



OFFICE OF INSPECTOR GENERAL

U.S. DEPARTMENT OF TRANSPORTATION

SEMIANNUAL REPORT TO CONGRESS

October 1, 2009 – March 31, 2010



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From the Inspector General

I am pleased to present the Department of Transportation (DOT), Office of Inspector General (OIG) Semiannual Report to Congress for the first half of fiscal year 2010. Our audit and investigative work supports the Department's goals of safety, reduced congestion, global connectivity, environmental stewardship, security, and organizational excellence. During the past 6 months, we issued 48 reports with a total of 188 recommendations, including financial recommendations totaling over \$800 million. Our investigative work resulted in 39 indictments, 31 convictions, and a total of nearly \$19 million in fines, restitutions, and recoveries.

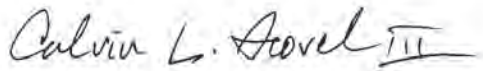
We continued to focus on significant aviation concerns, including safety oversight and security at aircraft repair stations; oversight of on-demand operators; pilot fatigue, training, and professionalism; air traffic control systems security; and Federal Aviation Administration modernization efforts to enhance mobility and reduce air traffic congestion through its Next Generation Air Transportation System. Four of the five congressional hearings at which we testified this period were on air safety issues.

We also highlighted the need for critical surface safety improvements, including the Federal Highway Administration's oversight of its bridge inspection program and funds provided to states to rehabilitate the Nation's 200,000 deficient bridges.

Establishing a robust information security program to support the Department's mission also warranted continued scrutiny. Closing security gaps that make air traffic control systems vulnerable to cyber attacks and securing personally identifiable information continue to be concerns. The Department also needs to take action to strengthen its acquisition oversight. Lengthy delays in suspension and debarment decisions are a particular concern, especially given the billions of dollars to be awarded to projects under the American Recovery and Reinvestment Act (ARRA) of 2009. These delays give unscrupulous contractors ample opportunity to bid for and receive contracts.

We continued to aggressively pursue opportunities to ensure accountability, efficiency, and transparency over DOT's \$48 billion in ARRA funds and remain committed to promptly notifying DOT and Congress of actions needed to prevent fraud, waste, and abuse in ARRA programs. In November 2009, we issued the results of our systematic scans of agencies' oversight of Recovery Act fund recipients. Since then, we have initiated more than 10 audits and evaluations to further assess vulnerabilities we identified in the scans. Some of these vulnerabilities require immediate attention to mitigate a documented risk, while others require sustained focus to successfully manage the large infusion of funds. As of the end of March, we have 33 open ARRA investigations involving allegations of disadvantaged business enterprise violations; false claims, statements, or certifications; conflict of interest; anti-trust violations; and bid rigging, collusion, embezzlement, and prevailing wage violations. Twenty-three of our 33 ARRA investigations have been accepted for prosecution by the Department of Justice. Our investigators also conducted about 60 fraud and prevention awareness briefings to more than 3,500 participants at all levels of government and industry.

Our work reflects our strong commitment to provide in-depth analyses on key transportation issues to serve and inform the public and congressional lawmakers. I commend and thank the hard-working OIG staff for their outstanding efforts and dedication to our mission. I would also like to commend Secretary LaHood for his leadership and tireless efforts in these challenging times. I look forward to continuing to work closely with him, his team, and modal administrators to provide Americans with a 21st century transportation system that meets the national objectives of general welfare, economic growth and stability, and the security of the United States.

A handwritten signature in black ink that reads "Calvin L. Scovel III". The signature is written in a cursive style with a prominent flourish at the end.

Calvin L. Scovel III



Audits

October 6, 2009

Status of Operating Administrations' Processes to Conduct Limited Quality Reviews of Recovery Act Recipient Data

The Office of Management and Budget (OMB) requires Federal agencies to review ARRA project data reported quarterly by fund recipients and to notify recipients of material omissions and significant reporting errors.

DOT's five Operating Administrations (OA) overseeing ARRA implementation took steps to

ensure recipients complied with these requirements, ranging from conducting outreach to recipients on the specific reporting requirements to drafting processes for performing limited data quality reviews. At the time of our review, the Federal Aviation Administration (FAA) and the Federal Transit Administration (FTA) had drafted processes. The Federal Highway Administration (FHWA), the Federal Railroad Administration (FRA), and the Maritime Administration (MARAD) aimed to have processes in place before conducting their reviews.

Because it was too early to determine whether these processes would adequately identify omissions and significant reporting errors, we committed to continue our monitoring of the OAs' progress.

November 30, 2009

DOT's Implementation of the American Recovery and Reinvestment Act: Continued Management Attention Is Needed to Address Oversight Vulnerabilities

Through systematic scans of DOT agencies' oversight of Recovery Act fund recipients, we identified vulnerabilities in four areas: (1) project selection for existing programs, (2) project and contract oversight for existing programs, (3) new programs created by ARRA, and (4) new ARRA reporting requirements. Some vulnerabilities required immediate action to mitigate a documented risk or to complete an identified task. Others require sustained focus due to their complexity, size, or scope. During our agency scans, we also assessed DOT's progress in carrying out the initiatives developed in response to our March 2009 audit report, ARRA: Oversight Challenges Facing DOT.

While conducting our scans, we provided ongoing feedback to agencies to initiate timely corrective action. To ensure DOT provides effective oversight of projects being constructed with ARRA dollars and that remaining Recovery Act funds are prudently invested, we also recommended that the Department develop a plan to address areas where action is needed. These areas included finalizing comprehensive workforce plans for all OAs, monitoring ARRA risk strategies, addressing risks related to the quality of data being reported to the public on program results, and developing effective oversight strategies for the high-speed rail and Transportation Investment

Generating Economic Recovery (TIGER) grant programs. We have continued our Recovery Act-related audit and investigative work by drilling down on high-risk areas that emerged during our scan.

February 19, 2010

Letter to Senator Mark Pryor on DOT OIG's Recovery Act Oversight Activities

Request from Senator Mark Pryor

Senator Pryor asked us to report on our efforts to promote transparency and accountability in the Department's Recovery Act spending. At the time of our report, we had conducted over 150 fraud prevention and awareness briefings with a total of more than 11,000 participants at all levels of government and industry groups, and had issued 4 timely and thorough Recovery Act audit reports, 3 ARRA advisories, and a number of reports with Recovery Act-related findings and recommendations. We also reported that we had 11 audits and 36 investigations under way.

As of January 31, 2010, we received a total of 215 Recovery Act-related allegations, 11 of which were referred to us from the Accountability and Transparency Recovery Board. Of the 215 allegations, 119 were not actionable (including 2 from the Recovery Board) because they typically were not under DOT's jurisdiction or did not contain sufficient information. The remaining 96 were actionable allegations, ranging from waste to embezzlement. The vast majority of allegations concern FHWA programs.

Recovery Act oversight has comprised roughly

10 percent of our total workload, and we expect the number of staff dedicated to this work will remain constant through fiscal year 2011. However, as states' Recovery Act projects enter construction—a high-risk phase given the infusion of dollars—and our attention to these risks intensifies, we expect spending to increase. (As of January 31, 2010, our total gross outlays on Recovery Act work totaled \$3.3 million.) Our cross-modal team of auditors, analysts, investigators, engineers, and attorneys continues to examine areas presenting the greatest risks.

February 23, 2010

Recovery Act Data Quality: Errors in Recipients' Reports Obscure Transparency

Lead on Recovery Accountability and Transparency Board Review of Data Transparency at Selected Agencies

The Offices of Inspector General at the Departments of Defense, Education, Health and Human Services, Justice, Interior, and Transportation, and the General Services Administration (GSA) conducted a review to (1) assess data in Recovery Act recipients' first cycle reports and identify factors that may have contributed to identified data errors and omissions and (2) determine actions taken by agencies, OMB, and the Recovery Board to improve the quality of the data recipients submit in future reporting cycles.

For each of the seven agencies reviewed, there were a number of inaccuracies in the data that ARRA fund recipients provided for the first reporting cycle. The most prevalent errors were in

key award and job elements. Surveyed agencies found several factors contributed to errors and recipients' failure to report, including misinterpretation of guidance and technical challenges.

At the time of our review, OMB, the Recovery Board, and the Federal agencies reviewed had taken certain actions to improve the quality of Recovery Act data. For example, the Recovery Board enhanced the automated recipient reporting system to alert users of potential data errors. A majority of the seven Federal agencies surveyed also stated that they developed or updated their tools to electronically check for significant errors or anomalies. Finally, all seven agencies stated that they have, at a minimum, updated their guidance on Recovery Act reporting requirements.

We noted, however, that further action would be needed to meet the level of accountability called for in the Recovery Act. Of particular concern is the need for timely and executable reporting guidance from OMB, continued enhancements to the recipient reporting system by the Recovery Board, and continued outreach and improved data quality review processes from Federal agencies. Coordination and heightened vigilance will be critical to addressing these concerns.

Investigations

October 1, 2009—March 31, 2010

During this 6-month reporting period, our investigations staff conducted 60 fraud prevention and awareness briefings with a total of more than 3,500 participants at all levels of government and industry groups. As of the end of March 2010, we have 33 open ARRA investigations, of which 26 are associated with FHWA, 4 with FAA,

and 3 with FTA. The investigations involve allegations of disadvantaged business enterprise violations; false claims, statements, or certifications; conflict of interest; anti-trust violations; and bid rigging, collusion, embezzlement, and prevailing wage violations. Twenty-three of our 33 ARRA investigations have been accepted for prosecution by the Department of Justice. Table 1 provides the number of open investigations by OA and allegation.

Table 1: Disposition of Open ARRA Investigations, as of March 31, 2010

Allegation	FHWA	FTA	FAA
False Statements, Claims, Certifications	12	0	1
Anti-Trust Violations, Bid Rigging, Collusion	4	0	1
Disadvantaged Business Enterprise Fraud	6	2	2
Conflict of Interest	1	0	0
Prevailing Wage Violations	2	1	0
Embezzlement	1	0	0
Total	26	3	4



Aviation and Special Programs

Audits

October 21, 2009

Status of the Aviation Rulemaking Committee's 77 Initiatives for Reducing Delays in the New York Area

Request from the Chairman of the House Subcommittee on Aviation

In response to the Subcommittee's concerns about the effectiveness of efforts to reduce delays at New York airports, we examined FAA's progress in implementing 77 initiatives of the New York Aviation Rulemaking Committee. We found that while FAA reported many of these initiatives as complete, most are not being used or are used infrequently due to limited tactical need, operational and technical problems,

unfinished testing, and controller/airline issues. Other initiatives face challenges, such as special equipment and training requirements or litigation, or are part of nationwide FAA programs that will not be completed until 2012 or later.

While FAA has begun addressing these issues, much work remains to be done. We recommended that FAA (1) assess completed and remaining initiatives to determine whether they are providing benefits or should be discontinued or recategorized; (2) resolve technical, operational, and controller/airline issues affecting many of the initiatives reported as completed; and (3) fully operationalize the Integration Office's New York Area Delay Reduction Plan and Schedule. FAA generally concurred with our recommendations.

October 28, 2009

Actions Needed to Meet Expectations for the Next Generation Air Transportation System in the Mid-Term

Testimony before the House Committee on Transportation and Infrastructure, Subcommittee on Aviation

The Next Generation Air Transportation System (NextGen) represents a transition from a ground-based air traffic control system to a satellite-based air traffic management system. When fully implemented, NextGen is expected to significantly enhance capacity, reduce delays, and provide economic and environmental benefits through reductions in carbon emissions, fuel consumption, and noise. NextGen is a high risk effort and a top management challenge for the Department and FAA. The Inspector General testified on operational and management issues that must be addressed to successfully transition to NextGen and implement recommendations made by a joint government/industry task force. The task force's recommendations focus on what FAA needs to achieve in the near- and mid-term—actions that FAA endorsed and are consistent with our work. These include maximizing the benefits of performance-based navigation initiatives and managing NextGen efforts as integrated portfolios of investments.

To move beyond endorsing the task force's recommendations, the Inspector General stated that FAA must set realistic expectations for NextGen. Specifically, FAA must (1) develop plans to initi-

ate action and establish a 5-year funding profile for the NextGen mid-term, (2) establish metrics for assessing and measuring progress, and (3) develop and implement a strategy for linking near- and mid-term efforts with the Agency's long-term plans for transforming the National Airspace System.

November 2, 2009

Review of FAA's Progress in Enhancing Air Traffic Control Systems Security *Self-Initiated*

Homeland Security Presidential Directive 7 designates air traffic control systems as part of the Nation's critical infrastructure due to the important role commercial aviation plays in fostering and sustaining the national economy and ensuring citizens' safety and mobility. The Secretary of Transportation is responsible for ensuring that air traffic control facilities, systems, and operations are protected from significant disruption caused by man-made or natural events and are able to resume essential services in a timely manner if disrupted.

To determine FAA's progress in correcting security weaknesses previously identified in the air traffic control (ATC) system, we assessed (1) the status of Business Continuity Plan (BCP) implementation and (2) the enhanced methodology used in the certification and accreditation of air traffic control systems security at operational sites. FAA made good progress in preparing the Technical Center to serve as the recovery site; yet several unresolved technical challenges, staffing issues, and funding requirements could delay

recovery site readiness. Further, while FAA has enhanced the process of reviewing ATC systems security, the reviews were not properly carried out to ensure security protection of operational ATC systems.

We made a series of recommendations to help FAA implement a fully functional BCP and strengthen its ability to protect operational ATC systems.

November 18, 2009

Actions Needed to Improve Safety Oversight and Security at Aircraft Repair Stations

Testimony before the House Committee on Homeland Security, Subcommittee on Transportation Security and Infrastructure Protection

Air carriers' use of repair stations has risen dramatically in the last several years—both in the volume and type of repairs outsourced. Since 2003, we have reported that FAA's oversight of aircraft repair facilities is not robust enough to ensure that outsourced repairs meet FAA standards. The Inspector General testified on key concerns identified through our work—specifically, that FAA does not know where all critical outsourced repairs are performed for both certificated and non-certificated facilities. Instead, it relies heavily on air carriers' oversight of repair stations—even air carriers with known quality assurance problems.

Several OIG recommendations aimed at improving FAA's oversight of foreign and domestic

repair stations remain open. Successfully implementing these recommendations would allow FAA to identify and target repair facilities in need of safety oversight as well as meet its statutory mandate to provide the Transportation Security Administration with information needed to improve security oversight.

January 11, 2010

Letter to Senator Claire McCaskill Regarding FAA's Progress in Implementing Past OIG Recommendations to Improve Oversight of Outsourced Maintenance

Request from Senator Claire McCaskill

In response to Senator McCaskill's request, we reported that FAA completed action on 7 of the 23 recommendations we made in 2003, 2005, and 2008.

While this represents progress, FAA has not addressed the most significant—and longstanding—recommendations to identify repair stations performing safety-critical repairs and repair stations air carriers use most often. In December 2009, FAA provided our office with information indicating it has developed new guidance, which it believes will address this issue and a total of 8 of the remaining 16 recommendations. We are encouraged by this development but will reserve our determination on whether to close any recommendations until we have thoroughly analyzed FAA's proposed actions.

February 4, 2010

Progress and Challenges with FAA's Call to Action for Airline Safety

Testimony before the House Committee on Homeland Security Subcommittee on Transportation Security and Infrastructure Protection

Following hearings on the February 2009 Colgan Air accident, FAA developed an Airline Safety and Pilot Training Action Plan—a Call to Action Plan to improve airline safety and address pilot workforce issues. The plan is a good first step, but as the Inspector General testified, FAA's progress in implementing the plan's initiatives has been slow—specifically, those related to pilot fatigue, training, and professionalism and efforts to strengthen air carriers' voluntary safety programs.

At the request of Congress, we are reviewing other pilot performance issues to determine their potential impact on safety. These include pilot domicile, differences in pilot training and hiring, and pilot experience and pay.

February 16, 2010

FAA's Oversight of American Airlines' Maintenance Programs

Request from the House Committee on Transportation and Infrastructure

We reported that FAA's oversight lacks the rigor needed to identify the types of issues identified in a February 2008 complaint against American Airlines regarding the overall operational reliability of its aircraft. The complaint included 10

maintenance-related allegations and highlighted several incidents. The complaint also included allegations of unacceptably high levels of maintenance deferrals, performance of required aircraft inspections by non-qualified personnel, and failure to perform inspections called for in an aircraft manufacturer's service bulletin. At least 4 of the 10 allegations were found to be valid. Specifically, FAA failed to assess systems for monitoring air carrier maintenance programs, identify root causes of maintenance deferrals, ensure properly trained mechanics performed certain required inspections, and ensure prompt responses to safety recommendations and service bulletins. In addition, FAA's internal reviews of the allegations were not comprehensive. As a result, FAA missed opportunities to identify potential maintenance issues and put corrective actions in place.

We recommended several actions to enhance FAA's oversight in key maintenance areas at American—such actions could improve FAA's maintenance oversight at other air carriers as well as its processes for assessing industry-wide safety allegations. FAA generally concurred with the recommendations; however, many of the actions FAA has taken are still under way. Therefore, OIG has requested additional information to validate that the issues identified have been fully addressed.

March 4, 2010

New Approaches Needed In Managing PHMSA's Special Permits and Approvals Program

Self-Initiated

Many hazardous materials are transported under the terms of special permits and approvals, which provide relief from the Hazardous Materials Regulations if certain conditions are met. We evaluated the effectiveness of the Pipeline and Hazardous Materials Safety Administration's (PHMSA) (1) policies and processes for reviewing and authorizing special permits and approvals, (2) coordination with the affected OA before issuing any of these special authorizations, and (3) oversight and enforcement of approved parties' compliance with the terms and conditions of these authorizations.

Our review identified serious deficiencies in each of these areas. Specifically, PHMSA issued special permits and approvals without adequately reviewing applicants' safety histories and proposed level of safety or coordinating with the affected OAs. PHMSA also does not conduct regular compliance reviews of individuals and companies who have been granted special permit and approvals. PHMSA has developed action plans to address our concerns, and we will be monitoring its actions to ensure that each problem we raised is addressed.

