performed at non-certificated repair facilities, (2) how FAA requirements for non-certificated facilities differ from those for certificated repair stations, and (3) the quantity and type of work air carriers outsource to non-certificated repair facilities.

■ Advanced Technology and Oceanic Procedures II

Compare FAA's experience in acquiring an oceanic system to the experiences of other major oceanic air traffic control service providers. Review the cost, schedule, and performance specifications and the operating environment (i.e., complexity and volume of airspace) that the system was designed to accommodate.

■ Validation of the Standard Terminal Automation Replacement System (STARS) Phase I Program Costs

Review and validate the life-cycle cost studies and other relevant analyses provided to FAA's Joint Resources Council to justify and rebaseline Phase I of the STARS program.



■ **Oversight of Aircraft Manufacturers' Quality Assurance System for Suppliers**

Evaluate FAA's oversight of aircraft manufacturers' quality assurance system for domestic and foreign suppliers.

■ **Physical Security of FAA Facilities**

Assess FAA's Internal Security Program and determine whether FAA is ensuring (1) the integrity of those working and supporting the National Airspace System (NAS), and (2) the adequate protection of FAA's property, and FAA personnel, contractors, visitors, and operations against criminal and terrorist acts.

■ **Security of Public Transit and Passenger Rail Systems**

Assess (1) DOT's roles and responsibilities for overseeing security of the Nation's public transit and passenger rail systems; (2) DOT's efforts to collaborate and coordinate with the Department of Homeland Security on public transit and passenger rail security rulemaking, oversight, and enforcement; and (3) the extent and effectiveness of DOT funding for securing the public transit and passenger rail system.



■ **Air Carriers' Outsourcing of Aircraft Maintenance**

Determine the type and quantity of maintenance performed by outside repair stations, and whether FAA is effectively monitoring air carriers' oversight of the work performed by outside repair stations and verifying whether safety requirements are met.

■ **FAA's Telecommunications Infrastructure Program**

Determine whether FAA's plans to integrate separate FAA owned or leased telecommunications networks into a single network can be delivered within revised cost and schedule baselines, and identify the key program risks that could affect FAA's ability to meet cost and schedule projections.

■ **Follow-up Review of Air Traffic Controller Training**

Determine if FAA has considered alternative approaches that could expedite the training process and reduce costs associated with training new controllers.

■ **FAA's Air Traffic Organization Controls Over Credit Hours**

Determine whether FAA's management controls are adequate to ensure that air traffic controllers are properly awarded credit hours and are productively employed while earning those credit hours.

■ **Integrity Threats to Hazardous Liquid Pipelines**

Assess (1) actions taken by pipeline operators to remediate integrity threats, and (2) Office of Pipeline Safety efforts to verify the adequacy of these corrective actions.

■ **FAA Joint Planning and Development Office (JPDO)**

At the request of the Chairman and Ranking Member of the House Transportation Infrastructure’s Aviation Subcommittee, we are examining progress to date with the new JPDO. The objectives are to determine (1) progress made by JPDO in aligning and leveraging research conducted by other Federal agencies, (2) how the JPDO will shift new technologies and capabilities from research to prototype and introduction into the National Airspace System, and (3) what barriers JPDO must overcome to transition to a new air traffic management system.

■ **Follow-up on Airline Customer Service Commitment**

Address select provisions of the Airline Customer Service Commitment and related issues that have an immediate impact on passengers, such as (1) notification of delays and cancellations, (2) frequent flyer program, (3) overbooking and denied boardings, and (4) accommodation for disabled and special needs passengers. In addition, we will evaluate how well the Department is overseeing and investigating air travel and consumer protection requirements. The audit was requested by the Chairman of the House Transportation and Infrastructure’s Aviation Subcommittee.

■ **FAA’s Oversight of Airport Revenue**

Determine if selected airports are complying with revenue use requirements.

■ **FAA Implementation of the Automatic Dependent Surveillance — Broadcast (ADS-B) System**

Determine the status of FAA’s research and development efforts, evaluate FAA plans for transitioning ADS-B into the NAS, and assess whether or not it is cost-beneficial.

■ **Progress in Executing FAA’s Air Traffic Controller Staffing Strategy**

Address FAA’s progress in executing this plan and whether productivity gains are being realized and realistically quantified. Results of this audit could be important in terms of pending negotiations with controllers’ union over a new collective bargaining agreement.



FINANCIAL AND INFORMATION TECHNOLOGY

■ **Use of Contract Audit Services, DOT Operating Administrations**

Determine whether DOT and its Operating Administrations are obtaining contract audit services as necessary and in accordance with policies, procedures, and acquisition regulations.

■ **Contractor Overhead and Compensation Under Grants**

Review the effectiveness and implementation of audit provisions in Section 307 of the National Highway System Designation Act addressing audits of contracts awarded by states to engineering and design firms. Procedures include testing the allowability of compensation and other high-overhead cost elements billed by these firms.

■ **Security and Controls Over the Remote Maintenance Monitoring System**

Determine whether maintenance processing systems are adequately secured to ensure the integrity and availability of field equipment supporting air traffic control operations and services.

■ **FRA Network Infrastructure Security**

Review security over Virtual Private Network, wireless, and third-party connections to the DOT network.

■ **Review of Spending Priorities for the Office of the Assistant Secretary for Administration**

Determine if the Office of the Assistant Secretary for Administration (1) has adequate support for budget requests, including funds to operate the Working Capital Fund; (2) supports DOT operations commensurate with the office's mission; and (3) properly accounts for Working Capital Fund resources.

■ **RESULTS Multiple-Award Procurement Program for Support Services**

This is the first of two audits being performed on FAA's multiple-award contracts and addresses the RESULTS multiple-award program. Determine whether RESULTS was properly established and whether contracts are properly competed, administered, and have well defined scope. Also, review allegations of abuse under a RESULTS contract.

■ **FY 2005 Audit of the Working Capital Fund Financial Statements**

Ensure the independent public accounting firm audit of the Working Capital Fund's FY 2005 Financial Statements is in accordance with U.S. Generally Accepted Government Auditing Standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget guidance.

■ **FY 2005 Audit of Volpe National Transportation Systems Center Financial Statements**

Ensure the independent public accounting firm audit of the Volpe National Transportation Systems Center's FY 2005 Financial Statements is in accordance with U.S. Generally Accepted Government Auditing Standards, Government Auditing Standards issued by the Comptroller General of the

United States, and Office of Management and Budget guidance.

■ **DOT Payroll Processing**

Research the DOT's Employee Express and payroll interface and other potential payroll processing concerns.

■ **Oversight of SAS-70 Review of FAA's Enterprise Service Center as it Relates to the Delphi Financial Management System**

Contract with an independent public accounting firm to conduct a SAS-70 review of the DOT Enterprise Service Center as it relates to the Delphi Financial System and perform follow-up work based on the firm's results.

■ **Use of Multiple Award Contracts, FAA**

This is the second audit of FAA's multiple-award program for support services. Examine the use of FAA's BITS2 and MASS multiple award contract programs to determine whether the awards are made competitively, in a cost efficient manner, and review the effectiveness of the administration of these contracts.

■ **DOT IT Investment Management Decision Making**

Evaluate key aspects of the Department's IT investment management review process. Specifically, we will determine if (1) earned value management is being properly used to identify high-risk (with significant cost and schedule variance) projects for DOT and Operating Administration (OA) IRB reviews and (2) corrective actions are being taken by OAs to remediate high-risk investments.

■ **FY 2006 DOT Consolidated Financial Statements**

Render an opinion on the financial statements and issue reports on internal controls and compliance with financial-related laws and regulations.

■ **Quality Control Review of FY 2006 Highway Trust Fund Financial Statements**

Perform a QCR of the audit by an independent public accounting firm and determine if the audit was performed in accordance with applicable auditing standards.

■ **Quality Control Review of FY 2006 FAA Financial Statements**

Perform a QCR of the audit by an independent public accounting firm and determine if the audit was performed in accordance with applicable auditing standards.

■ **DOT Implementation of New OMB Circular A-123**

Review actions taken by DOT and the Operating Administrations to implement the requirements of the revised OMB Circular A-123.



■ QCR of FY 2006 SAS-70 Review of Delphi System Operations

Determine whether controls asserted by management are fairly presented, suitably designed, and effectively implemented to ensure the integrity of Delphi system operations.

SURFACE AND MARITIME PROGRAMS



■ Federal Highway Administration's Oversight of Load Ratings and Postings on Structurally Deficient Bridges

Evaluate whether (1) structurally deficient bridges on the National Highway System have been inspected in accordance with National Bridge Inspection Standards, and (2) FHWA's oversight has been effective in addressing the states' calculation of load limits and posting of maximum weight limits on these bridges.

■ Federal Motor Carrier Safety Administration Oversight of the Commercial Drivers License (CDL) Program

Ascertain what actions FMCSA has taken to determine the status of suspect drivers identified by the states and to inform FMCSA of our observations regarding the issuance of fraudulent CDLs.

■ Federal Transit Administration Bus Procurement Processes

Determine whether FTA's oversight ensures that transit agencies using Federal funds to purchase transit bus fleets (1) follow procurement and management practices in accordance with Federal guidelines, and (2) have instituted business practices that achieve the most cost-effective use of Federal dollars.

■ Central Artery/Tunnel Project 2004 Finance Plan

Determine whether the 2004 Finance Plan (1) presents a cost estimate that is based on all known and reasonably expected costs, (2) identifies appropriate and available funding sources sufficient to meet the total estimated cost, (3) provides a project construction schedule that is based on all known and reasonably anticipated delays, and (4) discloses other issues affecting the project.



■ Highway-Rail Grade Crossing Accident Reporting, Investigations, and Safety Regulations

Assess the adequacy of the Federal Railroad Administration's oversight of highway-rail grade crossing accident reporting to the National Response Center, accident investigations, and enforcement of safety regulations.

■ Motor Carrier Safety Program

Assess FMCSA's progress in implementing OIG's 1999 audit recommendations, establishing the new entrant program, and completing MCSIA-required rulemakings.

■ NHTSA's Oversight of Alcohol-Impaired Driving Programs

Identify the defining characteristics that constitute alcohol-related crashes; compare the scope, direction, resources, and expenditures of programs and activities of those states with the highest and lowest alcohol-related fatalities, including the use of high-visibility law enforcement methods; and determine Federal resources dedicated to this effort.



■ FHWA's Oversight for Implementing Value Engineering (VE)

Determine whether FHWA's oversight is adequate to ensure that (1) VE studies are performed in accordance with established criteria, and (2) VE recommendations are timely and implemented to the maximum extent possible, permitting potential savings to be achieved.

■ Oversight Efforts for Hurricane Relief and Recovery Actions

Determine whether FHWA, FRA, FTA, MARAD, and state transportation departments have adequate oversight of Department expenditures and put systems in place to make certain that funds are appropriately spent.

■ Oversight of FTA Fixed Guideway Modernization

Assess FTA's statutory oversight role and evaluate a sampling of transit agencies to determine whether they have used these funds in accordance with the Program policies.



■ Monitoring of Transit Capital Projects

Identify (1) the status of selected major projects, and (2) risks that may adversely impact the cost, schedule, and funding for these projects. In addition, we will identify best practices being used by project sponsors and grantees to manage cost, schedule, and funding risks.

■ Major Highway Project Monitoring Effort

Improve the identification, measurement, and prioritization of project risk factors that may cause deviations from approved project scope, schedule, budget, and accepted standards for quality and safety.

COMPETITION AND ECONOMIC ANALYSIS



■ **Delays and Cancellations in Small Communities**

For a select number of small- and non-hub airline markets, compare the number and rate of airline delays and cancellations to service characteristics in larger markets. Describe the decision-making process and the roles of the various air traffic control, airline, and airport functions in determining how delays and cancellations are allocated throughout the National Airspace System under constrained capacity conditions.

■ **Assessment of Amtrak's Financial Performance and Capital Requirements**

Evaluate and analyze Amtrak's current financial status and the reasonableness of its 5-year strategic capital plan.

■ **Amtrak's Legal Expenditures and Costs Related to the Northeast High Speed Rail Improvement Project**

Analyze Amtrak's legal expenditures and costs related to the Northeast High Speed Rail Improvement Project since its inception.

■ **Maximizing Revenues from Amtrak Northeast Corridor Services**

Determine the revenue-maximizing fare structure for both high-speed and conventional rail services provided by Amtrak on the Northeast Corridor.

■ **Financing the Aviation System**

Examine the financing structure (i.e., taxes, fees, and prices) supporting the operation of and investment in the airway system in the United States. Assess whether a different funding model could produce more efficient operation of the system while also providing better information to direct investment.

■ **Airline Metrics**

Update statistics on airline industry metrics regarding air service demand and capacity, service performance, airline finances, and air service at small airports.

ACTIVITIES

Wisconsin Concrete Construction Company and Owner Ordered to Pay \$1.8 Million for Bid-Rigging on Approximately \$100 Million in Highway Projects

April 1, 2005

Vinton Construction Co. (Vinton) of Manitowac, Wisconsin, and one of its owners, James Maples, were sentenced in U.S. District Court in Green Bay, Wisconsin, for bid-rigging on approximately \$100 million in highway construction contracts from pre-1999 until January 2004. Vinton was ordered to pay \$1.3 million in restitution and a \$150,000 fine, while James Maples was fined \$300,000 and ordered to pay \$50,000 in restitution. On April 22, 2005, Michael Maples, the other co-owner of Vinton was sentenced in the same court to 12 months in prison and ordered to pay \$200,000 in fines and restitution for bid-rigging. Another firm, Streu Construction Co. of Two Rivers, Wisconsin, and its owners were sentenced in January 2005 to a combined \$1.1 million in fines and restitution, with its executives sentenced to a total of one year and five months in prison stemming from their guilty pleas to the bid-rigging charges. Vinton and the co-owners, James and Michael Maples, were suspended from contracting on Federally funded projects in March 2004. Ernest and John Streu are subject to a voluntary exclusion from doing business with the government which is effective through August 3, 2007. This investigation, one of the largest DOT fraud cases in Wisconsin, was conducted jointly with the FBI and DOJ Antitrust Division, with assistance from FHWA and the Wisconsin DOT.



Photo Refurbishing Company/Owner to Pay \$500,000 for HAZMAT Violations

April 1, 2005

BEF Corporation (BEF), Allentown, Pennsylvania, and its President, Elward B. Brewer, were sentenced in U.S. District Court in Allentown to a total of \$500,000 in fines and restitution following their November 2004 guilty pleas for violating HAZMAT regulations. BEF is a photographic equipment reconditioning business, which generates HAZMAT (e.g., silver compounds and acid wastes) in their refurbishing process. Brewer admitted to directing BEF

employees to discharge the hazardous pollutants into the sewer systems of Bethlehem, Pennsylvania, and South Whitehall Township. BEF employees also transported the HAZMAT via truck (without proper documentation and placarding as required by FMCSA regulations) to other BEF facilities in Pennsylvania for dumping in local sewer systems. The investigation was conducted jointly with EPA-CID.

Reauthorization of TEA-21 Safety Programs

April 5, 2005



The Inspector General testified before the Senate Subcommittee on Surface Transportation and Merchant Marine on reauthorization of the Transportation Equity Act for the 21st Century safety programs. The Department has established a goal to reduce the overall highway fatality rate to one death per 100 million vehicle miles traveled by 2008. Meeting the Department's goals will require a decrease in 5 years that is almost twice the decrease that was accomplished in the previous 11 years. We identified the following items to help the Department to achieve its goals: (1) use covert methods to identify CDL fraud, (2) strengthen state enforcement of laws that bar Mexican trucks from operating in the United States without proper authority, (3) increase enforcement of egregious violations of Hours of Service regulations, (4) refocus funds to reduce drunk driving, (5) increase the use of seat belts, (6) increase the use of motorcycle helmets, and (7) detect vehicle and equipment defects more effectively. Another safety issue that will require attention by the Pipeline and Hazardous Materials Safety Administration is the safety and security of hazardous materials shipments. Also, although not a safety-related issue, the Federal Motor Carrier Safety Administration needs to strengthen enforcement actions to protect consumers from fraud perpetrated by unscrupulous household goods moving companies.

Department of Transportation's Implementation of the Federal Information Security Management Act

April 7, 2005

The Assistant Inspector General for Financial and Technology Audits testified before the House Government Reform Committee regarding the Department's significant progress over the last 2 years in protecting its information and information systems in compliance with the Federal Information Security Management Act. However, challenges still remain to securing the Department's information systems. DOT's progress includes (1) increasing the focus of security in IT investment decisions, (2) strengthening the protection of networks from internal and external attacks, (3) increasing the number of systems certified and accredited from 33 percent to over 90 percent, and

ACTIVITIES

(4) strengthening background checks. The Department's challenges for improving information security include (1) enhancing air traffic control system security, (2) improving the quality of the security certification reviews, (3) and focusing attention on emerging threats from new technologies.

Indiana Transportation Company Ordered to Pay \$400,000 for HAZMAT Training Violations

April 11, 2005

Bulkmatic Transport Company, Griffith, Indiana, was ordered by a U.S. District Court judge in Chattanooga, Tennessee, to pay a total of \$400,000 for failing to provide employees with full HAZMAT training required by statute. The one-count felony charge filed in November 2004 followed an incident in January 2001 in which a Bulkmatic employee suffered serious chemical burns to his torso and eyes while transferring sulfuric acid from a rail cargo tanker to a truck tanker in Chattanooga. Bulkmatic subsequently paid \$75,000 in clean-up costs from the 1,800 gallon acid spill. FRA assisted in this investigation, which found that Bulkmatic employees, trans-loading HAZMAT on 113 occasions from February 1999 through January 2001, had not been trained in accordance with statutory requirements.

Next Steps for the Air Traffic Organization

April 14, 2005

The Inspector General testified before the House Subcommittee on Aviation on progress to date with FAA's Air Traffic Organization (ATO) and the new Joint Program and Development Office. The testimony focused on the steps the ATO can take to provide safe and efficient air traffic services to an increasing number of passengers and aircraft operations, and how ATO can accomplish that mission in a cost-effective way. The Inspector General highlighted the need to make decisions on billion-dollar projects that have been delayed for years and addressed the wave of pending controller retirements. Also, the Inspector General pointed out the need to examine the costs of moving forward with the next-generation air traffic management system being pioneered by the Joint Program and Development Office.



Reauthorization of Intercity Passenger Rail and Amtrak

April 21, 2005

The Inspector General testified before the Senate Subcommittee on Surface Transportation and Merchant Marine regarding the reauthorization of intercity passenger rail and Amtrak. The testimony addressed Amtrak's unsustainably large operating losses, increasingly poor on-time performance, and increasing levels of deferred infrastructure and fleet investment. The Inspector General emphasized the need for a comprehensive reauthorization that provides adequate funding, focuses on improving mobility in short distance corridors, restructures long distance services to complement corridor services, and provides a more robust capital match program for the states.

Impact of Water Leaks on the Central Artery/Tunnel Project and Remaining Risks

April 22, 2005



The Inspector General testified before the House Committee on Government Reform at a field hearing in Boston, Massachusetts, on the Central Artery/Tunnel project. The testimony focused on the status of the leaks, risks to the taxpayers, current cost recovery efforts, and impacts of the leaks on the Project's Finance Plan. We also included observations on two important lessons this troubled project has taught us about oversight of major infrastructure construction projects.

Painting Company Executive Sentenced to Two Years in Prison, Ordered to Pay \$100,000 for Illegal HAZMAT Disposal

April 29, 2005

Nick Muskie, (also known as Nickolas Mouzakis), president of Kerrville Painting Company (KPC) of Kerrville, Texas, pleaded guilty and was sentenced in Okmulgee County District Court, Oklahoma to two years in prison and ordered to pay \$100,000 in restitution under state charges of unlawfully disposing of hazardous waste. During 1999 and 2000, hazardous lead-based waste associated with KPC work on a Federally funded bridge contract in

Oklahoma was dumped into an area that drained into Coal Creek, Oklahoma. KPC, Muskie, a KPC supervisor, and an Arkansas state inspector all pleaded guilty to federal charges and were sentenced in November 2004 for similar illegal activity on Federally funded bridge contracts in Arkansas. The investigation was conducted jointly with the Environmental Protection Agency, Criminal Investigation Division (EPA-CID), the Oklahoma Department of Transportation, the Oklahoma Attorney General's Environmental



ACTIVITIES

Protection Unit, and both the Arkansas and Oklahoma Departments of Environmental Quality.

New York Construction Contractor Ordered to Pay \$310,000 for Making False Statements

May 4, 2005

Srinivas Thimmappa, a former project manager for Trataros Construction, Inc. (TCI), Brooklyn, New York, was sentenced in U.S. District Court in Brooklyn to pay \$310,000 in fines and restitution for making false statements to federal agents. Thimmappa created a shell company in a scheme to defraud TCI and the New York Metropolitan Transportation Authority, FTA's largest grantee. The investigation found that although Thimmappa claimed to be performing part-time engineering work for Logix Construction Services (Logix), Logix did not perform any work on the project, but submitted bills for such work to TCI. In November 2004, Thimmappa pled guilty. Debarment of Thimmappa from doing business with the government for a specified period of time is under consideration by the General Services Administration (GSA). The case was investigated with the FBI and GSA-OIG.



