



Semiannual Report to the Congress

October 1, 2000 - March 31, 2001



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We are pleased to present the Semiannual Report to Congress for the first half of Fiscal Year (FY) 2001 from the Department of Transportation's (DOT) Office of Inspector General (OIG). We issued 47 audit reports, testified before Congress 7 times and made financial recommendations totaling more than \$372 million. Our investigators conducted criminal investigations that resulted in 90 indictments, 65 convictions and more than \$84 million in fines, recoveries and restitutions between October 1, 2000 and March 31, 2001.

Our audit and investigative work included several crosscutting reports on the Department as a whole. In January, we released our fourth annual report on the top management challenges facing the Department. It has proven useful in briefing the Secretary, the Deputy Secretary, and other incoming senior officials as part of the new Administration, as well as Members of Congress and their staff. Details of the management report can be found on page 7.

We also released our "Final Report on Airline Customer Service," which was a catalyst for initiatives undertaken by airlines, airports, the Administration, and Congress to address the flight delays and cancellations that are a root cause of public dissatisfaction with air travel. As we go to press, it appears that the joint government-private sector effort to solve this multifaceted problem is having positive results. Additional details of our work on airline customer service and the related issue of flight delays and cancellations can be found on page 14.

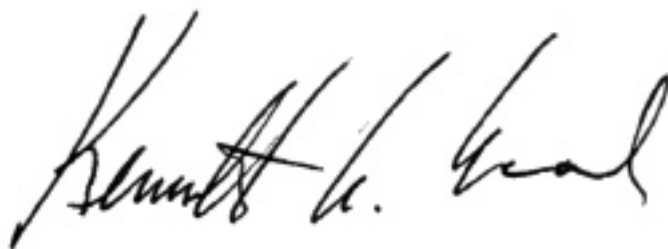
Summary of Performance	
OCTOBER 1, 2000 - MARCH 31, 2001	
Reports Issued	47
Recommendations Issued	98
Congressional Testimonies	7
Total Financial Recommendations	\$ 372,051,000
— That Funds Be Better-Used	\$ 307,700,000
— Questioned Costs	\$ 64,351,000
Referrals for prosecution	119
Cases accepted for prosecution	94
Indictments	90
Fines, restitutions, and recoveries	\$ 84,243,185
Convictions	65
Contract terminations/debarments	17
Actions affecting DOT employees	2

Transportation Secretary Norman Y. Mineta has made stewardship of Federal funds a top priority. The Secretary told the Senate Committee on Environment and Public Works at a May 10 hearing: "I feel strongly that with the increased Federal investment in transportation infrastructure in the past few years, we also need to be especially aware of the potential for waste, fraud and abuse and develop mechanisms to identify it early and prevent it. If we pay for a 10-sack concrete job, we should get a 10-sack concrete job, not a 7-sack job."

Fraud prevention and detection has, likewise, been the focus of OIG in recent years, especially in the area of infrastructure projects. In January, one investigation resulted in individual criminal prosecutions and a \$30 million civil settlement - one of the largest monetary recoveries in DOT history - when two companies agreed to settle allegations that they used non-approved coated metal pipe in more than 200 Louisiana highway construction projects between 1992 and 1997. More information on OIG's fraud initiative can be found on page 10.

By law, OIG is required to examine the financial management of the Department and its Operating Administrations, which are funded at nearly \$60 billion per year. We take this responsibility very seriously, as we do our other audit and investigative efforts, to ensure that the taxpayers money is spent effectively and efficiently. In our annual audit of the Department's financial statements, our concerns over the net book value of the Federal Aviation Administration's (FAA) properties (\$11.5 billion of the \$16.2 billion total for DOT) resulted in a "qualified" opinion for the FY 2000 Consolidated Financial Statements. In response, FAA has engaged independent accountants to review and refine real and personal property files and computations.

We very much appreciate the support given us by Secretary Mineta, Deputy Secretary Jackson and the Congress for our work. We look forward to serving the American public by continuing our oversight of the Department's efforts to provide safe, efficient, and cost effective movement of people and goods.

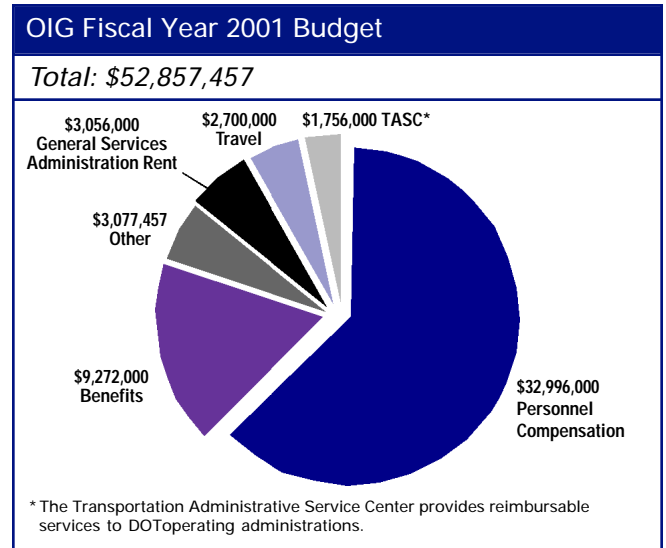
A handwritten signature in black ink, appearing to read "Kenneth L. Neal". The signature is written in a cursive style with a large, sweeping initial "K".

List of Acronyms Found in This Report

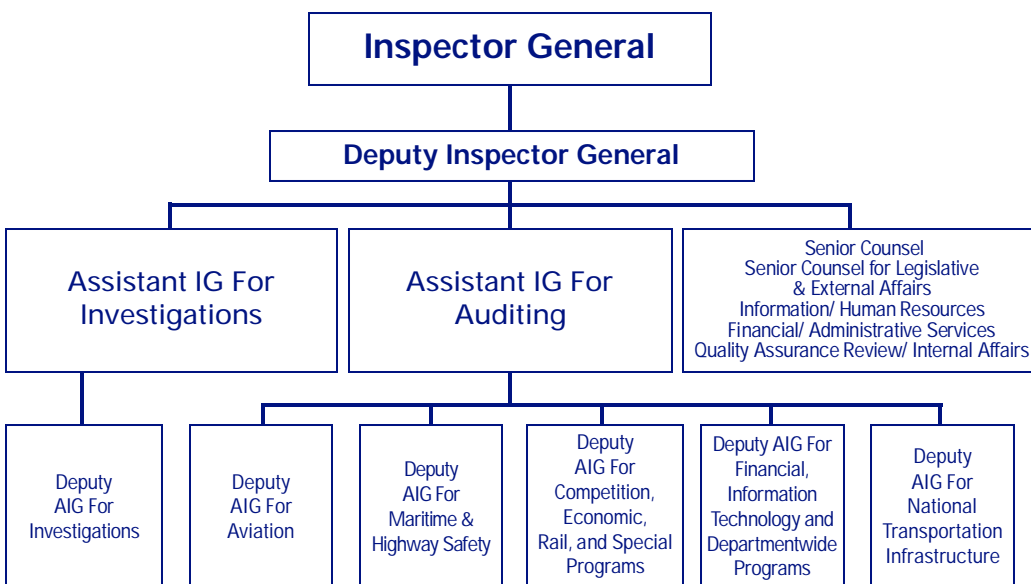
AASHTO	American Association of State Highway and Transportation Officials
AIR 21	Wendell H. Ford Aviation Investment and Reform Act for the 21st Century
ATC	Air Traffic Control
BTS	Bureau of Transportation Statistics
CDL	Commercial Drivers License
CGIS	Coast Guard Investigative Service
DBE	Disadvantaged Business Enterprise
DCIS	Defense Criminal Investigative Service
DOE	Department of Energy
DOT	Department of Transportation
FAA	Federal Aviation Administration
FMCSA	Federal Motor Carrier Safety Administration
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
GAO	General Accounting Office
GPRA	Government Performance & Results Act
IG	Inspector General
INS	Immigration and Naturalization Service
MARAD	Maritime Administration
NAFTA	North American Free Trade Agreement
NASA	National Aeronautics and Space Administration
NCIS	Naval Criminal Investigative Service
NTSB	National Transportation Safety Board
NHTSA	National Highway Traffic Safety Administration
OA	Operating Administration
OIG	Office of the Inspector General
OST	Office of the Secretary of Transportation
PSNY	Pennsylvania Station-New York
RSPA	Research and Special Programs Administration
SLSDC	St. Lawrence Seaway Development Corporation
STARS	Standard Terminal Automation Replacement System
STB	Surface Transportation Board
TASC	Transportation Administrative Service Center
TEA 21	Transportation Equity Act for the 21st Century
USCG	United States Coast Guard
VDOT	Virginia Department of Transportation

THE OFFICE OF INSPECTOR GENERAL FOR THE DEPARTMENT OF TRANSPORTATION was created by Congress through the Inspector General Act of 1978 (Public Law 95-452). The Act sets several goals for OIG:

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



OIG is divided into two major units and five support units. The major units are the Office of Assistant Inspector General for Auditing and the Office of Assistant Inspector General for Investigations; each has head-



quarters staff and field staff. The support units are the Office of Legal Counsel, the Office of Legislative and External Affairs, the Office of Information Resource Management, the Office of Human Resources, the Office of Financial and Administrative Services and the Office of Quality Assurance Review/Internal Affairs. ■

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Top Ten Management Challenges Outlined In OIG Report

THE FULL LIST OF OUR TOP 10 MANAGEMENT CHALLENGES ARE:

- Aviation Safety
- Surface Transportation Safety
- Aviation System Capacity and Air Traffic Control Modernization
- Surface and Airport Infrastructure
- Coast Guard Capital Acquisition Budget
- Transportation Security
- Computer Security
- Amtrak Financial Viability and Modernization
- The Maritime Administration's Ship Disposal Program
- Departmental Business Practices

OIG'S FOURTH ANNUAL REPORT on the top management challenges facing the Department of Transportation - released January 18 - examines some of the most pressing issues facing DOT. These issues need to be dealt with to support safe and reliable transportation service, to prepare for necessary budget decisions related to DOT programs, and to ensure that Federal transportation infrastructure dollars are well spent.

The 10 management challenges can be broken down into four broad issue areas: Transportation Safety; Stewardship of Transportation Funding; Immediate Budget Issues; and Aviation System Performance.

TRANSPORTATION SAFETY: The most immediate safety issues as of January 2001 are:

- Reducing runway incursions (when planes come too close together on the ground) by implementing new technology to alert controllers of potential collisions and conducting evaluations of local action plans. The worst aviation disaster in civil aviation history was a runway accident between two 747s. The congestion at our airports today has increased the risk of runway accidents.
- Reducing operational errors (when controllers allow planes to lose their required separation, usually in the air) by overseeing efforts to correct facility-specific problems at facilities with high numbers of operational errors.
- Ensuring that southern border inspection facilities are ready for implementation of the North American Free Trade Agreement. Recent increases in Federal inspectors at the southern

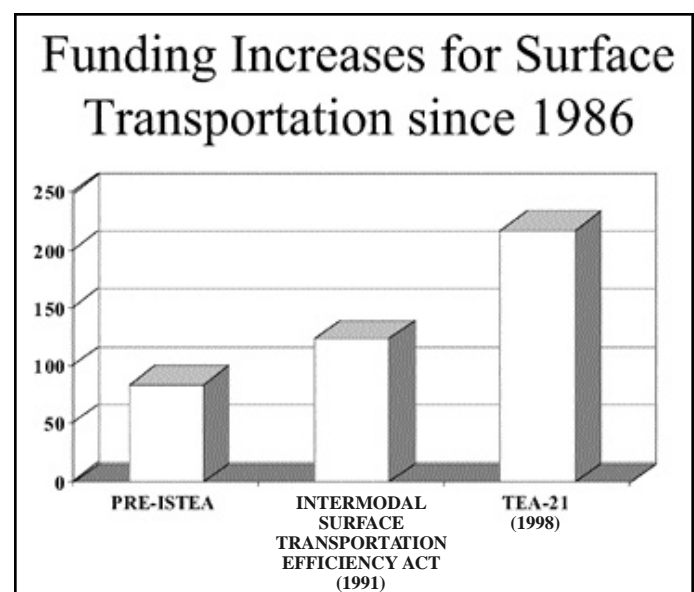


Federal inspector examines a Mexican truck at a border crossing in Nogales, AZ.

border correlated with a 4 percent reduction in the number of Mexican trucks placed out of service for significant safety violations after inspection.

- Implementing the Federal Motor Carrier Safety Improvement Act of 1999, which sought to reduce the 5,000 fatalities caused by motor carrier accidents each year by creating an Operating Administration within DOT devoted solely to truck and bus safety. DOT must fill key leadership positions in the Federal Motor Carrier Safety Administration (FMCSA) and issue statutorily directed rule-makings. The new agency also needs to continue its multifaceted approach to enforcement, which combines education and outreach with strong enforcement of motor carrier safety regulations.
- Implementing the TREAD Act, which requires the National Highway Traffic Safety Administration (NHTSA) to expand the information it uses to determine if there is a defect meriting recall. NHTSA has relied heavily on consumer complaints – which generally provide information that is too little too late.
- Addressing long-standing pipeline safety issues. The Research and Special Programs Administration (RSPA) needs to proceed expeditiously on several fronts, including working with the new Administration to evaluate rulemakings on oversight of pipelines in unusually sensitive and high-density population areas.

STEWARDSHIP OF TRANSPORTATION FUNDING: The Department needs to ensure that infrastructure money is spent wisely and without fraud. Over the past several years Congress has authorized over \$230 billion in funds for highways, mass transit, bridges, and airports. To date, highway and transit funding have increased by over 40 percent and airport funds have increased 75 percent. This influx of money and the increasing number of infrastructure "mega projects" (e.g. projects costing in excess of \$1 billion) increases the need for vigilant oversight to protect the Federal investment from possible waste, fraud or abuse. (See related article, page 10)



IMMEDIATE BUDGET ISSUES. Congress and the Department will be challenged this year by the confluence of three spending issues:

- As of now, it will be very difficult for Amtrak to meet its statutory operating self-sufficiency mandate and the railroad will not survive without a significant infusion of capital. The Senate is considering a bond bill designed to give Amtrak \$1.2 billion extra a year for capital investments.