March 17, 2010

FAA's Oversight of On-Demand Aircraft Operators

Testimony before the House Committee on Transportation and Infrastructure, Subcommittee on Aviation

Unlike large commercial carriers, on-demand flights often operate at altitudes that are vulnerable to terrain and weather hazards and utilize small airports without air traffic control towers or emergency equipment. National Transportation Safety Board (NTSB) statistics show that higher risks have translated into more accidents for on-demand operators. However, FAA's oversight of this industry is primarily based on compliance with outdated regulations that are less rigorous than those for large commercial carriers in key areas, such as flight crew training requirements and aircraft maintenance inspections. Our review, requested by the Subcommittee, found that a targeted, risk-based oversight approach could help mitigate many safety issues associated with on-demand operations. To shift to a risk-based oversight model, FAA will need to overcome several challenges, including ensuring it has enough inspectors with the right skills and sufficient data to oversee this diverse industry.

Investigations

Investigation into Fraudulent Aircraft Parts Manufacturing Scheme Nets Over \$1.3 Million in Restitution

Operation Wingspan is an ongoing investigation into the fraudulent manufacture, distribution, and sale of military and civilian aircraft parts by brokers, manufacturers, and repair station owners throughout Florida who were not approved to do so by FAA or Department of Defense (DOD). These aircraft parts include skins, wings, and control surfaces for various aircraft including the U.S. Military version of the Boeing 707/320 commercial airframe, which are used for the U.S. Air Force's (USAF) E-3 Sentry, Airborne Warning and Control System, and the KC-135 Airborne Refueling Aircraft. In most cases, these manufacturers did not sell directly to the USAF but instead sold to various brokers or authorized DOD contractors who conspired with them to sell the substandard aircraft parts to the USAF. In cases where the customer required supporting FAA authorization documents, brokers further conspired with FAA repair stations to falsify FAA forms, giving the illusion that the manufactured parts had been approved by FAA and were suitable for installation on an aircraft. Thus far this investigation has resulted in the execution of 9 search warrants; indictment of 6 individuals, all of whom have pled guilty; and sentencing culminating in 6 years imprisonment and \$1.3 million in restitution.

This investigation is being conducted jointly with Defense Criminal Investigative Service; Air

Force Office of Special Investigations; Federal Bureau of Investigation (FBI); and Department of Homeland Security/U.S. Immigration and Customs Enforcement, with FAA providing technical assistance.

October 14, 2009

Man Pleads Guilty to Illegal Transportation of Hazardous Materials

Pedro Rafael De Peña De La Cruz, pled guilty on October 14, in U.S. District Court, San Juan, Puerto Rico, to a charge of illegal transportation of hazardous materials (HAZMAT). In August 2009, Mr. De Peña De La Cruz' attempted to fly to the Dominican Republic on an American Eagle flight with a checked bag containing approximately 20 pounds of mercury. A Transportation Security Administration screener discovered a discharge of mercury from Mr. De Peña De La Cruz's checked bag, which prompted the evacuation of several passenger terminals for 8 hours and the diversion of numerous commercial airline flights. Mr. Peña De La Cruz did not inform airport security personnel that he was transporting mercury prior to it having been discovered. DOT regulations classify mercury as a hazardous material.

This investigation was conducted jointly with the FBI and with technical assistance from FAA.

November 13, 2009

Pilot for Florida Charter Jet Company Indicted in Connection with Plane Crash at New Jersey Airport

On November 13, John Kimberling and co-defendants Michael F. Brassington, Paul Brassington, Brian L. McKenzie, and Francis A. Vieira were charged via superseding indictment in U.S. District Court, Newark, New Jersey, with conspiracy, false statements and destruction of an aircraft. These charges stem from their alleged involvement in events culminating in a 2005 plane crash at Teterboro Airport in New Jersey. Mr. Kimberling, the pilot of the crashed plane, is the seventh defendant to be charged in this case.

On February 2, 2005, a small corporate jet (Canadair Challenger CL 600 aircraft, N370V) operated by Platinum Jet Management (Platinum), Fort Lauderdale, Florida, while attempting to take-off, over-ran the departure end of the airport, crossed a heavily-traveled six-lane roadway, and crashed into a warehouse. The aircraft was carrying passengers at the time.

A subsequent DOT-OIG criminal investigation revealed that Platinum, owned by Michael Brassington, and the above listed defendants conspired to defraud DOT by engaging in a scheme to fraudulently operate charter flights in violation of the Federal Aviation Regulations. The defendants also conspired to alter the weight and balance configurations for several Platinum

aircraft in an effort to load extra fuel onto the aircraft, a practice that endangered the safety of the aircraft and passengers on-board. The investigation determined that the scheme involving fraudulent weight and balance calculations directly contributed to the 2005 crash.

In addition to the five defendants named in the superseding indictment, two other defendants have already pled guilty to related charges.

December 4, 2009

Former Hazardous Materials Handler Sentenced to 18 Months Imprisonment and Ordered to Pay \$211,000 in Restitution

Luis D. Ruiz, a former hazardous materials handler for Bombardier Aerospace (Bombardier) was sentenced on December 4, to 18 months imprisonment, 3 years supervised release, and ordered to pay \$211,000 in restitution in U.S. District Court, Peoria, Illinois, for his involvement in a stolen aircraft parts scheme.

Between October 2006 and November 2008, Mr. Ruiz was involved in a scheme to steal an estimated \$416,232 worth of aerospace parts from Bombardier, a warehouse logistics facility, which stores aerospace spare parts. Mr. Ruiz sold the stolen parts, including altimeters, attitude indicators, and a microphone, on an Internet auction site. The parts in question are used in commercial aviation and their serial numbers were traced back to Bombardier.

December 4, 2009

Former Florida Repair Station Owner Sentenced to 12 months Imprisonment

Saeid Ebied, former owner of Air Electronic Corporation (AEC), a certified FAA repair station, was sentenced on December 4, to 12 months imprisonment and 3 years supervised release in U.S. District Court, Southern District of Florida, Fort Lauderdale, for making false statements and failure to appear. This investigation revealed that AEC had repaired and returned aviation parts to service at the direction of Mr. Ebied for which the company was not authorized. Prior to pleading guilty, Mr. Ebied fled to Egypt. He was later indicted by a Federal grand jury for failure to appear and was arrested when he returned to the United States.

December 28, 2009

FAA Principal Maintenance Inspector Permitted Commercial Aircraft to Operate in Unsafe Condition

Our investigation found that an overly collaborative relationship between Southwest Airlines (SWA) and FAA's Principal Maintenance Inspector (PMI) enabled the airline to violate FAA national policy and regulations regarding the maintenance of aircraft. Specifically, we determined that the PMI knowingly allowed SWA to continue to operate, in passenger revenue service, 46 aircraft, carrying an estimated 145,000 passengers, in an unsafe or unairworthy condition after the inspection date for an Airworthiness Directive(AD)-mandated fuse-

lage inspection had passed, without the required check. The PMI permitted and encouraged SWA to formally self-disclose the violation through its Voluntary Disclosure Reporting Program (VDRP), a partnership program with FAA that would allow the airline to avoid any penalties. SWA made the disclosure and indicated that it came into compliance with the AD, meaning it had inspected or grounded all affected aircraft. In fact, the airline had not done so, continuing to operate the aircraft for 8 days after the carrier had notified FAA. Under the Federal Aviation Regulations the aircraft were considered unairworthy and were required to be grounded until the inspections could occur.

We further found that an FAA Partial Program Manager, who was subordinate to the PMI, was aware the aircraft were not in a safe condition, but did not question the PMI as to why he did not require SWA to ground the aircraft, nor did he report the safety issue to other FAA managers. Additionally, we determined that officials in the FAA's Southwest Region failed to correct documented, long-standing systemic problems at the SWA Certificate Management Office (CMO), thus creating a serious lapse in regulatory oversight, and needlessly placing the flying public at risk.

Based on our findings, we recommended to FAA that it implement a series of management controls to strengthen CMO oversight of carriers nationwide and preclude recurrence of the kind of improprieties that occurred in this matter. Our eight recommendations to FAA included implementing controls over the VDRP process, such as implementation of a second-level review of decisions made by inspectors to accept or close voluntary self-disclosures, and that inspectors conduct effective follow-up of

self-disclosures by verifying that air carriers take comprehensive corrective actions. We also recommended that FAA devise a system for tracking and monitoring inspections that will alert local, regional and Headquarters management whenever an inspection is overdue; and that FAA create a national review team to conduct periodic quality assurance reviews of FAA's oversight of air carriers.

January 21, 2010

Owner of New Jersey Public Airport Ordered to Pay \$372,000 Restitution for Theft of FAA AIP Grant Program

Paul George Styger, owner of a local public use airport in Sussex County, New Jersey (Sussex Airport, Inc.) was sentenced to 2 years probation on January 21, in U.S. District Court, Newark, New Jersey, based on his guilty plea to one count of theft in connection with embezzling more than \$378,000 in FAA airport improvement program (AIP) grant funds. Mr. Styger, as owner of Sussex Airport, Inc. (SAI), applied for and received approximately 6 FAA AIP grants totaling more than \$3.1 million to perform improvements at the Sussex airport. Mr. Styger failed to forward funds provided by the FAA to contractors who had completed improvements to the airport. As part of his sentencing, Mr. Styger was also ordered to make restitution in the amount of \$372,233.57 to the contractors who were never paid for their work. Mr. Styger and SAI have been debarred from government contracting by the FAA for a period of 3 years. This investigation was conducted with the assistance of the Sussex County Prosecutor's Office and the FAA.

January 29, 2010

Lapses Led to FAA Failure to Pursue Enforcement Action and Regulatory Review of Colgan Air

Our investigation revealed that a Colgan Air pilot, in violation of Federal Aviation Regulations (FARs), twice exceeded the airframe airspeed limitation during proving runs of one of Colgan's new Dash 8 aircraft. The pilot also violated FAR by failing to record these events in the aircraft's maintenance logbook. Moreover, FAA's Washington Flight Standards District Office (FSDO) in Herndon, Virginia did not pursue enforcement action against the pilot or Colgan because its inspector aboard the aircraft did not follow required reporting and notification procedures, and its Certificate Management Team supervisor failed to properly investigate the events. Finally, the investigation found that the Washington FSDO had not conducted an assessment of Colgan's Aircrew Designated Examiner (ADE) program since 2002, even though the assessment is required every three years. Under the ADE program, select pilots are authorized by FAA to conduct pilot certification examinations.

March 22, 2010

Former FAA Tech Pleads Guilty to Theft of \$2.8 Million in Government Property

Steven Smith, former FAA field technician, pled guilty on March 22, in U.S. District Court in Tacoma, Washington, to one count of wire fraud and theft of honest services for his role in a scheme to steal Federal property valued in excess of \$2.8 million. Mr. Smith faces up to 54 months in prison.

This investigation was initiated as a result of a referral from GSA, Office of Inspector General alleging that Mr. Smith used the GSA excess property website to transfer ownership of a 44-foot sailboat from GSA's excess property inventory to DOT, despite having no authority to do so. Subsequent investigation determined Mr. Smith stole the sailboat, and that he had used the GSA excess property website to steal 200-plus other items, including a Cessna 210; two 27-foot Boston whalers; and a yacht valued at more than

\$400,000. Many of these items later ended up in Mr. Smith's half-brother's possession. His half brother, Brad Garner, was sentenced to 54 months imprisonment for his role in the aforementioned scheme.

This investigation was conducted jointly with the GSA/Office of Inspector General, Naval Criminal Investigative Service, Defense Criminal Investigative Service, Army Criminal Investigation Division, and the FBI.



In Focus: Ensuring Regional Air Carrier Safety

Regional air carriers represent one half of all scheduled commercial flights across the country and provide the only scheduled airline service to more than 400 American communities. FAA regulations call for one level of safety for all air carriers—both regional and mainline. However, the February 2009 crash of Colgan flight 3407, which resulted in 50 fatalities, raised concerns regarding regional air carriers' operations. Subsequent investigations and hearings into the accident highlighted differences between mainline and regional air carriers' operations, and prompted FAA to take swift action by creating a Call to Action plan. The plan focuses on reducing risks at air carriers; promoting best practices from mainline to regional carriers; and seeking industry compliance with safety initiatives involving pilot training, fatigue management, and pilot professionalism.

This past February, at a hearing convened by the House Transportation and Infrastructure Subcommittee on Aviation, we testified that FAA has made little progress in implementing plan initiatives with the greatest potential to improve safety.¹ These initiatives include issuing new rules governing crew rest and training, and ensuring air carriers' Call to Action commitments effectively meet planned safety goals. Other critical issues that emerged after the Colgan accident, such as potential correlations between aviation accidents and pilot experience and compensation, also remain unaddressed.

Regional carrier pilots typically perform short and medium hauls to hub airports, which could result in many short flights in 1 day. While mul-

¹ "Progress and Challenges with FAA's Call to Action for Airline Safety," cc-2010-028, issued February 4, 2010.

multiple studies have concluded that these types of operations can contribute to pilot fatigue, FAA has yet to revise its rules governing crew rest requirements. The regulations, originally written in 1937, were last modified in 1985. According to numerous industry groups, they are outdated, difficult to understand, and not scientifically based. FAA planned to issue a Notice of Proposed Rulemaking (NPRM) by December 2009 but failed to meet that milestone. FAA now intends to issue the NPRM later this spring. However, there will be an extensive comment period after issuance, and in the past, these comments have led to significant debate among air carriers. In 1995, FAA made a similar attempt to change rest requirements but had to withdraw the NPRM due to overwhelming industry opposition. While maintaining momentum on this initiative is critical, FAA must ensure the new rule is comprehensive enough to address the unique operational environment of regional air carriers.

FAA regulations also give air carriers significant latitude in formulating pilot training programs. Many mainline carriers use data-driven quality control processes to develop advanced training based on identified needs. In contrast, most regional carriers have developed training programs based on pilots receiving a minimum number of hours, which does not require the same amount of data collection and analysis.

Mainline carriers' voluntary safety programs also tend to be more rigorous. To improve the safety of their operations, most mainline carriers have programs such as the Flight Operational Quality Assurance (FOQA) program and the Aviation Safety

Action Program (ASAP).² However, implementing such programs can be extremely challenging for regional carriers due to obstacles such as cost, equipment availability, and fleet size. In FAA's recent survey of all Part 121 carriers, 12 carriers either said they did not have the money to implement FOQA programs or they were too small for such an endeavor. While FAA has committed to expanding smaller or regional carrier participation in these types of safety programs, it has not presented any plans to encourage smaller carriers to establish these important safety programs.

The potential link between pilot experience and aviation accidents has been a long-standing concern among many Members of Congress and aviation industry officials. Mainline carriers typically hire pilots with military experience, while regional airlines usually hire pilots directly from flight training schools or smaller or corporate business operators. In addition, many mainline carriers hire only pilots with an airline transport pilot's license, which requires a minimum of 1,500 flight hours compared to 250 hours required for a commercial pilot's license. NTSB's investigation into the Colgan accident questioned whether the pilots' experience was sufficient to know how to respond to a crisis.

Our work in these critical safety matters is ongoing and we expect to issue final reports with recommendations to FAA later this year.

² FOQA is a program for the routine collection and analysis of digital flight data generated during aircraft operations. The intent of FOQA is to provide greater insight into the flight operations environment. ASAP is a joint FAA and industry program intended to generate safety information through voluntary disclosure that may not be otherwise obtainable to identify precursors to accidents.



Highway and Transit Programs

Audits

December 8, 2009

Transportation Technology Innovation and Demonstration Program

Request from Senator Orrin Hatch and Representative Anthony Weiner

Roadway congestion costs Americans \$78 billion annually, including 4.2 billion hours of excess travel time and 2.9 billion gallons of extra fuel. The Transportation Technology Innovation Demonstration Program (TTID) was conceived as a public-private partnership in which the private partner would install and operate technology that collected traffic data from public roadways in exchange for the exclusive right to generate revenue from the data, such as by marketing on-air traffic

reports. If revenue reached a certain threshold, proceeds would be shared with the public partner. The public partner would also have access to the data to locate and respond to traffic incidents, support plans for traffic infrastructure projects, and for other traffic management purposes.

In response to Sen. Hatch and Rep. Weiner's request to review FHWA's management and oversight of the \$54 million awarded under the TTID, we assessed whether FHWA (1) achieved statutory goals and optimized TTID benefits for the public partners and (2) complied with 2005 statutory provisions for a competitive private partner selection process. We reported that while TTID addressed statutory goals to deploy traffic data collection systems and share revenues, FHWA did not optimize the program's benefits for public partners. Specifically, because FHWA allowed

public partners to control significant aspects of the program, public partners received a lower share of TTID revenue and were restricted from freely communicating certain traffic data to the public.

We recommended that FHWA (1) define and document a more optimal methodology for revenue sharing between the service provider and the metropolitan areas, considering any exclusions or deductions from the service provider's gross revenues; (2) test the service provider's revenue sharing for accuracy according to the documented methodology; (3) develop and implement options to increase integration of traffic information and posting on highway message signs; and (4) develop and implement a data service plan that requires timely communication of test results and prompts remediation of any results below the minimum performance level. FHWA concurred with recommendations 2, 3 and 4, and concurred in part with recommendation 1.

January 14, 2010

FHWA Oversight of the Highway Bridge Program and National Bridge Inspection Program

FY 2010 Consolidated Appropriations Act

FHWA estimates that about one in four of the more than 600,000 bridges nationwide are deficient and that as much as \$65 billion would be needed to address current bridge deficiencies and other needed improvements. The Highway Bridge Program (HBP) apportions Federal funds

to replace and rehabilitate the Nation's bridges based on need, which is largely determined through inspection criteria in FHWA's National Bridge Inspection Program (NBIP).

We assessed FHWA's oversight of HBP funds provided to states, and its enforcement of NBIP bridge inspection standards. We found that FHWA lacks sufficient data to evaluate states' use of HBP funds because the agency is unable to link expenditures of HBP funds to improvements made to deficient bridges. In addition, the agency lacks the criteria and guidance necessary to determine whether states demonstrate overall compliance with bridge inspection standards under NBIP.

We made several recommendations aimed at better ensuring states are using HBP funds appropriately and effectively and that the bridges most in need of repair receive funding. FHWA concurred with our recommendations and plans to evaluate the integration of current standalone systems to improve bridge project information, as well as establish clear, comprehensive, risk-based guidance for enforcing compliance with NBIP inspection standards.

Investigations

October 9, 2009

Former Supervisor Pleads Guilty to Household Goods Moving Scheme

Pablo Morales, previously a foreman with Adam Moving and Storage (AMS), a household goods (HHG) moving company, pled guilty on October 9, in U.S. District Court, New York, New York, to an embezzlement charges as part of a scheme of fraudulently inflating the cost of moving customers' HHG.