Florida Worldwide Intermodal Transportation Company Ordered to Pay \$305,000 for HAZMAT Violations

May 4, 2005

Seaboard Marine, Ltd. (Seaboard), Medley, Florida, was ordered by a U.S. District Court judge in Miami, Florida, to pay \$305,000 in fines, restitution, and community service payments for the illegal transportation of HAZMAT. Seaboard pleaded guilty in September 2004, admitting to transporting leaking hazardous cargo (e.g., phosphoric acid, hydrochloric acid, and potassium hydroxide) in 55-gallon drums and boxes to various locations in the Miami-Dade County area in 2002, in violation of HAZMAT transportation regulations. Laparkan Trading Limited Company, a freight forwarding company in Miami (and one of the locations to which the HAZMAT cargo was taken by Seaboard), pleaded guilty to related charges in March 2005 and was sentenced on May 10, 2005 to pay \$135,000 in fines and community service payments.

The investigation was conducted jointly with the Florida Department of Environmental Protection and the Miami-Dade Police Department, with assistance from FMCSA.

Perspectives on the Aviation Trust Fund and Financing the Federal Aviation Administration

May 4, 2005

The Inspector General testified before the House Aviation Subcommittee on the state of the Aviation Trust Fund and various options being debated for financing FAA. The testimony focused on (1) recent trends affecting the Trust Fund that account for declining revenues; (2) additional steps that FAA can take to control costs; (3) the need to determine current and future funding requirements; and (4) perspectives on various potential financing mechanisms, including transitioning to user fees. The Inspector General also provided views on granting FAA authority to borrow funds for long-term capital investments.

Background Checks For Holders of Commercial Drivers Licenses With Hazardous Materials Endorsements

May 11, 2005



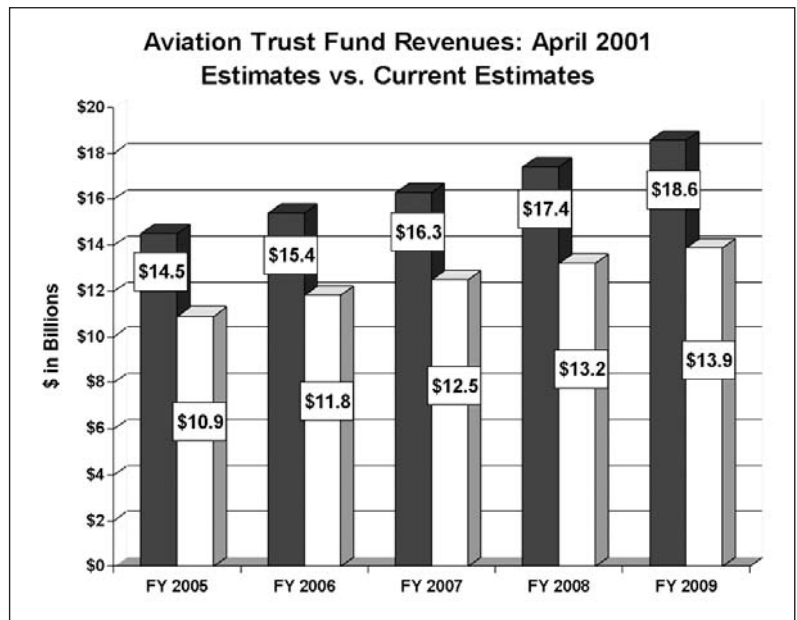
The Deputy Inspector General testified before the House Subcommittee on Highways, Transit, and Pipelines on background records checks for hazardous materials truck drivers. The testimony focused on (1) the Commercial Drivers' License (CDL) program as a significant safety initiative and the continued efforts to strengthen its effectiveness, (2) background records checks for hazardous materials endorsements and how they serve both safety and security purposes, and (3) areas to watch as the background records checks process gets underway. The new background criminal history records checks for holders of CDLs with hazardous materials endorsement will, if properly implemented, add an additional layer of safety and security by ensuring we know drivers are who they say they are, are legally present in the United States, and can be trusted with the public's safety.

Continued on page 17)

Perspectives on FAA Financing

Last May, we testified before the House Transportation and Infrastructure Aviation Subcommittee on alarming revenue trends of the Aviation Trust Fund and financing options and challenges for the Federal Aviation Administration (FAA). This issue will take center stage in the coming months because the current FAA authorization—Vision 100—and the government’s authority to collect aviation excise taxes expire in 2007.

- Tax revenues used to finance FAA have not materialized as expected. In 2001, FAA estimated that Aviation Trust Fund revenues would be \$14.5 billion in FY 2005, which would have exceeded the Agency’s FY 2006 budget request. However, this estimate has now been reduced by 25 percent to \$10.9 billion, falling short of FAA’s current budget by about \$3 billion. Out-year estimates have also been reduced significantly since 2001.
- Much of the decline in tax revenues can be attributed to reduced yields from the 7.5 percent ticket tax. According to Air Transport Association data, the average fare for a 1,000-mile flight has dropped from \$149 in March 2000 to \$118 in March 2005. These lower fares have resulted in lower ticket tax revenues. Since FY 2000, revenues from the ticket tax have dropped from \$5.1 billion to a low of \$4.3 billion in FY 2003. With the enormous growth of low-cost carriers and market pressure for continued low fares, we may be seeing a long-term structural change within the aviation industry that would affect FAA’s future revenue stream.
- FAA’s budget is outpacing declining Trust Fund revenues. Between FY 2000 and FY 2004, FAA’s budget has gone from \$10.9 billion to \$13.9 billion, an increase of nearly 28 percent. At the same time, expected Trust Fund revenues have not materialized. This increase in FAA’s budget can be attributed to rising operating costs, most of which are caused by increasing salaries. The rising operating costs are crowding out capital projects.



CHALLENGES FOR FAA

Before FAA can explore various financing alternatives, it must determine funding requirements and control costs. These issues include determining cash flow requirements for existing projects and making decisions on whether to continue, modify, or discontinue multi-billion dollar capital projects, such as the Standard Terminal Automation Replacement System program. The Agency must also determine funding requirements for the next-generation air traffic management system (which is being pioneered by FAA’s new Joint Program and Development Office), determine when these funds will be needed, and set 5- and 10-year benchmarks for what can be accomplished. At the same time, FAA must proactively control costs on major capital undertakings that are just getting started, such as the En-Route Automation Modernization project.

FINANCE ALTERNATIVES

The Inspector General's testimony also presented several options available to finance FAA—none of which will be easy.

- First, adjustments could be made to the current financing system. One of these adjustments includes relying more on the General Fund to pay for FAA's budget. While this option lessens the financial burden on the Aviation Trust Fund, it is difficult to expect increases from the General Fund over historical levels given the deficit and sharp competition for Federal funds. The size of the General Fund contribution will be a central issue in the upcoming debate about how to finance FAA. Another adjustment could include making changes to the current excise tax structure. However, the airlines have contended that they cannot absorb tax increases due to passenger demand for lower-priced airfares.
- Another way would be for FAA to implement a user-fee system, in which fees that correspond to the Agency's cost of providing air traffic services would be charged to users. There are several methods that could be used to charge user fees, such as charges based on the weight of an aircraft and the distance flown. FAA is exploring this and other methods as well as the policy implications.
- Another alternative being discussed is bonding, which would provide FAA with borrowing authority to finance capital projects. The bonds would be backed by a well-defined and predictable source of revenue. While questions regarding the structure of the borrowing authority need to be answered, it is critical that certain conditions be met. These include the following: (1) there must be a clear understanding of what investment FAA would be borrowing money for (i.e., long-term investments to meet future demand); (2) this is not simply a short-sighted vehicle to put off increased fees or taxes in the near term; and (3) accountability and discipline must be established to ensure capital projects are completed on-time and within cost parameters and provide the expected benefits.



FUTURE OUTLOOK

FAA has taken positive steps towards becoming a performance-based organization by creating the Air Traffic Organization to operate the air traffic control system more efficiently. The Agency has also made progress in implementing a cost accounting system and labor distribution system—prerequisites for operating more like a business. Moreover, FAA recently published its intent to examine financing alternatives in the Federal Register and, for the first time, made public cost and air traffic activity on the nation's air traffic control system.

However, the FAA financing debate has only just begun. The Agency still faces a myriad of difficult and contentious policy issues affecting aviation stakeholders that need to be resolved. These include instituting a financing system that allocates costs equitably to airspace users while meeting the Agency's short- and long-term financing needs. FAA must also articulate a vision of its next-generation system, what additional steps it can take to control costs, and establish funding requirements for existing and planned projects.

ACTIVITIES

Intercity Passenger Rail and Amtrak

May 12, 2005

The Inspector General testified before the Senate Committee on Appropriations, Subcommittee on Transportation, Treasury, the Judiciary, Housing and Urban Development, and Related Agencies on intercity passenger rail and Amtrak. The testimony addressed Amtrak's unsustainably large operating losses, increasingly poor on-time performance, and increasing levels of deferred infrastructure and fleet investment. The Inspector General emphasized the need for a comprehensive reauthorization that provides adequate funding, focuses on improving mobility in short-distance corridors, restructures long-distance services to complement corridor services, and provides a more robust capital match program for the states.



Airspace Redesign Efforts Are Critical To Enhance Capacity but Need Major Improvements

May 13, 2005

We evaluated FAA's management and oversight of the National Airspace Redesign (NAR) program, which represents Agency efforts to revamp the nation's airspace. These efforts are critical to get the most benefit from new and existing runways and new technology. We found that FAA's management of airspace redesign efforts was seriously fragmented and diffused. As a result, cost and schedule estimates for airspace redesign projects were not reliable, projects were delayed 3 years or more, and efforts were not effectively coordinated. We made recommendations to FAA aimed at strengthening FAA's process for airspace redesign, setting priorities, and making efforts more cost effective. FAA is taking steps to address our recommendations.

Illinois Paving Contractor Agrees to Pay \$500,000 to Settle False Billing Allegations; Company Officer Pleads Guilty to Mail Fraud in Related Criminal Prosecution

May 17, 2005

Curran Contracting Company, Inc. (Curran) of Crystal Lake, Illinois, reached a \$500,000 civil settlement to resolve allegations of overcharging the

government for road building and asphalt paving projects in northern Illinois between 1990 and 2000. At the same time, a Curran engineer, Scott Conkel, pleaded guilty in U.S. District Court in Rockford, Illinois, to criminal charges of defrauding the Illinois Department of Transportation and other paving customers of \$35,000 by inflating the amount of materials used in projects. Conkel was subsequently sentenced to 12 months probation, 580 hours of community service, and ordered to pay both \$35,000 in restitution and a \$4,000 fine. The case was investigated jointly with the FBI.

Two Ohio Construction Companies Agree to Pay Over \$933,000 in DBE Fraud Case

May 20, 2005



A civil settlement was filed in the U.S. District Court in Cleveland involving Kenmore Construction Company (Kenmore), Akron, Ohio, and Choice Construction (Choice), Solon, Ohio, based on a lawsuit alleging that the two construction companies conspired to submit false claims for payment to the United States. Under the settlement, Kenmore agreed to pay \$622,418 and Choice signed a Consent Judgment for \$311,209. Kenmore had been awarded various Federally-funded road construction contracts based on representations that it was subcontracting with Choice as a legitimate woman-owned DBE. Investigation found that Kenmore employees and equipment (rather than those of Choice) were used to perform the work, which undermines the purpose of the DBE program. Choice is now out of business and Kenmore will be debarred if it fails to conform to a corporate compliance program monitored by the Ohio Department of Transportation.

Former FAA Air Traffic Controller Jailed for False Statements Made on Airman Medical Certification Applications

May 23, 2005

Paul D. Beall, a former Air Traffic Control Specialist, was sentenced in U.S. District Court in Philadelphia, Pennsylvania, to 90 days in prison and a \$5,500 fine for making false statements to the FAA on five applications for his Airman Medical Certificate between 2000 and 2004. On March 2, 2005 Beall pleaded guilty to the charges, admitting to failure to disclose (1) that he suffered from several ailments, including hypertension; (2) that he had been prescribed regulated medications; and (3) that he had pleaded guilty to prior charges of driving under the influence. In April 2004, Beall was reassigned to non-aircraft controller duties and retired from the FAA on January 31, 2005.

ACTIVITIES

Outlook for Aviation Delays in the Summer of 2005 and Actions Needed to Mitigate Congestion in the Short- and Long-term

May 26, 2005

The Inspector General testified before the Senate Aviation Subcommittee on the status of aviation congestion and delays. The statement highlighted the growth in passenger enplanements and operations, which has resulted in significantly more delays systemwide. Beyond this summer, the continued growth of low-cost carriers, especially in what have traditionally been network hubs, increased general aviation jet traffic (including micro jets), and rebounding international passenger and cargo traffic will likely contribute to further congestion. FAA and DOT have taken actions to enhance the flow of air traffic. The Inspector General highlighted the need to (1) establish funding requirements for capital investments and what new capabilities can be brought online to reduce delays in 5- and 10-year benchmarks, (2) address the pending wave of controller retirements, and (3) continue to explore market-based solutions where new runways are not an option.

Status of FAA's Major Acquisitions: Cost Growth and Schedule Delays Continue To Stall Air Traffic Modernization

May 26, 2005

We issued our third annual report on the status of FAA's major acquisitions. Major acquisitions represent FAA's primary efforts to modernize or add new capabilities to the National Airspace System (NAS). We found that cost growth, schedule delays, and performance shortfalls with FAA's major acquisitions continue to stall air traffic modernizations. Overall, 11 of 16 projects have experienced cost growth of over \$5.6 billion (from \$8.9 billion to \$14.5 billion), which is more than double the \$2.5 billion amount of FAA's appropriations for modernization in Fiscal Year 2005. Additionally, 9 of 16 projects have schedule delays ranging from 2 to 12 years, while 2 other projects have been deferred. Given the cost growth and schedule slips with major acquisitions, we recommended that FAA develop a comprehensive strategy for modernizing the NAS to ensure major acquisitions



are delivered within cost, schedule, and performance milestones. As FAA updates its major acquisition program baselines, it needs to revalidate the capabilities and benefits that each project is expected to provide the NAS, determine when the benefits will be delivered, the cash flow requirements needed to complete implementation of the system, and report its results to Congress.

Report on Controller Staffing: Observations on FAA's 10-Year Strategy for the Air Traffic Controller Workforce

May 26, 2005



We issued our review of FAA's initial plan to address the expected increases in controller attrition over the next decade. In our opinion, the plan is a good first step in that it clearly lays out the magnitude of the issue and establishes planned actions for meeting the challenge. However, FAA needs to address four issues in its next report to Congress: (1) staffing needs by location, (2) addressing an increased number of developmental controllers, (3) the total cost associated with the plan, and (4) implementing initiatives to increase controller productivity. That information is necessary to ensure that FAA's stakeholders have a complete and accurate picture of the ongoing 10-year plan and the resources required. Our recommendations address the specific actions the Agency needs to take to accomplish those requirements.

Minnesota Company and President Plead Guilty to Defrauding Multiple Federal-aid Highway Projects

June 3, 2005

Minnesota Valley Landscape, Inc. (MVL) and its President, David Allyn Lindstrom, pleaded guilty in U.S. District Court in St. Paul, Minnesota, to a charge of conspiracy to defraud the Federal Highway Administration on Federally funded highway construction projects. MVL is the largest highway landscaping company in Minnesota, and was the prime contractor on \$4.4 million in such contracts between 1996 and 2002, as well as numerous subcontracts. Our investigation found that, during that time, MVL invoiced for and was paid \$396,257 through the Federally-funded contracts for work either billed at other than the prevailing wage rates or for overtime charged, but for which the MVL employees were not paid. On June 17, 2005, MVL and Lindstrom were debarred by the Minnesota Department of Transportation for three years. The Department of Labor is also pursuing Federal debarment action. Sentencing is pending. The investigation was conducted jointly with the FBI.

ACTIVITIES

FAA Safety Oversight of an Air Carrier Industry in Transition

June 3, 2005

We reported on FAA's oversight of the changes network air carriers are making in response to financial challenges and the growth of low-cost air carriers. In the past 6 years, FAA has made progress in implementing risk-based air carrier oversight systems, but these systems were not flexible and comprehensive enough to permit FAA to adequately monitor the changes occurring in the industry. Although FAA is facing extraordinary budgetary challenges, it is imperative that adequate resources be committed to air carrier oversight to ensure the continuity of safe operations and that it have well-planned and well-executed oversight programs.

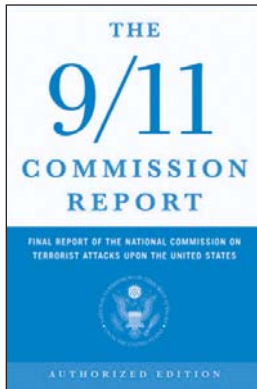
We recommended that FAA (1) strengthen its oversight and monitoring of its field offices to ensure inspectors conduct their inspections in a timely and consistent manner; (2) refine its risk assessment, inspection planning, and data analyses processes so they are more comprehensive and flexible; (3) ensure that all its inspectors have the tools and guidance needed to effectively identify risks, conduct their inspections, and ensure risks are mitigated; and (4) determine if it can make enough efficiency gains in its operations to sustain the planned cuts of 233 safety inspectors beyond 2005.



IG Reports on the Classification and Declassification of a 9/11 Commission Report of FAA's Pre-9/11 Knowledge of Aviation Threats

June 14, 2005

In response to a request by Congressmen John Conyers, Jr., James L. Oberstar, and Henry A. Waxman, ranking members of the Committee on the Judiciary, the Committee on Transportation and Infrastructure, and the Committee on Government Reform respectively, and in coordination with the Department of Justice (DOJ) Office of Inspector General, we investigated DOT's role in the classification review of a 9/11 Commission report of the FAA's pre-9/11 knowledge of aviation threats, referred to as the FAA monograph. Generated by the 9/11 Commission (but separate from the "9/11



Commission Report"), the FAA monograph details a timeline of the hijackings and contains an analysis of the question of why the civil aviation system failed to stop the attacks on September 11th through examination of the pre-9/11 world. The Congressmen expressed concern regarding the length of time it took to deliver a declassified version of the FAA monograph to the National Archives and Records Administration (NARA), and why it was released publicly only after the presidential election.

We found that FAA completed its review in a timely and responsive manner, within the timeframes that DOJ requested, concluding that FAA's actions did not contribute to the delay in the monograph's release to NARA. We also learned, however, that the Transportation Security Administration's (TSA) review of the FAA monograph consumed over three months of the approximate five-month period that passed between the delivery of the FAA monograph to DOJ from the 9/11 Commission and its delivery to NARA on January 28, 2005.

Report on Consolidation of DOT Accounting Functions

June 17, 2005

We evaluated DOT's efforts to consolidate its routine accounting functions at the FAA Enterprise Services Center (Services Center) in Oklahoma City, OK. We found that both financial and operational benefits will accrue to the Department from consolidating routine accounting functions of six non-FAA accounting offices and nine FAA accounting offices at the Services Center. FAA estimated annual savings of \$4.8 million from consolidating its nine accounting offices. We estimate that DOT could save an additional \$2.3 million annually by consolidating functions of the non-FAA accounting offices. We recommended that DOT (1) estimate potential cost savings that would result from consolidating routine accounting functions at the Services Center, (2) continue to work with the Operating Administrations and the Services Center to complete the consolidation, (3) accumulate reliable data to improve the efficiency of Services Center operations, and (4) establish financial and operational goals to maximize potential benefits by streamlining and improving operations. The Office of the Secretary concurred with the report findings and recommendations.

California Man Sentenced to Jail for Conspiracy to Illegally Transport HAZMAT

June 20, 2005

A U.S. District Court judge in Los Angeles, California sentenced Juan Carlos Landaverde of Whittier, California to 12 months in prison and ordered him to pay \$6,000 for conspiring to transport 2,500 pounds of explosive fireworks without the required HAZMAT placarding. Landaverde and co-con-

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spirator, Antonio Adame were indicted on the criminal charges in July 2004, and both men subsequently pleaded guilty. Adame had driven an unplacarded rental truck containing the explosive fireworks from Nevada to California, while Landaverde drove a “chase car”. Transportation of dangerous explosives on the nation’s highways without proper warning signs poses a serious risk to public safety as well as to emergency personnel who would be responding in the event of an accident. Adame was sentenced in February 2005 to pay nearly \$5,000. Both sentences result from a larger task force investigation into smuggling explosive fireworks into California.

