



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2013

**OFFICE OF
INSPECTOR GENERAL**

**SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS**

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
FISCAL YEAR 2013 BUDGET ESTIMATES

TABLE OF CONTENTS

	<u>Page</u>
Section 1: Overview	
Inspector General's Administrator's Overview	1
FTE Organizational Chart (Exhibit I-1)	4
FTP Organizational Chart (Exhibit I-2)	5
Section 2: Budget Summary Tables	
FY 2013 New Budget Authority (Exhibit II-1)	7
FY 2013 Total Budgetary Resources by Appropriation Account – Approps., ObLims, & Exempt Obs. (Exhibit II-2)	8
FY 2013 Budget Request by DOT Strategic and Organizational Goals (Exhibit II-3)	9
FY 2013 Budget Authority (Exhibit II-4)	10
FY 2013 Outlays (Exhibit II-5)	11
Summary of Requested Funding Changes from Base (Exhibit II-6)	12
Working Capital Fund (Exhibit II-7)	13
Full-time Equivalents Employment (Exhibit II-8)	14
Full-time Permanent Positions (Exhibit II-9)	15
Section 3: Budget Request by Appropriation Account	
Appropriations Language	17
Summary by Program Activity (Exhibit III-1)	18
Program and Performance Statement	19
Summary Analysis of Change From FY 2012 to FY 2013 (Exhibit III-1a)	20
FY 2013 Budget Submission: Detailed Justification	21
Program and Financing Schedule	46
Object Classification Schedule	47
Employment Summary	48
FY 2003 - FY 2013 Funding History	49

**Department of Transportation, Office of the Inspector General
Fiscal Year 2013 Budget Submission: Administrator's Overview**

The Office of Inspector General (OIG) is committed to fulfilling its statutory responsibilities under The Inspector General Act of 1978, as amended (IG Act), while supporting the Secretary, senior Department of Transportation (DOT) officials, members of Congress, and the American public in achieving a safe, efficient, and effective transportation system. The accompanying budget request for fiscal year (FY) 2013 has been developed with the goal for OIG to build on its long-standing record as a highly respected contributor to the Department's mission.

We respectfully submit the Office of Inspector General's (OIG) FY 2013 budget request for \$84.499 million in total budgetary resources in support of 405 Full-time Equivalents (FTE) in addition to 5 FTE funded by American Recovery and Reinvestment Act (ARRA)¹ carryover funds. Of the \$84.499 million, \$62.394 million would support personnel compensation and benefits costs—which comprise about 74 percent of our budget—and \$22.105 million would support operating costs, over which we exercise minimal control.²

OIG has determined that this is the funding level needed to continue to fully execute our mission: focusing on safety across transportation modes—while identifying cost-savings opportunities and making recommendations to improve DOT program efficiency and effectiveness. We have consistently demonstrated our commitment to ensuring the greatest return on taxpayer investments, and during FY 2011, our work represented a return of approximately \$25 for each budget dollar invested. We have worked hard to implement cost-saving efforts and improve our own operational efficiencies in those administrative functions over which we can exercise control. For example, in addition to instituting a temporary hiring freeze in August 2011, we also adjusted our facility space requirements to reduce our total square footage and associated rental costs, implemented ongoing data center consolidations, expanded virtualized server environments, decreased IT hardware and software licenses, expanded videoconferencing capabilities, and trimmed publication subscriptions.

The 405 FTEs that we seek to fund includes adding 27 FTEs to our permanent base and reducing ARRA funded FTEs from 42 to 5. This reduction represents a net decrease of 10 FTEs from the FY 2012 enacted level (see table 1).

Table 1. Total FTEs for Fiscal Year 2011 through Fiscal Year 2013

FTE Account	FY 2011 Actual	FY 2012 Enacted	FY 2013 Requested
Salaries and Expenses	391	378	405
Salaries and Expenses supported by ARRA	57	42	5
Total FTEs	448	420	410

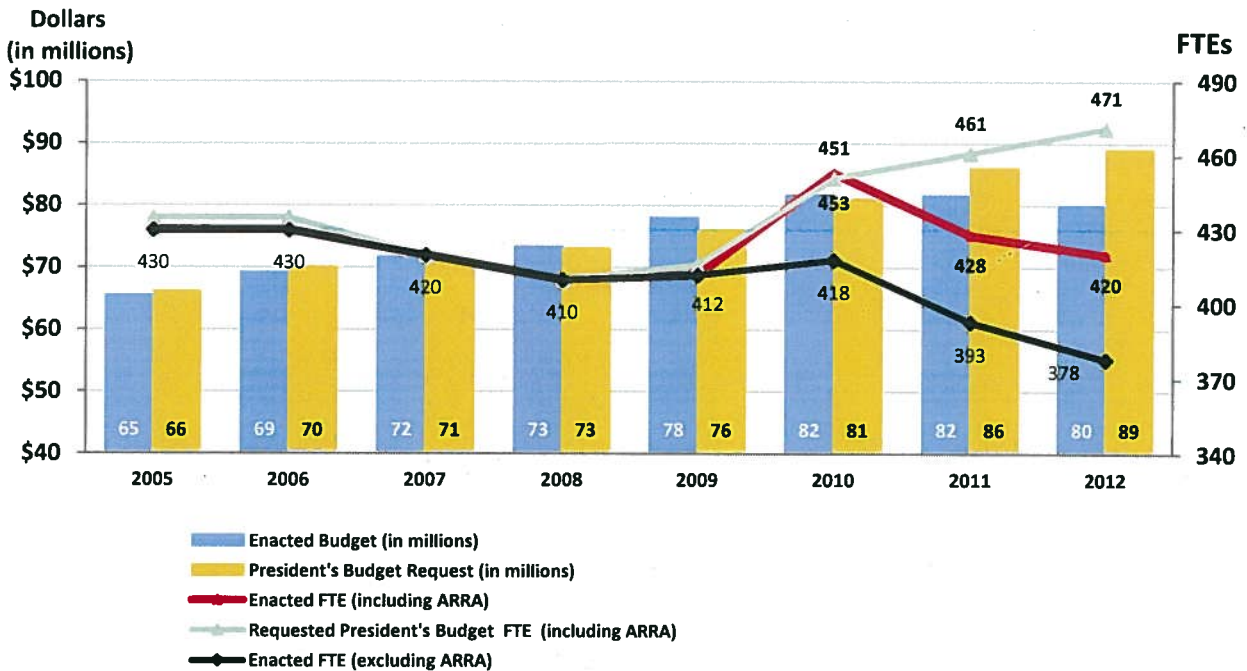
¹ Public Law 111-5.

² Operating Costs include items such as rent, working capital fund, and information technology equipment, maintenance and services.

ARRA mandated that OIG conduct extensive oversight of the Department's administration of the \$48 billion it received to invest in new and existing airport, highway, road, bridge, transit, and rail projects. To conduct this oversight, OIG received \$20 million in ARRA funds, which originally ran through fiscal year 2013. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act³ amended ARRA's funding provisions to rescind ARRA discretionary appropriations not obligated by December 31, 2012.⁴

The impending early rescission would trigger the loss of highly skilled and professional auditors, analysts, and investigators and impair our capacity to provide robust oversight of ARRA transportation infrastructure projects and related programs. Such a loss would come at a critical stage, since deadlines for expending ARRA funds on various DOT programs extend more than 4 to 6 years into the future. With \$13.8 billion unspent as of January 19, 2012, vigilant oversight must be continued to identify and prevent fraud, schedule delays, cost overruns, and other associated risks. As of September 2011, we had 62 open investigations of alleged ARRA fraud—47 of which the Department of Justice is considering for potential prosecution.

Figure 1: OIG Base Budget and Total FTE Staffing Levels since Fiscal Year 2005



The 27 FTEs we are requesting to add to our permanent base will allow us to maximize the institutional knowledge of our professional staff—our most valuable resource for achieving our mission—and to continue executing the work identified in our tactical plans and investigative priorities. As of September 2011, we had over 60 audits and 403 criminal investigations under way, and in FY 2011 testified before Congress five times

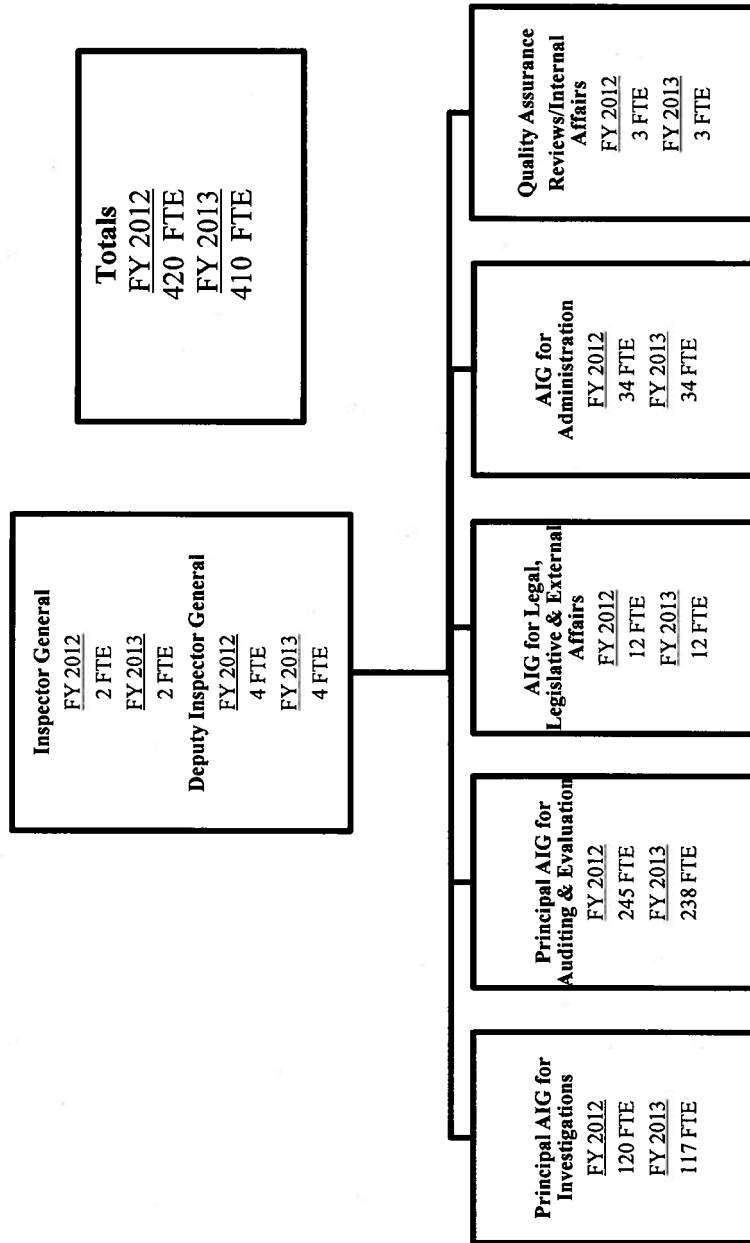
³ Public Law 111-203.