Mr. Morales participated in a scheme to provide AMS customers with low-ball estimates, only to have the cost of the move increased, in some cases doubled or tripled, after the customers' HHG were loaded on the moving truck. AMS would not release the customers' HHG until they agreed to pay the artificially inflated rate. As part of his plea, Mr. Morales admitted to conducting this scheme on a move that was paid for by the Department of Defense.

This Investigation was initiated based on information received from the Federal Motor Carrier Safety Administration (FMCSA) alleging that AMS violated FMCSA regulations for failing or refusing to furnish an estimate in writing. FMCSA has received approximately 75 complaints alleging that AMS had been holding customers' HHG hostage until the customer paid an artificially inflated amount. During a compliance review, FMCSA found that AMS had an established pattern of providing binding estimates to its customers that would be fraudulently inflated upon delivery.

Federal regulations prescribe that the maximum a carrier can demand at time of delivery is no more than 10 percent over the non-binding estimate amount.

October 15, 2009

North Carolina Motor Carrier Pleads Guilty To Falsifying Drivers' Duty Logs

Charles D. Goodwin, Inc. (CDGI), doing business as Goodwin's Trucking Company pled guilty on October 15, in U.S. District Court, Winston Salem, North Carolina, to charges associated with the falsification of drivers' hours of service logs, which are regulated by FMCSA.

The investigation was initiated as a result of an FMCSA compliance review of CDGI following a fatal accident involving one of its drivers. The review revealed that the driver violated FMCSA hours of service regulations but was not at fault for the accident. Subsequent investigation determined that between June 2007 and May 2008 CDGI drivers made numerous false entries in their drivers' hours of service logs. As part of the plea agreement, CDGI management admitted responsibility for the falsifications of the drivers' hours of service logs. Additionally, the plea agreement requires CDGI to install an FMCSA approved computerized monitoring device on all CDGI trucks.

The investigation was conducted with significant assistance from FMCSA.

December 15, 2009

Pennsylvania Truck Owner, Driver and Inspection Sticker Supplier Plead Guilty Following Deadly Crash

Victor M. Kalinitchii pled guilty on December 15, to various state charges in the Montgomery County Court of Common Pleas, Norristown, Pennsylvania, including one felony count of homicide by vehicle. The plea is related to a January 23, 2009, accident on U.S. 76 in Philadelphia, Pennsylvania, in which one person died and five others were seriously injured when a truck, operated by Valerjis Belovs, plowed into stopped traffic. Mr. Kalinitchii owned the commercial vehicle operated by Mr. Belovs. Mr. Kalinitchii admitted that he solicited, received, and affixed illicit inspection stickers on commercial trucks he owned.

Mr. Belovs previously pled guilty to various state charges including one felony count of homicide by vehicle. Likewise, Joseph Jadczyk, the owner and operator of Pratt Auto, the supplier of the illicit inspection stickers, also pled guilty. Mr. Jadczyk admitted that he provided fraudulent commercial vehicle stickers without actually performing any vehicle inspections.

The investigation determined that the crash was a result of the fact that the tractor-trailer's brakes were extremely dangerous. Both the driver of the tractor trailer, Mr. Belovs, and its owner, Mr. Kalinitchii, were allegedly aware of the dangerous brake condition and took no steps to fix the problem. Rather, Mr. Belovs continued to drive the truck at Mr. Kalinitchii's direction. The investigation further revealed that the commercial ve-

hicle displayed a valid inspection sticker despite the condition of the brakes. These stickers were allegedly provided by Mr. Jadczyk. Mr. Jadczyk allegedly never inspected the truck and permitted Mr. Kalinitchii to operate the vehicle with the dangerous brake condition. Additionally, an Office of Inspector General analysis of Mr. Belovs' regulated hours of service logbooks revealed that he was driving in excess of FMCSA's maximum hours of operating a commercial vehicle at the time of the accident. All three defendants were scheduled to be sentenced in April 2010. The investigation is ongoing and is being worked jointly with the Montgomery County District Attorney's Office and the Pennsylvania State Police with assistance from FMCSA.

February 1, 2010

Trucking Company President and Trucking Company Sentenced for PHMSA Related Scheme

JNE Trucking Company, Inc., and Jamie Meras, President of JNE Trucking, were sentenced on February 1, in U.S. District Court for the Central District of California for making false statements and fraudulent reproduction of motor carrier records. JNE Trucking was sentenced to a \$100,400 criminal fine and assessments and 5 years probation. Meras was sentenced to a \$20,000 fine and 5 years probation.

In May 2007, PHMSA conducted a regulatory inspection and found that JNE Trucking did not have the required shipping papers for a shipment of a 70 percent solution of glycolic acid (a corrosive liquid). The employees of JNE Trucking

falsely represented to the PHMSA investigator that their driver had a copy of shipping papers in his possession during the shipment of hazardous materials, when in fact he did not. It was determined that JNE had contacted the recipient company of the hazardous materials and, days earlier, asked for a sample shipping paper for the glycolic acid. The sample shipping paper was then altered. In assisting with this cover up, Meras emailed a fraudulent bill of lading to the PHMSA investigator fraudulently indicating that the JNE Trucking driver had it in his possession at the time of shipment.

This investigation was conducted with assistance from PHMSA.

February 18, 2010

Drug Testing Company and its Owner Plead Guilty to Wire Fraud Charges

On February 18, Michael R. Bennett and his company, Workplace Compliance, Inc. (WCI), both pled guilty in U.S. District Court, Winston-Salem, North Carolina, to three counts of wire fraud. Mr. Bennett also pled guilty to one additional count of making false statements.

The charges stem from Mr. Bennett using his company, WCI, a drug and alcohol testing consortium, to fraudulently perform final reviews on numerous drug test results from laboratories utilized by motor carriers and air carriers when neither Mr. Bennett nor his company were authorized to do so. The investigation revealed that between 2005 and 2009 Mr. Bennett obtained lab test results and used computer software to generate fraudulent Medical Review Officer

(MRO) reports. These reports claimed that a MRO had verified the lab test results and that the report was in compliance with DOT regulations of transportation workplace drug and alcohol testing programs.

This investigation was conducted with significant investigative assistance from FAA, FMCSA, and DOT Office of Drug and Alcohol Policy and Compliance.

February 23, 2010

Louisiana Third Party Commercial Drivers' License Examiner Pleads Guilty

Harold G. Stewart pled guilty on February 23, in U.S. District Court, Baton Rouge, Louisiana, to one count of making a false statement in connection with his role in the falsification of 250 out of 320 commercial drivers' license (CDL) skills tests he conducted.

Mr. Stewart was a third party examiner for Stewart Auto Sales & Salvage, a business authorized by the Louisiana Department of Public Safety, Office Motor Vehicles (LADPS, OMV) to perform CDL skills testing of CDL driver candidates. A state compliance review conducted by LADPS, OMV revealed that Mr. Stewart had tested an inordinate amount of CDL candidates with no failure ratings. During our interview of Mr. Stewart, he admitted to falsifying the skills test for 250 CDL candidates for which he was paid approximately \$200 per test. The LADPS, OMV recalled and retested all 320 CDL drivers.

This investigation was conducted with significant assistance from FMCSA Southern Service Center, FMCSA Louisiana Divisional Office and LADPS, OMV.

March 26, 2010

Colorado Delivery Service Owners Indicted for Falsifying Driver Logs and Major Fraud Against the United States

George Grunden, Sr. and Renza Grunden, owners of Colorado Choice One Delivery Services LLC (Colorado Choice One), were indicted in on March 26, in U.S. District Court in Denver, Colorado, on charges of major fraud against the United States, making false statements, mail and wire fraud, and obstruction of a federal audit.

The investigation revealed that the Grundens, doing business as Colorado Choice One entered into contracts with the U.S. Postal Service valued at more than \$ 1 million to transport mail within the State of Colorado. The companies receiving the contracts are required to certify compliance with all relevant contract regulations. The indictment alleges that Colorado Choice One failed to pay its drivers prevailing wages, ordered falsification of DOT regulated hours of service logs, falsified contract documents, and lied to Federal auditors and investigators during a compliance review.

This investigation was conducted jointly with the U.S. Postal Service, Office of Inspector General and the Department of Labor, Office of Inspector General.



In Focus: Ensuring Safety on the Dulles Corridor Metrorail Project

The Metropolitan Washington Airports Authority (MWAA) is constructing a 23-mile extension of the Metrorail system to serve Virginia's Tysons Corner and Reston-Herndon areas. Tysons Corner is the state's largest employment center, and Reston-Herndon has the second largest employment concentration. The extension will include 11 new stations and will run from East Falls Church, to Washington Dulles International Airport, and west to Ashburn. Construction of the first phase of the two-phase project—the line from Tysons Corner to Reston—began in March 2009 and is planned to be completed in January 2014. Phase II is still in the planning stages.

From the start, the complex project has been controversial. Key issues have concerned the method of transportation that would be used (heavy rail, light rail, or Bus Rapid Transit), the construction of a tunnel through the entire Tysons Corner area, and the use of a design-build contractor in a public-private partnership arrange-

ment. Environmental impact, costs, and funding sources have also influenced project decisions.

We have closely followed this ambitious undertaking since 2006, around the time the project control was transferred from the Virginia Department of Rail and Public Transportation to MWAA, and the project was under consideration for a \$900 million FTA grant. In 2007, we reported significant risk indicators and stressed the need for vigilant FTA oversight. Key concerns were WMAA's lack of experience in transit construction and the need for more coordination between MWAA and the Washington Metropolitan Area Transit Authority (WMATA), the eventual owner-operator of the Dulles transit expansion.

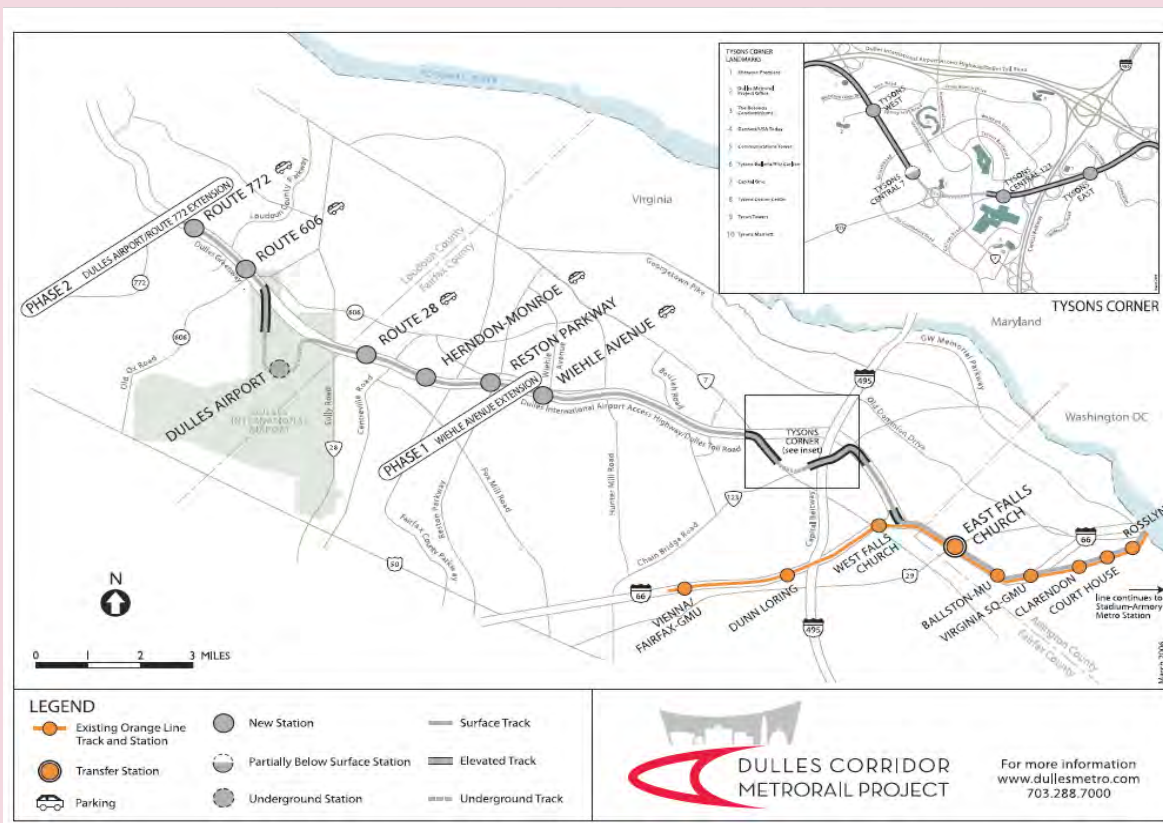
Most recently, we have worked with FTA to address a critical safety issue involving the planned use of 30-year-old structures in the project's construction, which was brought to our attention in September 2008 by a former engineer on the

project. After deeming the complaint credible, we requested that FTA answer key questions, including whether FTA agreed with the project sponsor’s plan to use the 30-year-old structures, whether FTA and its oversight consultants had ensured that sufficient testing had occurred, and whether WMATA had approved of the decision to use the structures.

Seven months later, in June 2009, FTA responded to our request, but OIG engineers determined that it was incomplete. In addition, information FTA subsequently provided was inconsistent with its June response. In October 2009—more than a year after the safety concern was identified—we issued a management advisory to the

FTA Administrator calling for several actions to ensure adequate project oversight and sufficient testing of the older structures. In January 2010, the FTA Administrator informed us of its efforts to address our concerns.

We are evaluating these efforts as part of our current audit of the Dulles project, initiated in November 2009, and will continue to communicate to the Secretary, Congress, and the public key concerns surrounding the project and FTA’s efforts to ensure safety.



Source: Dulles Corridor Metrorail Project.



Rail & Maritime Programs and Economic Analysis

Audits

November 19, 2009

Fourth Quarter Report on Amtrak's Fiscal Year 2009 Operational Reforms Savings and Financial Performance and Five-Year Financial Plan Review

Mandated under the Fiscal Year 2009 House and Senate Appropriations Committees' Consolidated Appropriations Act

Amtrak's operating loss for fiscal year 2009 decreased relative to the budgeted loss. Amtrak's FY 2009 operating loss of \$468.2 million was \$6.8 million, or 1.4 percent less than budget. This is a \$22.9 million improvement to the forecasted loss we reported the previous quarter.

We also reviewed Amtrak's FY 2010–2014 Five-Year Financial Plan and FY 2010 annual budget, as required by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Amtrak's 5-year financial plan complied with most PRIIA requirements. However, improvement to Amtrak's reporting systems, such as the capacity to report information on key cost drivers for various expenses, will provide more detailed financial data that will bring the plan into full compliance with PRIIA requirements in future years. Finally, as outlined in its recently issued strategic guidance, Amtrak's approach regarding tracking and measuring its savings from various operating reform initiatives has evolved to one focused on measuring its overall performance, as opposed to tracking the impact of specific reform initiatives on its operations. Amtrak's new approach appears reasonable. However, as we continue to review Amtrak's quarterly performance we will evaluate the effectiveness of this approach.

Investigations

February 19, 2010

Washington Man Sentenced for Providing False Documents on Seattle's Light Rail Project

David Appleby, president of Appleby NW, a steel fabrication company in Granite Falls, Washington, was sentenced on February 19, in U.S. District Court to one year probation, a \$20,000 fine and \$30,523 in restitution for making and using false documents in relation to his work on the \$2.4 billion Sound Transit Light Rail.

Mr. Appleby successfully bid to fabricate steel casings for the footings for the four mile elevated portion of the Tukwila, Washington, Light Rail-Line Project (Sound Transit). The casings are large metal tubes, 10 or 12 feet in diameter that encase the concrete pilings just below the surface and are supposed to be manufactured from

M270 Grade 50 steel. Mr. Appleby purchased steel plates from Oregon Steel Mills, Inc. to fabricate into the casings. After the first batch of steel plates were ordered, Mr. Appleby became aware that the steel did not meet the contract specifications. Mr. Appleby continued to purchase and use Grade 36 steel, from Oregon Steel Mills and he provided falsified reports to Sound Transit to make it appear that Appleby NW, Inc. had fabricated the casings out of Grade 50 steel. Between May 2005 and November 2006, Mr. Appleby falsified 36 reports and provided them to Sound Transit, which in turn provided them to FTA. Appleby NW, Inc. supplied more than 150 casings to the light rail project, the majority of which did not meet the contract standards. Both Sound Transit and FTA asked experts to evaluate the use of the lesser grade steel. The studies concluded there is no safety issue.

This investigation was conducted jointly with the FBI and with assistance provided by FTA.



Financial and Information Technology

Audits

October 1, 2009

Quality Control Review of Controls over the Enterprise Services Center

OMB Requirement

A CPA firm under contract to OIG reviewed the general, application, and operational controls over the DOT Enterprise Services Center in accordance with the Statement of Auditing Standard No. 70. OMB requires agencies that provide cross-agency services to conduct such a review. The audit covered the Delphi Financial Management System, which is used by multiple Federal agencies, and the Consolidated Automation System for Time and Labor Entry (CASTLE), used to support DOT operations only. The audit

concluded that management's description of controls presents fairly, in all material respects, the controls that have been placed in operation and controls are suitably designed. In addition, controls were operating effectively except in the areas of logical access and segregation of duties concerning CASTLE system operations.

November 5, 2009

Quality Control Review over the Saint Lawrence Seaway Development Corporation Financial Statements

Chiampou Travis Besaw & Kershner LLP, under contract to the Seaway, issued a clean (unqualified) audit opinion of the Saint Lawrence Seaway Development Corporation's financial statements for fiscal years 2009 and 2008 and reported no internal control deficiencies.

November 10, 2009

Quality Control Review of NTSB's Fiscal Years 2009 and 2008 Financial Statements

Accountability of Tax Dollars Act

Leon Snead & Company, P.C., under OIG contract and supervision, issued a clean (unqualified) audit opinion of the NTSB's fiscal years 2009 and 2008 financial statements but reported one significant deficiency due to the lack of a managerial cost accounting system.

November 13, 2009

Quality Control Review of Audited Financial Statements for Fiscal Years 2009 and 2008, FAA

OMB Bulletin 07-04

Clifton Gunderson LLP, under OIG contract and supervision, issued a clean (unqualified) audit opinion of FAA's fiscal years 2008 and 2009 financial statements. However, Clifton Gunderson indentified one significant deficiency, related to Property, Plant, and Equipment Accounting and Reporting.