Photo by Daniel Duncan

Amtrak faces funding shortfalls despite increasing riderships.

- Coast Guard estimates it will need \$15 billion or more over the next 20 years to modernize assets critical to its Deepwater and National Distress Response System programs.
- FAA needs to control its operating costs, which have been rising at the rate of \$500 million a year and are expected to reach \$7.5 billion in FY 2003. Most of that money must come from the General Fund, not the Aviation Trust Fund. Thus, it will be competing with Amtrak and the Coast Guard for available transportation dollars.

AVIATION SYSTEM PERFORMANCE: Simply put, 2000 was the worst year on record for aviation delays and cancellations. FAA reported a 90 percent increase in delays compared to 1995. Cancellations grew at an even faster rate, increasing 104 percent. More than one in four flights were delayed, cancelled or diverted, affecting some 163 million passengers with the average arrival delay exceeding 52 minutes. In Calendar Year 2000, there were over 240,000 regularly scheduled flights (representing 10,300 individual flight numbers and affecting approximately 25 million passengers) that arrived more than 30 minutes late or were canceled at least 40 percent of the time during a single calendar month.

In a February 2001 report, we found the Airlines were making progress toward meeting their Customer Service Commitment. However, we found the Commitment does not directly address the root causes of customer dissatisfaction: flight delays and cancellations. Action by the Airlines to reduce flight delays and cancellations in the immediate term is critical because major improvements in providing capacity to meet demand, such as new runways and the fielding of new air traffic control capacity enhancing technology, are not going to be in place for at least the next several years.

The solution to this problem will also require Government action. Our report found that FAA and DOT needed to establish and implement a uniform system for tracking delays, cancellations and their causes; finalize capacity benchmarks for the nation's top 30 airports; and develop strategic plans for addressing capacity shortfalls in the short, intermediate, and long terms.

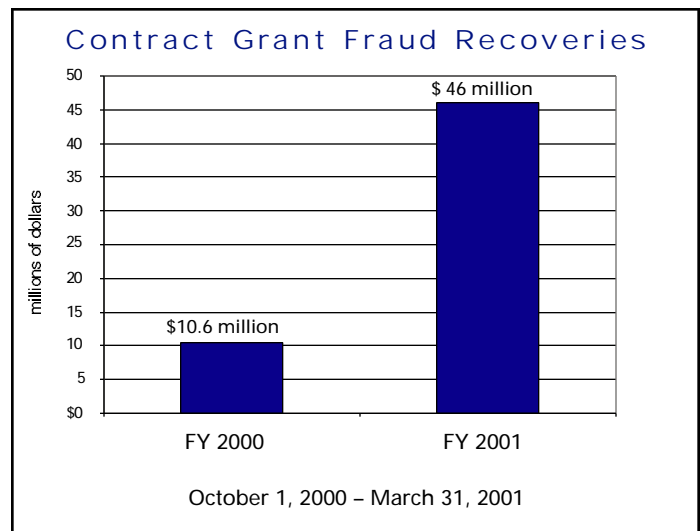
Protecting Taxpayer Investments in and Ensuring Timely Delivery of Infrastructure Projects

FEDERAL SPENDING ON TRANSPORTATION projects is at its highest levels since the construction of the Interstate Highway System in the late 1950s and early 1960s. Enacted in 1998, the Transportation Equity Act for the 21st Century (TEA-21) provided \$218 billion for highway and transit projects through FY 2003, a 40 percent increase over previous authorizations. The recently passed Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) made \$12.4 billion available for airport infrastructure projects through FY 2003, a 75 percent increase.

This influx of money and the increasing number of infrastructure mega projects such as Boston’s Central Artery Project increases the need for vigilant oversight to protect the Federal investment from possible waste, fraud or abuse. In the last two years, several instances have served to reinforce the important lesson that DOT and its Operating Administrations must exercise vigorous and sustained attention:

MEGA PROJECTS:

■ An alarming lapse in FHWA’s oversight of the Central Artery Project, despite repeated warnings, left the agency unaware of mounting cost overruns and allowed the Department to be blindsided when the Project disclosed a \$1.4 billion increase. In October 1999, FHWA officials and project managers rejected OIG warnings of potential overruns. On February 1, 2000, Central Artery Project managers revealed the costs would go up by \$1.4 billion. In response, then-Secretary Rodney Slater ordered FHWA to implement our recommendations providing additional information in finance plans and increasing oversight



of the Central Artery Project and other mega projects. We reviewed the revised finance plan for the Project and on November 29, 2000 reported that our concerns with cost and funding were addressed.

CONTRACT FRAUD:

■ The settlement on January 17, 2001 of a contract fraud case in which two companies agreed to settle allegations that they used non-approved coated metal pipe in more than 200 Louisiana highway construction projects



between 1992 and 1997. The combined \$30 million settlement by Ispat-Inland, Inc., formerly known as Inland Steel Co. of Chicago, IL, and Contech Construction Products, Inc., of Middletown, OH, was the largest civil settlement involving substandard material in highway construction in DOT history. Three former Contech employees and a former employee of Inland pleaded guilty to Federal felony charges and a Federal grand jury in Baton Rouge indicted another former Ispat-Inland employee on charges of making false statements to state officials. Trial remains pending.

History has proven that effective stewardship is necessary when large sums of money are spent on public works projects. The last comparable funding increase for infrastructure spending was during the Eisenhower and Kennedy Administrations, when Congress authorized funding of the 41,000-mile Interstate Highway System. Ineffective oversight led to the creation of a Special Congressional Subcommittee, headed by Minnesota Congressman John Blatnik, which uncovered widespread fraud and corruption among highway contractors and public officials responsible for managing the projects. These episodes can adversely affect the integrity of the programs, undermine public trust and erode DOT's credibility and reputation.

STEWARDSHIP:

Transportation Secretary Norman Y. Mineta has emphasized stewardship of Federal funds. The Secretary told the Senate Committee on Environment and Public Works at a May 10 hearing: "I feel strongly that with the increased Federal investment in transportation infrastructure in the past few years, we also need to be especially aware of the potential for waste, fraud and abuse and develop mechanisms to identify it early and prevent it. If we pay for a 10-sack concrete job, we should get a 10-sack concrete job, not a 7-sack job."

To help achieve the Secretary's goal, OIG has made fraud prevention and detection in our infrastructure program one of its investigative priorities. This has included enhanced coordination with the FHWA, the Federal Transit Administration, the American Association of State Highway and Transportation Officials (AASHTO), the Justice Department, and the Federal Bureau of Investigations. OIG has dedicated personnel to training and outreach programs as part of this effort. Since FY 1999, our National and Regional Fraud Coordinators have provided fraud awareness briefings to more than 5,300 officials from FHWA, state highway departments, transit agencies, airport authorities and Federal, state and local law enforcement authorities.

Significant investigations during this reporting period (in addition to the Louisiana construction fraud case cited above) related to fraud in the highway and transit programs include:

■ **Former FHWA Official Sentenced in Bribery Case**

On October 6, 2000, former FHWA official James Clark was sentenced in U.S. District Court in Alexandria, VA to 27 months in prison and ordered to pay \$73,000 in restitution following his guilty

plea to bribery and wire fraud charges. James Clark had authority over FHWA contractors responsible for developing computer traffic simulators. In return for awarding contracts, Clark and his wife solicited and received approximately \$150,000 in personal loans and consulting contracts.

■ Contractor Ordered to Pay Damages in DBE Case

A U.S. District Court judge in Washington, DC ordered TDC Management Corp. (TDC) and its president, T. Conrad Monts, to pay \$1,285,198 in damages for violating the False Claims Act. TDC was convicted of misstating progress in implementing a program to assist disadvantaged business enterprises (DBE) in securing bonds for FTA-assisted contracts.

During the reporting period, OIG continued its outreach and educational activities by hosting, with AASHTO, FHWA, and FBI, a National Fraud Conference on Highway Construction and Related Programs on October 30-31 in Atlanta, GA. The conference attracted over 325 individuals from Federal and state law enforcement agencies, state highway and transit departments, and state prosecutors and Inspector General offices nationwide. Special Agents from OIG and FBI, along with DOJ prosecutors, gave presentations on several successful fraud investigations involving highway construction, anti-trust, bribery, and false claims.

Between October 1, 2000 and March 31, 2001, OIG monetary recoveries from our national contract and grant fraud initiative have exceeded recoveries in all of the prior fiscal year. The 28

HIGHWAY, TRANSIT, AND AIRPORT MEGA PROJECTS	
Project Name	Project Cost (Billions)
Highway Projects	
Alameda Corridor	\$2.4
California Route 30/210	\$1.1
Central Artery / Ted Williams Tunnel	\$14.1
Cypress Freeway	\$0.967
Edsel Ford Freeway, Detroit, MI	\$1.3
Interstate 15, Salt Lake City, Utah	\$1.6
Interstate 25 Corridor, Denver, CO	\$3.3
Interstate 278, Gowanus Expressway	\$0.8
Interstate 635, North Dallas, TX	\$1.5
Maryland Intercounty Connector	\$1.2
Miami Intermodal Center	\$1.9
Milwaukee East-West Corridor	\$0.55 to \$0.870
Mon-Fayette Expressway	\$2.5
Tampa Interstate	\$1.5
Spokane Freeway	\$1.1
Springfield Interchange, Alexandria, VA	\$0.6
Texas Route 130	\$1.0
West Virginia's Corridor H	\$1.3
Woodrow Wilson Bridge	\$2.4
Transit Projects	
Atlanta North Line Extension	\$0.5
Bay Area Rapid Transit Extension	\$1.5
Dallas North-Central Light Rail Extension	\$0.5
Denver Southeast Corridor	\$0.9
Houston Regional Bus	\$1.0
Hudson Bergen Rail	\$2.2
Los Angeles Red Line	\$4.5
Minneapolis/Hiawatha Corridor Light Rail Transit	\$0.7
St. Clair Extension/St. Louis MetroLink	\$0.3
South Boston Piers Transit Way	\$0.6
San Juan Tren Urbano Rail Transit	\$1.7
Airport Capital Improvement Projects	
Chicago O'Hare International Airport	\$2.1
Los Angeles International Airport	\$4.9
Dallas/Fort Worth International Airport	\$3.9
San Francisco International Airport	\$4.4
Denver International Airport	\$1.6
Lambert International Airport (St. Louis)	\$2.1
Miami International Airport	\$5.0
George Bush International Airport (Houston)	\$1.2
Fort Lauderdale International Airport	\$1.7

indictments obtained in the first six months of this fiscal year also represent a substantial increase from the first six months of last year and underscore the need for the Department's stewardship and oversight of these funds.

But problems go beyond outright fraud. In response to our recommendations stemming from the Central Artery Project, FHWA issued new guidance on mega project finance plans. FHWA must continue to enforce the new guidance. All DOT agencies must implement the recommendations of the Task Force on Oversight of Large Transportation Infrastructure Projects.

FTA also faces a special challenge in maintaining oversight of large infrastructure projects. The number of full funding grant agreements has nearly doubled in the last year, resulting in a decline in FTA resources available for oversight of each individual construction project. Finally, FAA needs to gear up to oversee the anticipated increase in airport infrastructure funding.

AIRLINE CUSTOMER SERVICE AND FLIGHT DELAYS

FLIGHT DELAYS AND CANCELLATIONS HAVE REACHED unprecedented levels and are the primary cause of heightened consumer frustration with the air transportation system. The issue took center stage in January 1999, when hundreds of passengers were stuck in planes on snowbound Detroit runways for up to 8 hours. Following that incident, Congress conducted hearings and considered whether to enact a "Passenger Bill of Rights." After debate, Congress, DOT, and the Air Transport Association (ATA) agreed that the air carriers should have an opportunity to improve their customer service without legislation. To demonstrate the Airlines' ongoing dedication to improving air travel, ATA and its member Airlines executed the Airline Customer Service Commitment on June 17, 1999. Each Airline agreed to prepare a Customer Service Plan implementing the 12 provisions of the Commitment.



In this semiannual reporting period we conducted two related audits: 1) a Congressionally requested review of Airlines' compliance with their Customer Service Commitment (Report Number: AV-2001-020); and 2) a review of the extent of flight delays and cancellations (Report Number: CC: 2001-118).

The following statistics from our work on flight delays and cancellations illustrate the seriousness of the problem:

- Arrival delays increased 33 percent (from 1,019,363 to 1,355,176) between 1999 and 2000. In the same time frame, cancellations rose at the even higher rate of 257 percent (from 52,458 to 187,317).
- In 2000, more than one in four flights (27.5 percent) were delayed, canceled, or diverted, affecting approximately 163 million passengers.
- Flights experiencing taxi-out times of 1 hour or more increased nearly 13 percent (from 40,789 to 45,993) between 1999 and 2000.
- For 2000, we identified over 240,000 regularly scheduled flights that were chronically delayed, i.e., arrived at least 30 minutes later than scheduled and/or were cancelled at least 40 percent of the time during a single calendar month, affecting approximately 25 million passengers.

These statistics put into context our work on how well the Airlines lived up to their Customer Service Commitment. Overall, we found the Airlines were making progress toward meeting their Commitment and the Airlines' Commitment has been a plus for air travelers. We found the Airlines were making the greatest progress in such areas as offering the lowest fare, holding reservations, and responding in a timely manner to complaints.

Our biggest concern, however, was that the Commitment does not directly address the most deep-seated, underlying cause of customer dissatisfaction, which are flight delays, cancellations and baggage not showing up with passengers. We found that:

- In 21 percent of our observations of nearly 550 flight delays nationwide, the flight information display system showed the flight as on time when, in fact, the flight had been delayed for more than 20 minutes.
- Timely announcements about the status of the delay were made in the gate areas 66 percent of the time.
- When status announcements were made, the information provided about the delay or cancellation was adequate about 57 percent of the time.
- Baggage that did not show up with the passenger was delivered within 24 hours between 58 and 91 percent of the time.