⁴ OIG estimates approximately \$2.5 million of ARRA funds will remain unobligated on that date.

on topics ranging from FAA's budget and air traffic control operations to DOT oversight of ARRA expenditures. Through our comprehensive 24-month tactical plan we have identified an additional 100 potential audits that would be beneficial to critical areas across DOT's Operating Administrations. Examples of current and planned audits and investigations are provided in the detailed justification document accompanying this submission.

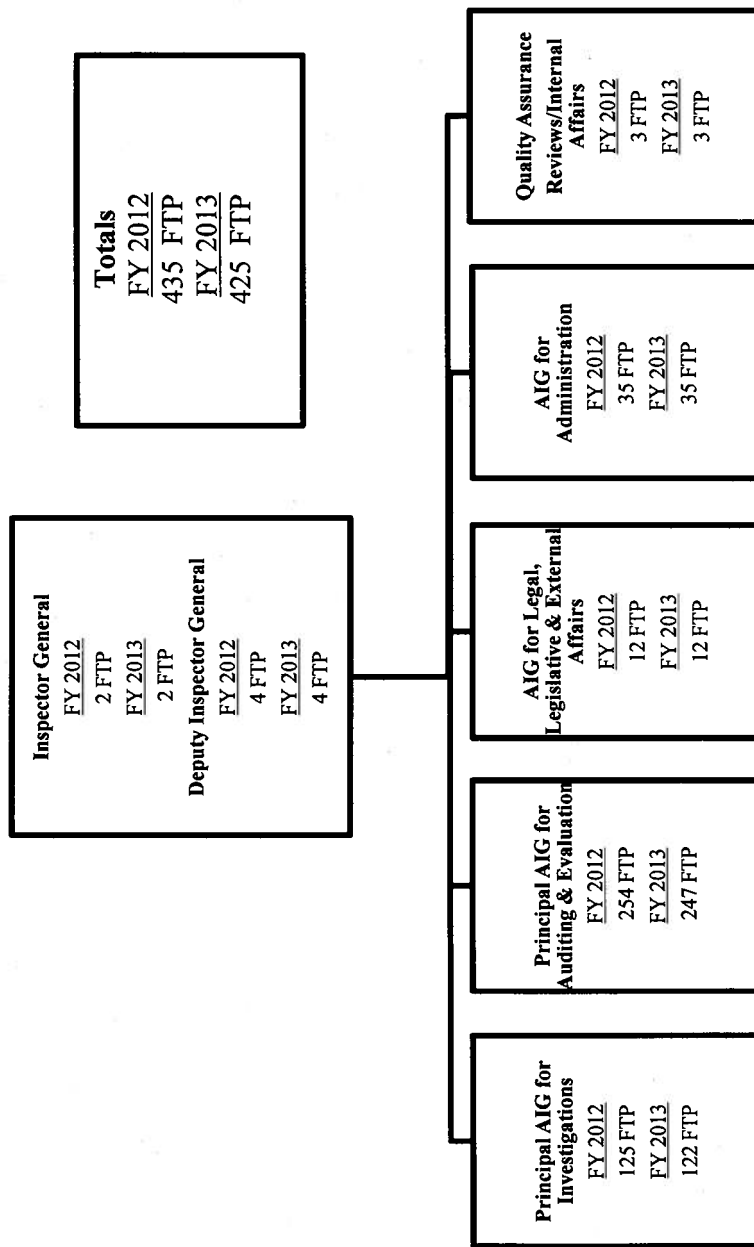
We appreciate the support of Congress to ensure that we have the resources necessary to carry out our important mission and to assist the Department in achieving a safe, efficient, and effective transportation system. This budget request will enable OIG to better respond to and balance new Congressional and Secretarial requests with the work mandates already required by law as well as self-initiated projects (some addressing safety-related DOT programs) identified in our audit tactical plans.

**EXHIBIT I-1
FTE ORGANIZATIONAL CHART
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**



Reflects estimated ARRA FTE of 42 in FY 2012 and 5 in FY 2013.

**EXHIBIT I-2
FTP ORGANIZATIONAL CHART
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**



Reflects estimated ARRA FTP levels of 42 in FY 2012 and 5 in FY 2013.

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EXHIBIT II-1

FY 2013 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)

<u>ACCOUNT NAME</u>	<u>FY 2011 ACTUAL</u>	<u>FY 2012 ENACTED</u>	<u>FY 2013 REQUEST</u>
Salaries & Expenses	74,964	79,624	84,499
Salaries & Expenses, FTA Transfer	1,996	0	0
TOTALS: Budget Authority	76,960	79,624	84,499
<u>REIMBURSABLES</u>			
FHWA	3,661	0	0
FTA	39	0	0
FAA	179	0	0
NTSB	73	0	0
OST	2	0	0
TOTALS: Reimbursables	3,954	0	0
TOTALS: OIG	80,914	79,624	84,499

EXHIBIT II-2

FY 2013 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Approps., Ob. Lims., and Exempt Obs.
(\$000)

<u>ACCOUNT NAME</u>	<u>FY 2011 ACTUAL</u>	<u>FY 2012 ENACTED</u>	<u>FY 2013 REQUEST</u>
Salaries & Expenses	74,964	79,624	84,499
Salaries & Expenses, FTA Transfer	1,996	0	0
TOTALS: Approps., Ob. Lims., & Exempt Obs.	76,960	79,624	84,499
<u>REIMBURSABLES</u>			
FHWA	3,661	0	0
FTA	39	0	0
FAA	179	0	0
NTSB	73	0	0
OST	2	0	0
TOTALS: Reimbursables	3,954	0	0
TOTALS: OIG	80,914	79,624	84,499

EXHIBIT II-3

FY2013 BUDGET REQUEST BY DOT STRATEGIC AND ORGANIZATIONAL GOALS

DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

(\$000)

	Safety	Environmental Sustainability	State of Good Repair/ Infrastructure	Livable Communities	Economic Competitiveness	Organizational Excellence	Total
ACCOUNT/Program							
Salaries & Expenses						84,499	84,499
TOTAL						84,499	84,499

EXHIBIT II-4

**FY 2013 BUDGET AUTHORITY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

ACCOUNT NAME	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST
Salaries & Expenses	74,964	79,624	84,499
Salaries & Expenses, FTA Transfer	1,996	0	0
Total Budget Authority	76,960	79,624	84,499
Mandatory	0	0	0
Discretionary	76,960	79,624	84,499

EXHIBIT II-5

**FY 2013 OUTLAYS
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

ACCOUNT NAME	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST
Salaries & Expenses	74,830	79,358	84,011
Salaries & Expenses, Recovery Act	7,906	6,000	2,085
TOTALS: Outlays	82,736	85,358	86,096
Mandatory	0	0	0
Discretionary	82,736	85,358	86,096

EXHIBIT II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	FY 2012 ENACTED	ANNUALIZATION OF FY 2012 PROMOS AND WIGS	FY 2013 PAY RAISES (0.5%)	ONE MORE COMPENSABLE DAY	GSA RENT/ RENTAL SECURITY/ PAYMENTS TO DHS	WCF	INFLATION (0.5%)	FY 2013 BASELINE ESTIMATE	PROGRAM CHANGES	FY 2013 REQUEST
OPERATIONS										
PERSONNEL RESOURCES:										
Total FTE (not incl. ARRA FTE)	378							378	27	405
FINANCIAL RESOURCES:										
Salaries & Benefits	58,081	0	203	190				58,974	3,420	62,394
Travel	2,745							2,745	(25)	2,720
Transportation of things	5							5		5
Rental payments to GSA/Rental security payments to DHS	5,850				75			5,925		5,925
Rental payments to others	275						15	290		290
Comm., utilities, & misc. charges	683						33	716		716
Printing and reproduction	5							5		5
Advisory and assistance svcs.	400							400	(160)	240
Other services	3,935						45	3,980		3,980
WCF	3,778					244		4,022		4,022
Other svcs. from Gov. accts.	1,832							1,832		1,832
Ops & maint. of equipment	915						15	930	138	962
Supplies and materials	350							350	32	382
Equipment	650							650	150	800
Insurance claims and indemnities	100							100		100
Unvouchered	20							20		20
Totals: Approps., ObLims., & Exempt Obs.	79,624	0	203	190	75	244	108	80,944	3,555	84,499

EXHIBIT II-7

**WORKING CAPITAL FUND
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
(\$000)**

ACCOUNT NAME	FY 2012 ENACTED	FY 2013 REQUEST	CHANGE FY 2012-2013
Salaries & Expenses	3,778	4,022	244
TOTAL	3,778	4,022	244

EXHIBIT II-8

**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS**

	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST
Salaries & Expenses	356	378	405
Salaries & Expenses, Recovery Act	57	42	5
Sub- Total	413	420	410
Reimbursables	35	0	0
TOTAL FTE	448	420	410

EXHIBIT II-9

**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS**

	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST
Salaries & Expenses	373	393	420
Salaries & Expenses, Recovery Act	35	42	5
Sub- Total	408	435	425
Reimbursables	35	0	0
TOTAL FTP	443	435	425

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**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**

Federal Funds

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General to carry out the provisions of the Inspector General Act of 1978, as amended, [\$79,624,000]

\$84,499,000: Provided, That the Inspector General shall have all necessary authority, in carrying out the duties specified in the Inspector General Act, as amended (5 U.S.C. App. 3), to investigate allegations of fraud, including false statements to the government (18 U.S.C. 1001), by any person or entity that is subject to regulation by the Department: *Provided further,* That the funds made available under this heading may be used to investigate, pursuant to section 41712 of title 49, United States Code: (1) unfair or deceptive practices and unfair methods of competition by domestic and foreign air carriers and ticket agents; and (2) the compliance of domestic and foreign air carriers with respect to item (1) of this proviso: *Provided further,* That no funding through expenditure transfers shall be made between either the Federal Highway Administration, the Federal Aviation Administration, the Federal Transit Administration, or the National Transportation Safety Board, and the Office of Inspector General. (Department of Transportation Appropriations Act, 2012.)