Former Professor Receives Over Three Years in Prison for Embezzling Nearly \$1 Million from a DOT-funded Research Center June 29, 2005

Nabih E. Bedewi, a former George Washington University (GWU) engineering professor and director of the DOT-funded National Crash Analysis Center (NCAC) in Ashburn, Virginia, was sentenced in U.S. District Court in Washington, D.C. to serve 38 months in prison. Bedewi was also ordered to pay \$872,221 in restitution and forfeit his \$2.29 million home in McLean, Virginia. On April 13, Bedewi pleaded guilty to a felony theft charge, admitting to embezzling approximately \$992,000 between April 2000 and July 2004. Bedewi oversaw several cooperative agreements between GWU and FHWA, and used bogus invoices, illegal stipends, and inflated or fictitious expenses whereby NCAC paid fraudulent charges to entities which he or his wife either owned or controlled. In a separate civil settlement effective in April, GWU agreed to reimburse the government more than \$1.8 million for inadequate internal controls and oversight of the cooperative agreements. This was a joint investigation with the FBI, assisted by the Defense Contract Audit Agency (DCAA) and FHWA.



FAA’s En Route Modernization Program Is On Schedule but Steps Can Be Taken To Reduce Future Risks

June 29, 2005

We issued our report on FAA’s \$2.1 billion En Route Automation Modernization (ERAM) Program — the largest and most complex effort in FAA’s modernization portfolio. It is designed to replace the hardware and

software at facilities that manage high-altitude air traffic. We found that FAA can take steps now to reduce risk with the multi-billion ERAM effort while the program is on track. Specifically, we recommended that FAA (1) maximize the use of fixed-price agreements, (2) withhold incentive payments to the prime contractor until the system meets the Government's criteria, (3) defer work on software development for additional capabilities that have yet to be defined or priced, (4) examine ways to reduce life-cycle costs by relying on fewer central computers, (5) bolster security assessments of ERAM by including staff with operational experience, and (6) update migration plans for protecting critical assets.

Aviation Industry Performance

June 30, 2005



We issued the seventh in a series of periodic updates to our aviation industry performance report. The report identifies trends in aviation demand and capacity, aviation system performance, airline finances, and service to small communities. The focus of the current edition was to highlight system performance this summer, especially in key hub markets where new aircraft fleet mixes, expanded low-cost carrier service, and returning demand are likely to result in a level of congestion and delays that rivals the summer of 2000. The report also highlights the effect of rising fuel costs on both network and low-cost carriers. Finally, the report notes that air service in the Nation's smallest communities has still not begun to rebound; in fact, it has continued to decline while service has gradually increased in larger airports.

Highway-Railroad Grade Crossing Safety Issues

July 21, 2005

The Inspector General testified before the House Railroad Subcommittee on highway-rail grade crossing (grade crossing) safety issues. The testimony focused on our ongoing audit to assess the adequacy of the Federal Railroad Administration's (FRA) oversight of grade crossing (1) accident reporting to the National Response Center, (2) accident investigations, and (3) safety regulations enforcement. The testimony highlighted three areas that FRA needs to address to further improve grade crossing safety: (1) simplifying accident reporting requirements, (2) developing strategies to increase its involvement in accident investigations, and (3) strengthening its enforcement of existing safety regulations. The audit was originally requested by Representatives James Oberstar and Corrine Brown and Senator Ernest Hollings. Senator Daniel Inouye joined the original requestors, after Senator Hollings retired.

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Chicago's O'Hare Modernization Program

July 21, 2005

We reported on FAA's process for reviewing and approving the City of Chicago's O'Hare Modernization Program (OMP). We identified two areas where FAA will need to focus greater attention: (1) verifying that the OMP's costs, schedule, and funding sources are realistic, reasonable, and credible and that any known or reasonably anticipated risks that could affect the Phase 1 and Phase 2 project milestones are fully disclosed and considered; and (2) redesigning the necessary airspace to realize the benefits of OMP airfield improvements in reducing flight delays and increasing capacity. Our recommendations address the specific actions needed from the Agency to verify the financial viability of the OMP and to redesign the airspace to accommodate it.

Falsification of FAA Airman Medical Certificate Applications by Disability Recipients

July 22, 2005

Our office, the Social Security Administration (SSA)-OIG, and U.S. Attorney Offices in California, with considerable assistance from FAA's Western Pacific Region Flight Surgeon and Chief Counsel offices, conducted an initiative to identify and prosecute egregious cases of certificated pilots who falsified FAA's "Application for Airman Medical Certificate" by not disclosing medical conditions they claimed in obtaining SSA disability benefits. Under this 18-month initiative, termed "Operation Safe Pilot," criminal charges were pursued against 48 certificated Northern California pilots who were collecting full disability benefits for well-documented severe medical conditions (e.g., schizophrenia, drug or alcohol addiction, and disabling heart and back conditions). In all 48 cases, the individuals failed to disclose their medical conditions to FAA as required, and FAA's Regional Flight Surgeon determined that none would have passed the airman medical examination had the physicians conducting the examinations on behalf of FAA known about their established disabilities. FAA has either issued Emergency Revocation Orders or notified those formally charged that their certificates were being suspended. We recommended that FAA, working with SSA and other disability benefits providers, expedite development and implementation of a strategy for proactively identifying and addressing similar falsifications that may be occurring in other parts of the

country. FAA should also consider revising its Application for Airman Medical Certificate to require applicants to explicitly identify whether they are receiving medical disability benefits from any provider.

Report on Analysis of Cost Savings on Amtrak's Long-Distance Services

July 22, 2005



We issued a report on cutting costs in Amtrak's long-distance service without eliminating any routes, frequencies, or station stops. While sleeper class generates greater revenue per passenger than coach class, the net losses associated with sleeper class greatly exceed those associated with coach. Our analysis shows that eliminating sleeper cars, dining cars, entertainment, lounge seating, checked baggage service, and subsidies for food and beverage service on Amtrak's long-distance routes could reduce operating losses between \$375 million and \$790 million and avoid \$395 million in planned capital expenditures over the next 5 years.

We recommended that Amtrak require a thorough analysis of costs on long-distance routes and the initiation of pilot projects on select routes to test the effect of eliminating sleeper class and its associated amenities.

(Continued on page 29)

Options for Intercity Passenger Rail

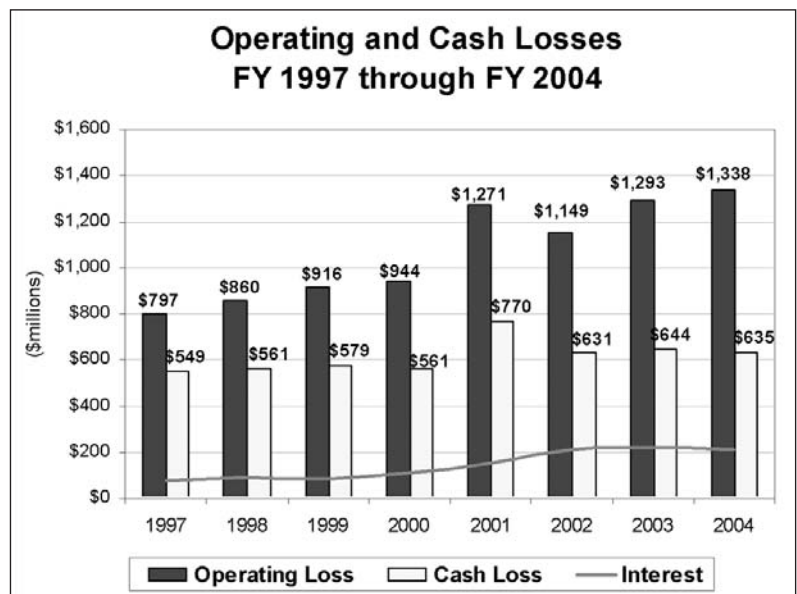
We have testified numerous times since Amtrak's authorization expired in 2002 that the current model for providing intercity rail service is broken. This model provides little incentive for Amtrak to improve its precarious financial position. This year, the Inspector General's testimonies have continued to report on the system's status, with specific focus on Amtrak reform alternatives as a framework for reauthorization.

- The system continues to suffer operating losses on all but a handful of routes. In FY 1997, operating losses were \$797 million and they have continued to increase, reaching \$1.3 billion in FY 2004. As of July FY 2005, operating losses on long-distance trains alone were 11 percent higher than the same period a year ago.
- Amtrak's debt grew from \$1.7 billion in FY 1997 to \$4.6 billion in FY 2004. While debt levels have declined slightly in the past few years, Amtrak's annual debt service payments are approaching \$300 million.
- Passenger revenues are down; through July of FY 2005, they were \$23 million lower than the same period in FY 2004.
- Amtrak has an estimated \$5 billion backlog of state-of-good-repair investments, and underinvestment is having a visible effect on service quality and reliability. Deferred capital investment has led to several system failures in recent years and no one knows where or when a critical system failure will occur, but continued deferral increases the risk that it may not be too far away.
- On-time performance continues to deteriorate system-wide, falling from 77 percent in FY 2002 to 70 percent through July of FY 2005, with long-distance trains averaging less than 50 percent.

SETTING THE COURSE FOR REFORM

To turn this situation around, Amtrak needs a comprehensive reauthorization that provides meaningful reforms along with adequate funding. There are three central themes that will drive successful reform:

- **Improvements in Cost-Effectiveness.** Amtrak is the sole provider of intercity passenger rail service. Therefore, it has few incentives, other than the threat of budget cuts or elimination, for effective cost control or services delivery. Our recent analysis of Amtrak's long-distance services found potential ways to substantially reduce costs and net operating losses without cutting routes, station stops, or frequencies. For example, streamlining amenities and food services could reduce net operating losses on these routes by \$75 million to \$158 million per year. This would also avoid an annual average of \$79 million in planned capital expenditures for the next 5 years. Amtrak's Board has indicated that Amtrak will be launching a number of pilot projects to address these issues.
- **States Need a Larger Voice in Determining Service Requirements.** In the current model, decisions on service requirements for states are made by Amtrak and are not always in the best interests of the states served. Intercity passenger rail would be better served with more state involvement as to where, how, and to what levels intercity passenger rail service is developed. States are in the appropriate position to assess how best to meet their transportation needs. As states are given more input into services provided, they should be asked to provide increased operating and investment support.



■ Adequate and Stable Federal Funding Is Essential. Federal funding levels and state contributions have not been sufficient to subsidize operations, address deferred capital needs, and significantly improve service along the existing rail network. In the last 2 years, Amtrak has received annual Federal funding of \$1.2 billion. It will require at least \$2 billion in funding from all sources to begin any meaningful corridor (routes of less than 500 miles) development. The policy challenge is determining who pays for what portions of the system. Federal funding of up to \$1.5 billion still would not be sufficient to maintain a 5-year program for restoring the system to a state of good repair. Projects in the Northeast Corridor (NEC), other corridor services, and long-distance routes would continue to be deferred, simply maintaining the limp-along status quo.



REAUTHORIZATION FOR A NEW DIRECTION

We presented a framework for reauthorization in testimony earlier this year that incorporates these themes by identifying six core elements to consider:

- Formula grants can be used for operating expenses, capital maintenance, and capital improvements at the discretion of the states without match requirements. This approach provides funds to states that do not have corridor development potential and rely on long-distance trains.
- Restoring the current system to a state of good repair would provide Federal funds with no match required to address the backlog of deferred investment and maintenance on the NEC and in other corridors' fleet and facilities. After this has been achieved, capital funds with a reasonable state match would be available for capital maintenance.
- Capital matching grants for development of corridor services would give states the ability to improve and expand routes and service on their supported corridor routes through a Federal capital funding program with a reasonable state match requirement.
- Resolving the legacy debt issue would give the Secretary the authority to evaluate Amtrak's debt and to take actions that would be advantageous for both intercity passenger rail service and the U.S. Government.
- Setting Federal and state funding at adequate levels will require \$2 billion per year; a minimum of \$1.5 billion for programs to restore the system to a state of good repair and additional funding for new corridor development.
- Resolving ownership of the NEC is important in reauthorization because it is the only rail section owned by Amtrak, and at least \$4 billion is required to restore it to a state-of-good-repair. The Federal government may decide to take on this responsibility, including the debt and possibly the title of assets. While Amtrak could continue as operator, we might be in a better position to decide the best use and ownership structure of NEC assets by the end of the reauthorization period.

MOVING FORWARD

Clearly the debate on reauthorization has moved forward this year, beyond the recognition that things need to change and toward identifying options for reform and restructuring that meet multiple goals and interests. Reaching a balance between divergent needs and the costs of providing service is the challenge reauthorization faces. This will require new Federal and state-level relationships and partnerships and will involve giving states greater authority and control over intercity passenger rail decisions. In order for this to work, a considerably more robust Federal funding program for capital with a reasonable state match will be required, as well as additional state contributions.

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Manager for Michigan Aircraft Parts Manufacturing Company Pleads Guilty in Case Involving Nonconforming Parts

July 25, 2005

Barbara McCoy (also known as Barbara Gibson), a former Quality Assurance Manager for Anco-Tech, Inc. (ANCO), Dearborn Heights, Michigan, pleaded guilty in U.S. District Court in Philadelphia, Pennsylvania to four counts of aiding and abetting the issuance of false certificates of conformance on titanium tubing which was used in the production of V-22 Osprey helicopters. ANCO manufactured seamless titanium tubing used in various flight-critical and non-critical military and commercial aerospace applications, including hydraulic systems. The certificates falsely certified that the tubing had been manufactured and inspected in accordance with specifications, when required testing and inspection had not been done. Elaine Slomsky, another Quality Assurance Manager for ANCO, pleaded guilty in June 2005 to making false statements by signing false certificates of conformance. These pleas are related to a larger investigation of ANCO and two additional company officials who were indicted on June 7, 2005 for offenses arising from the manufacture and sale of titanium tubing for use in both military and civilian aircraft. This ongoing investigation is being conducted with DCIS and NCIS. There have been no reported aircraft accidents or malfunctions attributable to the nonconforming titanium tubing.

Former Montana Airport Director Gets 10 Years in Prison for Embezzling \$654,000 in Airport Funds

July 25, 2005

John Seymour, former director of Missoula International Airport was sentenced in U.S. District Court in Missoula, Montana to 10 years in Montana State Prison for embezzling \$654,000 in airport funds. The sentence stems from Seymour's May 2005 guilty plea to four state felony counts and two misdemeanor counts of theft of airport funds. Seymour was suspended without pay in November 2004 and resigned as Missoula International Airport director in January 2005. Seymour has voluntarily reimbursed the Missoula International Airport in full.

Illinois Company Fined \$130,000 and Executive Sentenced to Prison for Shipping Undeclared Hazardous Materials (HAZMAT) on Commercial Aircraft

July 27, 2005



Silesia Flavorings, Inc. (SFI) the U.S. subsidiary of an international flavoring extracts company, and its executive vice president, Ortwin Winter, were sentenced in U.S. District Court in Chicago, Illinois in connection with the illegal transportation of flammable liquids on a commercial flight. SFI was fined \$130,000, and Winter was sentenced to three months in prison and fined \$5,000. SFI and Winter pleaded guilty in June 2005 to a felony count of transporting flammable liquids in violation of HAZMAT regulations, and to a misdemeanor of misbranding HAZMAT respectively. Winter admitted that, in order to satisfy customer demand for quick delivery, he encouraged an SFI salesman to place the flammable liquids in his personal luggage stowed on board the aircraft.

Letter to Representative Oberstar Regarding FAA Actions on Air Carriers' Use of Aircraft Repair Stations

July 27, 2005



We issued a letter on the results of our review of the Federal Aviation Administration's (FAA) progress in implementing recommendations from our July 2003 audit report on air carriers' use of repair stations. The review was requested by Representative James Oberstar, Ranking Member of the House Committee on Transportation and Infrastructure. Overall, we believe that FAA's proposed actions are good, but we are concerned with its planned timetable for completion. As of September 30, 2005, FAA had fully implemented one of our nine recommendations. FAA continues to take actions on the remaining eight. As air carriers work to cut costs, their use of contract maintenance facilities is increasing. Since January 2005, at least three major airlines have announced their plans to decrease in-house maintenance staff and increase use of repair stations. In our view, FAA needs to re-evaluate its timetable and, if needed, its plans to determine if improvements to its repair station oversight process can be expedited. We note that reports from both the House and Senate Subcommittees on Appropriations show restored funding for FAA aviation safety inspector staffing; the funding was reduced in FY 2005. This should provide additional support for repair station oversight.

ACTIVITIES

Fourth Defendant Pleads Guilty in Colorado DMV Scandal Involving the Unlawful Sale of Fraudulent Commercial Driver's Licenses (CDLs)

August 3, 2005

Virginia Villegas, a former driver's license examiner for the Colorado Department of Revenue, Division of Motor Vehicles (CO-DMV) pleaded guilty in the U.S. District Court in Denver to one count of fraud in connection with identification documents. Villegas admitted to facilitating the unlawful sale of Colorado driver licenses, including CDLs, to illegal aliens. Another CO-DMV employee, Janet J. Gonzales, and two middlemen in the fraud scheme, Juan Pablo Beltran and Juan Francisco Alderete-Diaz, pleaded guilty in June and July 2005 to similar charges. Unqualified drivers pose a safety threat to all travelers on our nation's roadways. Following retesting, CO-DMV revoked over 100 licenses issued by Villegas and Gonzales. Beltran was sentenced on September 22, 2005, to 65 days in prison, and sentencing is pending for the other three defendants. The ongoing investigation is being conducted jointly with the Social Security Administration, the Department of Homeland Security - Immigration and Customs Enforcement, the U.S. Postal Inspection Service, FBI, and the Colorado Department of Revenue, with assistance from FMCSA.

California Interstate Auto Transport Broker Ordered to Pay \$95,912 to Reimburse Nearly 190 Victims of an Internet-based Auto Moving Scam

August 15, 2005

Billy D. Southerland, Anderson, California, was sentenced in U.S. District court in Sacramento, California to 67 months in Federal prison and ordered to pay a total of \$95,912 in restitution to 189 victims of an automobile transport "bait and switch" scheme. In March 2005, Southerland was found guilty on three felony counts of mail and wire fraud. Customers usually paid a \$200 deposit and a portion of the quoted price for moving their cars from one city to another. Southerland then failed to perform, and responded to

customer complaints by requiring additional money. Customers who attempted to cancel their auto moves or contact the Better Business Bureau were refused a refund of some or all of the money paid. Based on trial evidence, customers were defrauded of \$604,585 from December 2002 through November 2003. The case was jointly investigated with the Shasta County District Attorney's Office Bureau of Investigation.

Connecticut Concrete Manufacturer Ordered to Pay \$500,000 for Falsely Certifying that Products Used on a Major Highway Project Met Contract Specifications

August 23, 2005

United Concrete Products, Inc. (UCPI) of Wallingford, Connecticut, was sentenced in U.S. District Court in Bridgeport, Connecticut, to pay \$499,000 in restitution and fined \$1,000 for making false statements in connection with concrete products supplied to various prime contractors on the \$500 million Interstate 95 Bridgeport corridor project. Connecticut Department of Transportation (ConnDOT) specifications for concrete drainage assemblies, including catch basins, require steel supporting rods imbedded in the concrete. Investigation disclosed that from May 1999 through June 2002, UCPI submitted false certificates of conformance for 68 concrete drainage assemblies which did not meet those specifications. UCPI pled guilty in May 2005 to making false statements on the certificate of conformance associated with a shipment of concrete catch basins in October 2001. UCPI was initially suspended by ConnDOT in January 2002; following a period of quality control supervision by ConnDOT the suspension was lifted on October 13, 2005. The case was jointly investigated with the FBI, with assistance from ConnDOT and FHWA.



Audit of the NTSB Purchase Card Program

August 23, 2005

We issued our final report on the National Transportation Safety Board's (NTSB) Purchase Card Program. We found that NTSB's internal controls over purchase card use have improved appreciably when compared with the Board's previous purchasing system. However, we found that these controls were not effectively implemented to safeguard against improper use of the purchase cards. We recommended that NTSB enhance management review of purchase card transactions, remove separated cardholders' accounts, institute annual program reviews and employee training requirements, and improve record keeping. Management generally concurred with our findings and recommendations and is implementing corrective actions.

ACTIVITIES

Quality Control Review of the Report on Controls over the Delphi Financial Management System, DOT

September 2, 2005

We issued our quality control review of the Report on Controls Over the DOT's Delphi Financial Management System. Clifton Gunderson, LLP, an independent auditor, completed the report on controls over the DOT Enterprise Service Center's Delphi system, making 12 recommendations to improve system security controls in the areas of security administration, logical access, and physical access. We agreed with Clifton Gunderson that strengthening the design and operational effectiveness in these control objective areas will further enhance Delphi Financial Management System operations. Management concurred with the recommendations and initiated corrective actions.