In our report on airline customer service, we made more than 25 recommendations, including:

- Disclosing to passengers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been chronically delayed and/or cancelled 40 percent or more of the time.
- Ensuring that passengers received timely, accurate and complete information about delays.
- Making the Commitment provisions enforceable under the contract of carriage or by regulation.

Since our report was issued, a variety of legislative proposals have been introduced in Congress and the Airlines have announced additional initiatives to improve customer service. On March 15, the Senate Commerce Committee adopted legislation incorporating many of the OIG recommendations (S-319). While similar legislation is pending in the House, efforts



to obtain further Airline action voluntarily are also proceeding. As we go to press, it appears that the joint government-private sector effort to solve this multifaceted problem is having positive results.

Real progress will require concerted action and initiatives by the Department, FAA, airlines, and airport authorities over the short term (1-2 years), intermediate term (3-5 years), and long term (6-10 years). Multi-faceted solutions are needed in the form of new air traffic control technology, airspace redesign, and infrastructure improvements, including airport expansion. The largest capacity increases will likely come from building new airports and runways. According to FAA, there are currently 14 new runway projects either planned or under construction at the 30 largest airports, which are expected to be completed within the next 7 years. As these enhancements will take several years to implement, we can expect only limited bottom-line relief over the next few years.



Short-term actions that might ease existing capacity constraints in the meantime, include:

- Having Airlines voluntarily help minimize the impact of flight delays and cancellations on travelers by addressing matters under their control, such as chronically delayed or canceled flights and checked baggage not arriving with passengers.
- Using “capacity benchmarks” to understand airline scheduling practices and what relief can be expected from new technologies and runways. In response to this recommendation, FAA issued a set of “capacity benchmarks” for the Nation’s top 31 airports in April 2001. The benchmarks define the maximum number of flights per hour an airport can routinely handle at various times of the day and under favorable and unfavorable weather conditions.
- Having airlines voluntarily change their schedules to ease capacity crunches during peak hours. If this self-discipline is not successful, the pros and cons of additional steps should be weighed. These steps could include congestion pricing or administrative allocations of capacity such as slot lotteries or scheduling committees under antitrust supervision.
- Creating a uniform system for tracking delays, cancellations, and their causes. DOT’s ability to address delays and cancellations is significantly hampered by uncollected, misleading and/or inconsistent data. DOT established an advisory committee that in November 2000 made recommendations on collecting relevant data. DOT’s Bureau of Transportation Statistics initiated a pilot program to establish uniform reporting of the causes of flight delays and cancellations. BTS needs to complete its work and the Department needs to issue a rule requiring such reporting by all carriers subject to the on-time reporting requirement.

- Focusing on national airspace redesign efforts and system choke points. FAA has initiated efforts to address seven choke points east of the Mississippi River. FAA needs to finish its work, including assessing staffing levels for some facilities, examining the need for new air traffic control sectors, and exploring ways to exchange radar data with Canada to assist in the rerouting of aircraft.

We are closely monitoring progress in each of these areas and are conducting audits on flight delay causal data, air carrier scheduling practices, administrative and market-based options for managing excess flight volume, and FAA's capacity enhancement and related modernization efforts.



IN THIS SECTION, WE HIGHLIGHT OUR MOST significant ongoing or planned work on Department-wide issues and on each of the Department's operating administrations. Our work also addresses the Department's top strategic goals: Safety, Mobility, Economic Growth and Trade, Human and Natural Environment, National Security, and Organizational Excellence.

For example, to support the safety goal, we are evaluating FAA's oversight of aircraft maintenance, the Federal Railroad Administration's oversight of railroad safety action plans, and FMCSA's efforts to implement motor carrier safety program improvements in anticipation of opening the southern border under NAFTA. To support the national security goal, we continue to review Departmental computer systems controls and FAA's deployment of explosive detection equipment in the nation's airports.

We have annotated each of the following entries to show the connection between our current work plan and the Department's strategic goals.

Department-Wide:

FRAUD DETECTION AND PREVENTION

- Continue oversight of the unprecedented infusion of Federal funds for infrastructure projects authorized under TEA-21 and AIR-21, including audits of financial plans, cost schedules, project management, and prevention and detection of fraud. Our efforts are intended to avoid a repeat of historical scandals associated with the building of the interstate system. (Mobility and Organizational Excellence)

COMPUTER SECURITY

- Continue to review computer network security issues throughout the Department, specifically in terms of FAA's telecommunications infrastructure and the Coast Guard's operations systems center. (National Security and Organizational Excellence)

FINANCIAL STATEMENTS

- Determine whether FY 2001 financial statements prepared by the Department's Operating Administrations conform with Generally Accepted Accounting Principles, have adequate internal controls over financial reporting, and comply with laws and regulations that could have a direct and material effect on the financial statements. (Organizational Excellence)
- Provide technical support to Department financial management officials to identify and correct material weaknesses and to reestablish a clean opinion on FY 2001 financial statements. (Organizational Excellence)

Operating Administrations:

FEDERAL HIGHWAY ADMINISTRATION

- Determine whether Congressionally-designated high priority projects: (1) were included in state and regional transportation plans; (2) have been completed and what problems were encountered in implementing these projects; and (3) have reliable cost estimates and how related funding was obligated and expended. (Mobility and Economic Growth)
- Review cost estimates for the Woodrow Wilson Bridge Reconstruction Project and assess whether the estimated cost, funding and schedule of the project are reasonable. (Mobility)
- Evaluate the cost estimate of the Springfield, VA Interchange Construction Project and review the adequacy of the funding and scheduling of the project. (Mobility)
- Assess FHWA's oversight of the states' bridge inspection program, specifically emphasizing inventories, funding, and safety deficiencies. (Mobility and Safety)



FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION

- Assess FMCSA's progress in implementing OIG's April 1999 recommendations to improve motor carrier safety and validate the quarterly data submitted by the agency to Congress on the number of

violations cited by safety investigators, the level of fines assessed and collected, and the number of enforcement cases citing extraordinary statistics. (Safety)

- Assess FMCSA's Mexican truck safety oversight in readiness for opening the borders under NAFTA. (Safety)



Photo by Barbara Cobble, OIG staff

- Determine whether FMCSA's Safety Status Measurement System ensures that high-risk motor carriers are identified. (Safety)

FEDERAL RAILROAD ADMINISTRATION/AMTRAK

- Assess the accuracy of information in FRA's safety inspection reports and database, and determine whether the database information is used appropriately to calculate defect ratios. (Safety)



Photo by Daniel Duncan

- Evaluate the effectiveness of FRA's policies and actions to ensure railroads take appropriate remedial actions to correct safety deficiencies identified in the Safety Assurance and Compliance Program. (Safety)

- Assess Amtrak's 2001 Strategic Business Plan and overall financial status. (Mobility)

UNITED STATES COAST GUARD

- Determine whether the Coast Guard has remediated deficiencies in the planning process for its Deepwater Capability Replacement Project, justified its planned budget requests and integrated funding requirements with ongoing capital needs. (National Security, Safety, and Organizational Excellence)

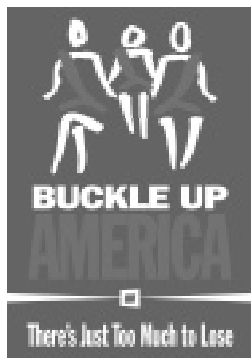
- Evaluate the Coast Guard’s progress in implementing and addressing deficiencies in the National Distress System, and whether the proposed cost and schedule for the National Distress and Response System Modernization Project are reasonable. (Safety)
- Determine the status, historical trends, and plans for the Coast Guard Search and Rescue program’s personnel, staff training, facilities and equipment, services, and funding. (Safety)
- Analyze the management and direction of the Coast Guard’s research and development program and the allocation and justification of funds for research and development projects. (Organizational Excellence)

FEDERAL TRANSIT ADMINISTRATION

- Provide oversight of infrastructure projects authorized under TEA-21, including audits of cost schedules, project management, oversight, and prevention and detection of fraud. (Mobility)
- Review plans for the Seattle Central Link Light Rail Project and determine the reasonableness of the current cost and schedule estimates.
- Examine FTA’s oversight of the contracting practices of federal grant recipients. (Mobility)

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

- Evaluate how NHTSA identifies and investigates vehicle safety programs, issues consumer alerts and recalls, and updates its safety standards. In addition, identify notification, investigation, and recall requirements considered as “best practices” by other regulatory agencies that may be used as models for improving the Office of Defects Investigation. Assess NHTSA’s efforts to enhance public awareness of its defects investigations. (Safety)



- Assess NHTSA’s efforts to increase seat belt use rate; evaluate whether NHTSA is allocating money to projects most likely to achieve Departmental performance goals; and assess the quality and nature of NHTSA’s technical assistance to state and local governments. (Safety)



RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

■ Assess whether the pipeline inspection industry has, or can develop, the capacity needed to complete internal inspections required as part of mandated, comprehensive baseline assessments of large hazardous liquid pipeline operators. (Safety and Human and Natural Environment)

■ Evaluate the Department's actions to ensure the safe transportation of an increasing number of high-level and transuranic nuclear waste shipments. (National Security, Safety, and Human and Natural Environment)

FEDERAL AVIATION ADMINISTRATION

■ Assess the acquisition, development and deployment strategy of FAA's technology programs, such as Free Flight Phase One, Wide Area Augmentation Systems, National Airspace System Infrastructure Management System, and new aviation weather systems. (Mobility and Safety)



■ Determine if FAA is administering payment and closeout of cost reimbursement contracts in accordance with acquisition policy and guidance. (Organizational Excellence)

■ Assess FAA's oversight of the air carriers' Continuing Analysis and Surveillance Systems for aircraft maintenance. (Safety)

■ Evaluate FAA's efforts to identify and deploy new technologies to reduce runway incursions and efforts to reduce operational errors. (Safety)

■ Assess FAA's progress in implementing its Air Transportation Oversight System and identify any barriers to successful implementation. (Mobility and Safety)

- Assess FAA's progress on deployment of explosive detection equipment and whether cargo security requirements are adequate to prevent explosive devices and other contraband from being transported on commercial aircraft. (National Security and Safety)

- Assess whether growing flight delays and cancellations have been increased due to growing flight volume, air carrier scheduling practices, and ground infrastructure constraints; determine the status of DOT and FAA initiatives in documenting flight delay and cancellation causes; and identify options for reducing delays. (Mobility)

- Evaluate the airline merger review process with emphasis on how transitional service disruption and competitive aspects of customer service are considered and by whom. (Economic Growth)

- Evaluate the compensation and pay systems of FAA's air traffic managers, supervisors, and specialists. Assess the impact of limiting the pay system to air traffic facilities on staffing, management, and oversight of the air traffic control system. (Mobility and Organizational Excellence)

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THE OFFICE OF INSPECTOR GENERAL INCLUDES A STAFF OF AUDITORS AND ANALYSTS who review DOT programs and make recommendations to enhance their effectiveness and improve their efficiency. Our aim is to ensure the Department spends taxpayer funds in a prudent and proper manner. Some audits focus on financial issues; others provide oversight of safety programs, contract management, computer security and program performance. The Inspector General's staff also includes trained criminal investigators who build criminal cases against lawbreakers — such as trucking firms that force drivers to work too many hours without rest, haulers who illegally transport hazardous materials, vendors who traffic in illegal, unapproved aircraft parts and Department employees who abuse the public trust.

Many factors go into determining what to audit. Some audits are required by law. Others are requested by key decision-makers, such as the Secretary of Transportation, heads of the Operating Administrations within DOT or Members of Congress. The OIG audit plan is also based on the past experience of an audited entity, the strategic goals of DOT, and priorities established each year by OIG itself.

Information for OIG investigations also comes from many areas. DOT's Operating Administrations and state government officials often refer tips or information about suspicious activity to OIG special agents. Those agents, often with assistance from other law enforcement agencies, conduct investigations utilizing, as necessary, judicial tools such as search warrants and subpoenas to obtain evidence.

Another source of investigative direction is the Office of Inspector General Hotline, a toll-free number that lets citizens — including federal workers — have direct access to OIG staff. The number is 1-800-424-9071. Hotline users are not obliged to disclose their identities, and “whistle-blowers” within the government are protected from reprisal by Federal law. The Hotline staff can also be e-mailed at hotline@oig.dot.gov.

The Inspector General Act requires the Department to provide the Inspector General with all requested information and for the IG to report any instance in which access was denied. DOT officials withheld no information requested by OIG during the 6 months covered in this report. ■

Improving Aircraft Wiring Safety

October 5

IN TESTIMONY BEFORE THE HOUSE Transportation Committee's Subcommittee on Oversight, Investigations, and Emergency Management, the Assistant Inspector General for Auditing testified that while the U.S. aviation system is remarkably safe, recent accidents and incidents have heightened concerns about the safety of nonstructural aircraft systems, such as wiring. Since the TWA Flight 800 accident, FAA has issued over 40 airworthiness directives on wiring for large commercial aircraft. However, recent FAA/industry inspections of older aircraft show the need for additional actions.

Specifically, FAA needs to: (1) develop an overall implementation strategy to guide efforts currently underway to enhance the safety of nonstructural systems; and, (2) revise the Service Difficulty Reports, (through which airlines and repair stations report failures, malfunctions, and defects) to include specific codes for wiring.

Former FHWA Official Sentenced

October 6

FORMER FEDERAL HIGHWAY ADMINISTRATION OFFICIAL James Clark was sentenced in U.S. District Court in Alexandria, VA, to 27 months in prison, 24 months' probation and ordered to pay \$73,000 in restitution following his guilty plea to bribery and wire fraud charges. His wife, Brenda Clark, pleaded guilty in April 2000 to receiving a kickback and served 30 days in jail, 60 days' home detention, and was ordered to pay \$23,000 in restitution. James Clark had authority over FHWA contractors who performed transportation research and engineering projects under multi-million dollar government contracts. The contracts were for research and development of Intelligent Transportation Systems, such as computer traffic simulators. In return for awarding contracts, the Clarks solicited and received approximately \$150,000 in personal loans and consulting contracts, and used a series of pass-through companies and a business name to conceal their activity. OIG and FBI investigated the case.