EXHIBIT III-1

DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Summary by Program Activity
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

ACCOUNTS	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST	CHANGE FY 2012-2013
Salaries & Expenses	74,964	79,624	84,499	4,875
Salaries & Expenses, FTA Transfer	1,996	0	0	0
Total Budget Authority	76,960	79,624	84,499	4,875
Reimbursables	3,954	0	0	0
Total: OIG	80,914	79,624	84,499	4,875
FTE				
Salaries and Expenses	356	378	405	27
Salaries and Expenses, Recovery Act	57	42	5	(37)
Sub-total	413	420	410	(10)
Reimbursables	35	0	0	0
Total FTE	448	420	410	(10)

**DEPARTMENT OF TRANSPORTATION
OFFICE OF INSEPECTOR GENERAL**

Program and Performance Statement

This appropriation finances the cost of conducting and supervising audits, evaluations and investigations relating to the programs and operations of the Department to promote economy, efficiency and effectiveness, and to prevent and detect fraud, waste, and abuse in such activities. The Budget reflects resources that will enable the Office of the Inspector General to perform its oversight responsibilities and assist the Department in achieving its strategic goals for "organizational excellence."

EXHIBIT III-1a.

**SUMMARY ANALYSIS OF CHANGE FROM FY 2012 TO FY 2013
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)**

ITEM	CHANGE FROM FY 2012 TO FY 2013	CHANGE FROM FY 2012 TO FY 2013 <u>FTE</u>
FY 2012 Base		
Salaries & Expenses - Appropriations, Ob. Lims., and Exempt Obligations	79,624	378
Adjustments to Base		
Annualization of FY 2012 Career- Ladder, Promotions & WIGs	500	
FY 2013 Pay Raises (.5%)	203	
One additional compensable day	190	
Rental payments to GSA/Rental security payments to DHS	75	
Working Capital Fund	244	
Inflation (0.5%)	108	
Subtotal, Adjustments to Base	<hr/> 1,320	<hr/> 0
New or Expanded Programs		
Additional FTEs - Salaries, Benefits, & Travel	3,555	27
Subtotal, New or Expanded Programs	<hr/> 3,555	<hr/> 27
Increases/Decreases		
Total FY 2013 Request	84,499	405

DOT Office of Inspector General Fiscal Year 2013 Budget Request: Detailed Justification

What Do I Need To Know Before Reading This Justification?

- The Inspector General Act of 1978, as amended (IG Act), established the Office of Inspector General (OIG) as an independent and objective organization within the Department of Transportation (DOT). The OIG is committed to fulfilling its statutory mission to promote economy, efficiency, and effectiveness and detect fraud, waste, and abuse in Departmental programs and operations.
- The OIG's mission is unique within DOT. OIG's work products provide the only independent source of recommendations that lead to recoveries of large amounts of improper payments, cost reductions, funds to be put to better use, and both financial and program improvements, including increased operational efficiencies and improved safety.
- During FY 2011, OIG issued 181 audit reports which identified over \$1.7 billion in questioned costs, unsupported costs, and funds to be put to better use. OIG investigative staff conducted investigations that led to 76 indictments; 79 convictions; and a total of \$286 million in fines, restitutions, recoveries and costs avoided. Dollar savings from audit and investigative work exceed our FY 2011 budget authority of \$80.9 million more than 25 times over.
- During the past year, we refined our comprehensive 24-month tactical audit plans and guidance on investigative priorities to ensure that we are maximizing our limited resources and providing the greatest potential benefits to the Department and the public. Through these tactical plans, we identified an additional 100 potential audits that would be beneficial to critical areas across DOT's Operating Administrations.
- Personnel compensation and benefits costs comprise about 74 percent of our budget, while the remaining 26 percent consists of fixed operating costs, such as rent, working capital fund, and information technology equipment, maintenance and services—over which we exercise minimal control.
- Over the past several years we have worked hard to implement cost-saving efforts and improve operational efficiencies in those administrative functions over which we can exercise control. For example, in addition to instituting a temporary hiring freeze in August 2011, we also adjusted our facility space requirements to reduce our total square footage and associated rental costs, implemented ongoing data center consolidations, expanded virtualized server environments, decreased IT hardware and software licenses, expanded videoconferencing capabilities, and trimmed publication subscriptions.

What Is The Request And What Will We Get For The Funds?

Table 1. FY 2013 DOT Office of Inspector General Budget Request

Program Activity	(\$000)			
	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	Difference from FY 2012 Enacted
Salaries and Expenses	\$76,960	\$79,624	\$84,499	\$4,875
Reimbursables	3,954	0	0	0
Total	\$80,914	\$79,624	\$84,499	\$4,875

Our FY 2013 budget request is for \$84.499 million in total budgetary resources in support of 405 full-time equivalents (FTE) in addition to 5 FTEs funded by American Recovery and Reinvestment Act¹ (ARRA) carryover funds. Of the \$84.499 million, \$62.394 million would support personnel compensation and benefits costs—which comprise about 74 percent of our budget—and \$22.105 million would support operating costs over which we exercise minimal control. This request includes an additional \$4.9 million when compared to our FY 2012 Enacted Budget. This increase is comprised of \$1.3 million in base cost adjustments and \$3.6 million for 27 additions to our base FTE, as further discussed in this document.

OIG has determined that this is the funding level needed to carry out our mission: focusing on safety across all transportation modes—while identifying cost-savings opportunities and making recommendations to improve DOT program efficiency and effectiveness. We have consistently demonstrated our commitment to ensuring the greatest return on taxpayer investments, and during FY 2011, our work represented a return of approximately \$25 for each budget dollar invested.

We have also worked hard to implement cost-saving measures to improve our own operational efficiencies in those administrative functions over which we exercise some control. For example, in addition to instituting a temporary hiring freeze in August 2011, we also adjusted our facility space requirements to reduce our total square footage and associated rental costs, implemented ongoing data center consolidations, expanded virtualized server environments, decreased IT hardware and software licenses, expanded videoconferencing capabilities to reduce travel costs, and trimmed publication subscriptions.

The 405 FTEs that we are seeking to fund includes adding 27 FTEs to our permanent base and reducing ARRA supported FTEs from 42 to 5. On a combined basis, this represents a net decrease of 10 FTEs from the FY 2012 enacted (see table 2).

¹ Public Law 111-5

Table 2. Total FTEs for Fiscal Year 2011 through Fiscal Year 2013

FTE Account	FY 2011 Actual	FY 2012 Enacted	FY 2013 Requested
Salaries and Expenses	391	378	405
Salaries and Expenses supported by ARRA Carryover	57	42	5
Total FTEs	448	420	410

ARRA mandated that OIG conduct extensive oversight of the Department's administration of the \$48 billion it received to invest in new and existing airport, highway, road, bridge, transit, and rail projects. To conduct this oversight, OIG received \$20 million in ARRA funds, which originally ran through FY 2013. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act² amended ARRA's funding provisions, adding an early rescission of ARRA discretionary appropriations not obligated by December 31, 2012.³

The impending early ARRA rescission would trigger the loss of highly skilled and professional auditors, analysts, and investigators and impair our capacity to provide robust oversight of transportation infrastructure projects funded. Such a loss would come at a critical stage, since deadlines for expending ARRA funds on various DOT programs extend more than 4 to 6 years into the future. With \$13.8 billion yet to be spent as of January 19, 2012, vigilant oversight must be continued to identify and prevent fraud, schedule delays, cost overruns, and other associated risks.

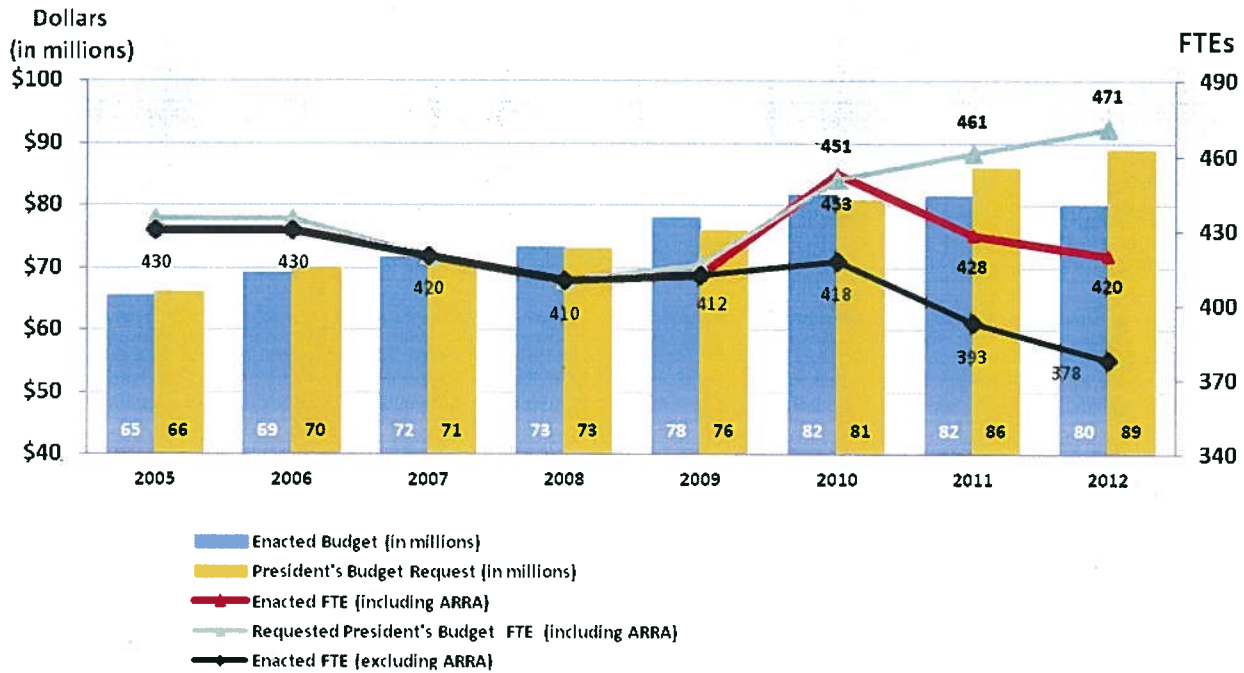
As of September 2011, OIG had over 60 audits underway and 403 open criminal investigations. The open investigations included 62 open cases involving alleged ARRA fraud—47 of which the Department of Justice is considering for potential prosecution. Also, during FY 2011 OIG testified before Congress five times on topics ranging from Federal Aviation Administration's (FAA) budget and air traffic control operations to DOT oversight of ARRA expenditures. In our comprehensive 24-month tactical plan, we have identified an additional 100 potential audits that would be beneficial to critical areas across DOT's Operating Administrations.

The 27 FTEs we are requesting to add to our permanent base will allow us to maximize the institutional knowledge of our professional staff—our most valuable resource for achieving our mission—and to continue executing the work identified in our tactical plans and investigative priorities.

² Public Law 111-203.

³ OIG estimates we will have approximately \$2.5 million in unobligated ARRA funds remaining on that date.

Figure 1: OIG Base Budget and Total FTE Staffing Levels since Fiscal Year 2005



What Is This Program?