November 16, 2009

Quality Control Review of Audited Consolidated DOT Financial Statements for Fiscal Years 2009 and 2008

Certified Financial Officers Act

Clifton Gunderson LLP, under OIG contract and supervision, issued a clean (unqualified) audit opinion of DOT's fiscal years 2009 and 2008 consolidated financial statements. However, Clifton Gunderson indentified five internal control significant deficiencies and one instance of noncompliance with laws and regulations.

November 18, 2009

DOT's Information Security Program

Mandate under the Federal Information Security Management Act of 2002 (FISMA)

During fiscal year 2009, the Department made notable improvements in two key information security areas: it issued information about Department-wide security policy and improved the Common Operating Environment's compliance with the Federal Desktop Core Configuration. However, our annual audit of DOT's information security program and practices determined that the Department still has weakness in five critical areas: information security policy, enterprise-level controls, management of information security weaknesses, system-level controls, and protection of privacy related information. As a result of these weaknesses, the Department's information security program was not compliant with all key FISMA and OMB requirements.

We made 27 recommendations to address urgent vulnerabilities in these areas. The DOT Chief Information Officer generally concurred with our findings and recommendations, and planned to provide a description of specific actions to be taken to implement these recommendations, along with milestone dates.

February 1, 2010

Inspector General Review of Fiscal Year 2009 Drug Control Funds and Performance Summary Reporting

Office of National Drug Control Policy Circular: Drug Control Accounting

Our review of the National Highway Traffic Safety Administration's (NHTSA) FY 2009 Drug Control Obligation Summary and Performance Summary reports did not reveal any information that would reverse management's assertions that the reports presented complied with the Office of National Drug Control Policy Circular, Drug Control Accounting, requirements, in all material respects.





In Focus: Challenges in Securing Information Systems

DOT is responsible for securing more than 400 information systems used to support its mission and disburse over \$50 billion in Federal funds each year. More than 100 of these systems contain personally identifiable information on millions of citizens. FAA manages nearly two-thirds of DOT's information systems—including real-time air traffic control systems, which have been designated as part of the Nation's critical infrastructure.

With rapid technology changes, information systems have become increasingly vulnerable to cyber attacks. In May 2009, the White House reported on the urgent need to secure the Nation's digital infrastructure from hackers, who "pose some of the most serious economic and national security challenges of the 21st Century."¹ Establishing a robust information security program is

key to battling increased cyber security threats. However, DOT has been challenged to establish such a program—one that protects our nation's air traffic control systems and privacy information.

During fiscal year 2009, DOT took important steps toward developing a program that would comply with federal information security requirements established in 2002,² including issuing its long-awaited information security policy. However, the Department has yet to make progress in other critical areas, including

- ensuring employees and contractors receive proper security training,
- ensuring major security incidents reported to the Department of Homeland Security (DHS) have been received,
- correcting identified security weaknesses,

¹ Cyberspace Policy Review Report, "Assuring a Trusted and Resilient Information and Communication Infrastructure", May 2009.

² Federal Information Security Management Act of 2002.

- configuring software securely throughout OA's systems,
- identifying and securing system interfaces, and
- testing contingency plans for system recovery.

A key concern is the need to protect air traffic control systems from cyber attacks, especially given FAA's increased reliance on Internet Protocol (IP)-based commercial software. While this approach has allowed FAA to efficiently collect and disseminate information to facilitate air traffic control services, it also poses a higher security risk due to the vulnerabilities inherent in using commercial IP products. Adequate security certification and accreditation reviews could help minimize this risk. However, past security reviews conducted at operational sites were incomplete and lacked adequate examination and testing. Moreover, FAA lacks an effective means to target its reviews to high-risk systems—those having unauthorized system configurations. In recent years, configuration variances have resulted in disrupted air traffic control services. Until these deficiencies are corrected, FAA cannot rely on its security reviews to protect air traffic control systems.

FAA has taken action to ensure the timely recovery of air traffic control facilities, systems, and operations in the event of disruption. FAA developed a business continuity plan and designated the William J. Hughes Technical Center in Atlantic City as the recovery site to ensure continued en route (high altitude) air traffic services. While FAA has made good progress preparing the Technical Center for recovery operations, additional efforts are needed to resolve technical challenges in routing radar and communication signals to the recovery site, staffing issues, and funding requirements to avoid delays of the recovery site's readiness.

At the same time, FAA faces the daunting task of designing and implementing proper security protection in the Next Generation (NextGen) Air Traffic Systems currently under development. It will take multiple years to complete the transition from existing air traffic control systems to NextGen—a multibillion dollar system that will adopt IP-based commercial software and Web-enabled design technologies to collect, exchange, and disseminate air traffic information among controllers, pilots, support staff, and industry partners. While NextGen has great potential to improve air travel, using commercial IP products poses a higher security risk. The planned outsourcing of a portion of the NextGen infrastructure also requires FAA to increase its oversight capabilities. The need for a robust cyber security strategy and design to help manage security risks of the transition to NextGen is also highlighted in the May 2009 White House Cyberspace Policy Review report.

Finally, DOT is challenged to secure data in its information systems and ensure only authorized personnel have access to this information. In fiscal year 2009, the Department made progress in addressing its statutory responsibility to protect personally identifiable information by completing a Breach Notification Policy and holding advanced training sessions for modal privacy personnel. Despite these actions, personally identifiable information remains unsecure—in part because the Department has been unable to get an accurate count of the systems that contain this information. Promptly securing personally identifiable information is critical given DOT's information systems continue to include social security numbers. OMB set a target date of November 2009 for Federal agencies to remove social security numbers from their information systems, but DOT does not plan to eliminate them until 2015. DOT also missed OMB's October 2008 deadline for issuing Personal

Identity Verification (PIV) cards to employees and contractors—a key governmentwide initiative to authenticate authorized users of Federal resources—building, information, and information systems. As of September 2009, only 31 percent of DOT employees and contractors had a PIV card. In March 2010, DOT initiated an aggressive plan to complete issuance of PIV cards to its remaining employees and contractors as quickly as possible. In response to our audits, the Department has committed to developing an enhanced strategy to advance its information security and privacy program in fiscal year 2010. For example, the Department reported that it is taking aggressive action to secure budgetary resources for an enhanced information security program, raise senior management’s awareness of cybersecurity threats, and improve employee security training. Also, it is engaging the National Security Agency to help assess security vulnerabilities.

Ensuring security policies are properly implemented throughout the Department will require strong leadership and oversight by senior management—especially since most DOT systems are owned and managed by FAA and the Department’s other OAs. We will continue working with the Department in these key areas to enhance information security protection.





Acquisition and Procurement

Audits

January 7, 2010

DOT's Suspension and Debarment Program Does Not Safeguard Against Awards to Improper Parties

Self-Initiated

DOT's contract and grant obligations averaged \$56 billion annually over the last 4 years; ARRA added \$48 billion to DOT's management responsibilities. DOT's stewardship of taxpayer dollars includes adhering to Federal suspension and debarment (S&D) regulations and policies, which permit the exclusion of parties found to be unethical, dishonest, or otherwise irresponsible, from receiving contracts and grants involving Federal funds.

We found significant delays in DOT's S&D decisionmaking process, giving unscrupulous contractors ample opportunity to bid for and receive contracts. On average, it took over 300 days to reach a suspension decision and over 400 days to reach a debarment decision. These delays are largely due to lengthy and unnecessary reviews conducted before deciding cases and a lack of priority assigned to DOT's S&D workload. At the same time, DOT's management controls are not adequate to safeguard the Department's efforts to exclude prohibited parties that agencies must suspend or to propose debarment. A weakness surrounding DOT's main S&D policy is its inability to clearly define that DOT needs to suspend—or propose debarment—of parties within a required 45-day limit. DOT's S&D Program is also limited by the absence of strong program oversight. The cumulative effect of these weaknesses increases

the risk that DOT and other agencies will award contracts and grants to parties that DOT will ultimately suspend or debar.

We made specific recommendations to DOT's Senior Procurement Executive and to FAA to address these weaknesses. DOT concurred with all of our recommendations. According to DOT, it has adopted a revised Departmental Order (DOT Order 4200.5E, March 16, 2010) on case processing that should resolve some of the problems highlighted in the report. FAA fully concurred with all but one recommendation—partially concurring with our recommendation on issuing S&D notices in 45 days.

March 18, 2010

Weaknesses in DOT's Suspension and Debarment Program Limit Its Protection of Government Funds

Testimony before the House Committee on Oversight and Government Reform

The Inspector General's testimony on DOT's Suspension and Debarment Program was based on our January 7, 2010, report. The Inspector General cited how DOT's S&D decisions and reporting have been significantly delayed, which increases the risk that DOT and other agencies will award contracts and grants to parties that DOT will ultimately suspend or debar. In addition, the Inspector General noted how weaknesses in DOT's S&D policies, procedures, and internal controls make them inadequate to safeguard DOT's efforts to exclude prohibited parties from obtaining contracts and grants.

Investigations

November 5, 2009

The United States and Tutor Perini Corporation Settle Civil Fraud Claims for \$9.75 Million

On November 5, Tutor Perini Corporation, formerly Perini Corporation (Perini), a publicly-traded construction services corporation, settled claims that they falsely and fraudulently reported that certain minority and disadvantaged business enterprises (DBE) were performing subcontracted work on federally funded public works contracts with the City and State of New York, when in fact non-DBE subcontractors were performing the work. Pursuant to the settlement, Perini has paid the United States \$9,750,000. The settlement does not constitute an admission or liability by Perini.

The settlement is the result of a joint investigation conducted by the Federal Construction Fraud Task Force, which was organized by the United States Attorney's Office in June 1999 to investigate fraud and corruption in the construction industry. In addition to the U.S. Attorney's Office, the members of the Task Force include the Internal Revenue Service, Criminal Investigation Division; the Department of Labor, Office of the Inspector General; the New York City Department of Investigation; the Inspector General for the Metropolitan Transportation Authority; and the Inspector General for the Port Authority of New York and New Jersey.

November 19, 2009

Former Owners of Pennsylvania Bridge Beam Manufacturer Indicted In \$136 Million DBE Fraud

Joseph W. Nagle and Ernest G. Fink, the former owners of Schuylkill Products, Inc. (SPI), and CDS Engineers, a subsidiary of SPI, were charged on November 19, by a Federal Grand Jury with a 32 count indictment for conspiracy and other crimes connected with a “pass-through” scheme to defraud DOT’s DBE program. The scheme is alleged to have run for over 15 years, and involved the improper award of over 300 federally-funded highway and transit DBE subcontracts in Pennsylvania valued at over \$136 million. SPI manufactured concrete bridge beams and CDS was the engineering and bridge erection division of SPI.

More specifically, the indictment alleged that Mr. Nagle, Mr. Fink, and others used a small Connecticut-based highway construction firm, Marikina Construction Corporation as a front company to obtain lucrative government contracts reserved for small and disadvantaged businesses. The indictment alleged that between 1993 and 2008, Marikina received over \$136 million in DOT funded DBE subcontracts for bridge construction, but SPI and CDS personnel actually performed the work. The contract money merely passed through Marikina to make it appear that a DBE was involved, when in reality, SPI and CDS personnel actually found, negotiated, coordinated, performed, managed, and supervised all the DBE subcontracts awarded to Marikina. All the profits from these subcontracts allegedly

ended up with SPI and CDS and in exchange for allowing SPI and CDS to use its name, Marikina was paid a small fixed-fee. Romeo Cruz, owner of Marikina, Dennis Campbell, Vice President for SPI, and Timothy Hubler, Vice President for CDS have all previously pled guilty to the conspiracy.

This is the largest reported DBE fraud scheme in DOT history. This investigation was conducted jointly by the FBI; the U.S. Department of Labor, Office of Inspector General; and the Internal Revenue Service, Criminal Investigation Division.

January 5, 2010

New York Construction Company Vice President Sentenced for MBE Fraud Scheme on Numerous Roadway Projects

John Ruggiero, the Vice President of AFC Enterprises, Inc. (AFC) was sentenced on January 5, in U.S. District Court, Brooklyn, New York, to 3 years probation, fined \$50,000, ordered to pay \$70,000 in restitution to the City of New York, and forfeit \$120,000 to the Federal government for his role in an minority business enterprise (MBE) fraud scheme on numerous roadway reconstruction projects awarded by DOT grantees throughout the New York area.

Mr. Ruggiero previously pled guilty and admitted that from 1998 to 2002, he and his co-conspirators at AFC utilized a certified MBE subcontractor, WVSS, Co., Inc. (WVSS), as a “front” MBE to fraudulently meet their MBE goals on numerous public works projects throughout the New York area. WVSS was required to perform the MBE

subcontract work; however, AFC provided all of the labor, materials, and equipment while WVSS merely acted as a payroll and bill processing service and did not perform a “commercially useful function” as required by regulations. Mr. Ruggiero and others submitted fraudulent documentation to New York City agencies to deceive the contracting agencies and falsely indicate that AFC was complying with the New York City MBE program.

This investigation was conducted jointly with members of the Federal Construction Fraud Task Force, Eastern District of New York, of which the DOT-OIG is a founding member.

March 2, 2010

Company President Pleads Guilty to Mail Fraud Involving FHWA Funded Contracts

Kamleshwar Gupta, President and CEO of KAM Engineering, Incorporated (KEI), pled guilty on March 2, in U.S. District Court, Northern District of Illinois, to mail fraud related to falsified information submitted to the Illinois Department of Transportation (IDOT) and other state entities for payment on state transportation contracts.

From 1994 to 2003, Mr. Gupta submitted false invoices and financial information regarding overhead expenses and the number of hours worked by KEI employees on contracts for IDOT, Chicago Department of Transportation, Metra, and the Illinois State Tollway Authority, many of which were federally-funded by FHWA. The total

amount of fraudulent invoices amounted to over \$1.6 million. The scheme to defraud involved Mr. Gupta moving hours among different jobs and contracts by directing the 30 plus employees of KEI to complete time sheets in pencil, which allowed the alterations. Fraudulent invoices were then mailed to IDOT for payment. Mr. Gupta has made full restitution to all parties involved. After indictment, KEI, now defunct, and Mr. Gupta were suspended by FHWA.

This investigation was conducted jointly with the FBI with substantial assistance from IDOT, Division of Audits. Sentencing for Mr. Gupta is scheduled for May 27, 2010.

March 16, 2010

Pennsylvania County Officials Charged in Corruption Probe Involving DOT Contracts

A Federal grand jury in Scranton, Pennsylvania, returned a 40-count indictment on March 16, that alleged, in part, that former County Commissioner Robert C. Cordaro and current County Commissioner Anthony J. Munchak accepted monetary payments in exchange for steering DOT-funded contract work at the County of Lackawanna Transit System (COLTS) (an FTA grantee) and the Wilkes-Barre/Scranton International Airport (an FAA grantee).

Specifically, COLTS received \$9.7 million in FTA funds to design and build an Intermodal Transportation Center. The DOT-funded contract was initially awarded to L. Robert Kimball. Mr. Cordaro

and Mr. Munchak allegedly terminated L. Robert Kimball's contract and sole-sourced the contract to an unnamed architectural firm. The indictment alleged that principals of the unnamed firm provided \$90,000 in cash to Mr. Cordaro and Mr. Munchak for this contract, and anticipated award of additional contracts with the County. FTA previously required COLTS to return \$907,345 on this contract due to the county's failure to comply with a Federal regulation that required them to seek bid proposals from third-party design and engineering services contractors rather than issue sole-source or non-bid contracts. In addition, Mr. Codaro allegedly accepted cash from the principal of a contractor who performed work at the Wilkes-Barre/Scranton International Airport.

This investigation was conducted jointly with the FBI and the Internal Revenue Service, Criminal Investigation Division.





Department-Wide Issues

November 16, 2009

DOT's Fiscal Year 2010 Top Management Challenges

OMB Requirement

Longstanding concerns that demand ongoing attention include relieving highway and air traffic congestion, financing the Highway Trust Fund, and addressing the Nation's aging surface infrastructure. At the same time, the Department must address new OIG concerns, such as starting up an intercity high-speed rail system and ensuring that the Department has a sufficient acquisition workforce with the skills needed to oversee contracts. For fiscal year 2010, we identified the following 10 top management challenges facing the Department:

- Maximizing the Department's Economic Recovery Investments
- Enhancing Surface Safety Programs to Reduce Injuries and Fatalities while Defining a New Federal Role in Transit Safety
- Maximizing Federal Surface Infrastructure Investments by Helping States Better Allocate Resources and Providing Effective Oversight
- Addressing Human Factors and Strengthening the Regulatory and Oversight Framework for Aviation Safety
- Moving Toward the Next Generation Air Transportation System and Improving Performance of the National Airspace System

- Improving Contract Management and Oversight
- Enhancing the Ability to Combat Cyber Attacks and Improving the Governance of Information Technology Resources
- Developing a Funding Framework for the Next Surface Transportation Reauthorization
- Strengthening the Department's Acquisition Workforce
- Successfully Implementing the Newly Created Multi-Billion Dollar High-Speed Intercity Passenger Rail Program

Several criteria were considered in identifying these challenges, including their impact on safety, documented vulnerabilities, large dollar implications, and the ability of the Department to effect change in these areas. We have begun to build a body of work to help the Department effectively manage these and other emerging issues.

This report was included in the Department's Performance and Accountability Report, as required by law.



Other Accomplishments

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

October 22, 2009

Management Advisory on Dulles Corridor Metrorail Project Safety Concerns

OIG issued a management advisory to FTA on a potentially serious safety issue related to the adequacy of foundations at a segment of the Dulles Corridor Metrorail Project. This issue remains unresolved a year after we first brought

it to FTA's attention in a November 2008 Hotline complaint. A credible source contacted OIG asserting that the Metropolitan Washington Airports Authority, the project sponsor, had not conducted sufficient testing on eleven pier foundations and their underlying steel piles that were built 30 years ago, and will support a portion of the project's new guiderail. The FTA's response to our Hotline complaint was incomplete and inconsistent with subsequent engineering information that FTA provided to us.

In our management advisory, we prompted FTA to conduct a review of project management performance to assess whether adequate oversight is being conducted on the project. In addition, we urged FTA to develop a plan outlining how it will ensure that sufficient testing of the existing foundations will take place before additional construction is undertaken at the locations in question. Finally, we encouraged FTA to outline additional steps it plans to take to enhance future oversight of the project.