Owner and Two Foremen of Interstate Moving Company Sentenced to Over 14 Years in Jail and Ordered to Pay \$670,000 in a Household Goods Moving Scam Involving Over \$1 Million Loss

September 2, 2005

Erik Deri, former owner of Nationwide Moving Systems, LLC (Nationwide), Woodinville, Washington, and Yosef Nahum, an ex-foreman at Nationwide, were sentenced on April 1, 2005, in U.S. District Court in Tacoma, Washington, to seven years and five years in prison, respectively, for their roles in a scheme to defraud Nationwide customers. On April 1, 2005, Yuval Derei, another Nationwide ex-foreman involved in the scheme, was sentenced to 30 months in jail. In December 2004, all the defendants were convicted by jury on charges of extortion and conspiracy in connection with the scheme to provide low-ball moving estimates and then hold goods hostage until customers paid inflated prices. The case involved over 50 customers, with Nationwide profiting in excess of \$1 million. On September 2, 2005, a U.S. District Court judge in Tacoma ordered Deri to pay \$400,000, while Nahum and Derei were ordered to pay \$200,000 and \$70,000 respectively for



their roles in the scheme. The investigation was conducted jointly with the Washington State Attorney General's office, with assistance from FMCSA.

Quality Control Review of Audited Financial Statements for FY 2004 and FY 2003, Highway Trust Fund

September 7, 2005



We reissued our quality control review of the revised FY 2004 Highway Trust Fund financial statements, audited by Clifton Gunderson LLP, of Calverton, Maryland. The revision was necessary because the Federal Highway Administration (FHWA) disclosed an error in the Statement of Budgetary Resources as of September 30, 2004, resulting in a \$2.966 billion understatement of previously reported total budgetary resources. The FY 2004 Highway Trust Fund financial statements, notes, and supplemental information have been corrected, and Clifton Gunderson reissued and dual-dated (November 8, 2004, and June 30, 2005) its audit report. The report concluded that the financial statements including the accompanying notes presented fairly, in all material respects, the Trust Fund's assets, liabilities, and net position. In our opinion, the work performed by Clifton Gunderson complied with applicable standards.

Owner of Two Pennsylvania Engineering Companies Gets Three Years in Jail and Ordered to Pay Over \$320,000 for Leading an Airport Billing Scam

September 12, 2005

John Vitillo, owner of Vitillo Corporation and Vitillo Engineering, Inc., Reading, Pennsylvania, was sentenced in U.S. District Court in Philadelphia, Pennsylvania to 36 months in prison and 24 months supervised release, and ordered to pay \$317,760 in restitution plus a \$3,600 special assessment. Vitillo's two companies were contractors for the Reading Regional Airport Authority (RRAA), a grantee under FAA's Airport Improvement Program. In November 2004, Vitillo and his two companies were convicted of conspiracy and theft of federal airport funds. Vitillo, or others acting at his direction created fraudulent invoices and records (including employee time cards with inflated hours), resulting in overpayments totaling \$317,760 made to Vitillo Corporation and Vitillo Engineering, Inc., by RRAA for work on projects such as runway reconstruction. On May 25, 2005, FAA suspended Vitillo, Vitillo Corporation, and Vitillo Engineering, Inc., from doing business with the government, and they have been referred to FAA for debarment action. This investigation was conducted jointly with the Federal Bureau of Investigation (FBI).

ACTIVITIES

Pennsylvania Company Owner Jailed 7 Years and Ordered to Pay Over \$652,000 for Disadvantaged Business Enterprise (DBE) Fraud and Other Schemes

September 19, 2005

Shamsud-din Ali, owner of Keystone Information and Financial Services (KIFS) was sentenced in U.S. District Court in Philadelphia, Pennsylvania, to 7 years and 3 months in prison and ordered to pay \$365,439 in restitution and \$286,646 in forfeitures of assets. In June 2005, Ali was found guilty on 22 racketeering and fraud charges relating to an airport concession as well as non-DOT contracts. The five-year cellular phone tower concession contract at the Philadelphia International Airport (valued over \$1 million and containing DBE requirements subject to FAA regulation) was awarded by the City of Philadelphia in August 2001 to AAT Communications Corp. (AAT). AAT subcontracted with KIFS, a DBE. Ali received \$1,700 a month from Richard Meehan, a former AAT manager, even though Ali performed no services on the contract. Ali kicked back \$500 of each payment to Meehan for his assistance in creating and maintaining the false appearance that KIFS was the minority-owned subcontractor, and with developing other subcontract opportunities for KIFS that permitted the firm to receive commissions without performing any work. Meehan pled guilty in March 2005, admitting to receiving a total of \$7,000 in kickbacks from Ali. He was sentenced on June 30, 2005, to three years' probation and fined \$10,000. Potential debarment of KIFS, to exclude the firm from contracting with the government for a specified period, is under consideration by FAA. The investigation was conducted jointly with the FBI and other agencies.

Reauthorization of Intercity Passenger Rail and Amtrak

September 21, 2005

The Inspector General testified before the Railroads Subcommittee of the House Transportation and Infrastructure Committee regarding Amtrak. He testified that Amtrak needs new direction and adequate funding from Congress because (1) the current model does not provide adequate incentives for Amtrak to provide cost-effective service; (2) state-of-good-repair needs are not being adequately addressed; and (3) states have insufficient leverage in determining service delivery options, in part because Amtrak, not the states, receives Federal rail funds. The IG also testified that reauthorization should focus on improving mobility in corridors (routes less than 500 miles) around the country, not



just in the Northeast Corridor and in restructuring long-distance services (routes greater than 500 miles) to complement corridor services.

Quality Control Review of KPMG's Notice of Finding and Recommendation

September 22, 2005

We issued a final report on Financial Reporting Process at FAA's Enterprise Service Center. FAA has begun consolidating accounting operations from regional offices to the Enterprise Service Center (ESC) in Oklahoma City, Oklahoma. As part of the audit of FAA's Fiscal Year 2005 financial statements, KPMG LLP, an independent contractor, reviewed FAA's Accounting Operations Consolidation Plan. KPMG identified issues that need to be addressed and made eight recommendations to improve ESC's reporting relationships and organizational structure. The FAA's and DOT's CFO's agreed with the KPMG recommendations.

South Dakota Trucking Firm and President Ordered to Pay Over \$325,000 in Driver Logbook Falsification Case

September 22, 2005

Action Carrier, Inc., Sioux Falls, South Dakota, and its president, Michael L. Walsh, were each sentenced in U.S. District Court in Sioux Falls following their June 7, 2005, guilty pleas. The corporation pleaded to a felony charge of causing a truck driver to falsify logbook entries in order to conceal violations of FMCSA hours of service regulations, and Walsh pleaded to a misdemeanor charge of obstruction of justice. Action Carrier was fined \$200,000 and Walsh was ordered to pay \$126,488 in restitution and fined \$2,000. Both Action Carrier and Walsh were sentenced to five years probation, with the first six months of Walsh's probation designated for home confinement. The case was investigated jointly with the FBI, with assistance from FMCSA.

Independent Accountant's Report on the Application of Agreed-Upon Procedures: Selected Personnel-Related Cost Items

September 27, 2005

We reported the results of our review of selected personnel-related cost items during Fiscal Year 2005. We performed limited procedures that were agreed to by the Inspector General and Chief Financial Officer of the U.S. Office of Personnel Management (OPM). We performed these procedures solely to assist OPM in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions, as well as enrollment information submitted via the Semiannual Headcount Report.

ACTIVITIES

Audit of the Management of Land Acquired Under Airport Noise Compatibility Programs

September 30, 2005

We reported on FAA's management of airport noise land. We found that each of the 11 airports in our review have Airport Improvement Program (AIP)-funded noise land that either is no longer required for such purposes or does not have a documented need for airport development. We also found that FAA program oversight and guidance need to be strengthened. We recommended that FAA have all airports with AIP-funded noise land (1) implement written, FAA-approved plans for disposing of noise land that is no longer needed for such purposes or for airport development, (2) either return the proceeds from any dispositions to the Trust Fund or reinvest them in other FAA-approved noise mitigation projects at the airports, and (3) make disposal of unneeded noise land a high priority and maintain sustained surveillance of such land.



Financial Policies and Procedures at the George Washington University National Crash Analysis Center

September 30, 2005

We issued our final report on George Washington University's (GWU) and FHWA's corrective actions taken as a result of financial misconduct that occurred at its National Crash Analysis Center. About \$1.6 million of improper or fraudulent payments occurred on cooperative agreements between FHWA and GWU because the principal investigator used three businesses he controlled to submit unsupported charges. The fraud was not detected due to inadequate internal controls at GWU and inadequate oversight by FHWA. GWU has reviewed the Center and is implementing recommendations made in our draft report on improving controls. Additionally, FHWA is strengthening its procedures for administering research grants and agreements and has intensified its monitoring of the agreement and is recommending that GWU be reinstated to the agreement. We support FHWA's decision, provided that it keeps up its intensified monitoring of the agreement until all of GWU's corrective actions are implemented.

Midway Atoll Cost Sharing

September 30, 2005

We reported on cost sharing arrangements for the airfield on Midway Atoll. FAA is responsible for ensuring the continued operation of Midway Island's airfield, which is owned by the Department of the Interior. We found that the agencies need to work together to put a support contract in place that both agencies can reasonably afford. They also need to agree to a cost-sharing agreement for activities located on Midway that is in accordance with good cost accounting principles and to agree to a method for collecting reimbursements from other agencies.

Former Washington, D.C. Transportation Official Ordered to Pay \$100,000 in Bribery Case

September 30, 2005

Wilhelm DerMinassian, former Associate Director of the District of Columbia Department of Transportation's (DC-DOT) Traffic Services Administration was sentenced to 30 months in prison and ordered to pay \$100,000 in fines and restitution for receiving gratuities in connection with subverting the competitive process on Federally funded contracts. In April 2005, DerMinassian pled guilty to one count of wire fraud and one count of receiving gratuities. Charges were filed in April 2005 against DerMinassian and Dunn Engineering and Associates, P.C. (Dunn), Westhampton, New York. A Dunn official paid over \$1,000 in hotel charges on behalf of DerMinassian while he was on official government travel in return for favorable treatment on a 5-year, \$17.5 million Integrated Traffic Management System contract Dunn held with DC-DOT. DerMinassian also solicited and received about \$20,000 in cash and SUV leases from another contractor in connection with his administration of a \$12.9 million contract. Dunn and DerMinassian have been referred to FHWA for debarment proceedings. The ongoing investigation is being conducted jointly with the Department of Justice (DOJ) and the FBI.

OTHER ACCOMPLISHMENTS

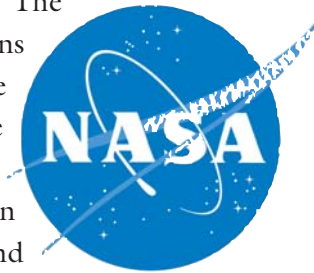
This section extends beyond the legal reporting requirements of the Inspector General Act to highlight other accomplishments and contributions by Office of Inspector General (OIG) staff. These accomplishments are part of our statutory responsibilities to (1) review existing and proposed legislation and regulations; (2) respond to congressional and departmental requests for information; and (3) review policies for ways to promote effectiveness and efficiency and detect and prevent fraud, waste, and abuse.

DOT OIG INVESTIGATION SPURS FAA TO DENY \$14.2 MILLION CLAIM

In July 2005, FAA denied a contractor's \$14.2 million claim for monetary damages. This occurred after an OIG congressional investigation into alleged misconduct by an FAA contracting officer's technical representative (COTR) at the FAA William J. Hughes Technical Center. The contract "Claim for Damage, Injury or Death" was filed in April 2005. It alleged that a former COTR and others at the FAA destroyed the contractor's opportunities and reputation and that the contractor has and will continue to suffer considerable damages.

NASA PEER REVIEW

In July 2005, we issued a report on our peer review of the investigative function of the OIG for the National Aeronautics and Space Administration (NASA) for the period ended August 31, 2004. The peer review was a joint project between our Office of Investigations and Office of Quality Assurance Reviews and Internal Affairs. The review was conducted for the purpose of reporting whether the NASA OIG's system of internal safeguards and management procedures was in conformance with the President's Council on Integrity and Efficiency, the Executive Council on Integrity and Efficiency Quality Standards for Investigations, and the Attorney General Guidelines for Office of Inspectors General with Statutory Law Enforcement Authority. The NASA Inspector General agreed to implement our proposed recommendations.



OVERSIGHT EFFORTS FOR HURRICANE RELIEF AND RECOVERY ACTIVITIES



During the response and recovery efforts following Hurricane Katrina, the OIG deployed special agents to Louisiana and Mississippi. OIG agents provided security for FAA personnel repairing flight navigational aids in Gulfport and New Orleans and for two Maritime Administration ships at the Port of New Orleans. OIG special agents also provided security for senior Office of the Secretary staff surveying the damaged region and an Amtrak train carrying evacuees from New Orleans. The OIG is planning to conduct a series of audits and investigations of DOT's relief and recovery activities, including on-site reviews in the Gulf States, and will work with other Federal, state, and local agencies to prevent fraud, waste, and abuse, and detect and prosecute fraud.

CHARTS & TABLES

Summary of Performance

Office of Inspector General

April 1, 2005–September 30, 2005

Reports issued	24
Recommendations Issued	89
Congressional Testimonies	11
Total financial recommendations	\$ 1,303,829,596
— that funds be better used	\$ 1,302,600,000
— that questioned costs	\$ 1,229,596

INVESTIGATIONS

Judicial and Administrative Actions

April 1, 2005–September 30, 2005

Employee Terminations	4
Employee Suspensions	2
Reprimand	7
Resignation/Retirement	4
Counseling	2
Debarment/Suspension	16
Decertified	1
Federal funding terminated/reduced	5
Certificate/License Suspended/Revoked/Terminated	13
Indictments	179
Convictions	146
Years Sentenced	73
Years Probation	213
Years Supervised Release	96
Hours of Community Service	2420

Financial Impact

Fines	\$2,727,191
Restitution/Civil Judgments	\$7,521,292
Federal Recoveries	\$3,677,869
Administrative Recoveries	\$19,379,807
State Recoveries	\$75,000
Total	\$33,381,159

During the 6 month period covered by this report, 111 cases were opened and 123 were closed, leaving a pending caseload of 554. In addition, 236 individuals/companies were referred for prosecution, 207 were accepted for prosecution, and 37 were declined. As of September 30, 2005, 51 cases were pending before prosecutors.

Profile of All Pending Investigations

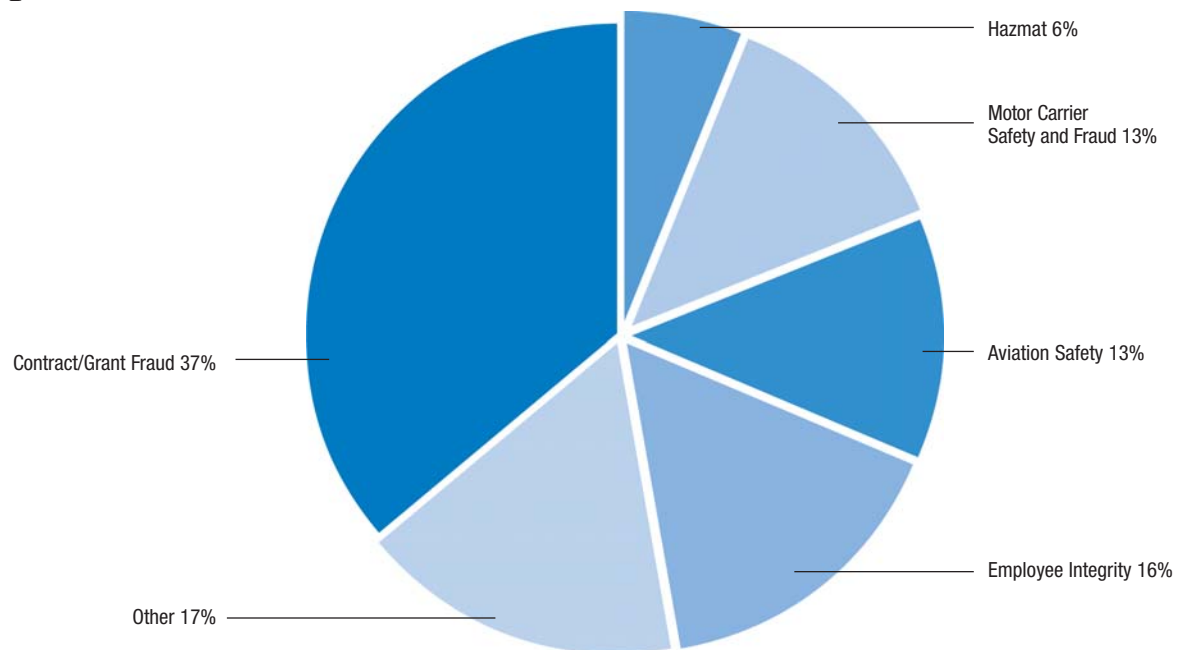
As of September 30, 2005

Types of Cases

	Number of Cases	Contract/Grant Fraud	Employee Integrity	Aviation Safety	Motor Carrier Safety	Hazmat	Other
Operating Administration							
Federal Aviation Administration	205	29	67	96	0	8	5
Federal Highway Administration	144	131	4	0	0	0	9
Federal Railroad Administration	12	3	1	0	0	4	4
Federal Transit Administration	33	30	2	0	0	0	1
Maritime Administration	7	4	1	0	0	0	2
Federal Motor Carrier Safety Administration	99	3	6	0	61	22	7
Office of the Secretary	12	4	4	0	0	0	4
Pipeline and Hazardous Materials Safety Administration	26	0	0	0	0	26	0
Research and Innovative Technologies Administration	3	2	1	0	0	0	0
National Highway Traffic Safety Administration	12	3	5	0	1	0	3
St. Lawrence Seaway Development Corporation	1	0	1	0	0	0	0
Totals	554	209	92	96	62	60	35
Percent of Total:	100%	38%	17%	17%	11%	11%	6%

Application of Investigative Project Hours by Priority Area

April 1, 2005–September 30, 2005



Note: May not equal 100 percent due to rounding.

Status of Unresolved Investigations Recommendations

April 1, 2005–September 30, 2005

Associated
Operating
Administration

Recommendation(s)

Status

For Semiannual Report Period of October 1, 2004–March 31, 2005

FAA	That FAA ensure its Dallas/Forth Worth (DFW) Terminal Radar Approach Control facility complies with national policy for investigating and reporting operational errors; initiate close oversight and appropriate administrative actions.	Working with FAA to resolve open issues
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For Semiannual Report Period of April 1, 2005–September 30, 2005

FAA	That FAA take appropriate administrative action, to include requiring restitution, for losses associated with unauthorized transactions made by an FAA employee using a Government-issued purchase card and travel card.	Working with FAA to resolve open issues
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OST/OCIO	That OCIO account for all missing invoices and review costs for reasonableness on an inappropriately expanded and inadequately managed subcontract for consulting services.	Working with OST/OCIO to resolve open issues
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OST/OCIO	That OCIO review other contracts and task orders for deficiencies in award and oversight (e.g., excessive numbers/dollar value of modifications or modifications finalized after performance) with corrective action taken on those found.	Working with OST/OCIO to resolve open issues
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RITA	That RITA (a) disallow all or part of the matching contributions of a university [a grantee under RITA's University Transportation Center (UTC) Program] for building construction costs misrepresented by the university as a "matching asset" under the grant; and (b) that RITA recoup the corresponding grant funding or require the university to provide appropriate matching contributions.	Working with RITA to resolve open issues
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RITA	That RITA request that the Department of Health and Human Services review the university's matching contributions in its next scheduled audit of the university.	Working with RITA to resolve open issues
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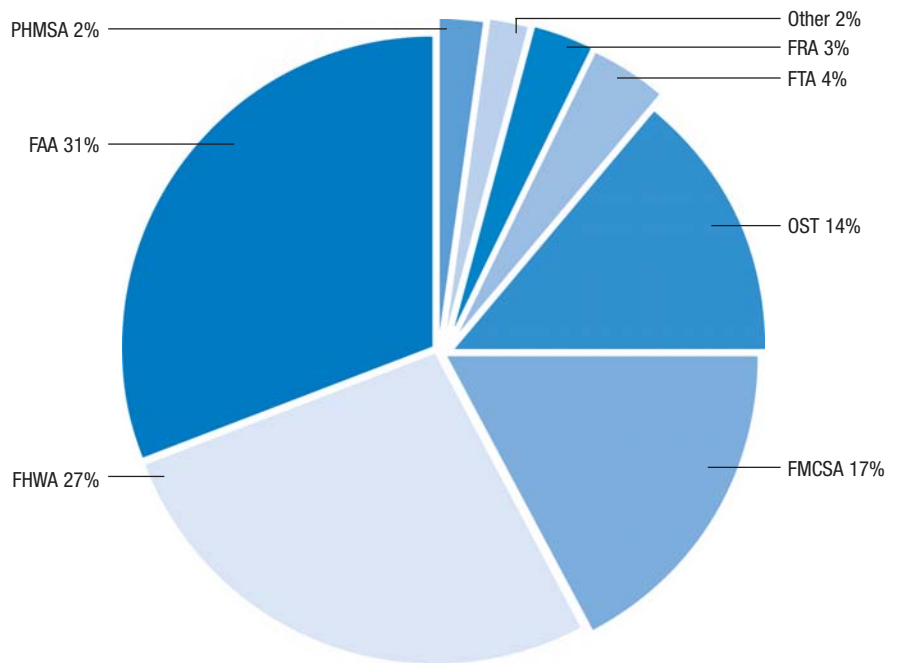
RITA	That RITA develop and disseminate clear guidelines for determining if matching contributions under the UTC Program comply with OMB Circular A-110 and 49 CFR 19.	Working with RITA to resolve open issues
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FAA	That FAA (a) work with the Social Security Administration and other disability benefits providers to develop a strategy to (i) identify certificated pilots nationwide who are receiving medical disability benefits from any provider, and (ii) determine whether the documented medical conditions of those disability recipients would disqualify them from maintaining their Airman Medical Certificates; and (iii) take appropriate certificate enforcement action where falsifications are found.	Working with FAA to resolve open issues
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FAA	That FAA consider revising its Application for Airman Medical Certificate to require applicants to explicitly identify whether they are receiving medical disability benefits from any provider.	Working with FAA to resolve open issues
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Application of Investigative Project Hours by Operating Administration

April 1, 2005–September 30, 2005



Completed OIG Reports

April 1, 2005–September 30, 2005

(Dollars in Thousands) *Estimated Amounts**

Type of Review	Number of Reports	Number of Recommendations	Questioned Costs**	Funds to Be Put to Better Use
<i>Internal Audits</i>				
— Program/Functional	11	57	\$0	\$327,600,000
— Chief Financial Officer				
Financial Statements	3	20	\$0	\$0
<i>Other OIG Reports***</i>	1	2	\$0	\$975,000,000
Total Internal Audits and Reports	15	79	\$0	\$1,302,600,000
<i>Grant Audits</i>				
— Audits of Grantee Under Single Audit Act	9	10	\$1,229,596	\$0
Totals	24	89	\$1,229,596	\$1,302,600,000

* The dollars shown are the amounts reported to management. The actual amounts may change during final resolution.