This program represents the whole of OIG's operational needs. The work of OIG provides the only internal and independent source of recommendations to DOT senior executives and managers. The OIG remains focused on obtaining maximum use of taxpayer dollars through improved efficiency, as well as enhancing the effectiveness and integrity of the programs that DOT administers. Our audits, investigations and reviews lead to recoveries of large amounts of improper payments, cost reductions, funds put to better use, and both financial and program improvements, including increased operational efficiencies and improved safety.

Why Do We Want/Need To Fund The Program At The Requested Level?

The OIG is committed to fulfilling its statutory responsibilities under the IG Act while supporting the Secretary, senior DOT officials, members of Congress, and the American public in achieving a safe, efficient, and effective transportation system. OIG has a demonstrated record of efficient and effective oversight and consistently produces a significant return on investment of budget resources. This FY 2013 budget request has been developed with the goal for OIG to maintain its long-standing record as a highly respected contributor to the Department's mission.

The OIG operates in a dynamic and evolving transportation environment, balancing the demands on finite resources between responsiveness to stakeholders' priorities and time sensitive requests while proactively directing our work to identify emerging issues and opportunities for

improvements in operations and programs. The OIG's planning is by necessity flexible in approach, emphasizing a quick turnaround of focused reviews, reflecting the interests of all stakeholders and seeking maximum benefit to taxpayers. This planning process focuses not only on our statutory requirements, but also on DOT's strategic goals and major programs, issues of interest to OMB and Members of Congress as well as the transportation community and the travelling public, giving us the ability to be available whenever called upon and to provide timely, relevant, and effective results.

The value of OIG's expertise comes in our independent and objective audits and investigations of specific programs and activities that support the Department's strategic plans. As such, our budget request belongs entirely under the departmental strategic goal of Organization Excellence. However, our work assists each of the Operating Administrations and ultimately the Department in meeting performance targets in all departmental strategic and organizational goals.

During the past year, we updated our comprehensive 24-month tactical audit plans and guidance on investigative priorities to ensure that we are maximizing our limited resources and providing the greatest potential benefits to the Department and the public. Through these tactical plans, we identified an additional 100 potential audits that would be beneficial to critical areas across DOT's Operating Administrations. The additional 27 FTEs we are requesting for our permanent base will allow us to maximize the institutional knowledge of our professional staff—our most valuable resource for achieving our mission—and continue executing the work identified in our tactical plans and investigative priorities. These tactical plans cover the entire Department and its Operating Administrations:

Departmentwide

- Assessing DOT's oversight of financial- and procurement-related issues such as purchase card use, disadvantaged business enterprise (DBE) program implementation, administration of cost-reimbursable contracts, management of information technology products and services contracts, acquisition workforce management, and oversight of the Transportation Investment Generating Economic Recovery (TIGER) discretionary grant program.
- Completing other required Departmentwide reviews including audits of DOT financial statements, improper payments, and cyber security.
- Supporting a recently created national procurement fraud team in support of our ongoing procurement and grant fraud program to further develop our national caseload and provide outreach activities to help generate additional referrals from the Department and its Operating Administrations. The types of fraud typically seen in DOT procurements and grants include bribery and corruption, bid rigging, false claims, labor and materials overcharging, DBE fraud, and product substitution.

- Bolstering our successful investigative efforts in the New York metropolitan region, where the Department currently has several large-scale, multibillion dollar transportation infrastructure projects ongoing. Over the 5 fiscal years ending in FY 2010, our New York City region investigations *averaged nearly \$1.5 million per agent per year in actual monetary recoveries* via fines, restitution, forfeiture, and settlements, as well as an annual average of 24 indictments and convictions, and 19 cases of asset forfeiture, with a total value over \$42 million.
- Expanding a recently launched initiative to protect American consumers and workers from deceptive commercial practices related to FMSCA's economic regulatory programs, such as household goods and motor carrier broker fraud schemes. The Southeast region is known as a hot spot for these deceptive schemes, additional investigative resources would strengthen this new initiative.

Federal Aviation Administration

- Evaluating air traffic control (ATC) facilities and operations, including assessments of FAA's plans for consolidating ATC facilities, ATC system security, controller training metrics, controller union agreement costs, and FAA's contract tower program.
- Assessing key aviation safety areas, ranging from FAA's oversight of aircraft repair stations, controller operational errors and other aircraft separation losses, staffing levels for safety inspectors, and industry compliance with key safety directives.
- Assessing FAA acquisition and Next Generation Air Transportation System (NextGen) modernization challenges, ranging from reducing risk to improving the execution of billion dollar efforts. These audits help determine overall program costs, schedule, and performance, as well as assess FAA's implementation of individual program components, such as Automatic Dependent Surveillance-Broadcast (ADS-B), En Route Automation Modernization (ERAM), and System Wide Information Management (SWIM).
- About 17 percent of our investigations target alleged aviation safety fraud, such as unapproved aircraft parts and false airmen medical certificates.

Federal Highway Administration (FHWA)

- Evaluating FHWA's programs and tools for overseeing the billions of dollars provided to States and localities to build, maintain, and repair the Nation's roads and bridges. These audits include assessments of FHWA's oversight of States' transportation financial and project management plans for major highway projects, and the effectiveness of FHWA's process to improve State oversight of Local Public Agency projects.

- Assessing FHWA's oversight of ARRA projects ranging from assessing internal controls for detecting improper payments to evaluating risk mitigation strategies used to identify unsupported highway project costs.
- Providing a snapshot of the status of the highway trust fund and the pros and cons of innovative or alternative financing.
- About one third of our DOT investigations focus on fraud in FHWA grant programs, such as false statements or claims, anti-trust and prevailing wage violations, and DBE fraud.

Federal Motor Carrier Safety Administration (FMCSA)

- Auditing FMCSA's effort to attain more comprehensive commercial motor carrier safety data and a broader array of interventions through its Compliance, Safety, and Accountability Program, and an assessment of FMCSA's oversight of its largest grant program—the Motor Carrier Safety Assistance Program—which provides over \$200 million to states to reduce the incidence and severity of commercial motor vehicle crashes.
- Reviewing FMCSA's compliance with North American Free Trade Agreement (NAFTA) cross-border trucking provisions and its efforts to enhance the consistency of information reported to the Mexican Conviction Database and improve its capacity to perform safe and efficient bus inspections at border crossings.
- About 14 percent of our investigations involve allegations of fraud in FMCSA programs, such as hazmat violations; egregious motor carrier safety violations, including commercial driver's license fraud and log book violations; and economic frauds in the household goods and motor carrier broker program.

National Highway Traffic Safety Administration (NHTSA)

- Assessing NHTSA's efforts to ensure the Office of Defects Investigations has the systems and processes needed to promptly identify safety defects and advance timely corrective action, its oversight of manufacturers' compliance with Federal Motor Vehicle Safety Standards, and the quality, accuracy and timeliness of the early warning data used to identify safety risks that merit investigation.
- About 5 percent of our investigations involve safety issues and grant fraud in NHTSA programs.

Federal Transit Administration (FTA)

- Assessing FTA's oversight of the Dulles Corridor Metrorail Project.
- Assessing FTA's management of transit programs, including the regulation of charter services and related safety concerns.
- Evaluating major ARRA-funded projects in New York City and FTA's oversight practices used across the country to determine whether applicable ARRA goals and cost and schedule requirements are being met.
- About 8 percent of our investigations involve allegations of fraud in FTA's grant programs.

Federal Railroad Administration (FRA)

- Assessing FRA's ability to effectively manage its recently expanded role to oversee the implementation of high-speed intercity passenger rail (HSIPR). Our audits include evaluating FRA's efforts to ensure HSIPR access agreements comply with statutory requirements and adequately address cost, schedule, and performance goals; assessing FRA's methodologies for HSIPR ridership and revenue forecasts, cost estimates, and public benefits valuations; determining state capacity to build, operate, and maintain a high-speed rail system; and assessing the adequacy of FRA's oversight of state and HSIPR grant recipients' contract award and administration practices.
- Assessing Amtrak operations, including its financial and accounting reporting system; determining major causes of passenger rail delays; and conducting semi-annual reviews on Amtrak's financial and operating performance.

Pipeline and Hazardous Materials Safety Administration (PHMSA)

- Evaluating PHMSA's Hazardous Materials Preparedness Grant program and following up on our previous work regarding PHMSA's oversight of its Special Permits and Approval Program.
- Assessing PHMSA's oversight of States' gas pipeline safety programs; pipeline control room management, and hazardous liquid spill response plans.
- About 6 percent of our investigations involve allegations of fraud against PHMSA's hazardous materials transportation and pipeline safety programs.

Why Is This Particular Program Necessary And How Do You Know The Program Works?

The OIG's mission is unique within DOT. Our audits, investigations and reviews lead to improper payment recoveries, cost reductions, and funds put to better use, all of which provide the only internal and independent source of recommendations to senior policy-making officials. The OIG obtains maximum use of taxpayer dollars through improved efficiency, as well as enhancing the effectiveness and integrity of the programs that DOT administers. Our audits, investigations and reviews lead to recoveries of improper payments, cost reductions, funds put to better use, and both financial and program improvements, including increased operational efficiencies and improved safety. During FY 2011, the monetary impact of our findings and recommendations represent a return of approximately *\$25 for each budget dollar spent*. The OIG has established a long-standing record as a highly respected contributor to the Department's mission.

OIG fulfills statutory responsibilities by completing required audits of DOT's financial statements and information security practices; assessing the adequacy of internal control systems; and ensuring tax dollars expended by DOT are well-spent and that acquisitions, contracts, and grants are well-managed to safeguard against fraud, including those under consideration as part of the economic recovery efforts. In addition, the Secretary and Congress frequently task OIG through requests, report directives, and statutory mandates to review critical ongoing and emerging transportation issues.

We also identify, monitor and report on issues we consider to be the Department's top management and performance challenges as a part of annual performance reporting. The challenges we identify are communicated to DOT leadership, and we monitor the Department's progress in addressing the issues. For FY 2011, the key challenges identified for DOT include:

- Ensuring Transparency and Accountability in the Department's Recovery Act Programs
- Maintaining Momentum in the Department's Oversight of Highway, Motor Vehicle, Hazardous Materials, and Transit Safety
- Maintaining Momentum in Addressing Human Factors and Improving Safety Oversight of the Aviation Industry
- Improving the Department's Oversight of Highway, Transit, and Pipeline Infrastructure
- Identifying Sufficient Funding Sources To Support Future Federal Investment in Surface Transportation Infrastructure
- Transforming the Federal Railroad Administration To Address Significantly Expanded Oversight Responsibilities

- Advancing the Next Generation Air Transportation System While Ensuring the Safe and Efficient Operation of the National Airspace System
- Implementing Processes To Improve the Department's Acquisitions and Contract Management
- Improving the Department's Cyber Security

To assess the outcome and effectiveness of OIG performance in terms of meeting our statutory responsibilities, we have adopted performance measures developed by the Council of Inspectors General on Integrity and Efficiency (CIGIE) based on the reporting requirements in the IG Act.