Speaking Engagements

In addition to our other accomplishments, members of the OIG shared their knowledge by speaking or participating in panel sessions at conferences hosted by DOT, the IG community, and other transportation-related organizations through the following:

- On December 3, 2009 the Assistant Inspector General for Legal, Legislative, and External Affairs participated in a panel discussion hosted by DOT's Center for Alternative Dispute Resolution entitled "Unlocking Litigation Gridlock: Mediation in Employment Cases". The forum focused on case situations where mediation could be beneficial, the role of the mediator, and party expectations.

- In January 2010, OIG launched a new public website to become consistent with government-wide efforts to improve transparency and accountability. The revamped website is designed to be more user-friendly in searching for OIG work products, explains our mission and role in greater detail, and provides enhanced capacity to receive timely notice of our activities through a variety of sources.
- On January 28, 2010, a Program Director from the Amtrak, High Speed Rail and Economic Analysis office gave a speech on rail station funding sources at an Amtrak conference in San Antonio, TX. This conference was attended by over 60 city mayors, council members, and state DOT officials from Illinois, Kansas, Washington, Louisiana and New Mexico.
- On January 29, 2010, the Assistant Inspector General for Legal, Legislative, and External Affairs, as part of a forum hosted by DOT, delivered a presentation before the Transportation Industry Study seminar of the Industrial College of the Armed Forces on the role, mission, and authority of OIG as well as the top management challenges facing the Department.

Work Planned and in Progress

This section describes work projects currently under way or planned by the Office of Inspector General for the period of April 1 through September 30, 2010. Projects focus on the Department's Strategic Plan and its core missions of transportation safety and mobility. We take into account the need to support DOT's most critical programs and to ensure that departmental resources are protected from fraud and waste. In addition, many of our projects arise from requests by Administration officials and members of Congress.

AVIATION AND SPECIAL PROGRAMS

IN PROGRESS

FAA's Progress in Developing and Implementing NextGen Transformational Programs

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation and the Subcommittee on Aviation Operations, Safety, and Security, OIG is reviewing FAA's progress with five NextGen transformational programs. Specifically, OIG is conducting an audit to (1) review the status of the programs' cost, schedule, and performance baselines; and (2) determine FAA's progress in implementing these programs and identify risk to achieving NextGen goals.

Challenges to FAA's Oversight of On-Demand Operators

At the request of the Chairmen of the House Committee on Transportation and Infrastructure and Subcommittee on Aviation, we are reviewing FAA's oversight of on-demand operators. OIG is

conducting an audit to identify specific challenges FAA inspectors face in conducting oversight of on-demand operators.

FAA Oversight of Use of Airport Revenue – Denver International Airport

OIG is determining whether FAA's oversight ensures that the Denver International Airport is using revenues only for airport purposes and is as self-sustaining as possible. Prior reviews by our office and FAA have identified hundreds of millions of dollars in diverted airport revenues. Those revenues should have been used for the capital or operating cost of airports but were used for non-airport purposes.

FAA Oversight of Required Navigation Performance (RNP) Third-Party Agreements

At the request of the Chairman of the House Subcommittee on Aviation, OIG is assessing the

extent to which FAA is relying on third-parties for the development of new RNP procedures and determine whether FAA has established sufficient mechanisms and has sufficient staffing to provide safety oversight of the third parties.

Follow-Up Review of Aviation Transportation Oversight System (ATOS)

OIG is determining whether FAA has (1) completed timely inspections of air carriers' systems for monitoring critical maintenance programs, (2) tested and validated that these carrier systems are operating effectively, and (3) effectively implemented ATOS for the remaining air carriers regulated under 14 C.F.R. § 121.

FAA's System Wide Information Management Program (SWIM)

OIG is examining (1) the strengths and weaknesses of FAA's approach for developing and funding SWIM efforts, and (2) the effectiveness of FAA's plan to identify and manage key risks that could affect a nationwide deployment or limit anticipated benefits. SWIM is an advanced technology program designed to facilitate greater sharing of Air Traffic Management system information, such as airport operational status, weather information, flight data, status of special use airspace, and National Airspace System (NAS) restrictions. SWIM will support current and future NAS programs by providing a flexible and secure information management architecture for sharing NAS information.

FAA's Organization Designation Authorization (ODA) and Risk Based Resource Targeting Processes

At the request of Representative Daniel Lipinski of the House Committee on Transportation and Infrastructure, OIG is determining (1) the role FAA plays in the selection process for individuals who perform work under the ODA program, (2) the adequacy of FAA's safety oversight of the program, and (3) the effectiveness of FAA's Risk Based Resource Targeting assessment process. The ODA program consists of companies that FAA authorizes to perform certain functions on its behalf, including the issuance of airworthiness certificates, approval of certain aircraft engineering designs and test data, and modifications to existing approved designs.

Review of FAA's Progress with Transitioning to NextGen

At the request of the Chairmen and Ranking Members of the House Committee on Transportation and Infrastructure and Subcommittee on Aviation, OIG is reviewing FAA's progress in transitioning to NextGen. Specifically, we are addressing (1) key actions needed to successfully implement NextGen, (2) FAA and partner agencies' progress in leveraging resources and budgets, and (3) FAA's efforts to engage the private sector in shaping NextGen policy issues.

Certification of NextGen Technologies

At the request of the Chairmen of the House Committee on Transportation and Infrastructure and the Subcommittee on Aviation, OIG is conducting an assessment of FAA's revised certification procedures, as applied to Automatic Dependent Surveillance Broadcast (ADS-B) to (1) determine the impact on FAA's statutory responsibility to maintain the safety and integrity of air traffic control systems, and (2) identify the challenges and risks associated with the private sector operating and maintaining key air traffic control system. ADS-B is a satellite-based surveillance technology that combines the use of satellites, aircraft avionics, and ground-based systems to provide more accurate information about aircraft location for pilots and air traffic controllers.

Congressional Inquiry Regarding Transfer of Boise Terminal Radar Approach Control (TRACON) to Salt Lake City

As agreed with the Idaho Congressional Delegation, OIG is reviewing FAA's process for projecting costs associated with relocating the Boise TRACON to Salt Lake City.

FAA Regulations and Airline Policies Regarding Crew Rest Requirements and Fatigue Issues

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation and its Subcommit-

tee on Aviation Operations, Safety, and Security; the Chairman of the House Transportation and Infrastructure's Subcommittee on Aviation; and Representatives Louise Slaughter, Christopher Lee, and Brian Higgins, OIG is conducting an audit to (1) identify FAA regulations and airline policies regarding crew rest requirements and fatigue issues, including the role of pilots' domicile and duty locations; (2) determine how FAA and airlines enforce these regulations and policies; and (3) assess how FAA and airlines update those policies and procedures to ensure they address changing conditions within the aviation industry.

Costs and Controls Associated With the 2009 FAA/National Air Traffic Controllers Association (NATCA) Contract

At the request of Representative John L. Mica, Ranking Member of the House Committee on Transportation and Infrastructure, OIG is conducting an audit of the new collective bargaining agreement between FAA and NATCA to (1) evaluate the accuracy and completeness of FAA's cost estimate of the new contract, (2) identify contract provisions that could escalate costs, and (3) determine if FAA has sufficient controls in place to prevent cost escalations.

FAA Oversight of Pilot Training and Regional Airlines

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation and its Subcommit-

tee on Aviation Operations, Safety, and Security; the Chairman of the House Transportation and Infrastructure's Subcommittee on Aviation; and Representatives Louise Slaughter, Christopher Lee, and Brian Higgins, OIG is performing an audit of pilot training and regional airlines. Our audit objectives are to assess (1) FAA oversight for air carrier pilot training and proficiency programs, and (2) the process and data FAA and air carriers use to evaluate the competence and qualifications of pilots when they are hired.

Commercial Aviation Accidents, Pilot Experience, and Pilot Compensations

At the request of the Chairmen and Ranking Members of the Senate Committee on Commerce, Science, and Transportation and the Subcommittee on Aviation Operations, Safety, and Security, OIG is conducting an audit of FAA's regulations governing pilot training and fatigue and any relationship between commercial aviation accidents, pilot experience, and pilot compensation. Specifically, we will identify and assess trends in commercial aviation accidents including any correlations between pilot experience and compensation.

Flight Delays in the New York Region and Corresponding Effects Nationwide

At the request of the Chairman of the House Subcommittee on Aviation, OIG is conducting a comprehensive review to (1) determine the principal causes of flight delays in the New York region, and (2) identify the corresponding effect of these delays nationwide.

FAA's Process for Awarding ARRA Grants for Airport Projects

ARRA requires Inspectors General to identify and report potential management risks associated with ARRA projects and funds. The objective of this audit is to review the effectiveness of FAA's process for awarding ARRA grants for airport projects.

PLANNED

FAA's Implementation of RTCA's NextGen Task Force Recommendations

OIG will review and assess how FAA is (1) responding to the Task Force's recommendations and adjusting its NextGen plans and budgets, (2) engaging industry in planning and executing NextGen, and (3) addressing barriers or challenges that may impact FAA's ability to implement the Task Force's recommendations.

FAA Oversight of Use of Airport Revenue – Venice (FL) Municipal Airport

OIG will determine if FAA oversight ensures the City of Venice is using airport revenues and property only for airport purposes and the airport is as self-sustaining as possible.

FAA's En Route Automation Modernization (ERAM) Implementation

At the request of the Chairman and Ranking Member of the House Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, OIG plans to begin a review of FAA's implementation of the ERAM system. ERAM is a \$2.1 billion program to replace the existing computer hardware and software at FAA's 20 facilities that manage high-altitude traffic. ERAM is a key enabling platform for many of FAA's envisioned NextGen capabilities. OIG was asked to assess the progress and problems with ERAM, trade-offs or changes in requirements that have been made to deploy the system, and the impact delays have had on the program's projected cost and schedule.

Department of Transportation and FAA Oversight of Domestic Code-Share Relationships

At the request of the Chairmen of the House Committee on Transportation and Infrastructure and Subcommittee on Aviation, OIG will conduct an audit of DOT and FAA's oversight of code-share agreements between domestic air carrier partners. Our audit objectives will be to (1) examine DOT and FAA's legal authority to review agreements between mainline air carriers and their regional partners, (2) assess how mainline air carriers ensure that their regional partners have the same level of safety, and (3) determine whether the flying public has adequate air carrier information to make informed decisions when purchasing airline tickets.

HIGHWAY AND TRANSIT PROGRAMS

IN PROGRESS

FTA's Oversight of Access to the Region's Core Project, New York, New Jersey Area

OIG is assessing the main risks facing a \$9 billion proposed transit project and evaluating FTA's oversight efforts to ensure that risk mitigation strategies are implemented, based on concerns identified in FTA's 2009 annual report on New Starts Funding requirements.

FTA's Oversight of Major Transit Projects in New York City

OIG is conducting a series of audits of the following major transit projects in New York City, totaling approximately \$7 billion in Federal funding: the Fulton Street Transit Center, Port Authority Trans-Hudson Terminal, Second Avenue Subway, and East Side Access projects. OIG is evaluating the effectiveness of FTA's oversight of each project and assessing whether ARRA goals and requirements are being met, if applicable.

FTA's Oversight of the Dulles Corridor Metrorail Project

OIG is conducting an audit of FTA's oversight of Phase 1 of the Dulles Corridor Metrorail Project in the Washington, D.C. metropolitan area. This infrastructure project involves a Federal investment of \$900 million through FTA's New Starts program,

including \$77.3 million in ARRA funds. Our audit objectives are to (1) evaluate the effectiveness of FTA's oversight of the Dulles Corridor Metrorail Project, and (2) assess potential safety concerns.

Oversight Challenges Associated with Transit Safety Programs

OIG is reviewing challenges associated with enhancing federal oversight authority for transit safety programs. Our audit objective is to highlight challenges and risks related to increasing federal oversight of transit safety and actions the Department can take to enhance its effectiveness.

NHTSA's Office of Defects Investigation (ODI)

OIG is reviewing actions taken by NHTSA's ODI in regard to Toyota recalls as well as the overall process for identifying and investigating safety defects. Our audit objectives are to (1) examine NHTSA's efforts to ensure that ODI has the appropriate information systems and processes in place to promptly identify and take action to address potential safety defects as intended by the TREAD Act, (2) assess NHTSA's procedures and processes for ensuring that companies provide timely notification of potential safety defects, and (3) examine the lessons learned from the Toyota recalls to identify any improvement needed in current policies and procedures.

Effectiveness of FHWA National Review Teams

OIG is assessing whether the National Review Teams have been effective in helping FHWA oversee \$26 billion in ARRA funding and mitigate the key risks posed by the implementation of ARRA.

FHWA Oversight of Local Public Agency (LPA) Projects

OIG is assessing FHWA's oversight of the \$6 billion to \$8 billion provided annually to localities along with \$8 billion in ARRA funding in the next 3 years. Our audit will include a comparison of the oversight provided to LPA programs approved through ARRA with those funded through regular Federal-aid funding.

Oversight of FHWA High Dollar ARRA Projects

OIG is conducting an audit to determine if FHWA's oversight of selected higher dollar value ARRA projects has resulted in project compliance with key Federal-aid highway requirements for cost, quality, and construction schedule. ARRA provided \$27.5 billion to FHWA for ARRA highway infrastructure investments and required FHWA to ensure states receiving ARRA funds adhere to all Federal-aid highway program requirements.

Oversight of the Denali Commission's Transportation Program

At the request of Senator Christopher S. Bond, OIG is assessing the Denali Commission's use of Federal-aid highway and transit funds and evaluating DOT's oversight of the Commission and state transportation agencies.

PLANNED

Oversight of ARRA Discretionary Grants

OIG plans to assess whether DOT met ARRA discretionary grant requirements and to evaluate the strategy for discretionary grant administration and oversight. ARRA created new discretionary grant programs, including \$1.5 billion for surface transportation infrastructure projects to be administered by the Office of the Secretary (OST).

Review of Charter Rule

In response to a provision in the conference report accompanying the FY 2010 Departments of Transportation, Housing and Urban Development and Related Agencies appropriations bill, OIG plans to review the effect of charter tour regulations on quality and price of transit services.

RAIL & MARITIME PROGRAMS AND ECONOMIC ANALYSIS

IN PROGRESS

MARAD's Title XI Loan Guarantee Program

OIG is determining whether MARAD is in compliance with the recommendations contained in our 2003 and 2004 audit reports on the Title XI Loan Guarantee Program and the degree to which information was readily available to oversee the program. This audit was requested by the Senate Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies.

Amtrak Semiannual Reports on Operational Savings

OIG is issuing semiannual reports to the House and Senate Committees on Appropriations on our estimates of the savings accrued as a result of operational reforms instituted by Amtrak, as mandated by Congress.

Causes of Delays on the Amtrak Cascades and Coast Starlight Routes

In accordance with Section 225 of the Passenger Rail Investment and Improvement Act of 2008, OIG is reviewing the causes of Amtrak delays and service interruptions on the Amtrak Coast Starlight and Cascades routes. The objectives of our review are to (1) determine the causes of delays,

and (2) identify the trends in on-time performance, and the factors underlying those trends, between FYs 2004 and 2009.

Review of Amtrak's Five-Year Capital Plan

At the request of the House Committee on Appropriations, we are reviewing Amtrak's capital planning process. Specifically, the objectives of this audit are to determine (1) Amtrak's five-year capital requirements and how these align with its business and strategic goals, (2) how Amtrak prioritizes its capital projects among competing needs, (3) Amtrak's ability to implement its increased capital budget provided by ARRA, and (4) how Amtrak evaluates the performance of capital projects.

Causes of Amtrak Delays / Intercity Passenger Rail Service Bottlenecks

OIG is identifying the locations of "bottlenecks" along Amtrak routes and determining the causes using an econometric model. In particular, we will seek to identify which of these bottlenecks are due to congestion, or relative lack of capacity. In doing so, we will help to identify the locations that warrant further, more in-depth examination, as candidates for rail infrastructure investments.

Utilization of Amtrak's Maintenance Facilities

In accordance with Section 227 of the Passenger Rail Investment and Improvement Act of 2008, OIG is auditing Amtrak's utilization of its existing equipment maintenance and repair facilities. Our objectives are to examine (1) Amtrak's use of its three back shop facilities; (2) the productivity of these facilities; and (3) the extent to which Amtrak is maximizing opportunities for utilizing each facility, including the provision of maintenance and repair services to other rail carriers.

High Speed Rail Forecasting Best Practices

OIG is conducting an evaluation of High Speed Rail (HSR) and Intercity Passenger Rail (IPR) forecasting practices. The objectives of this evaluation are to (1) assess the strengths and weaknesses of various methodologies used to develop HSR and IPR ridership and revenue forecasts, cost estimates and public benefits valuations; and (2) identify best practices in the preparation of these forecasts.

Rail Service Disruptions

As directed by the DOT Appropriations Act, OIG is examining freight rail service disruptions since 2004, with a focus on the timeliness of shipments of commodities such as coal, wheat, ethanol, and lumber and making legislative and regulatory recommendations to reduce such disruptions in the future.

Financial Analysis of Transportation Related Public-Private Partnerships (PPPs)

OIG is performing an analysis to (1) determine the extent to which PPPs can address transportation infrastructure funding needs, (2) identify any disadvantages to the public sector of PPP transactions compared to more traditional financing methods, and (3) identify any factors that allow both the private and public sectors to derive value from PPP transactions.

PLANNED

Review of Amtrak's Financial Accounting and Reporting System

Pursuant to section 203(b) of the Passenger Rail Investment and Improvement Act of 2008, OIG is planning to conduct a review of Amtrak's modern financial accounting and reporting system to ensure that it accomplishes the purposes for which it was intended.

Adequacy of Measures Taken to Address the Solvency of the Highway Trust Fund

OIG plans to conduct an audit to evaluate the reasonableness of the Department's policies and procedures to monitor the solvency of the Highway Trust Fund and compare these policies and procedures to those used by the FAA to manage the Airport and Airway Trust Fund.

State Capacity to Meet High Speed Rail (HSR) Demands

OIG plans to review and evaluate (1) the range of capabilities in the states to plan, design, and manage HSR projects; (2) what constitutes a strong state passenger rail department and how those developed; and (3) examples of how state capacity was created to manage other state-led federally-funded programs, such as Federal-aid highways.

State-Railroad Operating Agreements

OIG plans to examine what has and has not worked in terms of enforceable agreements between states and host railroads that ensure public benefits are derived from the public investment in High Speed Rail. Our goal would be to develop best practices in this area.