Oversight of Manufacturers' Systems for Aviation Threaded Fasteners

October 11

FEDERAL AVIATION REGULATIONS REQUIRE THAT aviation fasteners be manufactured under an FAA-approved production process. These fasteners are used throughout an aircraft – including critical appli-

cations such as holding engines onto the airplanes. To test the effectiveness of FAA's oversight, we contracted with an accredited independent laboratory to test whether threaded fasteners were in compliance with manufacturing standards. The laboratory found a nonconformance rate of 27 percent. In response, FAA sent the nonconforming fasteners for retesting to the manufacturers that produced them, who found only a 3 percent nonconformance rate. Based on the manufacturers' results, FAA concluded that no systemic problems existed.

The retest results from the manufacturers, however, raised a serious question as to why there would be such a significant difference in test results between an accredited laboratory and FAA-approved manufacturers. Slow to respond to this question, FAA eventually agreed to our recommendation that it conduct a comprehensive investigation to reconcile the disparity in test results. FAA also agreed to improve its surveillance of fastener manufacturers and to require manufacturers to establish regular inspection intervals of their subcontractors.



Hill Air Force Base Technician testing a bolt for thread dimensions during OIG's audit of aviation threaded fasteners.

(Photo by Tina M. Heston, OIG staff)

Airworthiness Falsification on Helicopter Blades Yields Conviction

October 18

FRANK CURTIS CHERRY, JR., OWNER OF the now-defunct Cherry Air Specialties in Torrance, CA, and his son, Frank Curtis Cherry, III, pleaded guilty in U.S. District Court in Los Angeles to charges that they falsified the airworthiness certificate of a Robinson R-22 helicopter and rotor blades to conceal their poor condition. The Cherrys were indicted in May 1999 on charges of selling the helicopter and blades to a co-conspirator in New Zealand who then sold them to a private party. The co-conspirator was convicted in 1997 in New Zealand and served a three-year jail term. The helicopter's blades disintegrated while in flight, killing both the pilot and the passenger. OIG conducted this investigation with the FBI and New Zealand police, and with the assistance of FAA.

Cylinder Tester Jailed for False Tests on Divers' Air Tanks

October 18

LARRY NEISINGER, AN EMPLOYEE OF Fire Service, Inc., pleaded guilty in U.S. District Court in Norfolk, VA, to charges of failing to properly conduct tests on hundreds of compressed gas cylinders and falsely certifying them as serviceable. Neisinger was sentenced to 90 days' confinement and 1 year's probation. Among the improperly tested cylinders were scuba tanks used by U.S. Navy Seal teams. Periodic cylinder testing is vital to ensuring that tanks are safe from defects and material fatigue, which can cause cylinders to explode when under pressure. OIG investigated this case with the Naval Criminal Investigative Service (NCIS).



Compressed air tanks improperly tested by Fire Service, Inc.

Airport Security Firm Fined \$ 1 Million

October 20

ARGENBRIGHT HOLDINGS LTD., AN AIRPORT security contracting company was fined \$1 million by a U.S. District Court judge in Philadelphia, PA, following its May 2000 guilty plea for falsifying training and background investigation records of security employees manning security checkpoints at Philadelphia International Airport. These false records violated the certification terms of Argenbright's contracts with Delta, American, and United Airlines. The investigation disclosed that on several occasions Argenbright officials failed to conduct background investigations, as required under FAA security regulations, which enabled convicted felons to receive unescorted access to secure areas of the airport. The firm was also ordered to reimburse air carriers \$350,000 and to pay \$200,000 for the cost of the investigation. In September 2000, three former Argenbright employees were fined a total of \$20,000 and sentenced to probation. One of these employees, former district manager Steven Saffer, also was sentenced to 30 months' incarceration. OIG investigated this case with assistance from FAA.



Trucker Sentenced for Obtaining Fraudulent CDLs

October 25

WAYNE D. MCALLISTER WAS SENTENCED by a U.S. District Court judge in Florence, SC, to 6 months' house arrest for using a false Social Security number and forging a doctor's signature on medical and drug testing forms to illegally obtain a commercial drivers' license. McAllister knew that he was not medically eligible to drive a commercial truck. OIG investigated this case with the South Carolina Transport Police and FMCSA.

Truck Driver Involved in Fatal Accident Sentenced to Jail

November 7

JAMES R. PALMER, A TRUCK DRIVER FOR Extec USA in Lester, PA, was sentenced by a U.S. District Court judge in Philadelphia, PA, to 5 months' in jail and fined \$2,500 after pleading guilty to falsifying his daily drivers' logbook. Palmer was involved in a fatal accident in May 1999, on Interstate 76 near Valley Forge and the Pennsylvania Turnpike. At the time of the fatal crash, his logbook reflected he was off duty when, in fact, he was driving without a rest break.

Interstate 15 Reconstruction Project in Utah

November 13

OUR FOLLOW-UP REVIEW OF THE INTERSTATE 15 Reconstruction Project (I-15), which was almost 90 percent complete, did not identify any issues that would adversely affect costs, schedule, funding, or completion of the project. The Utah Department of Transportation had implemented the recommendation in our previous report to keep its finance plan current. In addition, the \$1.632 billion cost estimate of the I-15 project was reasonable, and funding to complete the project was sufficient. Finally, the project was 3 months ahead of the original schedule.



Interstate 15.

VDOT Engineer Sentenced for Diverting FHWA Funds

November 16

A U.S. DISTRICT COURT JUDGE IN RICHMOND, VA, sentenced Ronald Reekes, a former Virginia Department of Transportation (VDOT) Engineer, to 2 years' probation, 250 hours' community service, and ordered him to pay a fine of \$5,000. Reekes pleaded guilty to a misdemeanor in August 2000 for instructing three VDOT inspectors to charge their time, amounting to over \$40,000, to the Federally-funded Route 460 highway project for work completed on a non-Federal VDOT industrial access project. Reekes' alleged reason for diverting the funds was due to the fact that the industrial access project did not have adequate state funding. VDOT repaid the FHWA to recover its loss. OIG investigated this case with the FBI and the Virginia State Police.

Central Artery Finance Plan Consistent and Reasonable

November 29

OUR REVIEW OF THE OCTOBER 1, 2000 Central Artery/Tunnel Project Finance Plan (Project) found: (1) it was consistent with FHWA guidance; (2) the estimated completion cost of \$14.075 billion appeared reasonable but still had some risk of cost escalation if the assumptions upon which the estimate was predicated did not hold; (3) the Project had committed funding to meet the estimated cost of \$14.075 billion but the funding faced some risk; (4) the Project schedule appeared reasonable and attainable but faced a potential delay of up to 120 days, for a cost of \$75 million if not properly mitigated; and (5) the State of Massachusetts had provided for a balanced statewide transportation program. We recommended that FHWA closely monitor the factors underlying the cost and funding assumptions. FHWA concurred with our conclusions.

Former Manager Sentenced in Aviation Parts Fraud Case

December 1

DAVID TAESCHLER, FORMER GENERAL MANAGER of Tam Metal Products, Inc., of Mahwah, NJ, was placed on

12 months' probation and fined \$5,000 by a U.S. District Court judge in Trenton for conspiracy to commit wire fraud for his role in a scheme involving aircraft parts. In 1996, Menasco Aerospace, of Ontario, Canada, ordered metal parts from Tam for Boeing 757 wheel assemblies, specifying that the parts were to be heat-treated by a Boeing-authorized treater. Taeschler, however, falsely represented that the parts had been heat-treated when some were not. Without heat-treating, aviation parts may crack and jeopardize the travelling public. OIG investigated this case with assistance from FAA.

Two Trucking Firm Managers Sentenced

December 4

MICHAEL MORAIN AND WAYNE SMITH were sentenced in U.S. District Court in Los Angeles, CA, to 5 years' probation, 30 days' imprisonment, and 3,000 hours of community service for violating Federal hours of service regulations. The two former employees of Atlas Bulk, Inc., of Paramount, CA, pleaded guilty in June to creating false drivers' daily logs to hide the actual number of hours driven by company drivers. The false drivers' daily logs were discovered during the course of a related criminal investigation of Atlas Bulk. The owner of Atlas Bulk is currently serving a 15-month prison term for violating Federal hazardous materials regulations relating to the repair of tankers transporting gasoline. OIG investigated this case with the FBI, California Highway Patrol and FMCSA.



Truck driver's logbook with falsified entries similar to those seized as evidence in the Atlas Bulk case.

MARAD Supervisor Pleads Guilty to Receiving Payments

December 4

FRANCIS PETER O'CONNELL, SUPERVISORY MARINE surveyor at the MARAD Central Region in New Orleans, LA, pleaded guilty in U.S. District Court in Beaumont, TX, to receiving compensation from a prohibited source. BGI Enterprises, Inc., paid O'Connell \$5,750 for consulting services on a Coast Guard contract while O'Connell was employed by MARAD. OIG investigated this case with the FBI and the Defense Criminal Investigative Service (DCIS).

Bus Driver Jailed for Stealing Fare Collections

December 4

CINCINNATI METRO BUS DRIVER DAVID GAST was sentenced to 10 months' jail, 36 months' supervised release and ordered to pay \$120,000 in restitution in U.S. District Court in Cincinnati for stealing \$120,000 in bus fares from Cincinnati's Metro bus system between May 1996 and October 1999. Gast, who transported vaults to the bank for deposit, pleaded guilty in August to theft. Metro auditors contacted Federal authorities for assistance in identifying lost money after a routine audit found discrepancies. Marked currency planted by the FBI and OIG was ultimately tracked to Gast's personal bank account.

Sentencing In Aviation Hazmat Case

December 5

CONCEPCION LÉON OF PUERTO RICO was placed on 36 months' probation, 8 months' home confinement, and ordered to pay \$5,214 in restitution to American Airlines by a U.S. District Court judge in Brooklyn, NY, for illegally offering hazardous material to an air carrier for shipment. Leon utilized curbside check-in at New York's LaGuardia Airport in an attempt to ship a box containing flammable paint aboard an American Airlines flight to Florida. Leon concealed the box's DOT-required hazardous materials placard and told a skycap that the box contained books. Baggage handlers detected a solvent-type odor and discovered the box to be leaking. OIG investigated this case with assistance from FAA.



Box containing hazardous materials seized as evidence during investigation of Concepcion León.

Water Testing Laboratory President Sentenced

December 6

MONTELL WATKINS, PRESIDENT OF Johnson Properties, Inc., was sentenced by a U.S. District Court judge in New Orleans, LA, to 3 months' probation, 100 hours of community service, and ordered to pay a \$3,000 fine. Watkins pleaded guilty to falsifying discharge-monitoring reports sent to the

Louisiana Environmental Protection Agency office. As a result of Watkins' actions, untreated sewage was released into the Louisiana intercoastal waterways. To date, this investigation has yielded seven corporate guilty pleas and \$6.3 million in fines and restitution. OIG investigated this case with the EPA, FBI, Postal Inspection Service, and the Coast Guard Investigative Service.

Background Checks of Airport Employees Need Improvement

December 7

[CONTROLLING ACCESS TO SECURE AIRPORT AREAS](#) continues to be of great concern. We found that although control requirements are in place to limit access to secure airport areas, FAA has not taken adequate steps to ensure these requirements are met. First, FAA's background investigation requirements for granting unescorted access to secure airport areas are ineffective because the investigations do not adequately ensure that individuals granted unescorted access can be trusted with the public's safety. For example, criminal record checks are required only for individuals applying for airport identification badges (airport ID) when one of four conditions triggers the checks. Second, background investigation requirements frequently are not routinely followed.

We recommended requiring an FBI criminal record check for each individual granted unescorted access to secure areas, expanding the list of crimes that disqualify an individual from being granted access, and issuing new rules requiring airport operators and air carriers to audit the number of active airport IDs. The Airport Security Improvement Act of 2000 adopted two of our recommendations.

Truck Driver Sentenced for Falsifying Medical Certification

December 8

[A U.S. DISTRICT COURT JUDGE](#) in St. Louis, MO, sentenced Dennis Auten, former driver for Speidel Transportation, to 1 month in jail, 36 months' supervised release and prohibited him from driving a commercial vehicle. Auten pleaded guilty in September 2000 to falsifying his medical history to obtain a commercial drivers license. In 1998, Auten's tractor-trailer crashed into a passenger vehicle, killing its two occupants. A preliminary inquiry by the Georgia State Highway Patrol disclosed Auten caused the accident when he "blacked out." As a result, FMCSA asked OIG to investigate Auten's DOT medical

certification. The investigation determined Auten lied during his medical examination by hiding a pre-existing medical condition involving seizures, convulsions and fainting spells. As a result of OIG's investigation, Speidel Transportation has ceased all operations. OIG investigated this case with FMCSA.

Two former Pipeline Company Officials Sentenced

December 13

ROBERT REID, FORMER PRESIDENT OF Iroquois Pipeline Operating Company, and John Mackenzie, a former engineering and construction manager, were each sentenced in U.S. District Court in Syracuse, NY, to 1 year's probation, 6 months' home confinement, and fined a total of \$50,000 for violating the Clean Water Act, in connection with the construction of a natural gas pipeline running approximately 370 miles from Canada to Long Island. Iroquois was fined \$22 million in 1996 after pleading guilty to charges of failing to properly clean up numerous rivers, streams and wetlands and failing to install protective devices to prevent soil erosion and minimize damage to wetlands. These mark the second and third sentences to be imposed for four Iroquois officials who were convicted of negligently violating the Act. The prosecutions were the result of a multi-agency investigation by DOT-OIG, the Department of Energy OIG, EPA, FBI, DCIS, Army Corps of Engineers, the U.S. Attorney's Office and state agencies.