Following are examples of some of our recent and on-going work that we believe support the Department's strategic focus.

Transportation Safety

Pilot Rest Requirements and Fatigue Issues. On September 12, 2011, we issued the final report on our audit of FAA's regulations and airline policies on crew rest requirements and fatigue issues, including pilot domicile and commuting. This audit was requested by the former Chairmen and Ranking Members of the Senate Commerce, Science, and Transportation and its Subcommittee on Aviation Operations, Safety, and Security, as well as the Ranking Member of the House Transportation and Infrastructure Subcommittee on Aviation, and Representatives Higgins and Slaughter. Our objectives were to assess: (1) FAA's actions taken to address the current Federal regulations governing crew rest requirements and fatigue issues; and (2) FAA's and the airlines' oversight and enforcement of those regulations. We found that FAA has taken steps to update flight, duty and rest regulations for pilots, but do not impose requirements on air carriers to track pilot domicile and commuting – factors that can contribute to fatigue. In addition, we found both air carriers and FAA have systems that generally ensure compliance with current Federal regulations governing flight, duty, and rest requirements by alerting schedulers of potential violations.

FAA's Aviation Safety Inspector and Analyst Staffing. The Airline Safety and FAA Extension Act of 2010 directed OIG to review staffing levels for FAA's aviation safety inspectors and operations research analysts. The 2009 Colgan crash raised concerns about the experience and numbers of inspectors and analysts that have been assigned to oversee air carriers and review inspection data. Accordingly, we will assess the adequacy of the numbers and experience levels of aviation safety inspectors and evaluate FAA's process for assigning inspectors and analysts to air carriers.

FAA Needs To Improve Risk Assessment Processes For Its Air Transportation Oversight System. On December 16, 2010, we issued our report on the FAA's Air Transportation Oversight System (ATOS). FAA uses ATOS to conduct surveillance of nearly 100 Part 121 U.S. air carriers, which

transport more than 90 percent of U.S. airline passenger and cargo traffic. Under the ATOS concept, FAA inspectors apply system safety principles and use data analysis to focus their inspections on areas that pose the greatest risk and to identify possible problems before accidents occur. ATOS also permits inspectors to shift the focus of their inspections in response to changing conditions within air carriers' operations. While ATOS is conceptually sound, our prior reports have found that FAA needs to strengthen national oversight of the system. Safety lapses at a major airline in 2008 prompted Congress to request an assessment of the system and identification of systemwide weaknesses.

Despite FAA's efforts to continuously improve ATOS, we found that FAA inspectors did not timely complete their ATOS inspections of air carriers' maintenance policies and procedures or systems performance. In addition, FAA transitioned all of its Part 121 inspection offices to ATOS at the end of 2007, but training gaps left some inspectors unprepared to adapt ATOS to their smaller carriers' operations. Weaknesses in FAA's current ATOS approach hinder its ability to effectively target areas of greatest need for inspector resources. We made seven recommendations to FAA to improve its data, training, and risk assessment processes for ATOS. FAA concurred with four of our seven recommendations and partially concurred with three.

FMCSA's Response to NTSB Recommendations for the New Entrant Safety Assurance Program.

OIG is conducting an audit to evaluate FMCSA's response to NTSB recommendations for improving the New Entrant Safety Assurance Program after a 2008 motor coach crash in Victoria, Texas, in which one person was killed and 46 others were injured. Our audit objectives are to assess FMCSA's response to NTSB recommendations for (1) improving oversight to detect and deter new entrant motor carriers that try to evade enforcement; (2) developing the capability to better identify and track motor carriers whose vehicles are not in compliance with Federal safety requirements; and (3) revising regulations, implementing new rulemakings, or obtaining increased statutory authority.

Co-founders of Luxury Air Charter Company Sentenced for Operating Illegal Charter Flights and Causing a Plane Crash in New Jersey.

On September 20, 2011, the co-founder of the now-defunct Platinum Jet Management (PJM), a luxury air charter service based in Fort Lauderdale, Florida, was sentenced in U.S. District Court, Newark, New Jersey. One of the co-founders was sentenced to serve 30 months in prison and 36 months of supervised release; the other co-founder was sentenced to serve 18 months in prison and 36 months of supervised release and is also expected to face deportation to Guyana after his term of incarceration.

In November 2010, following a four week trial, the co-founders were convicted by a federal jury on a series of charges stemming from a February 2005 airplane crash in Teterboro, New Jersey. The PJM jet overran the runway at Teterboro Airport, struck two cars as it crossed a roadway and crashed into a warehouse, resulting in injuries. The National Transportation Safety Board investigation concluded that the aircraft's incorrect center of gravity contributed to the crash. The DOT-OIG investigation revealed that the flight's first officer relied on the co-founder's

representations concerning the weight of the aircraft, which caused the plane to be over-fueled; causing an imbalance in the center of gravity.

PHMSA's Oversight of Pipeline Safety. Over the last decade, PHMSA has implemented critical pipeline safety regulations to improve its oversight of the pipeline industry. PHMSA has also partnered with states to oversee operators' compliance with these regulations through the State Pipeline Safety Program, which delegates oversight and enforcement responsibility to the states. The OIG is conducting or has plans to conduct multiple audits examining PHMSA's oversight of (1) the State Pipeline Safety Program, (2) pipeline operators' federally mandated integrity management plans, and (3) current and planned programs to address human factors and other aspects of control room management where supervisory control and data acquisitions systems are used.

Staffing and Training at Critical Air Traffic Control Facilities. Based on a request from the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies OIG has initiated an audit to determine whether FAA's training protocols ensure that the most critical air traffic control facilities have enough qualified controllers to maintain the safety of the National Airspace System. Accordingly, our audit objective is to assess FAA's plans for providing these facilities with appropriate controller staffing, training resources, and other support necessary to ensure the continuity of facility operations.

South Florida Men Sentenced and Another Pleads Guilty in Connection with Aircraft Parts Fraud. On August 26, 2011, in U.S. District Court, Miami, Florida, two men were sentenced in connection with their guilty pleas to charges that they falsified aircraft parts traceability documentation while employed with Daytona Aerospace, Inc., a South Florida aircraft parts broker and licensed Department of Defense (DoD) contractor. In addition, a third Daytona Aerospace, Inc., employee pled guilty to charges he falsified aircraft parts traceability documentation while employed at Daytona.

This investigation was based on allegations that a conspiracy existed in which companies who were not approved by FAA or DoD had manufactured aircraft parts for military and civilian aircraft. These manufacturers conspired with brokers and authorized DoD contractors to sell the unapproved aircraft parts to the U.S. Air Force. In cases where the customer required supporting FAA authentication documents, brokers would further conspire with FAA repair stations to falsify FAA forms, giving the illusion that the manufactured parts were FAA approved and suitable for installation on an aircraft.

The two defendants were each sentenced to 5 months incarceration; 3 years supervised release, with the first 5 months under house arrest, \$16,000 in restitution, and a \$100 special assessment.

In connection with this investigation, a total of 9 individuals, all of which have been charged, have pled guilty. The individuals have been sentenced to a total of nearly 14 years in jail and ordered to pay restitution of \$3.2 million.

Philadelphia Trucker in Deadly Crash Pleads Guilty in Federal Court. On October 3, 2011, a truck driver responsible for a crash that killed one and injured several others, pled guilty to fifteen false statement counts in Philadelphia, Pennsylvania. The truck driver admitted to falsifying his Federal Motor Carrier Safety Administration (FMCSA) regulated logbooks to conceal the fact that he drove in excess of the allowable driving hours without the required period of rest. The federal charges are related to an accident on US 76 in Philadelphia in which one person died and five others were seriously injured when the truck driver's truck plowed into stopped traffic. He had previously pled guilty to various state charges related to the same incident, including one count of vehicular homicide. An analysis of his regulated driver logbooks revealed that at the time of the accident, he was driving in excess of FMSCA maximum hours of operating a commercial vehicle. The truck's owner was previously sentenced on state charges; as was another individual who admitted to selling inspection stickers to the truck driver without inspecting the truck that plunged into stopped traffic.

State of Good Repair

FAA's Terminal Automation Modernization Program. FAA plans to invest about \$1 billion through 2018 to modernize terminal automation systems that controllers rely on to manage air traffic near airports. This effort is key to replacing aging equipment and achieving FAA's goals for NextGen. Our audit objectives are to determine whether (1) FAA's acquisition strategy for terminal modernization effectively addresses technological and operational risks, and (2) FAA's terminal modernization efforts are compatible with key NextGen programs and schedules.

FAA Faces Significant Risks in Implementing the Automatic Dependent Surveillance–Broadcast Program and Realizing Benefits. On October 12, 2010, we issued a report on the FAA's Automatic Dependent Surveillance-Broadcast (ADS-B) program requested by the Chairmen of the House Committee on Transportation Infrastructure and its Subcommittee on Aviation. FAA expects the Automatic Dependent Surveillance-Broadcast (ADS-B) program will enhance National Air Space capacity, improve safety, and play a critical role in FAA's planned transition to the NextGen. ADS-B's implementation is a complex undertaking that will require coordinated, billion-dollar investments from FAA and industry over the next decade. In 2008, stakeholders' concerns about undefined costs, benefits, and technical requirements prompted the Aviation Rulemaking Committee to make 36 recommendations to help FAA remove these program risks.

We identified a number of obstacles that continue to create cost, schedule, and performance risks. First, undefined costs and benefits discourage airspace users from equipping with ADS-B. Evolving cockpit display requirements have further discouraged ADS-B use. Technical issues—such as managing frequency congestion with ADS-B broadcasts, integrating ADS-B and existing controller systems, and addressing potential security vulnerabilities—could also limit benefits and delay implementation. FAA's contract approach could further increase overall program costs. ADS-B's contract structure “bundles” costs for various ADS-B services, making it

difficult for decision makers to track costs. At the same time, FAA has yet to assess staffing gaps or actions needed to ensure that it can effectively oversee the contractor once the ground system is in place.

We made nine recommendations to help FAA reduce risks with ADS-B's implementation and enhance contract oversight. FAA concurred with seven recommendations and partially concurred with two. FAA proposed acceptable actions for all nine recommendations.

FAA's Implementation of the En Route Automation Modernization (ERAM) Program. At the request of the former Chairman and Ranking Member of the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, OIG is reviewing FAA's implementation of ERAM—a \$2.1 billion program to replace existing hardware and software at facilities that manage high-altitude traffic in the National Airspace System. Our objectives are to (1) determine FAA's progress in implementing ERAM and addressing persistent software problems and (2) identify the risks these problems present to FAA's plans for implementing NextGen.