FINANCIAL AND INFORMATION TECHNOLOGY

IN PROGRESS

Security and Privacy Controls Over the Medical Support System

At the request of the Chairmen of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation, OIG is determining whether (1) airmen's personally identifiable information is properly secured from unauthorized use or access, and (2) FAA has made progress in establishing a program to flag airmen holding a current medical certificate while receiving disability pay.

Improper Payments in the Airport Improvement Program

OIG is determining whether FAA has adequate controls to prevent and detect improper payments to grant recipients of the Airport Improvement Program.

NextGen Automatic Dependent Surveillance Broadcast (ADS-B) Security and Controls

At the request of the Chairmen and Ranking Members of the House Committee on Transportation and Infrastructure and its Subcommittee on Aviation, OIG is determining whether (1) ADS-B security requirements specified in the contract have been properly defined and satisfied by the contractor, (2) the contractor is following FAA's

security architecture in developing ADS-B, and (3) security risks have been identified and mitigated by the contractor.

DOT's Implementation of Personal Identity Verification Cards

OIG is determining if DOT (1) has an effective process to issue, maintain, and terminate functional PIV cards for employees and contractors; and (2) is adequately protecting the personal information collected, stored, processed, and transmitted on PIV systems, based on the Presidential Directive 12 "Policy for a Common Identification Standard for Federal Employees and Contractors".

Security of DOT ARRA Web Applications

OIG is determining if (1) DOT's recovery websites and database systems are properly configured to minimize the risk of cyber attacks, and (2) access to recovery websites and database systems are adequately controlled to ensure accountability and integrity of ARRA data.

DOT's Information Security Program and Practices for Fiscal Year 2010

OIG is performing the annual review required by the Federal Information Security Management Act of 2002. We will determine the effectiveness of

DOT's information security program and practices and complete OMB's template for security assessments and performance measures.

DOT Network Access Accounts Management

OIG is determining if the Department is (1) properly identifying all users and network devices for account management; (2) adequately establishing, activating, modifying, disabling, and removing accounts; and (3) sufficiently authenticating account users.

SAS-70 Review of FAA Enterprise Center Security Controls

OIG is performing a quality control review of the audit performed by an independent public accounting firm and determining if the audit is performed in accordance with applicable audit standards.

Quality Control Review of Fiscal Years 2010 and 2009 DOT Consolidated Financial Statements, FAA Financial Statements, and NTSB Financial Statements

OIG is performing a quality control review of the audit performed by independent public accounting firms and determining if the audits were performed in accordance with applicable auditing standards.

Implementation of Single Audit Recommendations and Cost Recovery

OIG is determining if DOT OA's have (1) issued management decisions approving grantees' corrective action plans, (2) ensured the prompt implementation of corrective actions by grantees, (3) taken timely action to recover questioned costs, and (4) used single audit results to identify grantees requiring close monitoring.

PLANNED

FHWA Improper Payment Controls

OIG will perform a review of the controls implemented by FHWA headquarters and divisional offices to prevent and detect improper payments to Federal-aid highway grant recipients.

Quality Controls Reviews of Single Audits on DOT Grantees

OIG will perform quality control reviews of the audits performed by independent public accounting firms on grant recipients' use of DOT funds.

ACQUISITION AND PROCUREMENT

IN PROGRESS

Planning for FAA's Acquisition Workforce Requirements

OIG will assess the adequacy of FAA's plans for determining its acquisition workforce needs and progress for implementing actions to address those needs. Specifically, we will assess how FAA (1) determined 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 the programs, policies, and practices needed to ensure an adequate workforce.

Use of Price and Cost Analysis for Newly Awarded and Modified Contracts

OIG is determining whether FAA (1) sufficiently justified and properly reviewed and approved the use of non-competitive contracts, and (2) adequately performed and properly documented price and cost analyses applicable to the contracts.

FMCSA's Contract Practices

At the request of FMCSA's former Administrator, OIG is assessing whether FMCSA's contract award and administration practices comply with applicable laws and regulations and follow agency-specific guidance.

FHWA's Oversight of Federal-aid State ARRA Contract Award Practices

OIG will determine whether FHWA's oversight of state level contracting award practices is adequate to ensure compliance with laws and regulations.

Acquisition Organization Scan

OIG is conducting an audit to assess the extent to which OST has implemented an efficient, effective, and accountable acquisition process as outlined in sources including OMB Circular A-123 and the Government Accountability Office's Framework for Assessing the Acquisition Function at Federal Agencies (2005). In this assessment, OIG is addressing the following aspects as they relate to OST's acquisition function: (1) organizational alignment and leadership (i.e., alignment of acquisition with DOT's mission needs and provision of sound and ethical leadership); (2) policies and processes (i.e., the implementation of clear and transparent policies and processes for its planning, award, administration, and oversight of acquisitions); and (3) knowledge and information management (i.e., the use of technologies, tools, and data to help managers and staff make well-informed decisions related to planning and implementing their acquisitions).

PLANNED

FAA's Award of Systems Engineering 2020 Contracts

At the request of John L. Mica, Ranking Member, House of Representatives Committee on Transportation and Infrastructure and Thomas E. Petri, Ranking Member, of the Committee's Subcommittee on Aviation, we will review whether FAA's proposed Systems Engineering 2020 (SE-2020) contractual arrangements—valued at up to \$7.1 billion—are being structured and implemented to meet NextGen Program objectives.

FTA's Oversight of Grantees' ARRA Contract Award and Administration Practices

OIG will determine whether FTA's oversight of transit administration-level contracting practices is adequate to ensure compliance with laws and regulations.

Summary of Performance

Office of Inspector General

October 1, 2009 - March 31, 2010

(Dollars in Thousands)

Reports Issued	48
Recommendations Issued	188
Congressional Testimonies	5
Total Financial Recommendations	\$805,208
That Funds Be Better Used	\$800,000
Questioned Costs	\$5,208
Indictments	39
Convictions	31
Fines, Restitutions, Recoveries, and Cost Avoidance	\$18,868

Audits

Completed OIG Reports

October 1, 2009 - March 31, 2010

(Dollars in Thousands) *

Type of Review	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs	Funds to Be Put to Better Use
Internal Audits					
Performance Audits	10	92	\$0	\$0	\$0
Financial Audits	5	51	\$0	\$0	\$800,000
Attestation Engagements	1	0	\$0	\$0	\$0
Other OIG Reports	1	0	\$0	\$0	\$0
Total Internal Audit Reports	17	143	\$0	\$0	\$800,000
Grant Audits					
Audits of Grantees Under Single Audit Act	31	45	\$5,208	\$0	\$0
Total Completed OIG Reports	48	188	\$5,208	\$0	\$800,000

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

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 for the 6 months covered by this report.

OIG Reports with Recommendations that Questioned Costs

October 1, 2009 - March 31, 2010

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs
A. For which no management decision had been made by the start of the reporting period	29	50	\$56,903	\$0
B. Which were issued during the reporting period	18	23	\$5,208	\$0
Totals (A+B)	47	73	\$62,111	\$0
C. For which a management decision was made during the reporting period	39	60	\$58,281	\$0
(i) dollar value of disallowed costs *	26	37	\$43,268	\$0
(ii) dollar value of costs not disallowed *	22	29	\$15,107	\$0
D. For which no management decision had been made by the end of the reporting period	8	13	\$3,829	\$0

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

OIG Reports with Recommendations that Funds Be Put to Better Use

October 1, 2009 - March 31, 2010

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Funds to Be Put to Better Use
A. For which no management decision had been made by the start of the reporting period	0	0	\$0
B. Which were issued during the reporting period	1	1	\$800,000
Totals (A+B)	1	1	\$800,000
C. For which a management decision was made during the reporting period	1	1	\$800,000
(i) dollar value of recommendations that were agreed to by management *	1	1	\$800,000
(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	0	0	\$0

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

IG Reports Recommending Changes for Safety, Economy or Efficiency

October 1, 2009 - March 31, 2010

	Number of Reports	Number of Recommendations
A. For which no management decision had been made by the start of the reporting period	28	55
B. Which were issued during the reporting period	23	164
Totals: (A+B)	51	219
C. For which a management decision was made during the reporting period *	44	183
D. For which no management decision had been made by the end of the reporting period *	11	36

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

Audit Type	Number of Total Reports for this Reporting Period	Number of Reports with Safety, Economy, or Efficiency Recommendations	Number of Total Recommendations	Number of Safety, Economy, or Efficiency Recommendations
Performance	10	9	92	92
Financial	5	4	51	50
Attestation	1	0	0	0
Other	1	0	0	0
Grants	31	10	45	22
TOTALS	48	23	188	164

Management Decisions Regarding OIG Recommendations

October 1, 2009 - March 31, 2010

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs	Funds to Be Put to Better Use
Unresolved as of 10/01/2009	53	105	\$56,903	\$0	\$0
Audits with Findings During Current Period	40	188	\$5,208	\$0	\$800,000
Total to be Resolved	93	293	\$62,111	\$0	\$800,000
<i>Management Decisions:</i>					
Audits Prior Period ‡	45	82	\$55,548	\$0	\$0
Audits Current Period ‡	33	162	\$2,733	\$0	\$800,000
Total Resolved	78	244	\$58,281	\$0	\$800,000
<i>Aging of Unresolved Audits: *</i>					
Less than 6 mos. old	10	26	\$2,474	\$0	\$0
6 mos. – 1 year	5	9	\$1,355	\$0	\$0
1 year – 18 mos.	1	2	\$0	\$0	\$0
18 mos. – 2 years	1	2	\$0	\$0	\$0
Over 2 years old	2	10	\$0	\$0	\$0
Unresolved as of 03/31/2010	19	49	\$3,829	\$0	\$0

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

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

Office of Inspector General Reports

October 1, 2009 – March 31, 2010

DEPARTMENTWIDE

Internal Audits: Performance/Attestation – 2 reports

Report	Date	Title	Focus of Report/ Recommendations
MH-2010-002	10/06/2009	Status of Operating Administrations' Processes to Conduct Limited Quality Reviews of Recovery Act Recipient Data	Nearly all Operating Administrations have taken steps to ensure that Recovery Act recipients comply with Section 1512 reporting requirements. Currently two out of five Operating Administrations have drafted processes. We will continue to monitor these efforts.
MH-2010-024	11/30/2009	DOT's Implementation of the American Recovery and Reinvestment Act: Continued Management Attention is Needed to Address Oversight Vulnerabilities	The OIG identified two types of vulnerabilities and recommended that the DOT TIGER Team develop an action plan within 30 days of the date of our report that lays out the steps that DOT will take or has already taken to eliminate current and potential vulnerabilities.

FEDERAL AVIATION ADMINISTRATION

Internal Audits: Financial – 2 reports

Report	Date	Title	Focus of Report/ Recommendations
QC-2010-001	10/01/2009	Quality Control Review of Controls Over the Enterprise Service Center	Controls that have been placed in operation are suitably designed. In addition, controls were operating effectively except in the areas of logical access and segregation of duties concerning CASTLE system operations.
QC-2010-010	11/13/2009	Quality Control Review of Audited Financial Statements for FY 2009 and FY 2008, Federal Aviation Administration	Unqualified opinion on financial statements

Internal Audits: Performance/Attestation – 3 reports

Report	Date	Title	Focus of Report/ Recommendations
AV-2010-003	10/21/2009	Status of the Aviation Rulemaking Committee's 77 Initiatives for Reducing Delays in the New York Area	Most initiatives are not being used or are used infrequently due to limited tactical need, operational and technical problems, unfinished testing, and controller/airline issues. While FAA has begun addressing these issues, much work remains to be done.
AV-2010-042	02/16/2010	FAA Oversight of American Airlines' Maintenance Programs	FAA lacked the oversight needed to identify the types of issues identified. Four of which were found to be valid. OIG has requested additional information to validate that the issues identified have been fully addressed.
FI-2010-006	11/02/2009	FAA's Progress in Enhancing Air Traffic Control Systems Security	FAA made progress in preparing the Technical Center to serve as the recovery site, yet several unresolved technical challenges, staffing issues, and funding requirements could delay recovery site readiness.

Grant Audits: Audits of Grantee Under Single Audit Act – 11 reports

Report	Date	Title	Focus of Report/ Recommendations
SA-2010-012	11/16/2009	Chelan County	\$44,716 questioned
SA-2010-014	11/16/2009	City of Morgantown, West Virginia	\$10,568 questioned
SA-2010-015	11/16/2009	Commonwealth Ports Authority, Northern Mariana Islands	\$428,526 questioned
SA-2010-021	11/16/2009	State of Illinois	Improve grantee oversight
SA-2010-027	11/30/2009	Santa Cruz County, Arizona	\$577,088 questioned
SA-2010-031	12/10/2009	King County, Washington	\$11,238 questioned
SA-2010-037	01/13/2010	City of Gainesville, Georgia	\$54,218 questioned
SA-2010-043	02/18/2010	City of Benson, Arizona	\$12,447 questioned
SA-2010-044	02/18/2010	Owensboro-Daviess County Regional Airport Authority	\$166,179 questioned
SA-2010-046	03/09/2010	Gulfport-Biloxi Regional Airport Authority	\$1,341,718 questioned
SA-2010-048	03/09/2010	City of Lincoln, California	\$99,936 questioned

FEDERAL HIGHWAY ADMINISTRATION

Internal Audits: Performance/Attestation –2 reports

Report	Date	Title	Focus of Report/ Recommendations
MH-2010-030	12/08/2009	Transportation Technology Innovation Program (TTID)	OIG found that TTID addressed statutory goals, but FHWA did not optimize the program's benefits for the public partners. FHWA needs to increase its oversight of the TTID program
MH-2010-039	01/14/2010	Assessment of FHWA Oversight of the Highway Bridge Program and the National Bridge Inspection Program	FHWA lacks sufficient data to evaluate states' use of HBP funds and the criteria and guidance necessary to determine whether states demonstrate overall compliance with bridge inspection standards under the NBIP.

Grant Audits: Audits of Grantee Under Single Audit Act – 8 reports

Report	Date	Title	Focus of Report/ Recommendations
QC-2010-032	12/10/2009	Quality Control Review of the Single Audit of South Carolina Department of Transportation	
QC-2010-041	02/02/2010	Quality Control Review of the Single Audit of State of New York	
SA-2010-017	11/16/2009	State of New Mexico Energy, Minerals and National Resources	\$955,312 questioned
SA-2010-018	11/16/2009	South Carolina Department of Transportation	Improve grantee oversight
SA-2010-019	11/16/2009	Washington County, Florida	\$10,200 questioned
SA-2010-025	11/30/2009	City of Tacoma, Washington	\$20,164 questioned
SA-2010-029	12/07/2009	New Mexico Department of Transportation	Improve grantee oversight
SA-2010-033	12/17/2009	State of Maine	Improve grantee oversight

FEDERAL TRANSIT ADMINISTRATION

Grant Audits: Audits of Grantee Under Single Audit Act – 16 reports

Report	Date	Title	Focus of Report/ Recommendations
QC-2010-004	10/26/2009	Quality Control Review of the Single Audit of Los Angeles County Metropolitan Transportation Authority	
QC-2010-005	10/26/2009	Quality Control Review of the Single Audit of Metropolitan Transportation Authority	
QC-2010-032	12/10/2009	Quality Control Review of the Single Audit of South Carolina Department of Transportation	
SA-2010-013	11/16/2009	Metropolitan Transportation Authority	Improve grantee oversight
SA-2010-016	11/16/2009	Attleboro Redevelopment Authority	\$62,567 questioned
SA-2010-018	11/16/2009	South Carolina Department of Transportation	Improve grantee oversight
SA-2010-020	11/16/2009	City of Rome, New York	\$800,000 questioned
SA-2010-022	11/17/2009	Regional Transportation District	\$21,590 questioned
SA-2010-026	11/30/2009	Pierce Transit, Tacoma, WA	\$435,784 questioned
SA-2010-028	11/30/2009	Tri-County Metropolitan District of Oregon	Improve grantee oversight
SA-2010-029	12/07/2009	New Mexico Department of Transportation	Improve grantee oversight
SA-2010-031	12/10/2009	King County, Washington	\$11,238 questioned
SA-2010-035	01/13/2010	Washington Metropolitan Area Transit Authority	Improve grantee oversight
SA-2010-036	01/13/2010	Massachusetts Bay Transportation Authority	Improve grantee oversight
SA-2010-038	01/13/2010	City of Jonesboro, Arkansas	\$155,480 questioned
SA-2010-047	03/09/2010	Dallas Area Rapid Transit	Improve grantee oversight

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Internal Audits: Performance/Attestation – I report

Report	Date	Title	Focus of Report/ Recommendations
FI-2010-040	02/01/2010	Review of Fiscal Year (FY) 2009 Drug Control Funds and Performance Summary Reporting	OIG found no information that the NHTSA FY 2009 Performance Summary Report was not presented in conformity with the ONDCP Circular.