Airport Noise Compatibility Program

December 14

FAA DID NOT ENSURE THAT AIRPORT NOISE grants were used for eligible or the highest priority projects. For example, FAA awarded noise grants to sound-insulate residences that were not eligible for funding, and provided new noise grants to jurisdictions that had not spent grant funds from previous years. FAA is also at risk of awarding \$48 million to airports based on outdated noise exposure maps that do not reflect noise level reductions from the use of quieter aircraft. We recommended that FAA recover \$328,000 awarded for ineligible noise projects, delay awarding additional grants to jurisdictions until progress is made spending available grants, require sponsors to develop and implement plans for disposing of unneeded property, and require airports to submit updated noise exposure maps when noise levels decrease substantially.

Ineffective Actions to Reduce Operational Errors

December 15

FAA HAS NOT SHOWN A SENSE OF URGENCY in reducing operational errors, which occur when air traffic controllers allow planes to get too close to each other (mostly in midair). Operational errors increased by 51 percent in the last 4 years, from 764 in Fiscal Year 1996 to 1,154 in FY 2000. While operational errors can pose a serious safety risk, the true extent of the safety risk remains unknown because FAA does not determine the severity of each incident. Furthermore, facilities with the most reported operational errors over the past 5 fiscal years have shown little progress at reducing operational errors. We attribute the lack of progress to inadequate regional plans that were not based on facility assessments and did not include specific actions to reduce operational errors. FAA agreed to develop a method to determine the severity of each operational error, complete national reviews of facilities with the most errors and require national approval of regional operational error prevention plans.



Life Safety Needs in Penn Station Tunnels

December 18

WE UPDATED OUR REPORT CONCERNING life-safety needs in the tunnels beneath Penn Station-New York (PSNY) and the cost and schedule of the Penn Station Redevelopment Project. PSNY is the busiest railroad station in the United States, with 15 miles of tunnels connecting PSNY to New Jersey and Queens. More than 750 trains transport 500,000 passengers through the station each weekday. By the end of 2001, more than \$161 million will have been spent on projects intended to improve the safety in the tunnels. However, some of the more critical tunnel projects, such as installing adequate ventilation fans, rehabilitating benchwalls to provide a stable



(Emergency exit from Amtrak tunnels under the Hudson river.)

walking surface, installing standpipes to carry water through the tunnels for firefighting purposes, and installing wider “scissor” staircases at exit shafts need to be done.

The current cost to complete life-safety improvements by 2010 is \$898 million, which would require an annual average investment of \$90 million (in FY 2002 dollars). In recent years, total investment has averaged less than \$30 million. If spending continues at this rate, needed improvements would not be completed until 2030. Regardless of the instrument selected for funding these needs, the funds should be earmarked for tunnel safety improvements to ensure that they are not diverted for other purposes.

FAA Secretary Fined for Filing False Travel Claims

December 18

A U.S. DISTRICT COURT JUDGE IN WASHINGTON, DC, sentenced Debra Kelleher, an FAA employee, to 3 years’ probation, 50 hours’ community service and ordered her to pay \$12,792 in restitution. Kelleher previously pleaded guilty to filing false travel claims with FAA while on an extended temporary duty assignment to Washington, DC.

Sentencing in Motor Carrier Case

December 20

ALAN ARCHIBALD, FORMER PRESIDENT OF Aulenback, Inc., a trucking company in Mexico, ME, was sentenced in U.S. District Court in Portland, ME, to 24 months’ probation and a \$2,000 fine for violating an operations Out-of-Service Order. Maine State Police stopped an Aulenback driver with an interstate load from New Jersey after the FMCSA had shut the carrier down for failing a compliance review. Subsequent interviews disclosed Aulenback had continued interstate operations in violation of the Out of Service Order. Three other defendants, the trucking firm, its operations manager and dispatcher, were also convicted and sentenced on related charges.

Former FHWA Contractor Employee Sentenced for Theft of Government Property

January 10

A U.S. DISTRICT COURT JUDGE IN ALEXANDRIA, VA, sentenced Christopher M. Remaley, a former contract employee at the FHWA's Turner-Fairbanks Highway Research Center in McLean, VA, to 24 months' incarceration, 24 months' supervised release, and to pay \$1,391 in restitution. Remaley pleaded guilty September 25 to stealing Government test vehicles and auto parts from the research center's laboratory and using a Government credit card for personal fuel purchases. As a result of OIG's investigation, Remaley was removed from the FHWA contract and terminated by the contractor.

Aviation Company and Owners Sentenced

January 11

CENTRAL CONNECTORS, INC., AND ITS OWNER, Mauren Ledbetter, were sentenced in U.S. District Court in Philadelphia, PA, for falsely certifying that electronic connectors they sold complied with Federal Aviation Regulations. The defendants sold electrical connectors, for use on commercial aircraft, to aviation customers who were falsely lead to believe that the parts were traceable to the original equipment manufacturer as required under Federal Aviation Regulations. Parts that are not traceable to the original equipment manufacturer can not be used on commercial aircraft. Central Connectors, Ledbetter, and (on January 23) employee Thomas Winfough were sentenced to pay a total of \$23,650 in fines and restitution, plus given terms of probation and home confinement. OIG investigated this case with the DCIS and the FBI.

Household Goods Trucking Company Owner Jailed

January 19

LARRY CRAWFORD, OWNER OF J&L TRUCKING, of Mission Hills, CA, was sentenced in U.S. District Court in Oakland, CA, to 12 months' incarceration and 3 years' supervised release for theft of interstate shipments. Crawford, under the guise of transporting nearly \$30,000 worth of property belonging to U.S. Army personnel, illegally removed the property from a storage facility and demanded payment for its return. The interstate shipment, regulated by FMCSA, was under Government bill of lading for the U.S. Army. OIG investigated this case with the U.S. Army Criminal Investigative Division.

DOT's Top Ten Management Challenges

January 18

THE ANNUAL OIG LIST OF THE TOP MANAGEMENT challenges facing DOT highlights progress and needed actions in 10 broad areas. The report documented important progress in some areas, such as Government Performance and Results Act (GPRA) implementation, and the need to resolve some outstanding issues, such as the sharp increases and record highs in runway incursions and controller operational errors. The most significant change in the report was the inclusion of aviation capacity issues in the Air Traffic Control Modernization area. The report now discusses the impact limited aviation capacity is having on customer service due to increasing flight delays and cancellations. We also created a comprehensive item on Departmental Business Practices by combining existing items on GPRA, FAA financing, and financial accounting and by adding other Departmentwide concerns, including human resources management and the pace of Departmental rulemakings. (For additional information, see page 7.)

Closeout and Payment of Cost-Reimbursable Contracts

January 23

DOT AND ITS OPERATING ADMINISTRATIONS were not properly administering closeout and payment of cost-reimbursable contracts. For the 5-year period ended April 2000, DOT agencies closed 864 cost-reimbursable contracts valued at about \$559 million. Our review of 40 of these contracts (about \$120 million) showed that contracts were improperly closed out for various reasons. Because DOT did not close contracts in a timely manner, about \$35 million remained obligated on completed contracts, some for as long as 12 years. Furthermore, because contracting officers were not performing crucial reviews and requesting independent audits, DOT had little assurance that contractors actually incurred \$294 million on 448 contracts that were not subjected to independent audits and internal desk audits. We excluded FAA from this audit, but will audit it separately because it uses a different acquisition system from the rest of DOT. DOT agreed with all recommendations and provided a detailed action plan.

Owner of Trucking Firm Sentenced for Falsifying Drug Testing Records

January 31

JOSEPH FLUDER, OWNER OF GENESIS EXPRESS, a Chicago-based interstate motor carrier was sentenced in U.S. District Court in Chicago, IL, to 3 years' probation and a \$4,000 fine for falsifying employee drug testing records. Fluder pleaded guilty on October 16, 2000, to charges of presenting false drug and alcohol tests of his truck drivers to the DOT during 1996 and early 1997. Fluder provided false negative tests and fabricated doctors' signatures to hide the fact that company drivers were not tested.

Convicted Felon's Probation Revoked For Repeat Offense

February 2

A U.S. DISTRICT COURT JUDGE IN DALLAS, TX, sentenced James Franklin Howell to 10 months' jail and 36 months' supervised release for violating the terms of his probation. In December 1999, as a result of an OIG investigation, Howell was sentenced to 3 years' probation for falsifying an FAA Airman's Certificate which allowed him to pilot private aircraft. Howell violated his probation in January 2000 when he falsified another FAA document, an Application for Airman Medical Certificate.

Aviation Parts Manufacturer and Owner Fined, Incarcerated

February 2

THE U.S. DISTRICT COURT IN PHILADELPHIA, PA, sentenced RHIMCO Industries, Inc., and its owner, Dan Massey, to a term of probation and 10 months in halfway house/home confinement, respectively, plus a total of \$140,000 in criminal fines. RHIMCO and Massey supplied untested electrical connectors, for use in commercial aircraft, to aviation customers. Federal Aviation Regulations require that the connectors be safety tested before they were sold. Untested RHIMCO parts were traced through purchase orders to several commercial aviation businesses. OIG investigated this case with the FBI and the DCIS.

Corporation Sentenced for Illegally Shipping Hazmat February 2

IN U.S. DISTRICT COURT IN MIAMI, FL, DIAMEX, USA, Inc., a New York-based corporation, pled guilty and was sentenced for causing hazardous materials to be illegally transported by an air carrier. The charges stem from an August 1998 incident in which an undeclared hazardous materials shipment caused the evacuation of passengers onboard AeroMexico Flight 420 bound from Miami International Airport to Mexico. The company was sentenced to 1 year of probation, a \$10,000 fine, and to pay a total of \$81,901 to the Miami-Dade police and fire departments and AeroMexico.

Trucker Jailed for Illegal Transport of Cyanide February 5

MARVIN HUTCHINSON WAS SENTENCED in U.S. District Court in San Diego, CA, to 15 months' imprisonment and a \$4,000 fine for violating Federal transportation laws governing hazardous materials. Hutchinson pleaded guilty in October to conspiring with Gary Rasmussen to transport hazardous waste to an unpermitted site and illegal transportation of both acid and cyanide. The acids and cyanide, if mixed together, can form a deadly toxic gas. Rasmussen was found guilty, after a 2-week jury trial, of illegal transportation and storage of hazardous materials/waste. His sentencing was pending as of March 31. OIG investigated this case with the FBI, EPA/CID (the Environmental Protection Agency's Criminal Investigations Division), and the San Diego County Department of Environmental Health Services.

Contractor Ordered to Pay Damages Under False Claims Act February 6

A U.S. DISTRICT COURT JUDGE IN WASHINGTON, D.C., ordered TDC Management Corporation (TDC), and its president, T. Conrad Monts, to pay \$1,285,198 in damages for violating the False Claims Act. TDC was hired by FTA to develop a program to assist disadvantaged business enterprises in securing bonds for FTA-assisted contracts. TDC and Monts misrepresented its progress in implementing the bonding program in monthly progress reports to FTA. The court found that information omitted from the monthly progress reports led FTA to conclude that the program was making progress when in fact it was not.

Truck Driver Sentenced to 3-Year Prison Term

February 8

MARX M. GAUTHIER WAS SENTENCED to a 3-year prison term by a Georgia Superior Court judge in Clarksville, GA, after pleading guilty the same day to first degree homicide by vehicle, failure to keep drugs in their original container, and possession of marijuana. Gauthier was also ordered to serve 4 years' probation, pay a \$2,500 fine, and to turn in his CDL. Gauthier's conviction and sentence occurred as a result of a fatal motor carrier accident in Habersham County, GA. OIG's investigation disclosed that Gauthier falsified his driver's daily logbook to hide the number of hours he had driven and failed to take rest and sleep breaks as required under Federal Motor Carrier Safety Regulations. OIG investigated this case with the Baldwin, GA Police Department and the Georgia Public Service Commission, with assistance from FMCSA.

Airline Customer Service Commitment

February 12

AIRLINE CUSTOMER SERVICE TOOK CENTER STAGE in January 1999, when hundreds of passengers were stuck in planes on snowbound Detroit runways for up to 8 hours.

Following that incident, both the House and Senate conducted hearings on the air carriers' treatment of air travelers and considered whether to enact a "passenger bill of rights." Following the hearings, Congress, DOT and the Air Transport Association agreed that the air carriers should have an opportunity to improve their customer service without legislation and in 1999, ATA and its member airlines executed the Airline Customer Service Commitment. Each airline agreed to develop and implement a Customer Service Plan by December 1999 for meeting its obligations under the Commitment.



Our report found that overall the airlines are making progress toward meeting their Commitment. Though the Commitment has been a plus for air travelers on a number of fronts, significant shortfalls continue to exist in reliability and timely communication with passengers concerning flight delays and cancellations. More importantly, provisions within the Commitment do not directly address the root causes of

customer dissatisfaction: extensive flight delays, flight cancellations, and lost baggage. We recommended measures for improving accountability, enforcement, and the consumer protections afforded commercial air passengers. (For additional information see page 14.)

Florida Men Sentenced for HazMat and Credit Card Fraud

February 15

IVAN PEREZ WAS SENTENCED BY AN U.S. DISTRICT COURT judge in Miami, FL to 6 months' home confinement with electronic monitoring followed by 12 months of supervised release. Perez pleaded guilty the same day to illegally transporting diesel fuel and using an American Express credit card fraudulently encoded with a Visa account number in order to purchase fuel from vendors. A co-conspirator, Manuel Torres, was sentenced by a U.S. District Court judge in Miami on December 14, 2000, to 6 months in prison and 12 months supervised release after pleading guilty to illegally transporting and selling diesel fuel from the back of a van he owned. OIG investigated this case with the Florida DOT and the U.S. Secret Service.

Actuarial Estimates for USCG Retired Pay/Medical Benefits

February 23

AS PART OF OUR AUDIT OF THE FY 2000 DOT Consolidated Financial Statements, we contracted with the Hay Group to review USCG's actuarial model for estimating liabilities for retired pay and medical benefits. The review found that the Coast Guard properly reported military retirement liabilities of \$19.8 billion.