FAA's En Route Automation Modernization (ERAM) Program Information Security Control. In May 2011 we initiated an audit of FAA's ERAM Program, which will replace the 30-year old En Route Host computer and backup system, as well as more than 800 controller workstations at FAA's Air Route Traffic Control Centers nationwide. The program will facilitate reduced aircraft separation and improved flight plan processing by offering flexible routing options, provide safety alerts to prevent collisions and congestion, and enable controllers to better handle unplanned events. The objective of this audit is to determine the effectiveness of ERAM's information security controls, including whether or not FAA is identifying security risks and properly mitigating them.

Company Employee Pleads Guilty in Fraud Scheme Involving Highway Projects. On September 19, 2011, the director of quality assurance for a company that produced precast concrete structures pled guilty in U.S. District Court in Baltimore, Maryland, to three counts of making false statements in a matter involving the Federal Highway Administration (FHWA). The precast products produced by the company included structures for drainage, used in construction projects involving the Woodrow Wilson Bridge and the I-70/Baltimore National Pike Project. The defendant's duties included overseeing the manufacturing of the company's precast products and ensuring the company's compliance with state regulations.

The investigation disclosed that the precast company's products delivered to Federally-funded project sites failed to conform to state-approved specifications. Certain structures contained the wrong number and/or type of steel rebar pieces in their frames; others contained unapproved substitutions of wire mesh in place of steel rebar. Accordingly, none of these structures conformed to state-approved specifications, and all of them were materially weaker than if they had been produced according to design. The investigation further disclosed that on numerous

occasions, the defendant had signed off on shipping tickets listing precast structures whose concrete mix either had not been tested at all, or had been tested and failed to reach the requirement to withstand at least 4,500 pounds per square inch. Based on the shipping tickets that the defendant falsely certified on behalf of his company, the Maryland State Highway Administration (MSHA) paid three prime contractors at least \$131,410 for the deficient materials, which in turn paid FPC

Economic Competitiveness

FAA's Contract Tower Program. Beginning with a pilot program in 1982 that has since expanded, FAA has been engaged in converting FAA-operated low-activity air traffic control towers to contract operations and in instituting a cost-sharing program with local communities. Our previous audits of the program have found that the program successfully provided safe, low-cost air traffic services to users and that the quality of those services was comparable to FAA-operated towers. Congress recognized this in its report accompanying its FY 2011 Department of Transportation (DOT) Housing and Urban Development (HUD), and Related Agencies bill but noted that continued funding for the program warrants another more recent review. Therefore, we are conducting a follow up review to evaluate whether the program continues to have cost effectiveness, safety benefits, and overall value to users.

FAA Must Strengthen Its Cost and Price Analysis Processes to Prevent Overpaying for Noncompetitive Contracts. On May 19, 2011, we issued our final report on the FAA cost and price analyses. The Office of Management and Budget emphasizes the importance of conducting effective cost and price analyses to avoid overpaying for high-risk noncompetitive contracts. We found that FAA did not perform effective cost and price analysis for 8 of the 25 noncompetitive contracts we reviewed. We also found that FAA was unable to demonstrate that reasonable prices were paid for the eight contracts. Additionally, FAA did not accurately account for its noncompetitive contract awards because it does not have an effective contract writing system. We made six recommendations to improve FAA's cost and price analysis and its tracking of noncompetitive contract awards.

DOT's Administration of its Disadvantaged Business Enterprise Program (DBE). OIG has begun a review of DOT's management and oversight of its DBE program. Our objective is to determine whether DOT's oversight, internal controls, and management of its DBE program are adequate to ensure DBE funds are used effectively for meeting program objectives.

FMCSA's Implementation of Cross-Border Trucking Provisions. On April 13, 2011, the FMCSA published in the Federal Register its proposal for the initiation of a United States-Mexico cross-border trucking pilot program. The pilot program is part of FMCSA's implementation of the NAFTA cross-border trucking provisions. Legislation passed in FY 2007 requires the OIG to review FMCSA's implementation of pilot programs for granting long-haul authority to Mexico-domiciled motor carriers. Accordingly, the OIG is initiating an audit. Our audit objective is to

assess FMCSA's policies, procedures, and processes for granting operating authority to Mexico-domiciled motor carriers under the pilot program and for monitoring and ensuring the carriers' compliance with U.S. laws and regulations.

Father and Sons Sentenced to Jail and Ordered to Pay \$1 Million in a Consumer Fraud Scheme.

On March 4, 2011, three individuals were sentenced in U.S. District Court for the Middle District of Pennsylvania, for their role in a consumer fraud scheme involving illicit double brokering of motor carrier loads. Each defendant was sentenced to between 50 and 60 months in jail and ordered to pay joint and severally \$1,118,723 in restitution.

The defendants participated in a "double brokering" scheme in which they provided false information to the FMCSA to illicitly acquire a DOT motor carrier registration number for their company. They obtained loads under the name of their company from unsuspecting brokers, and then using a different company name, brokered the loads to other carriers without the intent of paying those motor carriers that actually delivered the loads. The defendants received payments from the original brokers but did not pay the carriers. The company used a post office mail box drop and a telephone service to forward telephone calls and facsimile transmissions from Pennsylvania to California to conceal their identity and location.

In June 2009, FMCSA revoked the company's New Entrant registration and ordered it to cease interstate operations. The investigation identified approximately 165 victims as a result of the consumer fraud scheme.

New York Construction Company Owners Plead Guilty in Connection with DBE Fraud Scheme.

On June 28, 2011, the president and vice president of Environmental Energy Associates (EEA), pled guilty in the U.S. District Court, New York City, New York, to mail fraud charges. EEA is a DBE that was used as a "front" DBE on projects receiving DOT grant funds.

The two admitted that since 1997, they participated in a scheme wherein they entered EEA into public contracts to perform an array of subcontract work knowing that their company lacked the labor, equipment, and financial wherewithal to perform the work. As part of the scheme, they agreed to put employees of a specific general contractor (unnamed in the indictment) on EEA's certified payrolls. This scheme occurred on the Metropolitan Transportation Authority (MTA) New York City Transit Authority (NYCTA) Fulton Street Transit Center - Dey Street Concourse, with a total DBE subcontract value of \$5.2 million.

Also, as part of this same investigation in April 2011, Skanska USA Civil Northeast, Inc., issued a check in the amount of \$9.8 million to the USDOT, following our investigation. This payment was made pursuant to a non-prosecution agreement with the U.S. Attorney's Office, Southern District of New York. (Skanska also issued another \$9.8 million to the MTA, New York).

Skanska settled claims that it engaged in a DBE fraud scheme since approximately 1997. Skanska allegedly paid Environmental Energy Associates (EEA) in connection with certain public construction contracts on which EEA served as a subcontractor.

Cargolux Airlines International Executives Plead Guilty for Fixing Surcharge Rates on Air Cargo Shipments. On December 8, 2011, the former president and CEO and current employee of Luxembourg-based Cargolux Airlines, and the senior vice president of sales and marketing for Cargolux, pleaded guilty to conspiring with others to suppress and eliminate competition by fixing and coordinating certain surcharges, including security and fuel surcharges, charged to customers located in the United States and elsewhere for air cargo shipments, including shipments to and from the United States. According to the indictment filed in October 2010, the president and CEO participated in the conspiracy from at least as early as October 2001 until at least February 2006, and the senior VP of sales and marketing participated in the conspiracy from at least as early as December 2003 until at least February 2006. As part of their plea agreements, each has agreed to serve 13 months in prison and to pay a \$20,000 criminal fine. Sentencing is scheduled for March 2012.

Including these two defendants, a total of 22 airlines and 21 executives have been charged in this ongoing investigation into price fixing in the air transportation industry.

Former Owner of Schuylkill Products Pleads Guilty to Largest DBE Fraud in USDOT History. On August 16, 2010, the former owner of Schuylkill Products, Inc. (SPI), pled guilty to conspiracy to defraud the DOT and commit wire and mail fraud in connection with a \$136 million DBE fraud scheme—the largest in DOT history. The defendant admitted to participating in a 15-year conspiracy to defraud DOT, Pennsylvania Department of Transportation (PennDOT) and Southeastern Pennsylvania Transportation Authority (SEPTA) in connection with the federal government's DBE program. The former owner admitted that between 1993 and 2008 he and other executives at SPI diverted over 300 PennDOT and SEPTA construction contracts reserved for DBEs to SPI and CDS Engineers, Inc., two non-DBE companies. The defendant and his co-conspirators executed the scheme by using a small Connecticut highway construction firm known as Marikina Construction Corporation as a front company to obtain these lucrative government contracts.

New York Construction Company President Sentenced to Three Years Probation and Ordered to Pay \$262,000 for DBE Fraud Scheme. On May 13, 2011, the president of Walter Constructions Associates, Inc. (WCA) was sentenced in U.S. District Court for the Eastern District of New York for his role in a \$7.9 million DBE fraud scheme. He was sentenced to serve three years probation, ordered to pay a \$25,000 fine and a \$100 special assessment and forfeited \$237,000 to the government.

He had previously admitted that between January 2000 and December 2001, WCA obtained three subcontracts from the Perini Corporation (Perini), valued at approximately \$7.9 million, to

install rebar while posing as a DBE known as Fairview Contracting Corporation (Fairview). He conspired with the owner of Fairview to transfer WCA's employees and expenses to the books and records of Fairview to generate the false appearance that Fairview was performing the subcontracts for Perini. These projects included work on the Cross Island Parkway/Long Island Expressway interchange, the BQE/Williamsburg Bridge connector ramp, and the Queens Boulevard Bridge/Honeywell Street Bridge projects.

New Jersey Construction Firm Agrees to Pay \$20 Million to Settle Fraud Allegations. On November 29, 2010, Schiavone Construction Co, LLC, a New Jersey construction company signed a civil settlement agreement in the U.S. District Court, Brooklyn, New York, in which Schiavone agreed to pay a \$20 million civil forfeiture related to DBE fraud on various public works contracts. As part of the resolution, Schiavone admitted that between 2002 and 2007, former employees fraudulently submitted utilization reports on federally funded public works contracts that falsely represented work was performed by certified DBEs and minority-and-women-owned business enterprises (MWBE), when in fact non-DBE and non-MWBE subcontractors performed the work. Schiavone executed two contracts with the New York Metropolitan Transit Authority (MTA) totaling approximately \$350 million. Both of these contracts received FTA grant funds, which required that Schiavone comply with the DBE program.

In addition to the \$20 million civil forfeiture, Schiavone adopted a new compliance program and hired an independent monitoring firm to ensure future compliance with DBE and MWBE requirements.