Grant Audits: Audits of Grantee Under Single Audit Act – I report

Report	Date	Title	Focus of Report/ Recommendations
SA-2010-029	12/07/2009	New Mexico Department of Transportation	Improve grantee oversight

NATIONAL TRANSPORTATION SAFETY BOARD

Internal Audits: Financial – I report

Report	Date	Title	Focus of Report/ Recommendations
QC-2010-009	11/10/2009	Quality Control Review of NTSB's FY 2009 and FY 2008 Financial Statements	

OFFICE OF THE SECRETARY OF TRANSPORTATION

Internal Audits: Financial – 1 report

Report	Date	Title	Focus of Report/ Recommendations
QC-2010-011	11/16/2009	Monitoring of FY 2009 Financial Statements	Unqualified opinion on financial statements and put \$800,000,000 to better use

Internal Audits: Performance/Attestation –4 reports

Report	Date	Title	Focus of Report/ Recommendations
FI-2010-023	11/18/2009	DOT's Information Security Program and Practices	Overall, the departmental information security program is not as effective as it should be, and is not compliant with all key FISMA and OMB requirements.
PT-2010-008	11/16/2009	DOT's FY 2010 Top Management Challenges	As required by law, the OIG identified the top challenges facing DOT for FY 2010.
ZA-2010-034	01/07/2010	DOT's Suspension and Debarment (S&D) Program	OIG found weaknesses in DOT's S&D policies, procedures, and internal controls. Recommendations were made to DOT's Senior Procurement Executive and to FAA to address these areas.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Internal Audits: Performance/Attestation – I report

Report	Date	Title	Focus of Report/ Recommendations
AV-2010-045	03/04/2010	New Approaches Needed In Managing PHMSA's Special Permits and Approvals Program	OIG found deficiencies in PHMSA's process and made recommendations to correct.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Internal Audits: Financial – I report

Report	Date	Title	Focus of Report/ Recommendations
QC-2010-007	11/05/2009	Quality Control Review of the Saint Lawrence Seaway Development Corporation Financial Statements Fiscal Years 2009 and 2008	Unqualified opinion on financial statements

Office of Inspector General Congressional Testimonies

October 1, 2009 - March 31, 2010

Control No.	Date	Subject	Before
CC-2010-001	10/28/2009	Actions Needed to Meet Expectations for the Next Generation Air Transportation System in the Mid-Term	Committee on Transportation and Infrastructure Subcommittee on Aviation U.S. House of Representatives
CC-2010-005	11/18/2009	Actions Needed to Improve Safety Oversight and Security at Aircraft Repair Stations	Committee on Homeland Security Subcommittee on Transportation Security and Infrastructure Protection U.S. House of Representatives
CC-2010-028	2/4/2010	Progress and Challenges with FAA's Call to Action for Airline Safety	Committee on Transportation and Infrastructure Subcommittee on Aviation U.S. House of Representatives
CC-2010-035	3/17/2010	The Federal Aviation Administration's Oversight of On-Demand Aircraft Operators	Committee on Transportation Infrastructure Subcommittee on Aviation U.S. House of Representatives
CC-2010-036	3/18/2010	Weaknesses in DOT's Suspension and Debarment Program Limit its Protection of Government Funds	Committee on Oversight and Government Reform U.S. House of Representatives

Unresolved Recommendations Over 6 Months Old

Cited in Semiannual Report for October 1, 2005 – March 31, 2006

Title	Report Number	Final Issue Date
Air Carriers Use of Non-Certificated Repair Facilities	AV-2006-031	12/15/2005

Cited in Semiannual Report for April 1, 2007 – September 30, 2007

Title	Report Number	Final Issue Date
Review of Amtrak Board of Directors	CR-2007-074	9/14/2007

Cited in Semiannual Report for April 1, 2008 – September 30, 2008

Title	Report Number	Final Issue Date
Review of FAA's Oversight of Airlines' Regulatory Partnership Programs and Internal Review Process	AV-2008-057	6/30/2008

Cited in Semiannual Report for October 1, 2008 - March 31, 2009

Title	Report Number	Final Issue Date
Review of FAA's Process for Investigating and Reporting Operational Errors and Pilot Deviations	AV-2009-045	3/24/2009

Cited in Semiannual Report for April 1, 2009 - September 30, 2009

Title	Report Number	Final Issue Date
State of Texas	QC-2009-102	9/29/2009
Federated States of Micronesia National Government	QC-2009-104	9/29/2009
Audit on Chicago Controller Staffing and Fatigue	AV-2009-065	6/29/2009
City of Fort Worth, TX	QC-2009-058	5/19/2009
FAA is Not Realizing the Full Benefits of the Aviation Safety Action Program	AV-2009-057	5/14/2009

Investigations

Statistical Outcomes

October 1, 2009 - March 31, 2010

Financial Impact	
Fines (and Special Assessments)	\$382,975
Restitution	\$3,857,326
Recoveries	\$10,045,000
Cost Avoided	\$4,583,000
Total	\$18,868,301

Referrals

Referred for Prosecution	43
Accepted for Prosecution	43
Declined for Prosecution	46
Civil Prosecution Referral	4
Civil Prosecution Acceptance	4
Civil Prosecution Declination	3

Judicial and Administrative Actions

Indictments	39
Convictions	31
Years Sentenced	50
Years Supervised Release	52
Years Probation	41
Hours of Community Service	574
Suspension/Debarment	15
Employee Removal	2
Employee Suspension	1
Resignation/Retirement	1
Federal Funding Terminated	1

Redelivery of Product/Services	1
Enforcement Action Taken	2
Investigative Workload	
Investigations Opened	99
Investigations Closed	125
OIG Hotline Contacts	
Email	1,811
Fax	41
Letters	48
Web	106
Telephone	381
Total	2,387

Profile of All Pending Investigations as of March 31, 2010

Types of Cases

	Number of Investigations	Aviation	Contract	Employee	Grant	Hazmat	Motor Carrier	Other	Transportation Safety
DEPARTMENTWIDE	1	0	1	0	0	0	0	0	0
FAA	155	101	7	16	19	7	0	5	0
FHWA	122	0	1	3	115	1	0	2	0
FMCSA	53	0	0	2	0	8	43	0	0
FRA	5	0	1	1	0	2	0	1	0
FTA	30	0	0	0	29	0	0	0	1
MARAD	5	0	1	1	1	1	0	1	0
NHTSA	11	0	0	1	2	0	0	1	7
OIG	2	0	0	1	0	0	0	1	0
OST	7	0	3	3	0	0	0	1	0
OTHER	2	0	0	0	1	0	1	0	0
PHMSA	27	0	0	3	0	24	0	0	0
RITA	3	0	1	1	0	0	0	1	0
TOTALS	423	101	15	32	167	43	44	13	8
Percent of total		24%	4%	8%	39%	10%	10%	3%	2%

Within the Office of Investigations, the Special Investigations staff investigates disclosures that the Office of Special Counsel (OSC) refers to the Transportation Secretary which may involve possible (1) violations of a law, rule, or regulation; (2) gross mismanagement; (3) gross waste of funds; (4) abuse of authority; and/or (5) a substantial and specific danger to public health or safety. The results of these investigations are typically used by DOT's General Counsel as the primary basis for developing the Secretary's formal response to the OSC referrals and for determining whether there is sufficient information to conclude, with a substantial likelihood, that one of the aforementioned disclosed conditions exists. Our current inventory consists of 15 investigations that are based on OSC whistleblower complaints. Twelve of those investigations are in the area of Aviation Safety while the remaining 3 are in the area of Employee Integrity.



2009 Awards and Recognition



2009 Awards and Recognition

On October 30, 2009, a ceremony was held in Washington, DC to recognize the Office of Inspector General employees for their contributions over the preceding year. The Inspector General also recognized OIG employees receiving awards for their accomplishments from the President of the United States, the Secretary of Transportation, the Council of the Inspectors General on Integrity and Efficiency, and other local, state and Federal agencies and councils.

Presidential Rank Awards and Recognition

Distinguished Executive Award

Every year since the establishment of the Senior Executive Service (SES) in 1978, the President has conferred the ranks of Distinguished Executive on a select group of career members of the SES who have provided exceptional service to the American people over an extended period of time. These senior executives are outstanding leaders who consistently demonstrate strength, integrity, industry, and a relentless commitment to public service. The Distinguished Executive rank is awarded to leaders who achieve extraordinary results.

Theodore Alves,

Deputy Inspector General (retired), J-2,
Washington, DC

Secretarial Awards and Recognition

Award for Meritorious Achievement

This award is given by the Secretary in recognition of meritorious service to DOT and the Federal government, and for exceptional achievement which substantially contributed to the accomplishment of DOT's mission or major programs.

Richard McGrade,
Special Agent, *JRI-2,*
New York, NY

Award for Excellence

This award is granted to employees who have achieved outstanding performance in all aspects of their work, warranting special commendation.

Deborah Bryant,
Staff Assistant, *JA-40,*
Washington, DC

Dorothy Bowie,
Senior Administrative Services Specialist, *JM-10,*
Washington, DC

Team Award

This award is in recognition of meritorious contributions of high value to DOT in meeting one or more of the Department's strategic goals as well as exceptional performance which results in the improvement, reinvention, or reengineering of practices, operations, and customer services.

National Bridge Safety Team

Eric Mader, Program Director, *JA-40, Washington, DC*
Thomas Yatsco, Program Director, *JA-40, Washington, DC*
Rodolfo Perez, Engineer Advisor, *JA-40, Washington, DC*
Petra Swartzlander, Statistician, *JA-2, Washington, DC*
Christopher Brothers, Project Manager, *JA-40, Washington, DC*
Harriet Lambert, Writer-Editor, *JA-40, Washington, DC*
Jean Tanaka, Senior Analyst, *JA-40, Washington, DC*
Aron Wedekind, Engineer, *JA-40, Washington, DC*

Partnering for Excellence Award

This award recognizes intermodal teams/groups that have used the Partnering for Excellence model to further oneDOT activities supporting one or more of the goals of the Department's Strategic Plan.

2009 DOT Presidential Transition Team

Madeline Chulumovich, Special Assistant for Economic Recovery, *J-2, Washington, DC*
Ellen Craig, Staff Assistant, *J-2, Washington, DC*
Brian Dettelbach, Assistant Inspector General for Legal, Legislative and External Affairs, *J-3, Washington, DC*

FMCSA Southern Service Center and OIG Investigative Region 4 Team

John Long, Special Agent-in-Charge, *JRI-4, Atlanta, GA*
Ramon Sanchez, Senior Special Agent, *JRI-4, Atlanta, GA*

Inspector General Special Honors

Career Service Recognition

The following current OIG employees will have attained a milestone in their Federal service career as of the end of 2009.

5 years of service

**Amy Berks
Colby Britton
Brian Chapman
Codruta Costache
Brian Gallagher
Marshall Jackson
Won Kim
Joyce Koivunen
Betty Krier
Stefanie McCans
Meredith McDaniel
Ram Murthy
Andrea Nossaman
Tim Roberts
Ashley Strickland
Anita Visser
Siron Weaver
Aron Wedekind**

10 years of service

**Curt Boettcher
Pamela Castleberry
Jeffrey Chan
Patrick Conley
Charles Dionne
Malik Freeman
Kevin George
Ingrid Harris
Shannon Jarvis
Seth Kaufman
Reginald Lee
Edith Makoge
Vonya Matthews
Calvin Moore
Jelilat Ojodu
Nathalie Radway
Mona Sterlacci
Stephen Smith
Roy Vaughan
Ronald Wormsley
Thomas Yatsco**

15 years of service

**Joan Becker
Nancy Benco
Jennifer Blake
Ann Calvaresi-Barr
Daniel Helzner
Santos Ramirez
Darrell Riegel
Galen Steele
Grace Urquhart
Jacquie Wente
Robert Westbrook
Ann Wright**

20 years of service

**Maxine Barnes
Larretha Blackmon
Sharon Caboga
Madeline Chulumovich
Vito Corso
Franklin Davenport
Lisa Glazzy
Nicholas Guggino
Louis King
LaKarla Lindsay
Lisa Mackall
Charles Miller
Peggy Moskaluk
William Owens
Omer Poirier
Melissa Pyron-Satchell
Lillian Slodkowski
Max Smith
William Swallow
Marvin Tuxhorn
Carlos Vazquez
Anthony Wysocki**

25 years of service

**Charlene Banks
George Banks
Kimberley Bolding
Robin Koch
Anne Longtin
Joseph McGovern
Kenneth Prather
Gerard Tucker**

30 years of service

**Dorothy Bowie
James Corcoran
Sandra DeLost
Terrence Letko
Sheila Payne Davis
Mark Peters
Mark Rielly
Henry Rivas
Frances Stubbs
Petra Swartzlander
Mark Zabarsky**

35 years of service

Brenda James

40 years of service

**Sandra Roper
Frank Schutz**

Inspector General Awards

Award for Superior Achievement

This is the highest award granted by the Inspector General. It recognizes performance of assigned duties in such an exemplary manner as to inspire others, demonstration of unusual initiative or skill in the development of new or improved work methods and procedures, and notable authorship.

Andrea Nossaman,
Writer-Editor, *JA-10,*
Washington, DC

Max Smith,
Special Agent-in-Charge, *JRI-6,*
Fort Worth, Texas

Exceptional Civilian Service Award

This is the second-highest award granted by the Inspector General, recognizing performance that is exceptional among peers, extraordinary results, and other exemplary performance as deemed by the Inspector General.

Madeline Chulumovich,

Special Assistant for Economic Recovery, *J-2,*
Washington, DC

Frank Italia,

Special Agent, *JRI-1,*
Cambridge, Massachusetts

George Lavanco,

Project Manager, *JA-40,*
New York, NY

Erika Vincent,

Director of Special Investigations, *JI-3,*
Washington, DC

Marguerite Christensen Award for Excellence in Administration

This is the third-highest award in the OIG. It recognizes professionalism, technical excellence, and dedication in providing administrative support to the Office of Inspector General.

Steven Wilson,

Accountant, *JM-30,*
Oklahoma City, OK

Manager of the Year Award

This award is granted to managers who demonstrate exemplary contributions toward achieving the mission and goals of the OIG, and management of personnel and resources.

Heather Albert,

Director, Complaint Center Operations, *J1-3,*
Washington, DC

Michelle Hill,

Director of Audit Planning, Policy & Tech Support,
JA-2, Washington, DC

Eric Mader,

Program Director, *JA-40,*
Washington, DC

Darren Murphy,

Program Director, *JA-10,*
Seattle, WA

Supervisor of the Year Award

This award is granted to supervisors who demonstrate exemplary contributions toward achieving the mission and goals of the OIG and management of personnel and resources.

Gloria Denmark,
Project Manager, *JA-10,*
Atlanta, GA

Dormayne Dillard-Christian,
Project Manager, *JA-60,*
Washington, DC

Michelle McGee,
Assistant Special Agent-in-Charge, *JRI-9,*
Seattle, WA

Coletta Treakle,
Project Manager, *JA-10,*
Washington, DC

Charles Ward,
Project Manager, *JA-10,*
Seattle, WA

Employee of the Year Award

This award is granted to employees who demonstrate dedication and special effort that exceed performance expectations and contribute significantly to the mission and goals of the Office of Inspector General.

Malik Freeman,
Criminal Investigator, *J-2,*
Washington, DC

Vasily Gerasimov,
Computer Scientist, *JA-20,*
Washington, DC

Benjamin Huddle,
Analyst, *JA-10,*
Washington, DC

Anne-Marie Joseph,
Engineer, *JA-40,*
Washington, DC

Todd Kath,
Special Agent, *JRI-5,*
Chicago, IL

Gerlinde Major,
Senior Auditor, *JA-10,*
Seattle, WA

Michael Masoudian,
Analyst, *JA-40,*
Washington, DC

Stefanie McCans,
Analyst, *JA-10,*
Atlanta, GA

Efferem Poynter,
Special Agent, *JRI-9,*
San Francisco, CA

Robin Redd-Miller,
Investigator, *JI-3,*
Washington, DC

Tyrone Sharpe,
Economist, *JA-50,*
Washington, DC

Floyd Sherman,
Senior Special Agent, *JRI-6,*
Fort Worth, TX

John Sysak,
National Single Audit Coordinator, *JA-20,*
Baltimore, MD

Amanda Watson,
Auditor, *JA-60,*
Washington, DC

Administrative Professional of the Year Award

This award is granted to administrative or clerical employees who provide outstanding support to the success of the organization or office.

Susan Jen,

Investigative Program Technician, *JRI-9*,
San Francisco, CA

Frances Stubbs,

Staff Assistant, *JA-2*,
Washington, DC

New Employee Award

This award is granted to new Federal employees who excel in performance of assignments and demonstrate significant initiative in developing and furthering their skills.

Brian Chapman,

Analyst, JA-40,
Fort Worth, TX

Anthony Cincotta,

Information Technology Specialist, JA-20,
Washington, DC

Sara Gragg,

Analyst, JA-10,
Atlanta, GA

Jennifer Hoffman,

Analyst, JA-10,
San Francisco, CA

David Lahey,

Auditor, JA-60,
Washington, DC

Lindsay Steward,

Analyst, JA-50,
Washington, DC

Allison Sturges,

Analyst, JA-20,
Baltimore, MD

Adam Tabaka,
Analyst, *JA-40,*
Washington, DC

Teri Vogliardo,
Analyst, *JA-10,*
Seattle, WA

Team Award

This award is granted to an OIG office, team, or workgroup whose performance exemplifies teamwork and whose efforts contribute greatly toward the mission, goals, and operations of the Office of Inspector General.

FOIA Process Improvement Team

In recognition of significant accomplishments in OIG's Freedom of Information Act program that dramatically reduced pending inventory and improved response timeliness.

Amy Berks, Associate Counsel, *J-3, Washington, DC*

Barbara Hines, Associate Counsel, *J-3, Washington, DC*

Seth Kaufman, Associate Counsel, *J-3, Washington, DC*

Regina Raiford, FOIA Officer, *J-3, Washington, DC*

OIG-OST ARRA Fraud Prevention Webcast Team

In recognition of exceptional work in designing and producing a Recovery Act Fraud Prevention Webcast featuring the Secretary of Transportation and the Inspector General to raise awareness of all DOT employees of the availability of additional anti-fraud training.

Madeline Chulumovich, Special Assistant for Economic Recovery, *J-2, Washington, DC*

Theodore Doherty III, Special Agent-In-Charge, *JRI-1, Cambridge, MA*

Kevin Lynch, Legal Assistant, *J-3, Washington, DC*

Omer Poirier, Chief Counsel, *J-3, Washington, DC*

Max Smith, Special Agent-In-Charge, *JRI-6, Fort Worth, TX*

Ronald Wormsley, Special Agent, *JI-2, Washington, DC*

FAA's Management & Maintenance of Air Traffic Control Facilities Team

In recognition of outstanding efforts in conducting the congressionally mandated review of FAA's Management and Maintenance of Air Traffic Control Facilities, in which the team brought attention to FAA's need to determine the type, quantity, and location of facilities needed to achieve optimum performance in support of the Next Generation Airspace System.

Daniel Raville, Program Director, *JA-10, Washington, DC*

Angela McCallister, Project Manager, *JA-10, Washington, DC*

Marshall Jackson, Project Manager, *JA-10, Washington, DC*

Christopher Frank, Senior Analyst, *JA-10, Washington, DC*

Kevan Moniri, Analyst, *JA-10, San Francisco, CA*

Doneliya Deneva, Auditor, *JA-10, Washington, DC*

Andrea Nossaman, Writer-Editor, *JA-10, Washington, DC*

New York Airports Slot Auction Review Team

In recognition of outstanding teamwork in the congressionally requested review of Departmental actions and legal issues regarding final rulemaking activities related to the auctioning of slots at LaGuardia, John F. Kennedy, and Newark airports.