DOT Web Privacy

February 26

AS REQUIRED BY THE FY 2001 Consolidated Appropriations Act, we reviewed DOT's collection and use of information identifying individuals who visit DOT web sites or web sites maintained for DOT by contractors. In December 2000 and January 2001, DOT had examined its web privacy protection and eliminated more than 80 unauthorized uses of persistent cookies (one of the principal technologies used

to collect information from web visitors). Notwithstanding, OIG and GAO subsequently identified unauthorized use of 23 persistent cookies. While not intentionally designed to collect personally identifiable information from web visitors, these persistent cookies were placed on web visitors' machines and presented a privacy violation. On February 20, 2001, the use of unauthorized persistent cookies was either eliminated or the associated web sites disabled. We found no privacy concerns with web sites managed by DOT contractors. The DOT Deputy Chief Information Officer agreed with the report recommendations and will take corrective actions.



Fiscal Year 2000 Highway Trust Fund Financial Statements

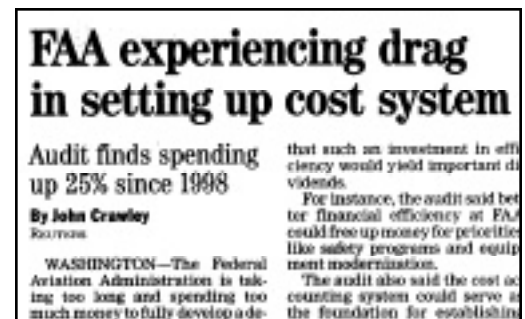
February 27

THE HIGHWAY TRUST FUND BALANCE SHEET, statement of net cost, statement of changes in net position, statement of budgetary resources, and statement of financing for the year ended September 30, 2000, were fairly presented in all material respects in conformance with generally accepted accounting principles. Accordingly, the Highway Trust Fund received an unqualified or “clean” audit opinion on its FY 2000 Financial Statements, which accounted for about \$27 billion in funds.

FAA's Cost Accounting System and Practices Assessed

February 28

AS REQUIRED BY AIR-21, WE ISSUED our first annual assessment of FAA's cost accounting system and data. We found that FAA has made progress in developing its cost accounting system and its methods of calculating total costs are reasonable. Notwithstanding those accomplishments, the cost accounting system is 4 years behind the original schedule and the current estimated cost is nearly three times the original estimate. FAA cannot determine the actual labor cost for its activities, services, and projects and the cost accounting system does



not properly collect overhead costs for facilities and equipment projects. FAA agreed with our recommendations to establish implementation of its cost accounting and labor distribution systems as a top priority, to review its cost accounting system for more efficient methods, and to have both systems fully operational by September 2002.

Fiscal Year 2000 FAA Financial Statements

March 1

FAA RECEIVED A QUALIFIED OPINION ON THE FY 2000 Financial Statements because of concerns with depreciation expense (\$751 million) and the net book value of its property, plant, and equipment (\$11.5 billion). Although FAA had received an unqualified opinion on its FY 1999 Financial Statements, we had reported a material internal control weakness with its \$17 billion property account. During FY 2000, FAA tried but was unsuccessful in implementing an integrated property system. While converting to a new property system, FAA allowed nonfinancial personnel to perform the conversion without establishing adequate controls over changes made to financial data. Material changes were made during the conversion, which, among other things, increased real property items from 14,000 to 18,000 and increased the net book value of property by \$158 million. Converting data from one system to another should not have resulted in any changes to recorded balances. FAA agreed to develop an action plan to resolve the property issues during FY 2001.

Fiscal Year 2000 Consolidated Financial Statements

March 1

DOT RECEIVED A QUALIFIED OPINION ON the FY 2000 Consolidated Financial Statements because of concerns with the net book value of FAA property, plant, and equipment (\$11.5 billion of the \$16.2 billion total for DOT). Except for the net book value of property, the DOT consolidated balance sheet, statement of net cost, statement of changes in net position, statement of budgetary resources, and statement of financing for the year ended September 30, 2000, were fairly presented in all material respects in conformance with generally accepted accounting principles. We also identified four additional areas involving weaknesses in internal controls and compliance with laws and regulations. These areas concerned computer security of financial systems, performance measures, distribution of cost, and compliance with the Federal Financial Management Improvement Act of 1996. The DOT Chief Financial Officer agreed with the report and promised that specific action plans would be developed to resolve the property issues at FAA.

Airport Employee Convicted for Security - Related Violations

March 12

RUBEN RICARDO SANTANA, a cargo handler at the Miami International Airport, pleaded guilty in U.S. District Court in Miami, FL, to FAA security violations and theft of mail. Santana used his security ID badge to access secure areas of the airport and steal military express, international, and priority mail articles from Lufthansa Airlines' cargo facility. OIG investigated this case with the Miami-Dade Police Department and the U.S. Postal Inspection Service.

Overcharge Case Results in \$10.5 Million Settlement

March 13

THIS INVESTIGATION WAS INITIATED BASED UPON a Defense Contract Audit Agency (DCAA) Suspected Irregularity Referral indicating that from 1985 to 1988 IBM overcharged FAA in leasing costs under its Advanced Automation System contract with FAA. The investigation disclosed IBM's Federal Systems Division overvalued four office buildings located in the Shady Grove area of Rockville, MD. As a result of the investigation, FAA, with the concurrence of the Department of Justice, pursued administrative recovery of the overcharges from Lockheed-Martin (which acquired IBM's Federal Systems Division). Subsequently, Lockheed-Martin agreed to credit FAA with \$10.5 million, to be offset through future billings.

Efforts to Develop and Deploy the Standard Terminal Automation Replacement System

March 14

THE INSPECTOR GENERAL TESTIFIED BEFORE THE Aviation Subcommittee of the House Committee on Transportation and Infrastructure on the Standard Terminal Automation Replacement System (STARS) program, which will provide air traffic controllers with color displays, processors, and new computer software. Since 1996, the total program cost has increased from \$940 million to \$1.4 billion, and the planned delivery of the last FAA operational site has slipped by almost 4 years, from February 2005 to September 2008. In addition, FAA has an aggressive deployment schedule that will likely result in further cost and schedule overruns. We recommended that FAA revise its deployment strategy by:

(1) establishing milestone dates and quantifying all costs associated with delivery, installation, and testing of STARS; (2) completing a training strategy for over 11,000 air traffic controllers and maintenance technicians; and (3) evaluating whether additional Common Automated Radar Terminal Systems with displays will be needed to support FAA's terminal automation needs, and, if so, quantifying all associated costs.



Flight Delays and Cancellations

March 15

IN TESTIMONY BEFORE THE TRANSPORTATION and Related Agencies Subcommittee of the House Appropriations Committee, the Inspector General discussed the increasing number of flight delays and cancellations, and growing consumer dissatisfaction with air travel. The Inspector General recommended a number of immediate actions for DOT, FAA, airlines, and airports to help alleviate the delay problem. These included: (1) establishing a uniform system for tracking delays and cancellations and their causes; (2) finalizing and issuing capacity benchmarks for the top 30 airports; (3) disclosing flight delay and cancellation performance for flights consistently delayed or canceled at least 40 percent of the time; (4) revising airline schedules; (5) exploring the acceleration of the development and implementation of the Local Area Augmentation System (satellite navigation at airports); (6) completing the remaining action items to reduce delays associated with "airspace choke points"; and (7) establishing consistent milestones for the completion of new runway projects and ensuring they are met. (For additional information see page 14.)

Amtrak's Financial Performance and Requirements

March 21

IN TESTIMONY BEFORE THE TRANSPORTATION and Related Agencies Subcommittee of the House Appropriations Committee, the Inspector General stated that Amtrak's financial results have not improved significantly, falling short of its business plan goals by about \$120 million in 2000. While revenue and ridership have shown continued growth, Amtrak has not been able to significantly curb expenses. Amtrak needs to quickly close the gap in its business plan if it hopes to achieve operating self-sufficiency by 2003. To do so, Amtrak must (1) fully implement high-speed rail in the Northeast Corridor, (2) maximize its mail and express business, and (3) significantly curb expense growth. In addition, Amtrak will continue to require capital funds for the foreseeable future. (CC-2001-135)

Woman Pleads Guilty to Fraudulent Airport Identification

March 30

MARIA LOUISA MILANES PLEADED GUILTY in U.S. District Court in Miami, FL, to providing a false identity to fraudulently obtain employment and an airport identification badge at Miami International Airport (MIA). Milanés also pleaded guilty to illegal immigration charges. The investigation predicated on information that Milanés, a Mexican national in the United States illegally, was employed by the Miami International Airport Hotel as a housekeeping supervisor under a fictitious name.

Investigation disclosed Milanés was in possession of a false Alien Registration Card and used the card to obtain employment at MIA as well as to gain access to secure areas of the airport via a Secure Identification Display Area badge. Milanés provided the false information in order to conceal the fact she had previously been deported from the United States. OIG investigated this case with the U.S. Immigration and Naturalization Service.

Illinois CDL Probe Continues

THE INVESTIGATION OF THE ILLEGAL SALE of CDLs by employees of the Illinois Secretary of State's Office continued during the reporting period, with two indictments, six convictions and nine sentences between October 1, 2000, and March 31, 2001.

Operation Safe Road is a bribery and public corruption probe being conducted by OIG, the FBI, the Postal Inspection Service, the Internal Revenue Service and the Illinois State Police. Since the investigation of the illegal sale of CDLs by state employees to unqualified individuals began in October 1998, local, state and Federal officials have obtained evidence that at least 2,750 CDLs have been illegally issued. As of March 31, 2001, the investigation has resulted in the indictment of 40 people and the conviction of 37 individuals.

Judicial actions occurring during the reporting period include the October 26 conviction of a former driving school operator on charges of repeatedly bribing examiners at a Secretary of State's facility on Chicago's West Side. Bharat Patel, former operator of the now-defunct New Delhi Driving School was subsequently sentenced to 37 months' incarceration, fined \$15,000 and was barred from association with any driving school for 3 years after his release from prison.

COMPLETED AUDITS OCTOBER 1, 2000 – MARCH 31, 2001

(Dollars in Thousands)

Estimated Amounts *

Type of Review	Number of Reports	Number of Recommendations	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
<i>Internal Audits:</i>					
Program/Functional	19	45	\$62,328	\$0	\$299,000
Chief Financial Officer					
Financial Statements	3	2	\$0	\$0	\$8,700
Other Reports	2	3	\$0	\$0	\$0
TOTAL INTERNAL AUDITS	24	50	\$62,328	\$0	\$307,700
<i>Grant Audits:</i>					
Audits of Grantee Under					
Single Audit Act	23	48	\$2,023	\$0	\$0
TOTAL GRANT AUDITS	23	48	\$2,023	\$0	\$0
TOTALS	47	98	\$64,351	\$0	\$307,700

- 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, fall into 2 categories: internal audits of Departmental programs and operations, and audits of grant recipients. The table above shows OIG's results in the 2 categories for the 6 months covered by this report.

MANAGEMENT DECISIONS REGARDING AUDIT RECOMMENDATIONS

(Dollars in Thousands)

Description	Number of Reports	Number of Recommendations	Questioned and Unsupported Costs	Funds to be Put to Better Use
Unresolved as of 10/01/00	25	69	\$427	\$137,702
Audits with Findings During Current Period	31	98	\$64,351	\$307,700
TOTAL TO BE RESOLVED	56	167	\$64,778	\$445,402
Management Decisions:				
A. Audits Prior Period	19 **	48	\$336	\$136,000
B. Audits Current Period	10 **	39	\$62,365	\$259,700
TOTAL RESOLVED	29	87	\$62,701	\$395,700
Unresolved as of 3/31/01 *	33	80	\$2,078	\$49,702
Aging of Unresolved Audits:				
Less than 6 mos. old	22	59	\$1,986	\$48,000
6 mos. – 1 year	4	6	\$0	\$0
1 year – 18 mos.	4	6	\$92	\$0
18 mos. – 2 years	1	2	\$0	\$0
Over 2 years old	2	7	\$0	\$1,702
TOTALS	33	80	\$2,078	\$49,702

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

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

AUDIT REPORTS WITH RECOMMENDATIONS THAT QUESTIONED COSTS

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Questioned Costs*
A. For which no management decision had been made by the start of the reporting period	4	5	\$427
B. Which were issued during the reporting period	15	15	\$64,351
TOTALS (A+B)	19	20	\$64,778
C. For which a management decision was made during the reporting period	5	5	\$62,700
(i) dollar value of disallowed costs	5 **	5 ***	\$62,671
(ii) dollar value of costs not disallowed	1 **	1 ***	\$30
D. For which no management decision had been made by the end of the reporting period	14	15	\$2,078

* - There were no recommendations with unsupported costs.