City of Palmer (Alaska) Pays \$857,000 False Claims Settlement Regarding Usage of Airport Funds. On May 13, 2011, the U.S. Department of Justice (DOJ) and the City of Palmer, Alaska (city), settled a qui tam civil action resulting in the city paying \$813,000 to the U.S. Government and \$44,000 to the qui tam complainant for expenses associated with filing the action. According to the complaint, the city made false claims on FAA grant applications by attesting that it would collect rent at fair market value for the lease of airport property for non-aeronautical uses, which is required by FAA rules.

The DOJ intervened in this qui tam civil action following an investigation by the DOT OIG. The investigation confirmed that the airport failed to collect rent at fair market value for airport property that was used for non-aviation purposes, such as for a municipal golf course and little league field on airport property.

Livable Communities

Amtrak Made Significant Improvements in its Long-Term Capital Planning Process. On January 27, 2011, we issued our report on Amtrak's long-term capital planning process as requested by the House Appropriations Subcommittee on Transportation, Housing and Urban Development,

and Related Agencies. The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) reauthorized Amtrak for the years 2009 through 2013—the first time in over a decade that Amtrak received a multi-year authorization for appropriations to cover its capital spending. Amtrak had also received \$1.3 billion in ARRA funding. Developing its capital budget on a year-to-year basis without knowing how much funding Congress would provide had significantly affected Amtrak’s ability to maintain safe and reliable infrastructure and equipment, and increased its capital program’s annual costs. Amtrak estimated the “state of good repair” backlog on Amtrak-owned and operated Northeast Corridor infrastructure alone to be approximately \$5.2 billion in FY 2010 dollars. Amtrak was also facing the renewal and replacement of an aging equipment fleet, safety and security needs, business improvement initiatives, and compliance with legal requirements, such as accessibility for passengers with disabilities.

Amtrak had established four planning documents that outlined the company’s long-term capital requirements to align with the company’s business and strategic goals. In March 2009, Amtrak implemented *Decision Lens*, a software package that it was using to prioritize its capital needs in a transparent manner. While Amtrak had established a capital spending plan for its ARRA funds, the company faced challenges in making investments by the statutory deadline. Finally, although Amtrak had made progress in developing capital project performance metrics, the company still faced challenges in evaluating capital projects, including difficulties in identifying metrics for projects that could not be easily evaluated.

We made two recommendations to the FRA Administrator regarding Amtrak’s successful integration and maintenance of recent improvements to its long-term capital planning processes and effective spending of ARRA funds. FRA completed actions to address one recommendation and proposed appropriate actions to address the other.

FTA’s Charter Bus Service Regulation. An audit is currently underway based on a request from the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies contained in the report accompanying the FY 2010 Transportation and Housing and Urban Development Appropriations bill. That the request is for OIG to conduct an audit of FTA’s implementation of the charter bus regulation. This regulation generally prohibits a transit agency that receives Federal transit grant funds from providing charter services, such as shuttle buses to sporting events, when a private charter operator is interested in providing the service. Our audit objectives are to (1) assess the impact of the charter bus regulation on the cost, availability, and quality of charter services related to specific events and markets, and (2) evaluate FTA’s oversight of the charter service regulation.

High-Speed Intercity Passenger Rail Infrastructure Access Agreements. OIG is conducting an audit to evaluate (1) the extent to which FRA’s interim guidance for railroad access agreements includes provisions intended to ensure those agreements support High-Speed Intercity Passenger

Rail (HSIPR) program goals and (2) whether final railroad access agreements comply with the requirements set forth in FRA's interim guidance.

Environmental Sustainability

PHMSA's Management and Oversight of Hazardous Materials Emergency Preparedness Grants Program. At the request of the former Chairman of the House Committee on Transportation and Infrastructure, OIG is reviewing PHMSA's Management and Oversight of Hazardous Materials Emergency Preparedness Grants Program. Our objectives are to (1) evaluate the effectiveness of PHMSA's policies, processes, and resources, including staff and information technology, to execute the program; (2) outreach to states, local governments, and tribal organizations to educate them about HMEP and the use of Federal funds; and (3) program oversight to ensure Federal funds are used for eligible activities and in accordance with Federal law.

Georgia Couple Sentenced In Conspiracy to Violate FMCSA Hazardous Materials Regulations. On May 31, 2011, the principal operators of now dissolved TomCat Trucking, Inc. (TomCat Trucking) were sentenced in U.S. District Court, Macon, Georgia, for conspiring to violate FMCSA's Hazardous Material Regulations.

In January 2009, following an FMCSA safety compliance review, TomCat Trucking was issued an Out of Service Order which included revoking their certificate and registration to operate. The subsequent investigation revealed that between January and July 2009, the defendants transported numerous loads of placardable quantities of hazardous materials including ammonium nitrate and Telone II, a flammable and toxic pesticide.

PHMSA's Oversight of Hazardous Liquid Pipeline Operator Integrity Management Programs. In the United States, about 350 operators control over 175,000 miles of hazardous liquid pipelines, which carry crude oil, refined petroleum products, and other highly volatile liquids. To reduce the likelihood of pipeline failures, the Federal Government requires pipeline operators to maintain integrity management programs (IMP) for these pipelines. The objective of this audit is to assess the adequacy of PHMSA's oversight and enforcement of hazardous liquid pipeline operators' adherence to IMP requirements.

Virginia Man and Tank Cleaning Company Sentenced for Refuse Act and Clean Water Act Violations. On August 24, 2011, in U.S. District Court, Norfolk, Virginia, the general manager for Marine Environmental Services, Inc. (MESI), and MESI were sentenced in connection to their guilty pleas to Refuse Act and Clean Water Act violations, respectively. The defendant and MESI had previously admitted to the illegal discharge of approximately 500,000 gallons of contaminated ballast water into the Elizabeth River and Hampton Roads Sanitation District sewer system, which are violations of the Refuse Act and the Clean Water Act. MESI, a tank cleaning company located in Portsmouth, Virginia, was the subcontractor hired by Bay Bridge Enterprises to remove fluids from the USS Pawcatuck as part of a ship scrapping contract with

the U.S. Maritime Administration (MARAD). MARAD's contract required compliance with all Federal, State, and local environmental laws and regulations.

The defendant was sentenced to 30 days incarceration, 1 year supervised release, and a \$15,000 fine. MESI was sentenced to 5 years probation, a \$10,000 fine, and was ordered to contribute \$60,000 to a community service project associated with the environmental maintenance of the Elizabeth River.

Organizational Excellence

Weaknesses in the Office of the Secretary's Acquisition Function Limit its Capacity to Support DOT's Mission. On May 25, 2011, we issued a report on our review of the effectiveness of the Office of the Secretary of Transportation's (OST) acquisition function focusing on its organizational structure and leadership, policies and processes, and management controls over acquisition data. We found significant weaknesses in OST's acquisition function that limits its ability to carry out its responsibilities in support of DOT's mission. Specifically, OST's current acquisition organizational structure does not support an effective acquisition function for the Department, a problem further complicated by long-standing vacancies in OST acquisition leadership and staff positions. Second, the acquisition function lacks adequate and comprehensive policies and procedures to effectively manage and perform its acquisition tasks. Finally, OST lacks management controls to ensure its acquisition data are accurate, complete, and timely. We made fifteen recommendations and OST concurred with all but four of our recommendations, and provided acceptable planned actions and implementation dates.

Management of the Metropolitan Washington Airports Authority. In 1986, Congress passed a law that authorized the transfer of operating responsibilities for the federally owned Washington Dulles International and Washington National Airports to the Metropolitan Washington Airports Authority (MWAA) under a long-term lease with the DOT. In 2006, MWAA also became the sponsor for the Dulles Corridor Metrorail, a high-profile commuter rail project with a \$975 million DOT investment. At the request of Representatives Frank R. Wolf and Tom Latham, we have begun a review to determine whether: (1) the policies and processes under which MWAA operates comply with the terms of the law and the lease between DOT and MWAA; and (2) MWAA's policies and processes are sufficient to ensure accountability and transparency of its Board's activities.

FAA's Approach to SWIM Has Led to Cost and Schedule Uncertainty and No Clear Path for Achieving NextGen Goals. The System Wide Information Management (SWIM) program is a key program in the Next Generation Air Transportation System (NextGen) that, as envisioned, will streamline data communications among all NextGen air traffic systems. Our audit found that although FAA is still in the early stages of developing SWIM, the Agency has already increased the costs for the program's first of three segments by more than \$100 million and

delayed its completion by two years. Further cost increases and delays remain likely because of a lack of clear lines of accountability for overseeing and managing the program.

FAA's ATCOTS Program: Sound Contract Management Practices are Needed to Achieve Program Outcomes. In 2008, FAA awarded a contract to Raytheon to provide training support for new and existing controllers and to help modernize the training program. The Air Traffic Controller Optimum Training Solution Program (ATCOTS) is a critical component of FAA's plans to hire and train 15,000 new controllers by 2018. On September 30, 2010, we issued our report on ATCOTS, which we conducted at the request of the then Chairman of the House Transportation and Infrastructure Subcommittee on Aviation.

We found that in designing and executing the ATCOTS program, FAA did not fully (1) mitigate staffing and cost issues identified during acquisition planning, (2) adequately define how many controllers would need training, or (3) initially implement adequate controls to oversee contractor services or ensure that fees paid for performance were justified. As a result, FAA now faces significant challenges in achieving the program's goals. To date, the ATCOTS contract costs and fees have far exceeded baseline estimates. Moreover, those funds have only been sufficient to support existing training methods and procedures; innovations to reduce training time and cost have not been implemented.

We made nine recommendations to improve oversight of the ATCOTS contract. FAA fully concurred with eight and proposed acceptable alternative actions for the remaining recommendation. FAA has also begun actions to address many of the issues identified during our audit. However, unless there is a significant decrease in its current training requirements, it will be difficult for FAA to achieve the original ATCOTS program goals or any training innovations without significantly modifying the existing contract.

FAA's Acquisition Workforce. On August 3, 2011, we issued a report on our self-initiated audit of the FAA's acquisition workforce. Our audit objectives were to assess how FAA: (1) determined its acquisition workforce and identified the required skills and competencies needed for its current and future acquisition workforce; (2) addressed gaps in the hiring and development of its acquisition workforce; and (3) identified and implemented the programs, policies, and practices needed to ensure an adequate workforce. We found that FAA's Acquisition Workforce Plan is not comprehensive and has not sufficiently addressed gaps in hiring and developing its acquisitions workforce. In addition, FAA has not fully implemented the programs, policies, and practices needed to ensure an adequate workforce. We made 11 recommendations aimed at strengthening FAA's acquisitions workforce planning. FAA concurred with all but one recommendation and has provided acceptable actions for 8 recommendations. FAA has begun actions to address many of the issues identified during our audit. We requested that FAA clarify how it plans to meet the intent of the remaining three recommendations and provide corrective action plans and target dates for completion.