Omer Poirier, Chief Counsel, *J-3, Washington, DC*
Thomas Lehrich, Chief Counsel, *J-3, Washington, DC*
Ronald Engler, Director of Special Investigations, *JI-3, Washington, DC*
Brian Uryga, Senior Attorney-Investigator, *JI-3, Washington, DC*
Francis Danielski, Project Manager, *JA-10, Washington, DC*
Coletta Treakle, Project Manager, *JA-10, Washington, DC*
Raymond Denmark, Senior Analyst, *JA-10, Washington, DC*
Claudia Estrada, Analyst, *JA-10, Washington, DC*

Information Security Program Audit Team

In recognition of outstanding work in auditing DOT's information security program and elevating the importance of computer security at DOT.

Louis King, Program Director, *JA-20, Washington, DC*
Dr. Ping Sun, Program Director, *JA-20, Washington, DC*
James Mallow, Project Manager, *JA-20, Washington, DC*
Lisette Mercado, Project Manager, *JA-20, Washington, DC*
Anthony Cincotta, Information Technology Specialist, *JA-20, Washington, DC*
Martha Morrobel, Information Technology Specialist, *JA-20, Washington, DC*
Vasily Gerasimov, Information Technology Specialist, *JA-20, Washington, DC*
Michael Fruitman, Writer-Editor, *JA-20, Washington, DC*

Review of Web Applications Security & Intrusion Detection in Air Traffic Control Systems Team

In recognition of outstanding performance of the congressionally requested review of the Web security of Air Traffic Control (ATC) systems, which increased agency management and lawmaker awareness for the need to strengthen cyber security protection of ATC systems against attacks .

Dr. Ping Sun, Program Director, *JA-20, Washington, DC*

Mitchell Balakit, Information Technology Specialist, *JA-20, Washington, DC*

Vasily Gerasimov, Information Technology Specialist, *JA-20, Washington, DC*

Michael Fruitman, Writer-Editor, *JA-20, Washington, DC*

ARRA Phase 1 and 2 Team

In recognition of exceptional performance in working as a team to improve the efficiency and effectiveness of DOT's economic recovery program efforts.

Thomas Yatsco, Program Director, *JA-40, Washington, DC*

Ian Jefferies, Project Manager, *JA-40, Washington, DC*

Tyler Appfel, Project Manager, *JA-40, Washington, DC*

Frank Schutz, Senior Auditor, *JA-40, Washington, DC*

Rafael Nieto, Analyst, *JA-40, Washington, DC*

Ryan Sanders, Analyst, *JA-40, Washington, DC*

Anita Visser, Senior Auditor, *JA-40, Washington, DC*

Aaron Schwarz, Analyst, *JA-50, Washington, DC*

Alvin Schenkelberg, Senior Auditor, *JA-40, Fort Worth, TX*

Joan Becker, Project Manager, *JA-40, Washington, DC*

Scott Williams, Analyst, *JA-40, Washington, DC*

John Hannon, Senior Analyst, *JA-40, Washington, DC*

Farrin Tamaddon, Analyst, *JA-40, Fort Worth, TX*

David Pouliott, Program Director, *JA-40, Washington, DC*

Jean Tanaka, Analyst, *JA-40, Washington, DC*

Daniel Ben-Zadok, Analyst, *JA-40, Washington, DC*

Michael Masoudian, Analyst, *JA-40, Washington, DC*

Darren Murphy, Program Director, *JA-10, Seattle, WA*

Charles Ward, Project Manager, *JA-10, Seattle, WA*
Deborah Kloppenburg, Senior Auditor, *JA-10, Seattle, WA*
Diana Brattain, Auditor, *JA-10, Seattle, WA*
Susan Zimmerman, Auditor, *JA-10, Seattle, WA*
Susan Cohen, Analyst, *JA-40, Seattle, WA*
Mitchell Behm, Program Director, *JA-50, Washington, DC*
Betty Krier, Project Manager, *JA-50, Washington, DC*
Marjorie Tsaousis, Analyst, *JA-50, Washington, DC*
Matthew Williams, Analyst, *JA-50, Washington, DC*
Rebecca McKnight, Analyst, *JA-50, Washington, DC*
Lindsay Steward, Analyst, *JA-50, Washington, DC*
Terrence Letko, Program Director, *JA-60, Washington, DC*
Kenneth Prather, Program Director, *JA-60, Washington, DC*
Aisha Evans, Auditor, *JA-60, Washington, DC*
Amanda Watson, Auditor, *JA-60, Washington, DC*
Ingrid Harris, Project Manager, *JA-20, Baltimore, MD*
Earl Hedges, Program Director, *JA-20, Baltimore, MD*
Louis King, Program Director, *JA-20, Washington, DC*
Jim Crumpacker, Director, *J1-3, Washington, DC*
William Owens, Senior Special Agent, *J1-2, Washington, DC*
Madeline Chulumovich, Special Assistant for Economic Recovery, *J-2, Washington, DC*
Wendy Harris, Project Manager, *J-2, Washington, DC*

Highway Trust Fund Solvency Team

In recognition of outstanding accomplishments in providing Congress critical analyses of the cash shortfall confronting the Highway Trust Fund.

Mitchell Behm, Program Director, *JA-50, Washington, DC*
Jaydeep Borwankar, Project Manager, *JA-50, Washington, DC*
Meredith McDaniel, Analyst, *JA-50, Washington, DC*
Michael Broadus, Analyst, *JA-50, Washington, DC*
Tyrone Sharpe, Economist, *JA-50, Washington, DC*
Sandra Menjivar, Analyst, *JA-50, Washington, DC*

Computer Crimes Unit Team

In recognition of advancing investigations through computer forensic analysis and helping to identify and neutralize cyber attacks against the Department of Transportation's Information Technology infrastructure.

William Swallow, Senior Special Agent, *Jl-2, March Air Reserve Base, CA*
Carlos Vazquez, Special Agent, *Jl-2, Lakewood, CO*
Robert Mancuso, Special Agent, *Jl-2, Washington, DC*
Bradley Dunn, Special Agent, *Jl-2, Washington, DC*
Richard McGrade, Special Agent, *JRI-2, New York, NY*
Jill Dempsey, Special Agent, *JRI-2, King of Prussia, PA*
Corry Noel, Special Agent, *JRI-4, Atlanta, GA*
Timothy Arnold, Special Agent, *JRI-4, Miami, FL*
Kent Byers, Special Agent, *JRI-5, Chicago, IL*
Jacque Wente, Special Agent, *JRI-5, Chicago, IL*
Floyd Sherman, Special Agent, *JRI-6, Fort Worth, TX*

Platinum Jet Arrest Team

In recognition of outstanding efforts, tactical skills, and teamwork in safely executing a series of arrest warrants in a major charter jet safety investigation.

Douglas Shoemaker, Assistant Special Agent-In-Charge, *JRI-2, New York, NY*
Marlies Gonzalez, Assistant Special Agent-In-Charge, *JRI-4, Miami, FL*
Richard McGrade, Special Agent, *JRI-2, New York, NY*
Daniel Helzner, Special Agent, *JRI-2, New York, NY*
Matthew Farrugia, Special Agent, *JRI-2, New York, NY*
Robert Stanek, Special Agent, *JRI-2, New York, NY*
Craig Furey, Special Agent, *JRI-2, New York, NY*
Mona Sterlacci, Special Agent, *JRI-2, New York, NY*
Gerard Tucker, Special Agent, *JRI-2, New York, NY*
Michael Purcell, Special Agent, *JRI-2, King of Prussia, PA*
Robert Brautigam, Special Agent, *JRI-2, King of Prussia, PA*
Glenda White, Special Agent, *JRI-4, Jacksonville, FL*
Megan France, Special Agent, *JRI-4, Charlotte, NC*
Vivian Vega-Zacherl, Special Agent, *JRI-4, Miami, FL*

Steven DeFazio, Special Agent, *JRI-4, Miami, FL*
Santos Ramirez, Special Agent, *JRI-4, Miami, FL*
Timothy Arnold, Special Agent, *JRI-4, Miami, FL*
Tammie McCravy, Special Agent, *JRI-4, Atlanta, GA*

Cargoland Team

In recognition of exemplary teamwork in the investigation and arrest of brokers in a complex cargo fraud scheme.

Hank Smedley, Special Agent-In-Charge, *JRI-9, San Francisco, CA*
William Swallow, Senior Special Agent, *JI-2, March Air Reserve Base, CA*
Normalyn Harris, Assistant Special Agent-In-Charge, *JRI-9, Cerritos, CA*
Ashley Strickland, Special Agent, *JRI-9, Cerritos, CA*
Efferem Poynter, Senior Special Agent, *JRI-9, San Francisco, CA*
Lisa Glazzy, Senior Special Agent, *JRI-9, San Francisco, CA*
Steven Schleyer, Senior Special Agent, *JRI-9, San Francisco, CA*
Katherine Kerkhoff, Special Agent, *JRI-9, San Francisco, CA*
Boris Prentiss, Senior Special Agent, *JRI-9, Cerritos, CA*
Fannie Robinson, Investigative Program Technician, *JRI-9, Cerritos, CA*
Wayne Nomi, Senior Special Agent, *JRI-9, Cerritos, CA*
Floyd Sherman, Senior Special Agent, *JRI-6, Fort Worth, TX*
Charles Miller, Senior Special Agent, *JRI-6, Fort Worth, TX*
Anthony Sartin, Senior Special Agent, *JRI-5, Chicago, IL*
Ronald Cheng, Assistant U.S. Attorney, *California*

Council of the Inspectors General on Integrity and Efficiency Awards

Award for Excellence – Audit

*U.S. Department of Transportation, Office of Inspector General Lower
Manhattan Recovery Projects Team*

This team received this award in recognition of outstanding efforts to improve stewardship of the Federal investment in the Lower Manhattan Recovery Projects.

Thomas Yatsco, Program Director
George Lavanco, Project Manager
Timothy Keane, Senior Analyst
Eileen Merritt, Senior Analyst
Rosa Scalice, Auditor
Joseph Tschurilow, Auditor

Award for Excellence – Investigation

Airlines Price-Fixing Investigation and Prosecution Team

This team received this award in recognition of the team's exemplary efforts to investigate and prosecute major domestic and international airlines engaged in a price-fixing scheme, netting \$1.6 billion in recoveries to date.

Elise Woods, Assistant Special Agent-In-Charge
Malik Freeman, Supervisory Special Agent
Pamela Castleberry, Senior Special Agent
Jameel Bagby, Special Agent
Bradley Dunn, Special Agent
Elizabeth Aloï, Attorney, DOJ
Rochelle Bozman, Attorney, DOJ
William Dillon, Attorney, DOJ
Mark Grundvig, Attorney, DOJ
Richard Hamilton, Attorney, DOJ
Katie Hellings, Attorney, DOJ
Meagan Johnson, Attorney, DOJ
Jason Katz, Attorney, DOJ
Brooks Mackintosh, Attorney, DOJ
Nancy McMillen, Attorney, DOJ
Carsten Reichel, Attorney, DOJ
Mark Rosman, Attorney, DOJ
Katherine Schlech, Attorney, DOJ
Brent Snyder, Attorney, DOJ
Deana Timberlake-Wiley, Attorney, DOJ
Frank Vondrak, Attorney, DOJ
Michael Whitlock, Attorney, DOJ
Linna Mohler, Special Agent, FBI
Paul Geboski, Special Agent, FBI
Julie Neiger, Special Agent, FBI
Sherri Queener, Special Agent, FBI
James Haughton, Special Agent, U.S. Postal Service OIG



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 the Department's programs and operations;
- To promote economy, effectiveness, and efficiency within the Department;
- 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.

The Inspector General is committed to fulfilling its statutory responsibilities and assisting members of Congress, the Secretary, senior Department officials, and the general public in achieving a safe, efficient, and effective transportation system.

OIG is divided into two major units – audits and investigations - and three support units.

The major units are:

Audits and Evaluations

The Office of the Principal Assistant Inspector General for Auditing and Evaluations.

This office supervises and conducts all audit activities related to DOT programs and operations. This office is divided according to specific DOT program areas into 5 sub-offices. The areas covered by these offices are Aviation and Special Programs; Financial and Information Technology, Highway and Transit Programs, Rail and Maritime programs and Economic Analysis, and Acquisition and Procurement. Audit staff are located in headquarters and field offices across the country.

Investigations

The Office of the Principal Assistant Inspector General for Investigations.

This office supervises and conducts OIG investigative activities related to DOT programs and operations. This office is divided according to geographical areas with 7 major regional office locations across the country except for one office located in HQ which conducts nationwide special investigations and analysis as well as managing the OIG Hotline Complaint Center and activities generated by the complaints.

The support units are:

The Office of the Assistant Inspector General for Legal, Legislative and External Affairs.

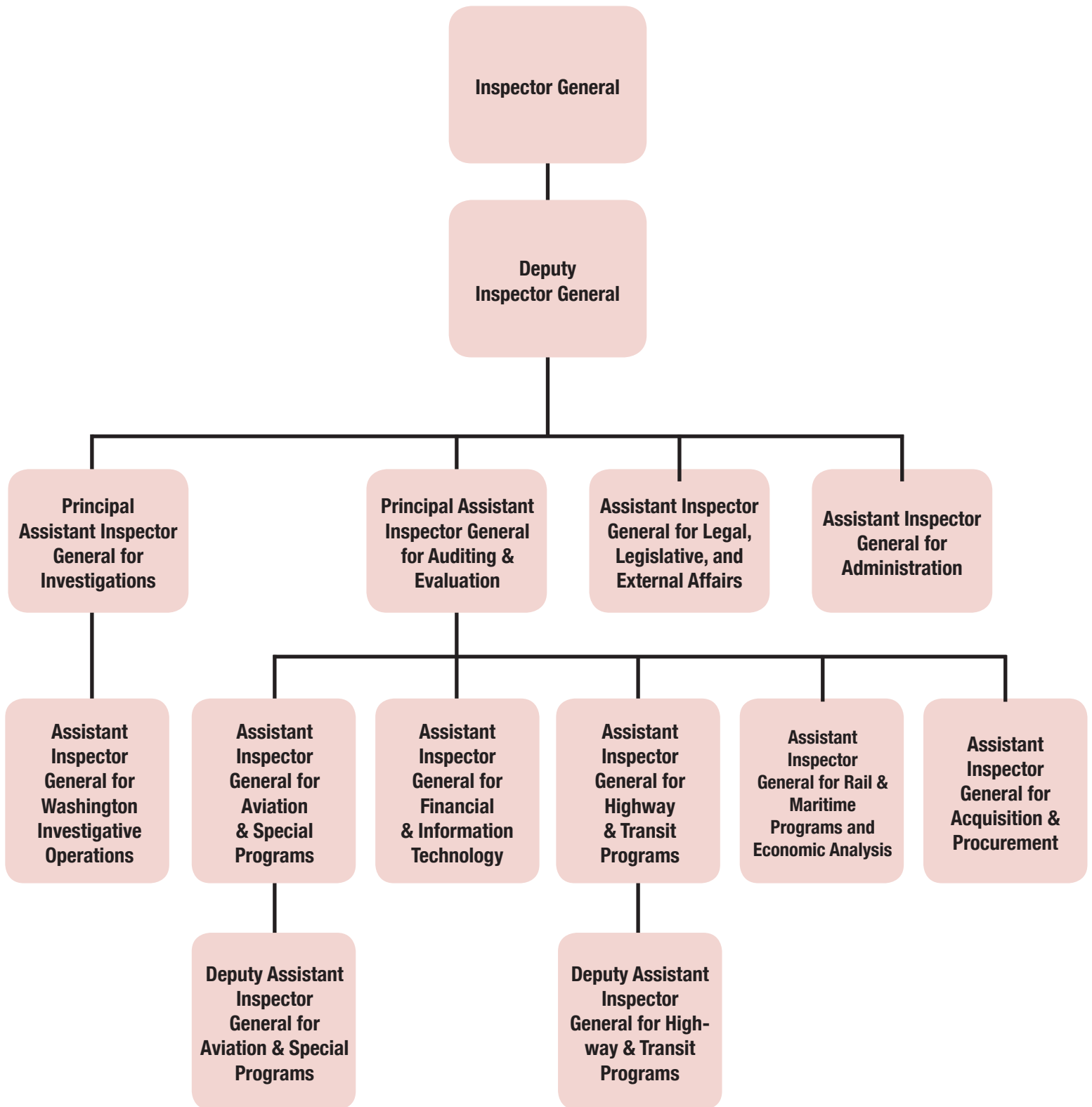
This office provides a full-range of professional legal services and advice, facilitates communications with Congress, and manages public and external affairs.

The Office of the Assistant Inspector General for Administration.

This office is divided into 4 sub-offices. They are the Office of Procurement and Administrative Services, the Office of Budget and Financial Management, the Office of Human Resources, and the Office of Information Technology Management.

The Office of Quality Assurance Reviews and Internal Affairs.

This office under the direction of the Deputy Inspector General ensures that internal operations and functions are performed objectively and in an efficient and effective manner.



Contacts

Inspector General

Calvin L. Scovel III (202) 366-1959

Deputy Inspector General

Ann Calvaresi-Barr (202) 366-6767

Assistant Inspector General for Legal, Legislative, and External Affairs

Brian A. Dettelbach (202) 366-8751

Principal Assistant Inspector General for Auditing and Evaluation

Lou Dixon (202) 366-1427

Assistant Inspector General for Investigations

Timothy Barry (202) 366-1967

Assistant Inspector General for Washington Investigative Operations

Robert Westbrook (Acting) (202) 366-1972

Assistant Inspector General for Aviation and Special Programs

Vacant (202) 366-0500

Deputy Assistant Inspector General for Aviation and Special Programs

Matt Hampton (202) 366-1987

Assistant Inspector General for Financial and Information Technology

Rebecca C. Leng (202) 366-1407

Assistant Inspector General for Highway and Transit Programs

Joe Come (202) 366-5630

Deputy Assistant Inspector General for Highway and Transit Programs

Rosalyn Millman (202) 366-5630

Assistant Inspector General for Rail and Maritime Programs and Economic Analysis

Mitchell Behm (202) 366-9970

Assistant Inspector General for Acquisition and Procurement

Mark Zabarsky (202) 366-5225

Assistant Inspector General for Administration

Susan Dailey (202) 366-1748

U.S. Department of Transportation

Office of Inspector General

1200 New Jersey Avenue, S.E.

Washington, D.C. 20590

Hotline to report fraud, waste, and abuse:

Phone: 800-424-9071

Email: hotline@oig.dot.gov

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