** There were no recommendations for unsupported costs during the reporting period.

*** These reports do not meet generally accepted Government Auditing Standards.

Department of Transportation programs and operations are primarily carried out by the Department's own personnel and recipients of Federal grants. Audits by DOT's Office of Inspector General, as a result, generally fall into three categories: internal audits of Departmental programs and operations, audits of grant recipients, and other OIG reports. The table above shows OIG's results in the three categories for the 6 months covered by this report.

OIG Reports with Recommendations That Questioned Costs

April 1, 2005–September 30, 2005

(Dollars in thousands)

	Number of Reports	Number of Recommendations	Questioned Costs*
Reports			
A For which no management decision had been made by the start of the reporting period	26	35	\$29,702
B Which were issued during the reporting period	7	8	\$1,230
Totals (A+B)	33	43	\$30,932
C For which a management decision was made during the reporting period	13	18	\$18,619
(i) dollar value of disallowed costs**	6	6	\$345
(ii) dollar value of costs not disallowed**	10	15	\$18,274
D For which no management decision had been made by the end of the reporting period	20	25	\$12,312***

* There were no recommendations for unsupported costs during the reporting period.

** Includes reports and recommendations where costs were both allowed and disallowed

*** Total affected by rounding

OIG Reports with Recommendations That Funds Be Put to Better Use

April 1, 2005–September 30, 2005

(Dollars in thousands)

	Number of Reports	Number of Recommendations	Funds to Be Put to Better Use
Reports			
A For which no management decision had been made by the start of the reporting period	5	7	\$ 969,810
B Which were issued during the reporting period	4	5	\$ 1,302,600
Totals (A+B)	9	12	\$ 2,272,410
C For which a management decision was made during the reporting period	3	3	\$ 284,300
(i) dollar value of recommendations that were agreed to by management *	3	3	\$ 284,300
(ii) dollar value of recommendations that were not agreed to by management *	0	0	\$ 0
D For which no management decision had been made by the end of the reporting period	6	9	\$ 1,988,110

* Includes reports and recommendations where costs were both allowed and disallowed.

OIG Reports Recommending Changes for Safety, Economy or Efficiency

April 1, 2005–September 30, 2005

	Number of Reports	Number of Recommendations
Reports		
A For which no management decision had been made by the start of the reporting period	32	106
B Which were issued during the reporting period	15	76
Totals: (A+B)	47	182
C For which a management decision was made during the reporting period*	19	64
D For which no management decision had been made by the end of the reporting period*	31	118

* Includes reports where management both made and did not make a decision on recommendations.

Management Decisions Regarding OIG Recommendations

April 1, 2005–September 30, 2005

(Dollars in thousands)

Description	Number of Reports	Number of Recommendations	Questioned Costs*	Funds to Be Put to Better Use
Unresolved as of 04/01/2005	51	148	\$29,702	\$969,810
Audits with Findings During Current Period	21	89	\$1,230	\$1,302,600
Total to be Resolved	72	237	\$30,932	\$2,272,410
<i>Management Decisions:</i>				
— Audits Prior Period‡	19	35	\$18,619	\$199,000
— Audits Current Period‡	9	50	\$0	\$85,300
Total Resolved	28	85	\$18,619	\$284,300
<i>Aging of Unresolved Audits: **</i>				
Less than 6 mos. old	14	39	\$1,230	\$1,217,300
— 6 mos.–1 year	14	44	\$4,788	\$0
— 1 year–18 mos.	7	11	\$5,558	\$2,310
— 18 mos.–2 years	4	33	\$356	\$547,500
— Over 2 years old	9	25	\$381	\$221,000
Unresolved as of 09/30/05	48	152	\$12,312***	\$1,988,110

* There were no recommendations for unsupported costs during this reporting period.

‡ Includes reports and recommendations where costs were both allowed and disallowed.

** Considered unresolved if management decisions have not been made on all report recommendations.

*** Total affected by rounding

Office of Inspector General Published Reports

April 1, 2005–September 30, 2005

Report	Date	Title	Focus of Report/ Recommendations
FEDERAL AVIATION ADMINISTRATION			
<i>Internal Audits: Program/Functional—7 reports</i>			
AV-2005-059	05/13/05	Airspace Redesign Efforts Are Critical to Enhance Capacity But Need Major Improvements	Actions needed to better coordinate airspace redesign efforts and make them more cost effective
AV-2005-060	05/26/05	Controller Staffing: Observations on FAA's 10-Year Strategy for the Air Traffic Controller Workforce	FAA controller staffing plan needs to identify staffing needs by location and total costs
AV-2005-061	05/26/05	Status of FAA's Major Acquisitions: Cost Growth and Schedule Delays Continue to Stall Air Traffic Modernization	Cash flow requirements to complete major acquisitions need to be determined
AV-2005-062	06/03/05	Safety Oversight of an Air Carrier Industry in Transition	Work remains to refine and implement data-driven oversight systems
AV-2005-066	06/29/05	FAA's En Route Modernization Program is on Schedule But Steps Can Be Taken to Reduce Future Risks	Put \$83,000,000 to better use
AV-2005-067	07/21/05	Chicago's O'Hare Modernization Program	Greater attention needed on verifying modernization costs, schedule, funding sources, and redesigning airspace
AV-2005-078	09/30/05	Management of Land Acquired Under Airport Noise Compatibility Programs	Put \$242,300,000 to better use
<i>Grant Audits: Audits of Grantee Under Single Audit Act—4 Reports</i>			
QC-2005-058	05/12/05	American Samoa Government	\$326,767 questioned
QC-2005-063	06/06/05	City of St. Louis, Missouri	Improve grantee oversight
QC-2005-070	08/23/05	City of Midland, Texas	\$154,000 questioned
QC-2005-074	08/31/05	Miami-Dade County Aviation Department, Florida	\$417,738 questioned
FEDERAL HIGHWAY ADMINISTRATION			
<i>Internal Audits: Program/Functional—1 report</i>			
FI-2005-080	09/30/2005	Actions to Prevent Fraud on Cooperative Agreements with Universities	Continue intensive monitoring procedures and improve oversight
<i>Grant Audits: Audits of Grantee Under Single Audit Act—2 Reports</i>			
QC-2005-056	05/12/05	Walker River Paiute Tribe, Nevada	\$20,656 questioned
QC-2005-073	08/30/05	Commonwealth of Kentucky	\$65,129 questioned
FEDERAL TRANSIT ADMINISTRATION			
<i>Grant Audits: Audits of Grantee Under Single Audit Act—2 Reports</i>			
QC-2005-069	07/26/05	Chicago Transit Authority, Illinois	Improve grantee oversight
QC-2005-071	08/23/05	City of Denton, Texas	\$35,576 questioned
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION			
<i>Grant Audits: Audits of Grantee Under Single Audit Act—1 Report</i>			
QC-2005-065	06/22/05	State of Georgia	\$209,730 questioned

Report	Date	Title	Focus of Report/ Recommendations
NATIONAL RAILROAD PASSENGER CORPORATION			
<i>Other Internal OIG Reports-1 Report</i>			
CR-2005-068	07/22/05	Analysis of Cost Savings on Amtrak's Long-Distance Services	Put \$975,000,000 to better use
NATIONAL TRANSPORTATION SAFETY BOARD			
<i>Internal Audits: Program/Functional-1 Report</i>			
FI-2005-072	08/23/05	Purchase Card Program	Improvements made, but oversight and controls guidance not effectively implemented
OFFICE OF THE SECRETARY OF TRANSPORTATION			
<i>Internal Audits: Program/Functional-2 Reports</i>			
FI-2005-064	06/17/05	Consolidation of DOT Accounting Functions	Put \$2,300,000 to better use
FI-2005-079	09/30/05	Review of Costs of the Airfield on Midway Island	Cost sharing arrangements between FAA and the Department of the Interior need improvement
<i>Internal Audits: Chief Financial Officer Financial Statement-3 Reports</i>			
QC-2005-075	09/02/05	Quality Control Review of the Report on Controls Over the Delphi Financial Management System	Strengthen control objective areas to enhance Delphi operations
QC-2005-076	09/22/05	Quality Control Review of KPMG's Notice of Finding and Recommendation "Financial Reporting Process-ESC Reporting Structure"	Improve reporting relationships and organizational structure
FI-2005-077	09/27/05	Independent Accountant's Report on the Application of Agreed-Upon Procedures: Selected Personnel-Related Cost Items	Retirement, health benefits, and life insurance withholdings and contributions fairly represented

Office of Inspector General Congressional Testimonies

April 1, 2005–September 30, 2005

Control No.	Date	Subject	Before
CC-2005-024	04/05/05	Reauthorization of TEA-21 Safety Programs	Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine, U.S. Senate
CC-2005-025	04/07/05	Department of Transportation's Implementation of the Federal Information Security Management Act	Committee on Government Reform, U.S. House of Representatives
CC-2005-022	04/14/05	Next Steps for the Air Traffic Organization	Committee on Transportation and Infrastructure, Subcommittee on Aviation, U.S. House of Representatives
CC-2005-030	04/21/05	Reauthorization of Intercity Passenger Rail and Amtrak	Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine, U.S. Senate
CC-2005-027	04/22/05	Impact of Water Leaks on the Central Artery/Tunnel Project and Remaining Risks	Committee on Government Reform, U.S. House of Representatives
CC-2005-033	05/04/05	Perspectives on the Aviation Trust Fund and Financing the Federal Aviation Administration	Committee on Transportation and Infrastructure, Subcommittee on Aviation, U.S. House of Representatives
CC-2005-038	05/11/05	Background Checks for Holders of Commercial Drivers Licenses with Hazardous Materials Endorsements	Committee on Transportation and Infrastructure, Subcommittee on Highways, Transit, and Pipelines, U.S. House of Representatives
CC-2005-037	05/12/05	Intercity Passenger Rail and Amtrak	Committee on Appropriations, Subcommittee on Transportation, Treasury, the Judiciary, Housing and Urban Development, and Related Agencies, U.S. Senate
CC-2005-043	05/26/05	Outlook for Aviation Delays in the Summer of 2005 and Actions Needed to Mitigate Congestion in the Short- and Long-term	Committee on Commerce, Science, and Transportation, Subcommittee on Aviation, U.S. Senate
CC-2005-060	07/21/05	Highway-Railroad Grade Crossing Safety Issues	Committee on Transportation and Infrastructure, Subcommittee on Railroads, U.S. House of Representatives
CC-2005-070	09/21/05	Reauthorization of Intercity Passenger Rail and Amtrak	Committee on Transportation and Infrastructure, Subcommittee on Railroads, U.S. House of Representatives

Status of Unresolved Recommendations Over Six Months Old

Cited in Semiannual Report for April 1, 2000–September 30, 2000

Contract Towers: Observations on FAA's Study of Expanding the Program
 AV-2000-079 04/12/00 Awaiting additional information from FAA

Cited in Semiannual Report for October 1, 2001–March 31, 2002

Downtown Waycross Development Authority, Georgia
 QC-2002-027 10/31/01 FHWA working with Grantee to resolve open issues

Acquisition of the Weather and Radar Processor
 AV-2002-084 02/28/02 Working with FAA to resolve open issues

Cited in Semiannual Report for October 1, 2002–March 31, 2003

Innovative Pavement Research Foundation
 QC-2003-035 03/31/03 FHWA working with Grantee to resolve open issues

Cited in Semiannual Report for April 1, 2003–September 30, 2003

Status Report on FAA's Operation Evolution Plan
 AV-2003-048 07/23/03 Working with FAA to resolve open issues

City and County of San Francisco, California
 QC-2003-056 09/03/03 FAA working with Grantee to resolve open issues

FAA Needs to Reevaluate STARS Costs and Consider Other Alternatives
 AV-2003-058 09/09/03 Working with FAA to resolve open issues

State of West Virginia
 QC-2003-079 09/23/03 FHWA working with Grantee to resolve open issues

State of California
 QC-2003-085 09/23/03 FHWA working with Grantee to resolve open issues

Cited in Semiannual Report for October 1, 2003–March 31, 2004

Chambersburg Transit Authority
 QC-2004-019 01/20/04 FTA working with Grantee to resolve open issues

Quality Control Review of Audited Financial Statements for Fiscal Years 2003 and 2002, Highway Trust Fund
 QC-2004-029 01/23/04 Working with FHWA to resolve open issues

Revenue Diversions at San Francisco International Airport
 SC-2004-038 03/31/04 Working with FAA to resolve open issues

Inactive Obligations
 FI-2004-039 03/31/04 Working with FHWA to resolve open issues

Cited in Semiannual Report for April 1, 2004–September 30, 2004

Erie Municipal Airport Authority
 QC-2004-045 04/08/04 FAA working with Grantee to resolve open issues

Status of Unresolved Recommendations Over Six Months Old *(continued)*

Michigan Department of Transportation

QC-2004-051 04/08/04 FTA working with Grantee to resolve open issues

Indianapolis Public Transportation Corporation

QC-2004-052 04/08/04 FTA working with Grantee to resolve open issues

Government of Guam

QC-2004-056 04/08/04 FHWA working with Grantee to resolve open issues

Highway-Rail Grade Crossing Safety Program

MH-2004-065 06/16/04 Working with FHWA, FRA, and FTA to resolve open issues

State of North Carolina

QC-2004-070 07/20/04 FHWA working with Grantee to resolve open issues

Financial Controls for Cost Accounting and Billing Practices, Volpe National Transportation Systems Center

FI-2004-076 08/04/04 Working with RITA to resolve open issues

Cited in Semiannual Report for October 1, 2004–March 31, 2005

2003 Status Assessment of Cost Accounting System and Practices

FI-2005-010 11/17/04 Working with FAA to resolve open issues

Managing Risk in the Federal-Aid Highway Program

MH-2005-012 11/19/04 Working with FHWA to resolve open issues

Terminal Modernization: FAA Needs to Address its Small, Medium, and Large Sites Based on Cost, Time, and Capability

AV-2005-016 11/23/04 Working with FAA to resolve open issues

Government of the United States Virgin Islands

QC-2005-020 12/14/04 FHWA working with Grantee to resolve open issues

State of Hawaii, Department of Transportation—Highways Division

QC-2005-024 12/20/04 FHWA working with Grantee to resolve open issues

Allen County Regional Transit Authority

QC-2005-030 12/21/04 FTA working with Grantee to resolve open issues

Puerto Rico Highway Transportation Authority

QC-2005-039 01/04/05 FHWA and FTA working with Grantee to resolve open issues

New York State Thruway Authority

QC-2005-040 01/14/05 FHWA working with Grantee to resolve open issues

Guam International Airport Authority

QC-2005-043 01/14/05 FHWA and FAA working with Grantee to resolve open issues

Inactive Obligations

FI-2005-044 01/31/05 Working with FAA to resolve open issues

FHWA Needs to Capture Basic Aggregate Cost and Schedule Data to Improve its Oversight of Federal-Aid Funds
 MH-2005-046 02/15/05 Working with FHWA to resolve open issues

Government of Guam
 QC-2005-047 02/15/05 FHWA working with Grantee to resolve open issues

Greater Cleveland Regional Transit Authority
 QC-2005-053 03/15/05 FTA working with Grantee to resolve open issues

Office of the Chief Information Officer's Budget
 FI-2005-055 03/31/05 Working with OST to resolve open issues

Application of Audit Project Hours by Operating Administration

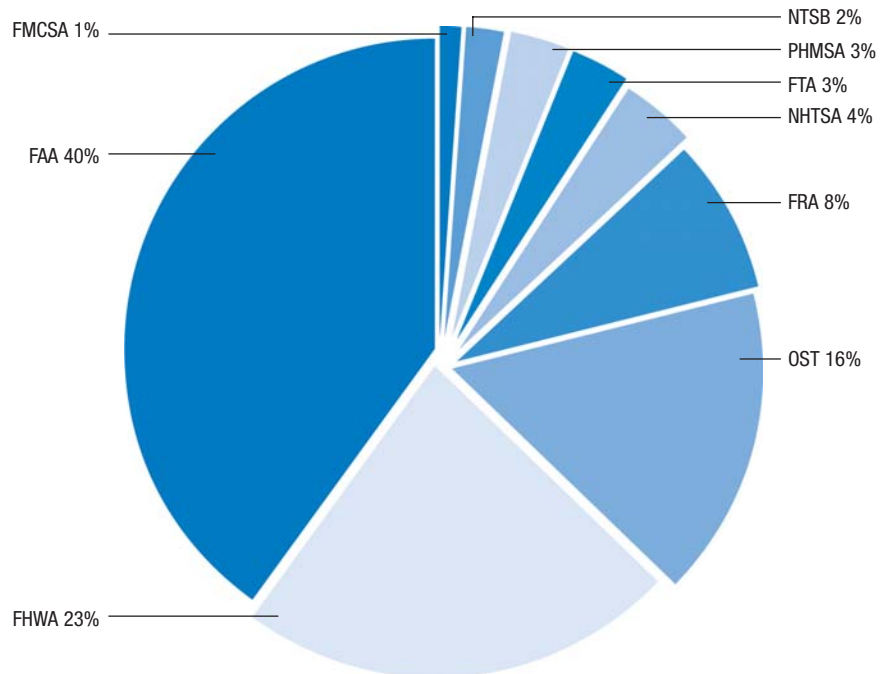
April 1, 2005–September 30, 2005

Notes:

Resources shown for OST include time spent performing audits of the DOT Consolidated Financial Statements (which includes all Operating Administrations), Consolidation of DOT Accounting Functions, Controls Over the Delphi Financial Management System, and the Federal Information Security Management Act Review.

Resources shown for FRA include time spent performing audits of the National Railroad Passenger Corporation.

Resources expended on the Maritime Administration, the Research and Innovative Technology Administration, and the St. Lawrence Seaway Development Corporation totaled less than 1 percent each.



Required Statements:

The Inspector General Act requires the Semiannual Report to carry explanations, if during the reporting period, departmental management significantly revised management decisions stemming from an audit. OIG follows up on audits reported in earlier semiannual reports. During this reporting period, departmental management did not report any significant revisions to management decisions.

The Act also requires descriptions of any significant decisions that departmental management made regarding an audit with which OIG disagrees. When the reporting period closed, there were no such significant decisions with which OIG disagreed.



AWARDS

Secretarial Awards

Partnering for Excellence Award

December 2004 Holiday Travel Disruption Audit Team

This team demonstrated outstanding partnering skills in addressing the Secretary of Transportation's concerns regarding significant flight delays and cancellations during the 2004 holiday season. Two carriers in particular—Comair and U.S. Airways—experienced the most service disruptions. U.S. Airways delayed or canceled 4,300 flights and had nearly 72,000 claims for lost, pilfered, or damaged luggage. Comair delayed or canceled 89 percent of its flights, impacting 269,000 travelers. In only a 2-month timeframe, the team established and operated a special hotline for passengers, which included an on-line component; received and replied to nearly 3,000 complaints; developed a working relationship with airline and union officials; reviewed volumes of data; and performed extensive travel and interviews. Besides severe weather, a transaction limit in one carrier's scheduling system, which neither the carrier nor the system manufacturer knew existed, led to a complete system shutdown. Staffing shortfalls of flight attendants and fleet service employees left the other carrier ill-prepared for the busy holiday travel season. Approximately 100 passenger complaints were identified as potential violations of the Department's aviation consumer rules or of the airlines' contracts of carriage.