** - Includes reports in which costs were both allowed and disallowed.

*** - Includes recommendations in which costs were both allowed and disallowed.

AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

(Dollars in Thousands)

	Number of Reports	Number of Recommendations	Dollar Value
A. For which no management decision had been made by the start of the reporting period	3	3	\$137,702
B. Which were issued during the reporting period	3	4	\$307,700
TOTALS (A+B)	6	7	\$445,402
C. For which a management decision was made during the reporting period	4	5	\$395,700
(i) dollar value of recommendations that were agreed to by management	3	4	\$319,700
(ii) dollar value of recommendations that were not agreed to by management	1	1	\$76,000
D. For which no management decision had been made by the end of the reporting period	2	2	\$49,702

AUDIT REPORTS RECOMMENDING CHANGES FOR SAFETY, ECONOMY OR EFFICIENCY

	Number of Reports	Number of Recommendations
A. For which no management decision had been made by the start of the reporting period	22	61
B. Which were issued during the reporting period	26	79
TOTALS (A+B)	48	140
C. For which a management decision was made during the reporting period	27	77
D. For which no management decision had been made by the end of the reporting period	26	63

STATUS OF UNRESOLVED AUDIT RECOMMENDATIONS OVER 6 MONTHS OLD

CITED IN SEMIANNUAL REPORT FOR OCTOBER 1, 1998 – MARCH 31, 1999

Deployment of Explosives Detection Systems	AV-1999-001	10/05/98	Working with FAA to resolve all open issues
Motor Carrier Safety Program for Commercial Trucks at U.S. Borders	TR-1999-034	12/28/98	Working with FMCSA to resolve all open issues

CITED IN SEMIANNUAL REPORT FOR APRIL 1, 1999 – SEPTEMBER 30, 1999

Motor Carrier Safety Program	TR-1999-091	04/26/99	Working with FMCSA to resolve all open issues
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CITED IN SEMIANNUAL REPORT FOR OCTOBER 1, 1999 – MARCH 31, 2000

ATA Foundation Affiliates	QC-2000-006	10/25/99	Working with FHWA to resolve all open issues
Cost Allocations by the Transportation Administrative Service Center	MA-2000-015	11/05/99	Working with TASC to resolve all open issues
Airport Access Control	AV-2000-017	11/18/99	Working with FAA to resolve all open issues
City of New York, NY	QC-2000-027	12/21/99	Working with FHWA to resolve all open issues

CITED IN SEMIANNUAL REPORT FOR APRIL 1, 2000 – SEPTEMBER 30, 2000

Contract Towers: Observations on FAA's Study of Expanding the Program	AV-2000-079	04/12/00	FAA has not issued the final version of the study
Survey of the Federal Aviation Administration's Integrated Product Development System	AV-2000-110	08/29/00	Working with FAA to resolve all open issues
Flight Delays and Cancellations	CR-2000-122	09/25/00	Working with DOT and FAA to resolve all open issues
2000 Assessment of Amtrak's Financial Performance and Requirements	CR-2000-121	09/19/00	Working with Amtrak to resolve all open issues related to capital spending

OFFICE OF INSPECTOR GENERAL AUDIT REPORTS

October 1, 2000 - March 31, 2001

FEDERAL AVIATION ADMINISTRATION

Internal Audits: Program/Functional - 6 reports

Report	Date	Title	Focus of Report/ Recommendations:
AV-2001-003	10/11/2000	Oversight of Manufacturers' Quality Assurance Systems for Threaded Fasteners	Implement effective quality assurance systems
AV-2001-010	12/07/2000	Controls Over Airport Identification Media	Strengthen oversight of identification media
AV-2001-012	12/14/2000	Airport Noise Compatibility Program	\$48,000,000 better use; \$328,000 questioned
AV-2001-011	12/15/2000	Actions to Reduce Operational Errors and Deviations Have Not Been Effective	Improve national oversight to reduce operational errors
FI-2001-013	12/18/2000	Design of the Cost Accounting System for Research and Acquisitions	\$251,000,000 better use
FI-2001-023	02/28/2001	Status Assessment of FAA's Cost Accounting System and Practices	Cost accounting system status

Internal Audits: Financial Statements - 1 report

FI-2001-036	03/01/2001	FY 2000 Financial Statements	\$8,700,000 better use
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Internal Audits: Other Reports - 2 reports

AV-2001-004	10/27/2000	Observations on Efforts to Address Concerns About Aircraft Wiring	Improve safety of non-structural aircraft systems
AV-2001-048	03/30/2001	Efforts to Develop and Deploy the Standard Terminal Automation Replacement System	Further cost and schedule overruns likely

Grant Audits - Post Award - 7 reports

QC-2001-008	11/27/2000	City of Philadelphia, PA	Improve grantee oversight
QC-2001-022	02/14/2001	Castle Joint Powers Authority, CA	\$334,000 questioned
QC-2001-029	02/22/2001	Port of Oakland, CA	\$400,000 questioned
QC-2001-032	02/22/2001	Erie Municipal Airport Authority, PA	Improve grantee oversight
QC-2001-031	02/22/2001	Miami-Dade County Aviation Department, FL	\$109,500 questioned
QC-2001-041	03/08/2001	Texarkana Airport Authority, AR	\$67,902 questioned
QC-2001-042	03/08/2001	Beaverhead County, MT	Improve grantee oversight

OFFICE OF INSPECTOR GENERAL AUDIT REPORTS

October 1, 2000 - March 31, 2001

UNITED STATES COAST GUARD

Internal Audits: Program/Functional - 1 report

Report	Date	Title	Focus of Report/ Recommendations:
FI-2001-033	02/23/2001	Actuarial Estimates for Retired Pay and Medical Benefits	Military retirement liabilities properly reported

FEDERAL HIGHWAY ADMINISTRATION

Internal Audits: Program/Functional - 2 reports

IN-2001-007	11/13/2000	Follow Up Review of the Interstate 15 Reconstruction Project in Utah	Cost estimates reasonable; funding available
IN-2001-009	11/29/2000	October 2000 Finance Plan for the Central Artery/Tunnel Project, Boston, Massachusetts	Finance plan consistent and reasonable; estimated project cost of \$14.075 billion

Internal Audits: Financial Statements - 1 report

FI-2001-035	02/27/2001	FY 2000 Financial Statements	Unqualified opinion on financial statements
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Grant Audits - Post Award - 7 reports

QC-2001-002	10/10/2000	State of Washington	\$36,575 questioned
QC-2001-045	11/16/2000	District of Columbia Department of Public Works	Improve grantee oversight
QC-2001-016	01/16/2001	Puerto Rico Department of Highway and Transportation Authority	Improve grantee oversight
QC-2001-026	02/16/2001	City of Rocky Mount, NC	\$19,130 questioned
QC-2001-030	02/22/2001	City of Birmingham, AL	Improve grantee oversight
QC-2001-046	03/28/2001	Arkansas State Highway and Transportation Department	Improve grantee oversight
QC-2001-047	03/29/2001	Barton County, MO	\$28,083 questioned

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Internal Audits: Program/Functional - 1 report

Report	Date	Title	Focus of Report/ Recommendations:
QC-2001-021	02/07/2001	Quality Control Review of FY 2000 Audited Financial Statements	Unqualified opinion on financial statements

OFFICE OF INSPECTOR GENERAL AUDIT REPORTS

October 1, 2000 - March 31, 2001

FEDERAL TRANSIT ADMINISTRATION Grant Audits - Post Award - 9 reports

Report	Date	Title	Focus of Report/ Recommendations:
QC-2001-014	12/22/2000	City of Tulsa, OK	Improve grantee oversight
QC-2001-015	12/22/2000	Sacramento Regional Transit Authority, CA	Improve grantee oversight
QC-2001-025	02/16/2001	Greater Peoria Mass Transit District, IL	\$597,783 questioned
QC-2001-027	02/16/2001	Gary Public Transportation Corporation, IN	\$51,575 questioned
QC-2001-028	02/16/2001	City of Galveston, TX	Improve grantee oversight
QC-2001-039	03/02/2001	City of Cheyenne, WY	\$14,797 questioned
QC-2001-040	03/02/2001	Greenfield Montague Transportation Area, MA	\$24,134 questioned
QC-2001-043	03/08/2001	Calstart, Inc.	\$133,332 questioned
QC-2001-044	03/08/2001	Worcester Regional Transit Authority, MA	\$205,758 questioned

OFFICE OF THE SECRETARY OF TRANSPORTATION Internal Audits: Program/Functional - 9 reports

FI-2001-001	10/03/2000	Third Party Draft Payment System	Checks adequately supported
FI-2001-006	11/03/2000	Privacy Concerns for Web Visitors	Correct inappropriate collection of information from and about Web visitors
FI-2001-005	11/09/2000	Interim Report on Travel Policies and Practices of Political Appointees	No violations of the Hatch Act found
PT-2001-017	01/18/2001	Top Ten Management Issues	DOT management challenges
FI-2001-018	01/23/2001	Closeout and Payment Processes for Cost-Reimbursable Contracts	\$62,000,000 questioned
FI-2001-019	01/25/2001	Follow Up on Privacy Concerns for Web Visitors	Improve Web privacy protections
AV-2001-020	02/12/2001	Final Report on Airline Customer Service Commitment	Airlines commitment to improve customer service
FI-2001-024	02/16/2001	Final Report on Travel Policies and Practices of Former Political Appointees	No violations of the Hatch Act found
FI-2001-034	02/26/2001	Web Privacy	Re-certify Web privacy protections

Internal Audits: Financial Statements - 1 report

FI-2001-037	03/01/2001	FY 2000 Consolidated Financial Statements	Qualified opinion due to material internal control weaknesses at FAA
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OFFICE OF INSPECTOR GENERAL CONGRESSIONAL TESTIMONIES

October 1, 2000 - March 31, 2001

FEDERAL AVIATION ADMINISTRATION

Control No.	Date	Subject	Before
CC-2000-380	10/05/2000	Observations on FAA and Industry Efforts to Address Concerns about Aircraft Wiring	Committee on Transportation and Infrastructure, Subcommittee on Oversight, Investigations, and Emergency Management, U.S. House of Representatives.
CC-2001-127	03/14/2001	Federal Aviation Administration Efforts to Develop and Deploy the Standard Terminal Automation Replacement System	Committee on Transportation and Infrastructure, Subcommittee on Aviation, U.S. House of Representatives.
CC-2001-118	03/15/2001	Flight Delays and Cancellations	Committee on Appropriations, Subcommittee on Transportation and Related Agencies, U.S. House of Representatives.

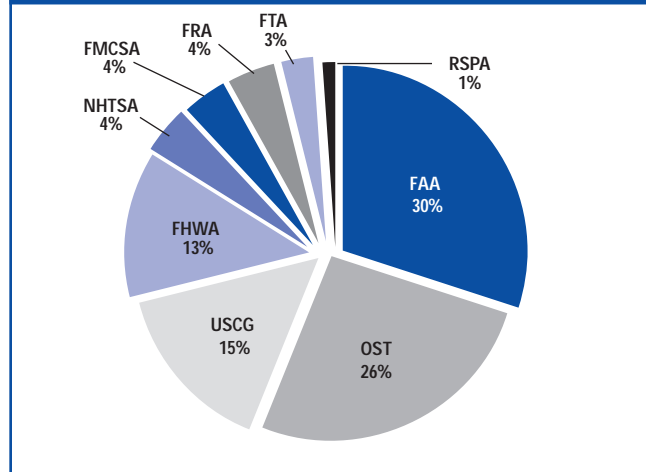
AMTRAK

CC-2001-135	03/21/2001	Amtrak's Financial Performance and Requirements	Committee on Appropriations, Subcommittee on Transportation and Related Agencies, U.S. House of Representatives.
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OFFICE OF SECRETARY OF TRANSPORTATION

CC-2001-090	02/13/2001	Airline Customer Service Commitment	Committee on Commerce, Science, and Transportation, U.S. Senate.
CC-2001-089	02/14/2001	Management Oversight Issues	Committee on Appropriations, Subcommittee on Transportation, U.S. Senate.
CC-2001-112	03/08/2001	Management Oversight Issues	Committee on Appropriations, Subcommittee on Transportation and Related Agencies, U.S. House of Representatives.

Application of Audit Resources
By Operating Administration,
October 1, 2000 — March 31, 2001



Note: Resources shown for OST include time spent performing the financial statement audit of DOT, which includes all OAs, and the Final Report on the Airline Customer Service Commitment. Time expended on BTS, MARAD, and SLSDC was less than 1 percent.

The Inspector General Act requires explanations of reasons for significant revisions to management decisions made during the reporting period. OIG follows up on audits reported in earlier semiannual reports. During this reporting period, there were no significant revisions of Departmental management decisions reported to OIG.

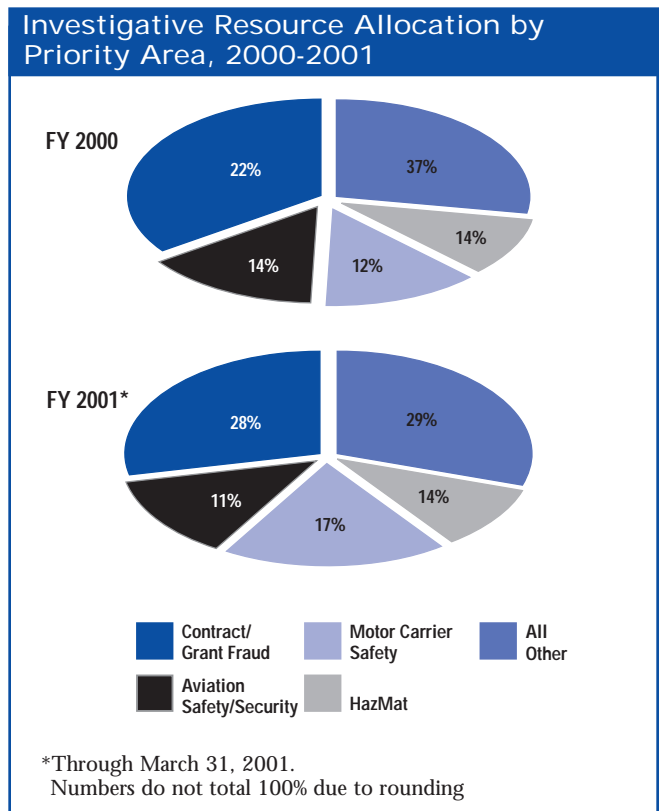
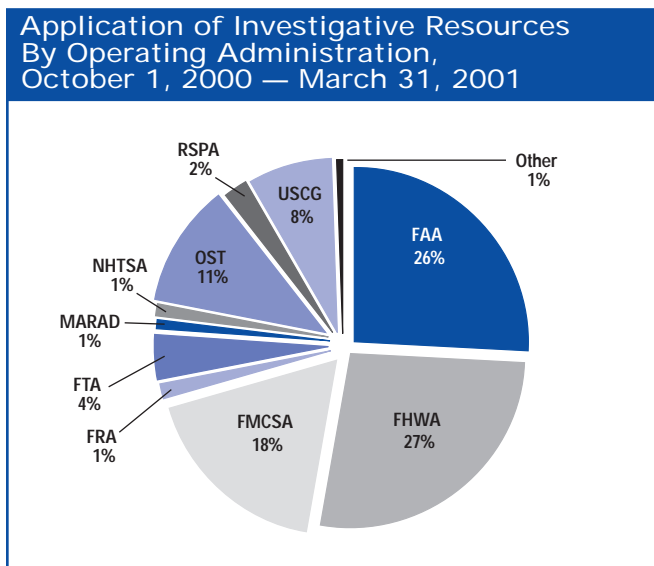
The Inspector General Act requires this report to describe any significant management decisions with which the OIG disagrees. At the close of this reporting period, there were no significant management decisions with which OIG disagreed.