FAA Employee Pleads Guilty to Accepting Bribes. On October 27, 2011, a FAA employee pled guilty in U.S. District Court, Camden, New Jersey, for accepting illegal gratuities. The FAA employee, a former FAA Aviation Safety Inspector assigned to the Teterboro Flight Standards District Office in Saddle Brook, New Jersey, pled guilty to one criminal count of accepting illegal gratuities as a public official. He admitted to accepting tens of thousands of dollars for hundreds of unauthorized pilot check rides he personally performed between May 2004 and February 2011. He spent weekends, holidays, and other days of approved leave to conduct flight checks, including private pilot and airline transport pilot certificate tests. In exchange for these check flights, he routinely accepted \$300 tips from the pilots, fully aware that he was not allowed to accept payment from pilots in exchange for the performance of his official duties. He admitted that nearly all the check flights resulted in the pilot passing the tests. On October 21, 2011, he retired from federal service after being served with a Notice of Proposed Removal in connection with the investigation. Sentencing is scheduled for February 2, 2012.

Former Federal Motor Carrier Safety Supervisor Pleads Guilty to Bribery Charge. On June 1, 2011, a former Supervisory Highway Safety Specialist with FMCSA, Buffalo, New York, pled guilty in U.S. District Court, Buffalo, New York, to the charge of bribery.

The investigation disclosed that the defendant requested and accepted payments from Canadian safety consultants to postpone safety audits of Canadian trucking companies; to provide satisfactory ratings to Canadian trucking companies; and to provide internal FMCSA information, including lists of scheduled safety audits, to Canadian trucking safety consultants. Subsequent to his arrest, FMCSA terminated the defendant's employment.

Summary

The OIG's mission is unique within DOT and demands on our limited resources have never been greater. OIG has determined that for FY 2013 we will require ***\$84.499 million in total budgetary resources in support of 405 FTEs, in addition to 5 FTEs funded by ARRA carryover funds***, to continue to provide critical oversight and continue our proven commitment to ensuring the greatest return on taxpayer investments. We appreciate the support of Congress to ensure that we have the resources necessary to assist the Department in achieving a safe, efficient, and effective transportation system.

Inspector General Reform Act Requirements

The Inspector General Act (the Act) was amended in 2008 to establish the Council of the Inspectors General on Integrity and Efficiency (CIGIE) as an independent entity within the executive branch and to require certain specifications concerning OIG budget submissions each fiscal year.⁴

The CIGIE is comprised of all Inspectors General whose offices are established under section 2 or section 8G of the Inspector General Act of 1978 (5 U.S.C. App.), those that are Presidentially-appointed/Senate Confirmed and those that are appointed by agency heads (designated federal entities). The CIGIE's mission is to (1) address integrity, economy, and effectiveness issues that transcend individual Government agencies; and (2) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of Inspectors General.

The Act also requires each Inspector General transmit a budget request to the head of the establishment or designated Federal entity to which the Inspector General reports, specifying:

- the aggregate amount of funds requested for the operations of the OIG;
- the portion of this amount requested for OIG training, including a certification from the Inspector General that the amount requested satisfies all OIG training requirements for that fiscal year; and
- the portion of this amount necessary to support the CIGIE.

In addition, the head of each establishment or designated Federal entity, in transmitting a proposed budget to the President for approval, shall include:

- an aggregate request for the OIG,
- the portion of this aggregate request for OIG training,
- the portion of this aggregate request for support of the CIGIE, and
- any comments of the affected Inspector General with respect to the proposal.

The President shall include in each budget of the U.S. Government submitted to Congress:

- a separate statement of the budget estimate submitted by each Inspector General,
- the amount requested by the President for each OIG,
- the amount requested by the President for training of OIGs,
- the amount requested by the President for support of the CIGIE, and
- any comments of the affected Inspector General with respect to the proposal, if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the OIG.

⁴ Public Law 110-409

Following the requirements as specified above, the OIG of the Department of Transportation submits the following information relating to the OIG's requested budget for FY 2013.

- The aggregate budget request for the operations of the OIG is \$84.499 million in support of 405 FTEs (in addition to 5 FTEs funded by ARRA carryover funds).
- The portion of this amount needed for OIG training is \$625,000.
- The portion of this amount needed to support the CIGIE is \$468,000.

**PROGRAM AND FINANCING
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE INSPECTOR GENERAL
(\$000)**

OMB ACCOUNT ID: 021-56-0130-0	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST
Obligations by program activity:			
0.01 General Administration	76,759	79,624	84,499
0.02 ARRA oversight administration	8,000	6,000	2,085
0.91 Direct program activities, subtotal	84,759	85,624	86,584
8.01 Reimbursable program	3,954	0	0
9.00 Total new obligations	88,713	85,624	86,584
Budgetary Resources:			
Unobligated balance:			
10.00 Unobligated balance brought forward, Oct 1	16,084	8,085	2,085
10.21 Recoveries of prior year unpaid obligations	0	0	0
10.29 Unobligated balance withdrawn	0	0	0
10.50 Unobligated balance (total)	16,084	8,085	2,085
Budget Authority:			
Appropriations, discretionary:			
11.00 Appropriation	75,114	79,624	84,499
11.21 Appropriations, Transferred From Other Accounts	1,996	0	0
11.30 Appropriations, Permanently Reduced	(150)		
11.60 Appropriations, discretionary (Total)	76,960	79,624	84,499
Spending authority from offsetting collections, discretionary:			
17.00 Collected	3,952	0	0
17.01 Change in uncollected payments, Federal sources	2	0	0
17.50 Total Spending authority	3,954	0	0
19.00 Budget Authority (total)	80,914	79,624	84,499
19.30 Total Budgetary Resources Available	96,998	87,709	86,584
Memorandum (non-add) entries:			
19.40 Unobligated Balance Expiring	(201)	0	0
19.41 Unexpired unobligated balance, end of year	8,085	2,085	(0)
Change in obligated balance:			
30.00 Unpaid obligations, brought forward, Oct 1 (gross)	9,255	10,975	11,242
30.10 Uncollected pymts, Fed sources, brought forward, Oct 1	(38)	(39)	(39)
30.20 Obligated balance, start of year (net)	9,217	10,936	11,202
30.30 Obligations incurred, unexpired accounts	88,713	85,624	86,584
30.31 Obligations incurred, expired accounts	84	0	0
30.40 Outlays (gross)	86,689	85,358	86,097
30.50 Change in uncollected pymts, Fed sources, unexpired	(2)	0	0
30.51 Change in uncollected pymts, Fed sources, expired	0	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired	0	0	0
30.81 Recoveries of prior year unpaid obligations, expired	(388)	0	0
30.90 Unpaid obligations, end of year (gross)	10,975	11,242	11,729
30.91 Uncollected pymts, Fed sources, end of year	(39)	(39)	(39)
31.00 Obligated balance, end of year (net)	10,936	11,202	11,690
Budget Authority and outlays, net:			
40.00 Budget authority, gross	80,914	79,624	84,499
Outlays, gross:			
40.10 Outlays from new discretionary authority	71,675	71,662	76,049
40.11 Outlays from discretionary balances	15,014	13,696	10,047
40.20 Outlays, gross (total)	86,689	85,358	86,097
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
40.30 Federal sources	(3,952)	0	0
40.33 Non-Federal sources	0	0	0
40.40 Total offsetting collection (cash)	(3,952)	0	0
Additional offsets against gross budget authority only:			
40.50 Chg in Uncollected cust orders fm Fed Sources (unexpired)	(2)	0	0
40.51 Offsetting collections credited to expired accounts	(1)	0	0
40.60 Additional offsets against gross budget authority only (total)	(3)	0	0
41.80 Budget authority, net (total)	76,960	79,624	84,499
41.90 Outlays, net (total)	82,735	85,358	86,097

**OBJECT CLASSIFICATION
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES
(\$000)**

	FY 2011 ACTUAL	FY 2012 ENACTED	FY 2013 REQUEST
Personnel Compensation:			
11.1	40,507	42,781	43,049
11.3	2,623	2,500	1,250
11.5	3,100	3,000	3,125
11.9	46,230	48,281	47,424
12.1	14,644	15,640	15,670
21.0	3,306	2,905	3,095
22.0	19	5	5
23.1	5,410	5,850	5,925
23.2	276	275	290
23.3	658	683	716
24.0	1	5	5
25.1	204	400	240
25.2	4,271	3,935	4,490
25.3	5,633	5,610	6,492
25.7	897	915	962
26.0	446	350	350
31.0	2,738	650	800
42.0	26	100	100
91.0	0	20	20
99.0	84,759	85,624	86,584
99.0	3,954	0	0
99.9	88,713	85,624	86,584

**EMPLOYMENT SUMMARY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL**

		FY 2011	FY 2012	FY 2013
		ACTUAL	ENACTED	REQUEST
1001	Direct civilian full-time equivalent employment	413	420	410
2001	Reimbursable civilian full-time equivalent employment	35	0	0

**FY 2003 – FY 2013 FUNDING HISTORY
DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES**

Request	Appropriation
2003.....\$57,421,000	2003.....\$54,697,764 ¹
2004.....\$55,000,000	2004.....\$55,243,018 ²
2005.....\$59,000,000	2005.....\$58,132,000 ³
2006.....\$62,499,000	2006.....\$61,874,010 ⁴
2007.....\$64,143,000	2007.....\$64,043,000
2008.....\$66,400,000	2008.....\$66,400,000
2009.....\$70,468,000	2009.....\$71,400,000
2009 ARRA.....N/A	2009 ARRA\$20,000,000
2010.....\$74,839,000	2010.....\$75,114,000 ⁵
2011.....\$81,772,000	2011.....\$76,960,000
2012.....\$89,185,000	2012.....\$79,624,000
2013.....\$84,499,000	2013.....

¹ Reflects reductions for WCF of \$200,000 (G.P. 362), \$373,236 from P.L. 108-7 (sec. 601, Title VI), and transfer of \$2,150,000 from P.L. 107-296 (sec. 1516) to DHS/OIG.

² Reflects WCF reduction of \$426,582 (P.L. 108-199, Div. F, Title V, sec. 517) and .59% across-the-board reduction of \$330,400 (P.L. 108-199, Div. H, sec. 168 (b)).

³ Reflects WCF reduction of \$396,000 (P.L. 108-447, Div. H, Title I, sec. 197) and .8% across-the-board reduction of \$472,000 (P.L. 108-447, Div. J, Title I, sec. 122 (a)).

⁴ Reflects 1% across-the-board reduction of \$624,990 (P.L. 109-148, Div. B, Title III, Chapter 8, sec. 3801 (a)).

⁵ Two million direct transfer from FTA not included.