Stuart A. Metzger, David J. Barnes, Leila D. Kahn, Thomas K. Lebrich, James H. Diecker, Robert D. Falter, Gary B. Fishbein, Scott A. Florcsk, Pamela J. Steele-Nelson, Rosemarie T. Tolson, Scott V. Harding, Kathleen A. Huycke, Seth B. Kaufman, James F. Mallow, Cassandra S. McCaskill, Ralph W. Morris, Stephen G. Smith, Galen L. Steele, Karen B. Thompson, Erika S. Vincent, Ernestine M. Anderson, Mark A. Gonzales, Angela R. Hailes, Nathan P. Heminger, Marshall E. Jackson, Jeannette M. McDonald, Jason B. McDuffee, Charles K. Millard, Charmaine E. Newman, Dennis M. Ocampo, Jennifer L. Randall, Robin Redd-Miller, Carlton D. Richmond, Gina C. Ronzello, Lorena M. Simpson, Ashley B. Strickland, Georges F. Tippens, David R. Uhl, Susan M. Zimmerman, David Bonelli, David Foss, Nicholas Lowry, Stan Bosco, Annie Glenn, Timothy Kelly, Patrick D. Nemons, John Pfister, Laurence Phillips, Carmen Rivera-Glagola, Norman A. Strickman

Federal Personnel and Payroll System Team

The following individuals served on this Department-wide team that is recognized for ensuring DOT's successful migration to a new personnel and payroll system, as mandated by the Office of Management and Budget.

Leslie A. McBroom, Karen A. Muller, Joanne M. Pittman

Team Award

Operation Gas Leak Investigation Team

This team demonstrated outstanding dedication, investigative skill, and teamwork in investigating fuel theft throughout south Florida. One theft resulted in an explosion as gas was being pumped into a panel van retrofitted with a makeshift fuel tank. The individual stealing the gas was severely burned and the lives of many within proximity to the scene were endangered. Due to the serious nature of this criminal activity and its potential for critical injury and loss of human life, the team worked diligently to conduct and coordinate numerous investigative activities to uncover and break up these dangerous fuel theft rings. This included gathering and analyzing voluminous intelligence, conducting intricate and lengthy surveillance, and interviewing witnesses and fuel industry experts. As a result, criminal charges of racketeering, conspiracy, and organized scheme to defraud have been filed against 62 individuals and 12 companies. This case received considerable media attention due to the serious public safety implications. In addition, this investigation led to the discovery of an additional scheme in south Florida involving the issuance of fraudulent commercial driver's and regular driver's licenses.

Barbara L. Barnett, Marlies T. Gonzalez, Gary Walker, M. Dietrich Bohmer, Eugene Davis, Timothy Roberts, William F. Tynner

Award for Meritorious Achievement

Matthew E. Hampton

Mr. Hampton demonstrated outstanding leadership and initiative on numerous high visibility projects and provided significant support to the Senate, House, and Office of Management and Budget on FAA budget issues. He delivered reports on FAA's \$2.1 billion En Route Automation Modernization Program and Terminal Modernization Program, leading to over \$500 million in reduced program costs. He has also provided invaluable insight on Senate and House issues of high importance to the OIG.

Rodolfo E. Pérez

Mr. Pérez has provided critical engineering expertise on the OIG's review of three major surface transportation construction projects, including synthesizing and articulating sophisticated data in support of two Congressional testi-

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monies. Also, he provided oversight on how states are achieving the Secretary's vision of safer, simpler, and smarter transportation solutions. He was also personally requested to assist the U.S. Attorney's Office and the OIG's Assistant Inspector General for Investigations on a high-profile case.

Award for Excellence

Maria T. Sturniolo

Ms. Sturniolo has demonstrated superior initiative and dedication in providing executive support to the Inspector General. She is relied upon to quickly resolve critical issues within the immediate office, often involving high-level priorities and interests. She represents the OIG on all executive correspondence issues, working with top officials within and outside the Department, and has greatly improved efficiency in the program. She also led the development and on-the-job training of student interns in the immediate office.

Inspector General Awards

Team Award

Alleged Whistleblower Reprisal Investigation Team

This team investigated serious allegations that a DOT Operating Administration employee was the victim of reprisal as a result of his disclosure that a prominent industry entity had been violating Federal regulations. Specifically, the employee was ordered to be involuntarily transferred based on his manager's finding that he did not maintain good working relationships with industry, state government, and DOT officials and that he had mismanaged the Operating Administration's district office. Given that negative action by the Operating Administration was also pending against the employee, the team worked quickly in conducting numerous interviews of members of industry, state associations, and the state police, as well as DOT officials. They also reviewed volumes of documents collected during the Operating Administration's internal investigation of the employee. The team determined that the allegations against the employee lacked merit and that the decision to transfer him was based on inaccurate information that was never verified. As a result of the team's exemplary efforts, the Operating Administration reinstated the employee to his position.

R. Curt Vaughan, Omer G. Poirier, Clayton W. Boyce, John M. Hannon

Amtrak Assessment Team

This team issued a comprehensive report on Amtrak's financial performance and capital requirements, a report on potential savings on Amtrak's long-distance train services, and three testimony statements. They also developed legislative proposals on intercity passenger rail reauthorization for House and Senate committees and conducted numerous briefings for departmental and industry officials, congressional staffs, and examiners from the Office of Management and Budget. Each team member gained expertise in several disciplines, interviewed numerous Amtrak and rail industry officials, and analyzed volumes of documentation. The technical nature of the team's analysis included econometric modeling, financial analysis, and applied rail industry economics. They determined that Amtrak's on-time performance fell far short of established targets and reflected a multi-year trend of continued decline. They also identified shortfalls in capital funding, which resulted in reprogramming and project delays and impeded Amtrak's efforts to achieve financial goals. Products covered a diverse universe of complex issues, ranging from Amtrak's financial condition to passenger rail reauthorization. The quality, responsiveness, and timeliness of the team's work was exceptional, even by the most demanding performance measures.

Mitchell L. Belm, Stuart A. Metzger, Thomas K. Lebrich, Betty A. Krier, Debra L. Mayer, Seth B. Kaufman, Akilah A. Boston, Lisa T. Mackall, Meredith C. McDaniel, Katherine G. Ovale, Andrew J. Sourlis

Central Artery/Tunnel Project Audit Team

This team performed outstanding work in preparing testimonies for the U.S. House of Representatives and the Massachusetts State Legislature on the impact of water leaks on the Central Artery/Tunnel Project—the most expensive public highway project in U.S. history, costing nearly \$15 billion. This was in response to I 93 tunnel concrete slurry wall panel leaks that became an emergent public concern in September 2004 when a panel breach caused 300 gallons of water per minute to spill onto a tunnel roadway, and a second type of leak emerged at the tunnel's roof-wall joints. The team's first testimony in December 2004 focused on the imperative to identify the nature and extent of the leaks and how and why they occurred, and on implementing a lasting solution in a manner requiring that the responsible parties, not taxpayers, bear the financial burden. In April 2005, the team provided a second testimony highlighting that the same imperatives existing in December 2004 remained and that much about the leaks was still unknown. They analyzed volumes of technical information and worked with FHWA personnel to ensure that tunnel leaks were expeditiously repaired, taxpayers' interests were protected, and the public's confidence was restored.

Sarah E. Batipps, Jim H. Crumpacker, David J. Barnes, Thomas K. Lebrich, Rodolfo E. Pérez, Clayton W. Boyce, George Lavanco, Amy J. Berks,

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Laurence G. Burke, Timothy G. Keane, Harriet E. Lambert, Michael Dzandza, Vera W. Tam, Aron O. Wedekind

CFO Audit Team

This team successfully issued the FY 2004 DOT Consolidated Financial Statement Audit Reports, meeting the Office of Management and Budget's accelerated deadline of November 15, 2004. This accomplishment is particularly exceptional as the team was staffed with fewer resources than are typically assigned to this type of audit and had a timeframe that was 75 days fewer than normally allotted. To meet this challenge, they demonstrated exceptional planning and audit skills in coordinating with DOT Operating Administrations, contractors, and officials of the Government Accountability Office, U.S. Treasury, and Internal Revenue Service. They also demonstrated outstanding initiative and dedication by working long hours to address unanticipated issues. This audit was further complicated in that four material weaknesses remained from the prior year that impacted the complete and accurate reporting of over \$67 billion. Also, DOT had not yet completed its conversion to the new accounting system, DELPHI. Despite these obstacles, the team was successful on all fronts.

Earl C. Hedges, Petra Swartzlander, Joann K. Adam, George E. Banks, Philip J. deGonzague, Leonard F. Meade, Mark F. Rielly, Sharon J. Ayers, Maria L. Dowds, Ingrid R. Harris, Henry S. Lee, James F. Mallow, Renee Yancy, Brian J. Frist, Brian G. Greene, Ericka S. Harris, Kevin J. Kelly, Sr. Kevin J. Kelly,

Chief Information Officer's Budget Audit Team

This team demonstrated outstanding performance in identifying budgetary and contract oversight weaknesses in the Department's Chief Information Officer's (CIO) office's budget request. This review was conducted at the request of the Senate Committee on Appropriations in response to concerns over the significant dollar increase in the office's budget request. The committee was also concerned with the potential for duplicative and overlapping information technology budget requests between the CIO's office and the Department's Operating Administrations. The team also identified that the CIO office needed to strengthen oversight of contract services. They identified one instance in which significant funding was obligated for an individual's services without competition and specific measurable products. The team also concluded that a robust and consistent management review process for information technology investments was neces-

sary in order for informed and justified investment decisions to be made.

Edward A. Densmore, Philip J. deGonzague, Aaron B. Nguyen

DFW Operational Errors Investigation Team

This team investigated an FAA whistleblower's allegations that managers at the Dallas-Ft. Worth (DFW) Terminal Radar Approach Control Facility (TRACON) covered up operational errors that should have been reported to FAA. In response to a request by the Secretary, the team investigated allegations, including unreported incidents of aircraft flying too close to each other on an average of once per month. They interviewed air traffic controllers, supervisors, and managers assigned to the TRACON and determined that a former manager had established a policy by which suspected operational errors were improperly investigated and thus under-reported. Also, the team identified a lack of quality assurance on FAA's part. Despite previous reports on operational errors, FAA had not looked beyond the surface to determine the underlying cause, thereby allowing this improper practice to continue for 7 years. The team's work and recommendations resulted in corrective action being taken for all air traffic controllers involved, and FAA pledged to make system-wide changes in how operational errors are handled. The team's results were reported to the President of the United States by the U.S. Office of Special Counsel in June 2005, following a report from the Secretary to the Special Counsel.

James L. Mublenkamp, Erika S. Vincent, Mark A. Gonzales

FAA Financing/ATO Audit Team

This team prepared two high-profile congressional testimonies, which set the stage for reauthorizing multi billion dollar aviation programs and the taxes that support them. Both testimonies were prepared under tight deadlines and were of exceptionally high quality. In addition, based on the team's quality and in-depth analyses on complex aviation programs, their work received accolades from committee chairs, high-level administration officials, and leaders of the aviation community. Specifically, the team analyzed the financial health of the Aviation Trust Fund, identified ways for the FAA to control costs, chronicled progress and problems with multi-billion dollar acquisitions, and provided the range of actions for FAA to make better investments in the nation's Air Traffic Management System. Further, they provided lucid and cutting-edge analyses of financing options, including users-fees and "bonding" authority for FAA, and established prerequisites for the FAA financing debate. The work of this team provided Congress with invaluable and time-critical support and serves as a model for other OIG teams to follow.

Mitchell L. Behm, Kevin Dorsey, Matthew E. Hampton, Daniel R. Raville, Arthur A. Shantz, Robert F. DeAntonio, Francis E. Danielski, Ralph W. Morris, Stephen G. Smith, Joseph J. Hance, Won J. Kim, Gina C. Ronzello, Victoria J. Smith

AWARDS

False Colorado Driver's and Commercial Driver's Licenses Investigation Team

This team investigated schemes and sources used to illegally obtain false driver's and commercial driver's licenses. They effectively assembled fragmentary information from a series of prior unconnected investigations and established links to a core group of individuals responsible for perpetrating the fraud. They identified two Department of Motor Vehicles (DMV) examiners and two middlemen as primary sources. The team used various investigative techniques including a confidential informant, covert surveillance, and controlled buys of identification documents to establish sufficient probable cause to obtain search warrants. They ensured simultaneous execution of four search warrants to maximize the collection and preservation of key evidence. Their surveillance of the monetary bribing of a DMV employee led to the execution of an additional search warrant at the employee's residence, where bribery money and drugs were located. As a result of the team's effort, 140 licenses were voided. Their laudable results positively impacted public safety and are attributable to the high degree of cooperation and collaboration of the team members.

Joe O'Haver, Harry Cigliano, David Dechant, Tim Foote, Cindy Horton, Jeff Lembke, Joseph Mackey, Richard Predovich, William Taylor, Rene Vonder Haar

Industry in Transition Audit Team

This team represents the merger of two complex reviews-FAA Oversight of Financially Distressed Air Carriers and FAA Oversight of Low-Cost Carriers. The team identified shortcomings in FAA's risk based oversight systems that hindered FAA's ability to change inspection plans and effectively monitor air carrier changes. They also identified shortcomings in FAA's oversight. For example, although most aircraft maintenance work is performed at night, the team found that an average of only 3 percent of FAA's oversight of this work was being performed at night. Also, FAA inspectors were not always gearing their inspections to address areas of higher risk and did not complete 26 percent of planned inspections. The team's work disclosed that more than half of these incomplete inspections were in high-risk areas. The team's findings prompted FAA to make important changes to their oversight processes to improve aviation safety.

Lou E. Dixon, Mary E. Hanson, Robin P. Koch, Kevin F. George, Kathleen A. Huycke, Thomas D. Jefferson, James D. Madden, Galen L. Steele,

Curt L. Boettcher, Curtis S. Gelber, Jeannette M. McDonald, Richard H. Payne, Katherine A. Yutzey

Management of Airport Noise Land Audit Team

This team performed outstanding audit work in reviewing FAA's oversight of land purchased for airport noise compatibility programs. This review was initiated due to concerns that airports were not disposing of large amounts of valuable noise land which was no longer required, or were not appropriately returning or reinvesting proceeds from land disposals. The team conducted reviews at 11 airports nationwide and coordinated issues with numerous FAA staff and airport officials. They identified 3,600 acres of unneeded noise land with an estimated worth of \$197 million-FAA's share being about \$160 million. They also found that 8 of the 11 airports had disposed of nearly 1,000 acres of noise land, with an estimated value of \$101 million, through sales, leases, or exchanges. However, 6 of the 8 airports misused proceeds for airport operations and capital projects, rather than returning the proceeds to the Trust Fund or using them for other FAA-approved noise mitigation projects. FAA's share of these misused proceeds is approximately \$82 million. If fully implemented, the team's recommendations could generate an estimated \$242 million for the Trust Fund or other noise mitigation projects at the 11 airports reviewed and will improve FAA's oversight of the program.

Darren L. Murphy, James H. Diecker, Gregory S. Bond, Michael P. Dunn, Kathleen A. Hyncke, Randy D. Rohwer, Gloria J. Echols, Deborah A. Kloppenburg, Georges F. Tippens

Motor Fuel Tax Audit Team

This team performed exceptionally in monitoring and reporting on FHWA's stewardship of Highway Trust Fund monies used to combat motor fuel tax evasion fraud, which costs the Nation an estimated \$1 billion annually. They identified that DOT has yet to receive any appreciable return on its nearly \$40 million investment with the Internal Revenue Service to develop an excise fuel tax reporting system to enhance fuel tax enforcement. This was especially significant given the passage of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act, which provides the Internal Revenue Service with about an additional \$122 million through FY 2009 for continued compliance activities. The team provided the impetus for new annual Trust Fund financial statement disclosures on the effect of fuel tax evasion on revenues, and highlighted the need to define roles for a new congressionally mandated Motor Fuel Tax Enforcement Advisory Commission. They also wrote congressional testimony and language for a Senate Appropriations Committee report and responded to questions from the Office of the Secretary.

Jim H. Crumpacker, Michael Marsblich, Omer G. Poirier, Gary Walker

AWARDS

National Transportation Safety Board Federal Information Security Management Act Audit Team

This team conducted the first-year information security audit at the National Transportation Safety Board (NTSB) based on the Office of Management and Budget's OMB expanded Federal Information Security Management Act (FISMA) reporting requirement to include small agencies such as the NTSB. They faced the challenge to complete the review within 3 months while also supporting the FISMA audit being conducted at DOT. The team identified over 5,000 vulnerabilities that enabled them to obtain substantial sensitive information from NTSB's network such as investigation results, employee salaries, social security numbers, and credit card numbers. Their work led NTSB management to report its information security program as a material internal control weakness on the annual Federal Managers' Financial Integrity Act Report to the Office of Management and Budget and Congress. In response to their findings, NTSB's Chairman immediately appointed a Chief Information Officer to enhance information security.

Dr. Ping Zhong Sun, John M. Johnson

Operation Safe Roads Investigation Team

This team's investigation targeted five companies that were violating Federal law through the falsification of truck driver duty status records (a.k.a. logbooks). They analyzed business records, interviewed numerous witnesses, served summonses, and executed search warrants in their successful effort to expose such criminal activity in the motor carrier industry that was placing travelers on our Nation's highways at great risk. The companies investigated, which included California's largest meat distributor, were forcing their drivers to remain on public highways well beyond the legal limit and were conspiring to falsify drivers' logbooks in order to conceal this crime. One such occasion had already led to a fatal accident in which a father and son were killed. The team's work resulted in felony charges filed against all 5 companies, and a total of 20 drivers, 1 dispatcher, and 2 company officials. To date, eight drivers have been convicted and sentenced. Also, in an unprecedented sentencing, one company was fined more than \$1 million, most of which is to be paid to the California Highway Patrol toward combating DOT hours-of-service violations in order to strengthen safety on public highways.

Hank W. Smedley, William L. Swallow, Michelle W. McGee, Michelle T. McVicker, Ricky L. Bostian, Helena T. Chavez, Paul L. Blake, Lisa A. Glazzy,

Nicholas J. Guggino, Jr., Stephen C. Jackson, Angel R. Jimenez, Wayne M. Nomi, Efferem I. Poynter, Lonnie G. Robertson, Steven M. Schleyer, James K. Wableithner, Douglas N. Campau, Brady Ipock, Boris K. Prentiss, Barbara Caripides

Railroad Grade Crossing Safety Audit Team

This team prepared testimony for the Railroads Subcommittee of the House Transportation and Infrastructure Committee, regarding the railroads' responses to serious accidents and FRA's oversight. Through an outstanding effort, the team analyzed highly complex grade crossing issues and identified weaknesses in FRA's policies and procedures. The team was successful in responding to audit objectives and congressional concerns. Specifically, they identified railroads' failure to report 21 percent of reportable grade-crossing collisions to the National Response Center, and made recommendations to FRA related to clarifying accident reporting, collecting independent information on crossing collisions, and increasing enforcement of existing Federal regulations. In September 2005, OIG issued a draft report to the FRA Administrator and requested an official response to the team's findings and recommendations. In addition, the team frequently briefed senior officials of OIG, FRA, and Congress. They were exceptionally organized and dedicated, and routinely worked long hours in order to meet audit milestones.

Michael E. Goldstein, Brenda R. James, Clayton W. Boyce, Stephen Gruner, Wendy M. Harris, Harriet E. Lambert, Brett M. Kramer, Michael Masoudian, Rosa L. Scalice, Joseph Tschurilow, Scott L. Williams

TeamMate Implementation Team

This team performed exceptionally in the successful implementation of OIG's new electronic work paper system, TeamMate. They demonstrated outstanding teamwork and energy in developing a plan to implement this new system OIG-wide and ensure that all audit staff received necessary training. This included coordinating participation of audit staff throughout the OIG and traveling to regional locations nationwide to conduct on-site training. The team worked quickly to design and develop training materials, coordinate training activities, develop and coordinate training schedules, resolve schedule conflicts, and ensure that senior management officials were kept apprised of the status of the implementation. They exercised a great deal of independence, ingenuity, and collaboration in managing this implementation and ensuring its success. To date, 90 percent of OIG's audit staff has been successfully trained and the team's work has resulted in improved efficiency and productivity of the audit process. Also, the audit organization benefited through the enhancement of operational efficiency in risk assessment, scheduling, preparation, review, and report generation.

Amanda D. Barton, Jobanna L. Nathanson

AWARDS

Award for Superior Achievement

Stephen C. Jackson

Mr. Jackson demonstrated extraordinary investigative skills on two investigations of criminal activity posing a serious safety risk to the traveling public. On Operation Safe Pilot, he identified several individuals who had concealed disqualifying medical conditions, for which they were receiving social security benefits, to obtain pilot certificates. On Operation Safe Roads, he gained the cooperation of two companies and seven drivers, and gathered significant evidence against three trucking companies that were forcing drivers to falsify driving logs and remain on our highways well beyond the legal limit.

Betty A. Krier

Ms. Krier provided critical economic analysis on OIG's assessment of Amtrak's financial and operation status. She identified routing and service scenarios that could reduce net operating losses on Amtrak's long-distance routes by between \$75 million and \$158 million per year. She also found that an average of \$79 million in planned capital expenditures over each of the next 5 years could be avoided. Ms. Krier concluded that these savings could be attained without eliminating routes, station stops, or frequencies. She also ensured the team's work was in accordance with generally accepted economic standards.

Exceptional Civilian Service Award

James H. Diecker

Mr. Diecker has 35 years of dedication to Federal service. During his 22 years with the OIG, he has managed over 100 audits and reviews. After the attacks of 9/11, he directed undercover tests to assess security at five airports and a review of claims by 19 air carriers for Federal compensation for losses resulting from the attacks. He was instrumental in the OIG's response to the Secretary's request for an investigation of the highly-publicized holiday air travel disruptions of December 2004. His work has resulted in over \$1 billion in benefits to the Federal Government and America's taxpayers.

Matthew P. Farrugia

Mr. Farrugia has dedicated nearly 10 years of service to law enforcement in the public sector. During this time, he has provided assistance to and received numerous compliments from other Federal agencies. He played a critical role

in the "PENTIBOMB" 9/11 task force, for which he was commended by the FBI. He also worked tirelessly on the OIG's investigation of household goods moving fraud, for which he was recognized by the U.S. Attorney's Office. His investigative excellence has earned him the highest respect throughout the law enforcement community.

Mary E. Smothers

Ms. Smothers has over 25 years of Federal service-dedicating nearly 20 years to OIG. She has led financial statement and financial management audits, as well as single audit activities for the OIG. Her work on the Audit of Consolidation of DOT Accounting Functions identified \$2.3 million in savings above the \$4.8 million identified by one Operating Administration, and included 15 DOT accounting offices. Also, as directed by the House Subcommittee on Appropriations, she led the OIG's follow-up audit of inactive obligations of FHWA.

R. Curt Vaughan

Mr. Vaughan has distinguished himself as an exceptional member of the OIG investigative community. He is often relied upon to lead sensitive investigations based on his superior professionalism and impeccable reputation. These cases have included reprisal action against an employee for disclosing safety violations by a senior official, allegations against a DOT senior executive, and investigation activity in support of a Merit Systems Protection Board trial. He is an invaluable asset in investigating issues of great importance to the Inspector General, the Department, and Congress.

Sydney H. Verinder

Mr. Verinder has 28 years of Federal service and more than 17 years of service with the OIG. He has been selected to lead numerous quick turn-around, high-visibility OIG projects based on his dynamic and innovative approach. He also leads the OIG audit tracking and reporting program in an outstanding manner, including addressing Departmental, congressional, and other external reporting requirements. His expertise is such that he has been requested to assist senior members of the Departments of Agriculture and Interior in developing their own audit tracking and reporting systems.

Marguerite Christensen Award for Excellence in Administration

Lyn Banagan

Ms. Banagan provided outstanding customer service over the last year to the entire investigative organization and one of OIG's largest audit organizations-Aviation and Special Program Audits (JA-10). This included an exceptionally

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aggressive recruitment campaign in OIG's investigative organization, a reorganization of OIG's Headquarters investigative staff, and a reorganization of the JA-10 staff. She also led OIG to being among the first Federal organizations compliant with new executive evaluation policies and executed multiple executive recruitment actions. Further, she has continued to ensure that critical policy documents governing OIG's human resources programs are properly coordinated and disseminated.

Manager of the Year Award

Joseph W. Comé

Mr. Comé has demonstrated to his staff excellent working relationships with Congress and DOT Operating Administrations and throughout the OIG. In addition, he proposed and facilitated a training conference specifically designed for OIG's project managers with tailored instruction at a level difficult to find through traditional training sources. His stellar professionalism was evidenced by his ability to discuss and gain consensus on OIG audit recommendations with executives from the Office of the Secretary and the FMCSA.

Earl C. Hedges

Mr. Hedges has fostered a positive and productive work environment for his employees. Under his management, audits of FY 2004 financial statements for multiple Operating Administrations and DOT's consolidated financial statement audit, were completed and reports issued within very stringent deadlines. He also has ensured the FY 2005 financial statement audits are on track, while managing other important audits. He has consistently worked in the interest of his staff and OIG and maintained the respect and loyalty of his staff and peers.

Daniel R. Raville

Mr. Raville provided outstanding management of audits of FAA's air traffic operations, including FAA's strategy to replace retiring controllers and reducing the time and cost of training new controllers. He also led an evaluation of operational errors, excessive overtime, and controller work schedule changes for improving productivity at a New York facility. Further, he was instrumental in identifying the next steps the air traffic organization must take to reduce operating costs. His contributions have enhanced oversight of aviation programs.

Ned E. Schwartz

Mr. Schwartz has led his staff in spearheading contract and grant fraud initiatives, including ensuring OIG's founding membership on the Federal Construction Fraud Task Force. His management of work in this area has uncovered organized crime and corruption, which have plagued the New York area transportation construction program. He often provided expertise on the development of legislation to address household goods moving fraud and criminal activity, and assisted in the development of congressional testimony.

Supervisor of the Year Award

Susan L. Bader

Ms. Bader played a pivotal role in planning for the Department's move to a new Headquarters building. During OIG's review of cost estimates used to support the relocation, she raised concerns that the relocation project lacked sufficient documentation to support funding requests and, in some cases, showed sufficient planning had not been accomplished. The Inspector General ensured DOT officials were apprised of Ms. Bader's findings, leading to the establishment of an oversight committee chaired by the Deputy Secretary and Chief of Staff.

Kerry R. Barras

Mr. Barras provided outstanding leadership in keeping his teams focused and productive, even during periods of executive change, and ensured attention to staff development while maintaining high production. Acting as Program Director, he led the audit staff in organizing supporting material and preparing congressional testimony on the reauthorization of key surface safety programs. In addition, he ensured expedient completion of the draft audit report of FMCSA's implementation of the North American Free Trade Agreement.

Philip J. deGonzague

Mr. deGonzague led significant information technology audit initiatives including the audit of DOT's CIO office's budget submission in response to a request by congressional appropriation committees. He was instrumental in helping the CIO office to enhance its budget submission and in persuading officials to obtain support from DOT's Investment Review Board on how to fund and manage planned information technology consolidation efforts. He also led a review that disclosed vulnerabilities in oversight of contract services.

Marlies T. Gonzalez

Ms. Gonzalez has been instrumental in the professional growth of OIG's Region 7 investigative staff and has aided the efficient and effective use of its limited resources. She was instrumental in developing and expanding the region's investigative caseload and steering resources toward priority areas, including

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contract and grant fraud, motor carrier safety, and motor fuel excise tax evasion. Under her leadership, the investigative work of this region has resulted in 123 judicial actions, 92 indictments, and over \$3 million in fines and restitutions.

Robin P. Koch

Ms. Koch has demonstrated an exceptional work ethic and tenacity in leading teams performing audits of FAA's Oversight of Financially Distressed Air Carriers and on FAA's Oversight of Low-Cost Carriers. When these audits were merged, Ms. Koch quickly became knowledgeable on the details of a separate audit and its results and successfully guided remaining work efforts of additional staff members inherited by the merge. Under her leadership, this review resulted in FAA promising to make important changes to their oversight process.

Charles A. Ward

Mr. Ward has led three high-profile, multi-billion-dollar audits over the last year. On the FAA Terminal Automation Modernization and En Route Automation Modernization audits he briefed the Inspector General on multiple occasions and clearly communicated complex issues about the programs that were crucial to OIG's ability to affect change. Leading by example, he demonstrates commitment to fostering teamwork, and his leadership style has had a highly positive effect on the morale, capabilities, and results of his team.

Employee of the Year Award

Robert G. Anderson

Mr. Anderson was invaluable in OIG's review of CPA firms' audits of contracts awarded by states under Federal-aid grants. He identified approximately \$3 million in questioned compensation and disclosed contract billing for charges, including open bar tabs and tickets for sporting events, which were not being questioned by the CPA firms. The verification phase resulted in more than \$100 million in savings. He also stepped in as Project Manager on another review, completing the audit with resounding success.

M. Dietrich Bohmer

Mr. Bohmer performed outstanding investigations of hazardous materials safety violations that were placing the public in grave danger. This included exhaustive overnight surveillance activities to gather evidence against a fuel theft ring that was transporting and storing fuel in unsafe containers in dense-

ly populated areas. He also led an investigation of two international transportation companies that were shipping hazardous materials, one of which had abandoned a truck leaking hazardous chemicals in a public area.

Christopher T. Brothers

Mr. Brothers developed complex techniques for analyzing motor carrier databases containing 700,000 business profiles, over 100,000 annual crash reports, and millions of vehicle inspection and traffic violation records. This was critical to the successful completion of the review of the North American Free Trade Agreement in only 4 months and to the integrity of the facts supporting OIG's findings. He was also instrumental in preparing congressional testimony and a portion of the 2005 Top Management Challenges report.

Kent E. Byers

Mr. Byers demonstrated outstanding investigative skill on cases involving bribery, bid-rigging, extortion, and false claims. He identified corruption and fraud on highway projects receiving Federal funding, and his investigative work resulted in several millions of dollars in fines and restitutions and incarceration of individuals involved. He also represented the OIG in several presentations to industry and Government officials on contract and grant fraud awareness, for which he received laudatory remarks.

Todd A. Damiani

Mr. Damiani has aggressively pursued contract and grant fraud investigations, representing OIG as the sole agent assigned to the Meriden, Connecticut office. His assistance was requested by the Connecticut State Attorney's Office on an investigation involving circumvention of the contract award bidding process and violation of federally mandated contracting procedures. He also investigated an individual who had used false identification to obtain a Third Class Airman Medical Certificate and was making anti-Government statements.

Francis E. Danielski

Mr. Danielski was invaluable on the audits of Air Traffic Controller Staffing and the Controller-in-Charge program, and in preparation of testimony providing perspectives on financing FAA's operations. He was instrumental in briefing the Inspector General and drafted portions of the testimony, and attended meetings with the House authorizing committee staff and FAA officials. He demonstrated expertise in answering questions on this complex subject. He also prepared a briefing that was later provided to House authorizers.

John M. Hannon

Mr. Hannon performed outstanding audit work on motor carrier safety issues, including identification of a loophole in how FMCSA is implementing

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legislation designed to stop safety violations. Mr. Hannon developed complex computer queries for testing and mining motor carrier enforcement data. His findings were accepted by Operating Administration officials. In addition, he made invaluable analytical contributions on an investigation of adverse action taken against a DOT official.

Wendy M. Harris

Ms. Harris provided exemplary leadership on OIG's railroad grade crossing audit, and provided coaching and feedback to two junior team members. She was instrumental in the development of findings for timely inclusion in a testimony statement by the Inspector General who praised her methodological approach and her thorough knowledge of the subject matter. She demonstrated the same command of the audit when she clearly and effectively articulated audit findings during briefings with Senate and House staff members.

Anne V. Longtin

Ms. Longtin led the audit of FAA's Oversight of Manufacturers' Quality Assurance Systems for Suppliers-a new audit area for OIG. She completed 21 audits, facing the challenge of suppliers located throughout the U.S. and Europe. She also continued her oversight of airport runway construction and provided support to congressional testimony on airport delays and OIG's Top Management Challenges report. Further, she mentored a new employee who, under her guidance, gained a solid understanding of the audit process.

Roberto Manzanares

Mr. Manzanares performed in an exemplary manner on investigations of motor carrier safety. He assisted the U.S. Attorney's Office in the investigation of a foreign national who had a commercial driver's license with a hazardous materials endorsement, and whose occupation was transporting fuel. The subject had illegally entered the U.S. and bribed an examining official for answers to the driver's license test. Mr. Manzanares vigorously pursued the identity of the examiner and implicated a supervisory examiner for similar conduct.

Linda G. Morgan

Ms. Morgan provided invaluable leadership on OIG's workforce survey project and developed a web-based questionnaire to identify needs of FHWA's workforce, as reported by over 1,000 employees nationwide. She stepped in as Project Manager through the exit briefing process and was complimented by

Agency officials for her communication and problem-solving skills. Her expertise also contributed to discussions of workforce issues in OIG's Top Management Challenges report and congressional testimony.

David P. Pouliott

Mr. Pouliott performed exceptionally on the audit of the NHTSA's alcohol and impaired driving programs and preventive measures. He provided key assistance to the Project Manager and conducted all briefings for management. He briefed congressional staff, regional and state program representatives, and other stakeholders on the issues identified during the audit. He was also instrumental in preparing information for the Inspector General's briefing of Office of Management and Budget officials.

Michael J. Purcell

Mr. Purcell testified in grand jury proceedings, led and executed two arrest warrants, conducted undercover operations, and secured seven convictions over the last year. In one investigation, he led a nationally recognized suspected unapproved parts (SUP) investigation of substandard titanium tubing being used on commercial aircraft. He also provided SUP fraud awareness training to Government and industry officials and served as the Firearms Instructor for the New York investigative staff.

Melissa Pyron-Satchell

Ms. Pyron-Satchell performed exceptionally on the congressionally requested audit of FAA's Controller-Pilot Data Link Communications Program (CPDLC) and on the Audit of FAA's Major Acquisitions. She was commended by OIG's Quality Assurance manager for her meticulous work on CPDLC audit. She also provided oversight and coordination for 16 major acquisition programs totaling over \$14 billion. She also voluntarily provided orientation and served as a mentor to new audit interns.

Stephen G. Smith

Mr. Smith demonstrated remarkable initiative in performing data analysis in support of congressional testimony and guided his colleagues on query strategies. His skills have been utilized extensively throughout OIG on statistical and financial analysis. This has included contributions to three congressional testimonies, leading analysis in two widely distributed aviation industry performance reports, and contribution to four audits, including OIG's 2004 Holiday Travel Disruption Audit.

Kim P. Tieu

Ms. Tieu provided exemplary effort and contributions in support of congressional oversight of pipeline and hazardous materials safety programs. She

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assumed roles and responsibilities typically assigned to a Project Manager such as adjusting team schedules, balancing audit priorities, and identifying areas needing improvement. She also led a review of pipeline and hazardous materials safety as mandated under the Norman Y. Mineta Research and Special Programs Improvement Act.

Erika S. Vincent

Ms. Vincent performed exceptionally in support of two highly-sensitive investigations. She led a team consisting of an OIG auditor, and evaluators and inspectors from FAA. Their task was to demonstrate a 7-year practice of improperly investigating operational errors at a Dallas/Ft. Worth Terminal Radar Approach Control facility. She also exercised superior professionalism and discretion in the investigation of a DOT official which led to referral to the Department of Justice for prosecution.

Paul W. Kimbrough, Sr. Award for Public and Community Service

Craig A. Owens

Mr. Owens serves as a volunteer in two programs aimed toward assisting troubled youths. For the Peer Leadership Program, he tutors students in Washington, D.C. and Baltimore City middle and high schools and works with them to develop their team-building skills. He also helps students in building conflict resolution skills toward handling situations in a non violent manner. For the Progressive Life Center, he assists disadvantaged youths deemed "at risk" by providing intervention, often during late evenings and early mornings. His volunteer efforts have provided academic and social assistance, and have provided critical intervention in cases of neglect and physical and mental abuse.

Administrative Professional of the Year Award

Larretha A. Blackmon

Ms. Blackmon has demonstrated a high level of motivation and professionalism toward ensuring the smooth and efficient operations of the Atlanta audit office. She ensures staff training requirements remain current and that travel reporting is maintained. On her own initiative, she addressed an issue regarding potential upgrading of the office's phone system, saving her manager's time and the office an unnecessary expense. She has proven very adept in

anticipating the needs of the office and often independently resolves issues.

Christina H. Lopez

Ms. Lopez provides outstanding support to the administrative and single audit functions of the office. She was instrumental in eliminating backlog in the single audit program, and identifying follow up actions needed. She also ensured proper distribution of audit announcement letters, decision and message briefing packages, and audit reports. In addition, she volunteered to assist the Baltimore audit office during an extended absence of an administrative staff member by commuting weekly to that office to provide assistance.

New Employee Award

Eugene Davis

Mr. Davis handled investigations of aviation and hazardous materials safety, and Disadvantaged Business Enterprise and contract fraud. He led OIG's investigation of the owner of several air carriers, including the carrier operating the fatal flight carrying singer/actress Aaliyah. He unraveled multiple schemes by the owner, including falsely obtained air-carrier insurance and failure to disclose a prior felony conviction. He was praised by the U.S. Attorney's Office for his technical expertise, tenacity, and professionalism during this investigation.

Narja T. Hylton

Ms. Hylton made significant contributions to the successful completion of the Annual Assessment of FAA's Cost Accounting System for 2004 and led the review for reconciling expenditures in the PeopleSoft cost accounting system. In addition, her information technology background enabled her to assist another team on computer security audits. She has independently handled tasks normally assigned to higher graded auditors, and her performance is well beyond what would typically be expected of a new employee.

Marshall E. Jackson

Mr. Jackson contributed to three high profile audits, as well as preparation of congressional testimony. For OIG's audit of December 2004 Holiday Travel Disruptions, he prepared briefing slides for presentation to the Secretary and provided invaluable assistance in developing questions and data requests for the carriers. He also demonstrated great initiative and enthusiasm. As a former airline pilot, he has provided the OIG with useful background information on aviation and the airline industry.

Jessica Lee

Ms. Lee performed in an outstanding manner in supporting the Transportation Inspector General's Reporting system, and was instrumental in

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the conversion of the system to a new database and architecture platform. During the last year, she has quickly learned the Oracle programming language and has pioneered a way to add documents to the system, for which implementation is being designed. Ms. Lee has ensured this system is a solid platform that meets the information needs of the OIG.

Stephanie Z. McCans

Ms. McCans provided outstanding analyses in support of key findings for several high profile safety audits and a criminal investigation on Air Ambulance Operations. She handled the tedious task of obtaining data from the Bureau of Transportation Statistics and two major airlines to produce audit proposals for congressional requests. Her outstanding attention to detail has resulted in work papers that are extremely well-written and comprehensive. She also assisted in recruitment efforts by representing the OIG at career fairs.

Aaron B. Nguyen

Mr. Nguyen performed outstanding work on two major audits, beyond traditional entry level expectations. On the review of the Office of the Chief Information Officer's budget submission, he effectively collected detailed budget information from various sources and was instrumental in helping the Project Manager in conducting the audit. On the audit of FRA's network infrastructure, he identified over 20,000 vulnerabilities which enabled him to gain unauthorized access to FRA's network from the Internet.

Tim D. Roberts

Mr. Roberts performed excellent research on DOT payroll processing errors on TSP catch-up contributions and coordinated with legal counsel to finalize his conclusions prior to briefing the Inspector General and departmental officials. He also researched records for one air traffic controller who had received more than \$300,000 in gross pay during 2004. His skill in UNIX and network scanning has proven instrumental in providing contract oversight on Delphi issues and he was a major contributor to multiple technical audits.

Andrea J. Singletary

Ms. Singletary has exhibited dedication and outstanding performance in support of OIG's audit operations by handling projects typically assigned to senior staff members. She served as the principal editor on the OIG's 2005 DOT Top Management Challenges Report and has assisted with preparation of testimony, final reports, and speeches, ensuring that these documents are of the highest

quality. Her cooperation and willingness to take on any assignment have made her a true asset to the office of Audit Planning, Policy, and Technical Support.

Aron O. Wedekind

Mr. Wedekind provided invaluable contributions toward OIG’s monitoring of DOT major projects and the Central Artery/Tunnel Project. In meetings with senior OIG and FHWA officials and project engineers, he displayed the discretion and professional demeanor of a seasoned auditor. He also provided exceptional support to OIG’s Engineer Advisor by rapidly learning relevant engineering problems and producing high-quality work in support of audit findings, in addition to responses to congressional inquiries.

MayAnn Wood

Ms. Wood provided exemplary effort, dedication, and contributions in support of OIG’s Review of Security of Public Transit and Passenger Rail Systems. She provided excellent analysis and assumed increasing responsibilities for interviewing senior DOT and transit officials. She established excellent rapport with the operating interviewees and auditees. For example, one auditee commented that he ultimately disclosed more information than he had planned based on Ms. Wood’s approach and interview style, which put him at ease.

President’s Council on Integrity and Efficiency Awards

Award for Excellence — Audit

Audit Team for Federal Aviation Administration Major Acquisitions

This team made significant contributions on the congressionally requested review of FAA’s major acquisitions program. The audit was requested by the U.S. House of Representatives, Committee on Transportation and Infrastructure. The Committee was interested in changes in FAA’s overall approach to air traffic modernization and potential impacts on capacity within the National Airspace System. The team determined that FAA modernization projects designed to provide more efficient communications, surveillance, navigation, and automation tools for controllers and pilots have experienced considerable cost growth, schedule slips, and shortfalls in performance which have shifted FAA’s efforts away from enhancing capacity in the National Airspace System to sustaining the system. The work of this team resulted in four audits and contributions to three congressional testimonies. In addition, the team briefed OMB and congressional committees on numerous occasions on various major acquisitions within FAA’s multi billion dollar acquisition portfolio.

Kevin Dorsey, Fidel Cornell, Jr., Sean L. Woods, Holly A. Engebretsen,

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Kathleen A. Huycke, Katrina F. Knight, Heidemarie E. Leinneweber, Krystal L. Patrick, Erik A. Phillips, Melissa Pyron-Satchell, Coletta A. Treakle, Victoria J. Smith, Joseph J. Hance, Ryan P. Sanders, Won J. Kim

Award for Excellence — Investigation

Federal Construction Fraud Task Force

This team brought together the U.S. Attorney's Office and Federal and local members of the law enforcement community to identify and prosecute fraud and corruption in the construction industry. To date, its members have executed approximately 30 search warrants, and prosecutive actions have resulted in 21 guilty pleas, 19 debarments, and orders of civil forfeiture exceeding \$30 million. The task force has developed cases against general contractors' fraudulent use of Minority Business Enterprises (MBE) who falsely represented that they have the required 12 - 15 percent MBE participation, while instead they had hired ineligible firms to pose as MBEs or they used their own employees to pose as MBE employees. To date, the task force has documented approximately \$120,000,000 in MBE fraud and has brought money laundering conspiracy charges against the owner of a non-minority contractor. The pursuit of MBE fraud has led the task force to the discovery of additional crimes including tax evasion, filing of false income tax returns, conspiracy, kickbacks, extortion, organized crime, bribery, money laundering, and racketeering.

Daniel M. Helzner, Douglas Shoemaker, Robert J. Stanek, Burton T. Ryan, Jr., Joseph Conway, Alan Katz, Richard Lee, Anthony Roberto, Jr., Jonathan Mellone, Ronald Calvosa, Chuck Joe, Harvey Tuerack, Chris Webber

Nationwide Moving Systems Investigation Team

This team investigated schemes perpetrated by owners and employees of Nationwide Moving Systems, LLC, to extort money and steal possessions from their customers by quoting low-cost moving estimates and later charging exorbitant amounts, often after having held their customers' possessions hostage. The team executed simultaneous search warrants at the Nationwide business address and company owner's residence to obtain evidence which identified over 50 victims, and disclosed that Nationwide had profited in excess of \$1 million from their scheme to hold consumer household goods hostage for twice the payment amount customers had been quoted. One of

the company owners was sentenced to serve 7 years in prison, and a company employee was sentenced to serve 5 years. The amount of fines and restitution each defendant will pay has not yet been determined; however, it is expected that each will pay a considerable amount.

Steven N. Albino, Daniel C. Austin, Traci D. Silva, Donald Currie, Kathryn Warma

Megan K. France

Ms. France demonstrated outstanding investigative skill in pursuing a possible breach to aviation safety and security. She initiated an investigation of a large aviation repair station to ascertain if some of the employees at that facility posed a threat to aviation safety. She revealed that numerous repair station employees were illegal aliens, many of whom had false identification and social security numbers. She also determined that some of these employees had fraudulent FAA repairman certificates allowing them to repair and have access to commercial aircraft. As a direct result of her work, FAA and OIG alerted other law enforcement agencies and large aviation repair stations to the problems found and the need to conduct thorough background checks on employees having access to commercial aircraft.

Federal Housing Finance Board's Office of Inspector General Joint Special Investigation Team

This investigation team comprised of officials from the U.S. Postal Service's Office of Inspector General, the U.S. Department of Labor, and the Federal Housing Finance Board pursued allegations involving a high-level FHFB official making false statements to Congress and Federal investigators. The following OIG employee participated on this team during his prior employment with the U.S. Postal Service.

Jim H. Crumpacker

Award for Excellence — Law and Legislation

Motor Carrier Reauthorization Audit Team

This team combined legal, legislative, investigative, and audit expertise to ensure that critical initiatives for countering fraud, improving programs for promoting truck and bus safety, and improving oversight of household goods movers were incorporated into surface transportation reauthorization legislation. The team worked closely with DOT executives, congressional staff, OMB officials, state officials, and industry groups, and provided briefings to present OIG findings and discuss potential legislative solutions. In addition, they provided key contributions to congressional testimony on surface transportation management challenges facing the Department and on specific provisions for the reauthorization of the Transportation Equity Act for the 21st Century safe-

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ty programs. Specific provisions of reauthorization legislation approved by the House or Senate impacted by the team’s work include areas such as oversight of commercial driver’s license programs, and strengthening household goods enforcement, including greater civil penalties and ensuring that states have authority to take corrective action.

Brian A. Dettelbach, Joseph W. Comé, Thomas K. Lebrich, Omer G. Poirier, Ned E. Schwartz, Kerry R. Barras, Gerard J. Sheeran, Gary Walker, Christopher T. Brothers, Maurice Toval

Award for Excellence — Employee Protections

Alleged Whistleblower Reprisal Investigation Team

This team worked under very stringent time constraints in conducting an investigation of alleged whistleblower reprisal action against a DOT employee. After reporting Federal violations by a prominent industry official, the employee was directed to be transferred involuntarily based on his supervisor’s assertion that he did not maintain good working relationships with industry, state, and DOT officials and that he had mismanaged the district office to which he was assigned. When the employee refused the transfer, removal action was initiated against him by his employer. The investigation team worked quickly in conducting numerous interviews of members of industry, state associations, and the state police, as well as DOT officials. The team also reviewed volumes of document. They determined that the allegations against the employee were without merit, and that the proposed transfer and removal of the employee were based on unverified information. As a result of the team’s work, the employee was reinstated to his position, and references to these actions were removed from his official personnel records.

Richard C. Beitel, Jr., Omer G. Poirier, Clayton W. Boyce, John M. Hannon, R. Curt Vaughan

Other Awards and Recognition

Steven N. Albino

Certificate of Commendation, U.S. Attorney’s Office

Timothy L. Arnold

Outstanding Law Enforcement Officer Award, U.S. Attorney’s Office

Robert C. Brautigam

Award for Investigative Excellence, U.S. Attorney's Office

M. Dietrich Bohmer

Letter of Commendation, Florida Department of Revenue

Steven A. DeFazio

Outstanding Law Enforcement Officer Award, U.S. Attorney's Office

Letter of Appreciation, Household Goods Moving Victim

Jill S. Dempsey

Certificate of Distinguished Service, Secretary of Transportation

Award for Investigative Excellence, U.S. Attorney's Office

Daniel M. Helzner

Award for Excellence, U.S. Attorney's Office

Letter of Appreciation, Secretary of Transportation

Anthony Jacaruso

Letter of Appreciation, Secretary of Transportation

Richard M. McGrade

Letter of Appreciation, Secretary of Transportation

Letter of Appreciation, U.S. Attorney's Office

Douglas Shoemaker

Award for Excellence, U.S. Attorney's Office

Letter of Appreciation, Executive Director of the Association of Inspectors General

Ned E. Schwartz

Letter of Appreciation, Secretary of Transportation

Robert J. Stanek

Award for Excellence, U.S. Attorney's Office

Letter of Appreciation, Secretary of Transportation

Michael J. Waters

Award for Investigative Excellence, U.S. Attorney's Office

Hurricane Katrina Relief

On-Site Support

The following individuals were deployed to New Orleans and Mississippi in the immediate aftermath of Hurricane Katrina and worked tirelessly to provide

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physical security to Department of Transportation assets and employees, including the Secretary and departmental and congressional officials.

Normalyn Anderson, Daniel C. Austin, Paul L. Blake, M. Dietrich Bohmer, Keith A. Bonanno, Helena T. Chavez, Franklin H. Davenport, Eugene Davis, Steven A. DeFazio, Jill S. Dempsey, Melissa E. Eblinger, Megan K. France, Kevin R. Gaul, Daniel M. Helzner, Leigh R. Hinson, Stephen C. Jackson, Angel R. Jimenez, Todd O. Kath, Roberto Manzanares, Michelle W. McGee, Charles K. Millard, Charles V. Miller, Wayne M. Nomi, Joe O'Haver, William L. Owens, Mark E. Peters, Efferem I. Poynter, Boris K. Prentiss, Michael J. Purcell, Henry Rivas, Lonnie G. Robertson, Harry Schaefer, Steven M. Schleyer, Floyd D. Sherman, Kevin C. Shirley, Craig S. Singleton, Brian L. Smith, Max D. Smith, Randall J. Temples, Carlos A. Vazquez, Michael J. Waters, Bradley D. Wheeler

Command Center Support

The following individuals provided around-the-clock support to OIG Headquarters in the days and weeks following Hurricane Katrina.

Gail L. Browne, Kathryn A. Jones, Jason B. McDuffee, Joseph T. O'Neill, Jennifer L. Randall, Ashley B. Strickland, Rosemarie T. Tolson, Elise S. Woods, Monica L. Zink

Headquarters Support

The following individuals provided support to deployed staff members by expediting the purchase and delivery of critical supplies and equipment and by attending to important logistical issues for our OIG employees deployed to the gulf states.

Timothy L. Arnold, Barbara L. Barnet, Richard C. Beitel, Jr., Annette M. Coston, Marlies T. Gonzalez, Peter Y. Kim, John W. Long, Santos Ramirez, Sandra M. Roper, Ramon Sanchez, Jr., Gary Walker, Edwin J. Wynn

Career Service Recognition

The following current OIG employees will have attained 30 or more years of Federal service as of the end of this year.

Fidel Cornell, Jr., John R. Davenport, Brian A. Dettelbach, James H. Diecker, David A. Dobbs, Ernest Eigenbrode, James F. Heminger, Cassandra S. McCaskill, Scott B. Stokes, Rosemarie T. Tolson

U.S. Active Duty Military

U.S. active duty military service in Afghanistan, Iraq, and the Middle East Theater for the period of November 2004 through November 2005.

Scott L. Williams

Air National Guard, Operation Enduring Freedom, Al Udeid Air Base, Qatar, June 1, 2005 - August 26, 2005.

In Memory of . . .

The Office of Inspector General was saddened this year with the passing of two employees. These individuals are deeply missed and remembered fondly by their many friends and co-workers throughout the OIG.

Carl Christian

Mr. Christian began his Federal career as an Evaluator with the Government Accountability Office in Atlanta in 1980. During his employment with GAO, he was assigned to duty stations including Mission, KS; Huntsville, AL; and Ft. Worth, TX. In November 2000, he joined the Department of Transportation as a Management and Program Analyst in Ft. Worth, TX.

Ricardo J. Gomez

Mr. Gomez began his Federal career as a Program Analyst with the Department of Labor in Washington, D.C. in 1993. In 1998, he began working for the Department of Health and Human Services in Bethesda, MD. Mr. Gomez joined the Department of Transportation in November 2003 as a Management and Program Analyst in Washington, D.C.

MISSION, ORGANIZATION, & CONTACTS

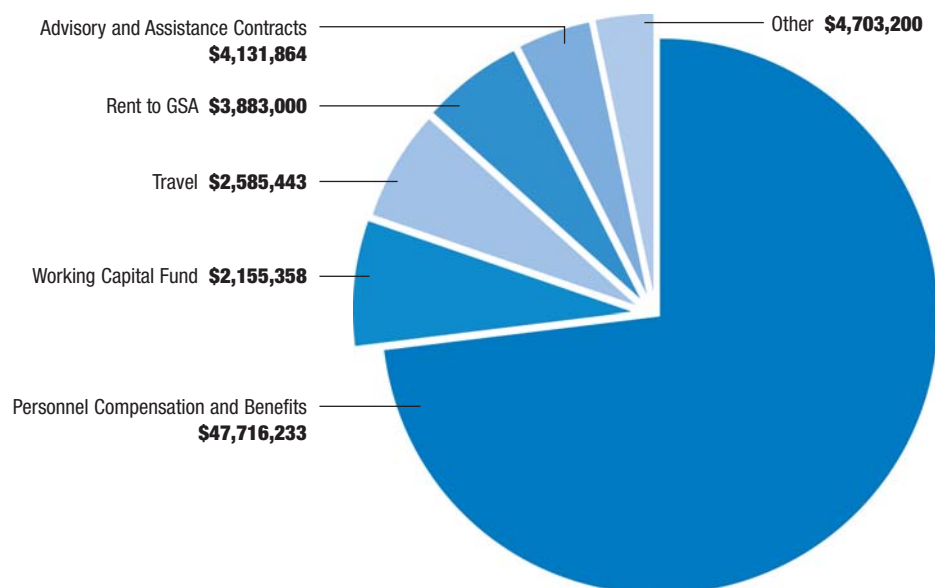
The Office of Inspector General for the Department of Transportation was created by Congress through the Inspector General Act of 1978 (Public Law 95-452). The act sets several goals for OIG:

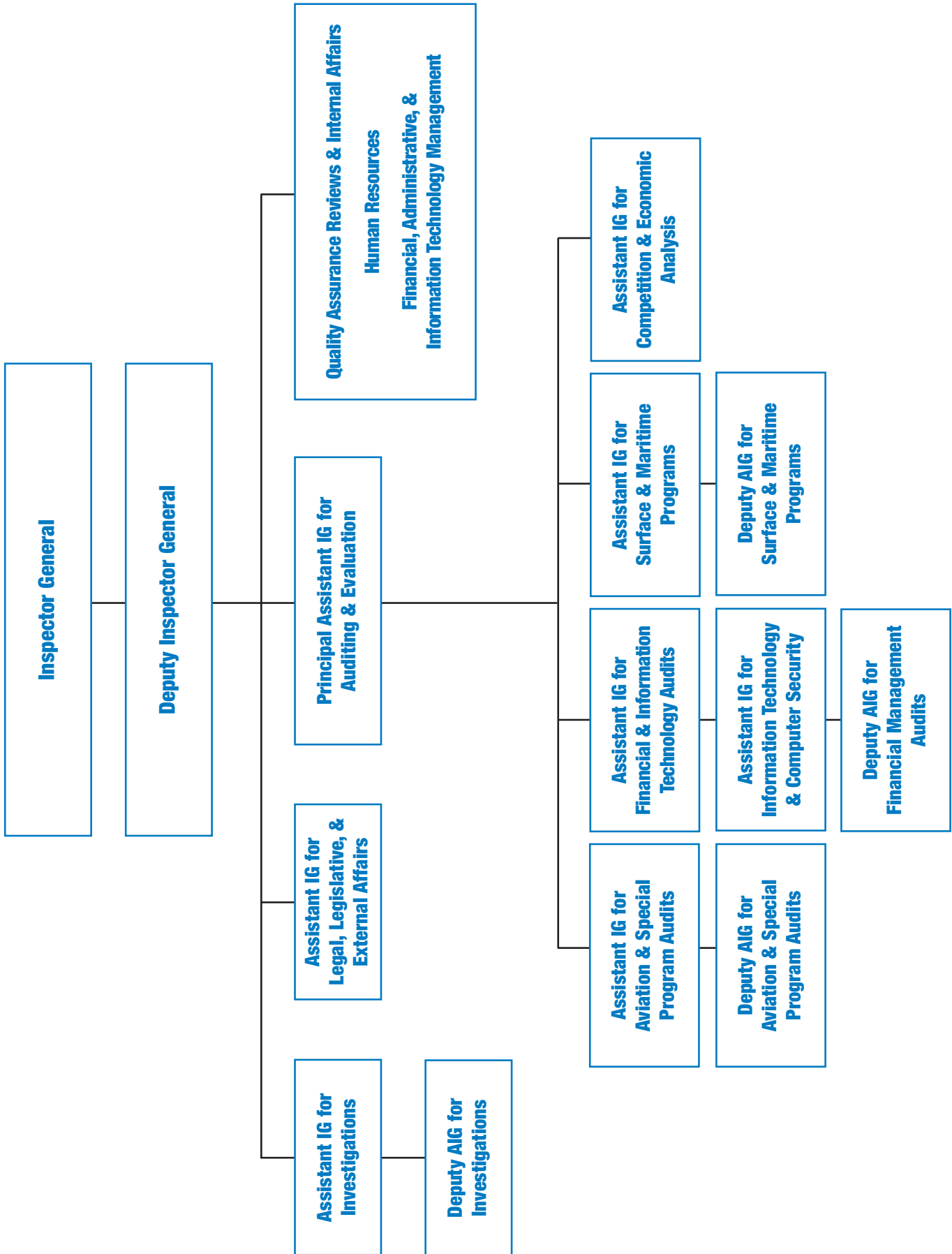
- To conduct or supervise objective audits and investigations of DOT's programs and operations;
- To promote economy, effectiveness, and efficiency within DOT;
- To prevent and detect fraud, waste, and abuse in the Department's programs;
- To review existing and proposed laws or regulations affecting the Department and make recommendations about them;
- To keep the Secretary of Transportation and Congress fully informed about problems in departmental programs and operations.

OIG is divided into two major units and four support units. The major units are the Office of the Principal Assistant Inspector General for Auditing and Evaluation and the Office of Assistant Inspector General for Investigations. Each has headquarters staff and field staff. The support units are the Office of Legal, Legislative and External Affairs; the Office of Human Resources; the Office of Financial, Administrative and Information Technology Management; and the Office of Quality Assurance Reviews/Internal Affairs.

OIG FY 2005 Program-Level Resources

Total: \$65,175,098





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OIG website: <http://www.oig.dot.gov>

ABBREVIATIONS

ADS-B	Automatic Dependent Surveillance Broadcast	HTF	Highway Trust Fund
AIG	Assistant Inspector General	IG	Inspector General
AIP	Airport Improvement Program	IRB	Investment Review Board
AIR-21	Aviation Investment and Reform Act for the 21st Century	IRS	Internal Revenue Service
ARTEMIS	Advanced Retrieval (Tire, Equipment, Motor Vehicle) Information System	IT	Information Technology
ATC	Air Traffic Control	JPDO	Joint Planning and Development Office
ATO	Air Traffic Organization	MARAD	Maritime Administration
ATOP	Advanced Technology and Oceanic Procedures	MCSIA	Motor Carrier Safety Improvement Act
ATOS	Air Transportation Oversight System	NAFTA	North American Free Trade Agreement
BATF	Bureau of Alcohol, Tobacco, Firearms and Explosives	NAS	National Airspace System
BTS	Bureau of Transportation Statistics	NCIS	Naval Criminal Investigative Service
CDL	Commercial Driver's License	NDR	National Driver Register
CFO	Chief Financial Officer	NHTSA	National Highway Traffic Safety Administration
CFR	Code of Federal Regulations	NTSB	National Transportation Safety Board
CID	Criminal Investigations Division	OA	Operating Administration
CIO	Chief Information Officer	OCIO	Office of Chief Information Officer
CPDLC	Controller-Pilot Data Link Communications	OIG	Office of Inspector General
DAIG	Deputy Assistant Inspector General	OMB	Office of Management and Budget
DBE	Disadvantaged Business Enterprise	OPS	Office of Pipeline Safety
DCAA	Defense Contract Audit Agency	OPM	Office of Personnel Management
DCIS	Defense Criminal Investigative Service	OSI	Office of Special Investigations
DHS	Department of Homeland Security	OST	Office of the Secretary of Transportation
DOJ	Department of Justice	PCIE	President's Council on Integrity and Efficiency
DOT	Department of Transportation	PHMSA	Pipeline and Hazardous Materials Safety Administration
ERAM	En Route Automation Modernization	QCR	Quality Control Review
EPA	Environmental Protection Agency	RITA	Research and Innovative Technology Administration
FAA	Federal Aviation Administration	RSPA	Research and Special Programs Administration
FBI	Federal Bureau of Investigation	SAS-70	Statement on Auditing Standards Number 70
FHWA	Federal Highway Administration	SafeStat	Safety Status Measurement System
FISMA	Federal Information Security Management Act	SLSDC	St. Lawrence Seaway Development Corporation
FMCSA	Federal Motor Carrier Safety Administration	SPAS	Safety Performance Analysis System
FRA	Federal Railroad Administration	STARS	Standard Terminal Automation Replacement System
FTA	Federal Transit Administration	STB	Surface Transportation Board
FY	Fiscal Year	TEA-21	Transportation Equity Act for the 21st Century
GAO	Government Accountability Office	TRACON	Terminal Radar Approach Control
GMRA	Government Management Reform Act	TREAD	Transportation Recall Enhancement, Accountability, and Documentation
GSA	General Services Administration	VE	Value Engineering
HAZMAT	Hazardous Material		





U.S. Department of Transportation

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