PROFILE OF PENDING INVESTIGATIONS

October 1, 2000 - March 31, 2001

Operating Administration	Number of Cases	TYPES OF CASES					
		Contract/Grant Fraud	Employee Integrity	Aviation Safety	Motor Carrier Safety	HazMat	Other*
U.S. Coast Guard	48	10	10	5	0	14	9
Federal Aviation Administration	184	18	30	66	0	14	56
Federal Highway Administration	110	66	5	0	0	0	29
Federal Railroad Administration	6	3	0	0	0	3	0
Federal Transit Administration	20	19	0	0	0	0	1
Maritime Administration	5	2	0	0	0	0	3
Federal Motor Carrier Safety Administration	82	0	0	0	54	25	13
Office of the Secretary	11	3	4	0	0	0	4
Research and Special Programs Administration	20	2	0	0	0	17	1
National Highway Traffic Safety Administration	14	0	6	0	0	0	8
Other Agencies	5	2	0	0	0	0	3
TOTALS:	505	125	55	71	54	73	127
Percent of Total	100%	25%	11%	14%	11%	14%	25%

*Includes, for this reporting period, categories such as bribery/gratuities, motor fuel excise tax evasion and graft.



THE 6 MONTHS COVERED BY THIS REPORT OPENED WITH A PENDING CASELOAD OF 502. During the period, 137 cases were opened and 134 were closed, leaving a pending caseload of 505. During the period, 119 cases were referred for prosecution, 94 cases were accepted for prosecution, while 52 cases were declined. As of March 31, 2001, 73 cases were pending before prosecutors.

**Administrative Actions Taken
October 1, 2000 - March 31, 2001**

Employee Suspensions	5
Employee Terminations	5
Resignations/Retirements	5
Employee Restitution	7
Debarments/Suspensions	17
Other corrective action	2
Licenses suspended/revoked or other corrective action	162



OIG investigations in this reporting period spurred \$84,243,185 in recoveries including fines, restitution, civil judgments or settlements, and federal and state recoveries. Federal recoveries go to the U.S. Treasury. State recoveries are retained by the states.

**Judicial Actions Taken
October 1, 2000 - March 31, 2001**

Indictments:	90
Convictions:	65
Years Sentenced:	71
Years Probation:	186
Years Supervised Release:	55
Hours of Community Service:	8,548
Fines:	\$19,085,270
Restitutions/Civil judgements:	\$10,206,681
Federal Recoveries:	\$48,947,429
State recoveries:	\$6,003,805
Total:	\$84,243,185



EACH YEAR, THE INSPECTOR GENERAL HOLDS A CEREMONY to recognize employees and teams who have excelled in their respective fields. Through their talent and dedication to the task at hand, OIG was able to provide valuable Congressional testimony, uncover criminal activity, and provide many critical recommendations to improve program effectiveness impacting the safety of the traveling public and the integrity of the Department of Transportation.

The 2000 Awards Ceremony was held November 18, 2000 at DOT Headquarters in Washington, DC. Several OIG employees and teams received awards at a separate ceremony from the Secretary of Transportation for their accomplishments.

SECRETARIAL AWARDS

AIRLINE CUSTOMER SERVICE COMMITMENT AUDIT TEAM

For outstanding performance, dedication, and contribution to the major Congressional, Departmental, and public transportation issue of improvement in airline customer service. The following OIG employees served on this team:

Robin K. Hunt	Paul M. Streit	James M. Nelson
Lester D. Girdlestone	Sharon R. Trodden	Patrick D. Nemons
Anne V. Longtin	David W. Brown	Nelda Z. Smith
Scott K. Macey	Gloria J. Echols	Lisa H. Stone
Petra Rose	Carlton H. Hamilton	James K. Wahleithner
Donald E. Emery	Todd O. Kath	Susan M. Zimmerman
M. J. Mortensen	Deborah A. Kloppenburg	Joyce K. Mayeda
Adrienne M. Simms	Pavel P. Nagulko	

FEDERAL TASK FORCE ON THE BOSTON CENTRAL ARTERY/TUNNEL PROJECT

For creativity and innovation in performing an outstanding comprehensive review of the most expensive and complex project in the history of the Interstate Highway Program. The Federal Highway Administration sponsored this team. The following OIG employee served on this team:

Michael D. Gulledge

AWARD FOR MERITORIOUS ACHIEVEMENT

For outstanding performance in the criminal investigations and convictions of two air carriers for obstruction of justice and undermining of investigations being conducted by the Federal Aviation Administration and the National Transportation Safety Board:

Carlos A. Vazquez

AWARD FOR EXCELLENCE

For consistently high-quality administrative support to the audit and investigative staffs in San Francisco:

Joyce K. Mayeda

For outstanding administrative support to the Deputy Assistant Inspector General for Financial, Information Technology, and Departmentwide Programs, and the entire OIG:

Patricia K. Stevens

SECRETARIAL PARTNERING FOR EXCELLENCE AWARDS

CHIEF FINANCIAL OFFICER'S ACT TEAM

For hard work and dedication on a Department-wide effort to improve financial management and obtain a clean audit opinion on the Fiscal Year 1999 DOT Consolidated Financial Statements. The following OIG employees served on this team:

John L. Meche	Terrence J. Letko	Anthony Etze
Michael S. Ralph	Leonard F. Meade	William S. Parker
Earl C. Hedges	Ronald E. Brown	Robert F. Meisenhelder
Petra Rose	Mary E. Smothers	Brian A. Romberger

HAZARDOUS MATERIALS PROGRAM EVALUATION TEAM

For outstanding performance of the Department-wide evaluation of DOT's hazardous materials programs in support of the DOT strategic goal for safety by working better together. The following OIG employees served on this team:

Jacquelyn A. Goff	Greggory S. Bond
Edward M. Stulginsky	Kirk A. Gillett

OIG AWARDS

AWARD FOR SUPERIOR ACHIEVEMENT

For outstanding leadership and significant contributions to aviation research and acquisitions, which included producing multiple reports and testimonies, which contributed to strengthening FAA's modernization efforts:

Matthew E. Hampton

For outstanding leadership and dedication in managing complex information-technology audits. The work on the Y2K computer problem successfully assisted DOT in making a smooth transition into the 21st century:

Rebecca C. Leng

For dedication and outstanding performance in the criminal investigation and jury conviction of a firm involved in the improper loading of hazardous materials that led to the fatal crash of a commercial passenger airline:

John W. Long

For significant contributions to improving airline customer service and preparation of the Inspector General's statement for hearings before the U.S. Senate Commerce, Science and Transportation Committee:

Scott K. Macey

EXCEPTIONAL CIVILIAN SERVICE

For superior leadership and significant contributions to the goals of the OIG:

Ronald H. Hoogenboom

For exemplary dedication to and management of OIG's human resources programs and initiatives toward ensuring continuity and progression during various administration and Federal personnel changes:

Patrick J. Pietrzak

For exceptional service and superior performance in conducting investigations and related activities for the OIG:

Douglas Shoemaker

For extraordinary initiative and effort in implementing the Transportation Inspector General Reporting system in the audit organization:

Cleo Simpson

MANAGER OF THE YEAR

For outstanding performance in planning, directing, and managing audits of DOT's financial statements, including work that enabled the Department to obtain a clean audit opinion on financial statements for the first time:

Earl C. Hedges

For exceptional leadership and dedication to the work of the OIG, including three audits of high-visibility and controversial issues which produced five testimonies for Congress and the public:

Stuart A. Metzger

For significant contributions to the OIG in the development of nine high-quality products, which included a joint audit/investigation of the NTSB's check-writing system, as well as audits of Maritime Administration programs which led to several hearings and legislation:

Stephen J. Rybicki

For outstanding leadership, dedication to duty, and superior expertise which led to 91 indictments, 85 convictions, and judicial recoveries of \$31 million:

William P. Tompkins

SUPERVISOR OF THE YEAR

For outstanding performance in managing a review of the FAA's use of RTCA, Inc., as an advisory committee, which resulted in recommendations for significant changes in FAA and briefings to FAA's Administrator, Congressional staff, and other high-level officials:

Robin P. Koch

For significant contributions to a review which was instrumental in the closure of a Transportation Administrative Services Center's facility which resulted in \$15 million funds put to better use, as well as a review of the U.S. Coast Guard's Deepwater Project, which the OIG designated as one of the most pressing management issues facing DOT:

Richard N. Noll

For outstanding leadership in support of DOT's commitment to the safety of the traveling public by leading the Ft. Lauderdale investigative staff in investigations which have resulted in fines and restitutions of over \$9 million and obtained convictions of high-profile in a high-crime area:

Barbara Porraspita

For work on the audit of FAA's FY 1999 financial statements, including the identification of unrecorded liability of \$103 million for goods and services received by FAA's 4,000 grantees at year-end:

Michael S. Ralph

EMPLOYEES OF THE YEAR

For major contributions to the clean audit opinion on the FY 1999 DOT financial statements, which included auditing the \$20 million fund balance with Department of Treasury reconciliations, as well as four suspense accounts:

Sharon J. Ayers

For significant contributions to multiple audit assignments including DOT Y2K problems, the Federal Transit Administration's Financial Management System, and DOT Headquarters Network Security:

Nathan J. Custer

For extensive support of the Office of Legal Counsel in coordinating legislation, litigation efforts, and legal opinions in addition to serving as Legislative Committee Liaison for the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency:

Brian A. Dettelbach

For extraordinary leadership of the OIG program to combat fraud in DOT programs, which has extended the OIG's reach throughout DOT and counterpart state agencies:

LaVan Griffith

For outstanding achievements and superior performance in conducting investigations and related activities for the OIG which have included nine indictments and ten convictions, primarily in the priority area of motor carrier safety during FY 2000.

Joseph B. McGovern

For outstanding contributions in enhancing OIG reports and testimonies, and improving the writing skills of staff through various training sessions to OIG employees including "Getting the Words Right," which she developed, as well as a desktop publishing format she created:

Shirley H. Murphy

For leadership, dedication, and exceptional performance during the past year, which included serving as Project Manager for a complex and highly technical audit of FAA's Oversight of Manufacturers' Quality Assurance Systems:

Tina B. Nysted

For outstanding assistance to the Office of Safety Recommendations and Accomplishments with the design, research, and development of a safety report on the U.S. drinking driver problem, as well as her efforts on the Review of DOT's Rulemaking Process:

Danielle E. Roeber

For sustained excellence in providing timely and high-quality work during a time of particularly heavy workload with high-visibility audits by ensuring the computer-assisted audit and data processing functions continued to run smoothly and ensuring a seamless transfer of OIG data and systems from the TASC Computer Center to the new computing system at FAA:

William E. Savage

For outstanding performance as a team leader in executing the Congressionally-mandated Review of Airline Customer Service, including being instrumental in planning the project and preparing a comprehensive audit plan used by 10 audit teams at 17 air carrier sites nationwide:

Lisa H. Stone

For outstanding performance on the Review of Airline Customer Service, including supervising the work of two teams comprised of four or more auditors/evaluators assigned to three of the airlines under review:

Sharon R. Trodden

MARGUERITE CHRISTENSEN AWARD FOR EXCELLENCE IN ADMINISTRATION

For providing outstanding budget and financial management services to the OIG, ensuring the OIG's budget submission, and formulation and execution were consistently of the highest quality:

Jacquelyn R. Weber

TEAM AWARDS

FLIGHT DELAYS AUDIT TEAM

For outstanding work in the area of flight delays, cancellations, and associated causes. The following OIG employees served on this team:

Mary Sue Hay	Donald E. Pierro	M. J. Mortensen
Jerry E. Seigler	William E. Savage	Catherine Lobue
Darren Murphy	Petra Rose	Randy D. Rohwer
Sandra M. DeLost	Michael P. Dunn	Deborah A. Kloppenburg

HEADQUARTERS NETWORK SECURITY AUDIT TEAM

For outstanding efforts to identify computer security weaknesses and gain corrective actions, including identification of 270 computers accessible from the Internet, 900 computers vulnerable to internal unauthorized access, about 100 vulnerabilities on DOT's web servers, and a need to enhance background checks on employees and contractors assigned to maintain DOT networks. This effort led to testimony by the IG at the request of Congress. The following OIG employees served on this team:

Rebecca C. Leng	William C. Coker	Nathan J. Custer
Ping Z. Sun	Cynthia F. Tims	Cynthia L. Hinkler

TRANSPORTATION RULEMAKING PROCESS AUDIT TEAM

For the timely, comprehensive, and methodologically sound Review of DOT's Rulemaking Process and recommendations to improve the process by emphasizing management accountability. The following OIG employees served on this team:

Ronald H. Hoogenboom	Wendy M. Harris	Madeline M. Chulumovich
William M. Obinger	Kari E. Beitel	Sara J. Ancona
Michael M. Siviyy	Danielle E. Roeber	

TRAVEL POLICIES AND PRACTICES AUDIT TEAM

For outstanding work on reviewing sensitive campaigning and other political activity information on political appointees. Team members exercised utmost tact, diplomacy, and professionalism while continuing to obtain accurate information needed for the review. The following OIG employees served on this team:

Leroy Davis	Thomas E. Wise, Jr.	Stacie A. Seaborne
Ruby B. Porch	LaKarla M. Lindsay	Lucia C. Hutton
	Robert D. Falter	

SHIP SCRAPPING AUDIT TEAM

For outstanding teamwork in disclosing the challenge facing DOT, the Administration, and Congress in disposing of MARAD's fleet of obsolete and environmentally dangerous vessels. The team disclosed that MARAD's current procedures for disposal were not working and that the inventory of vessels awaiting disposal was continuing to grow. The team's report was the subject of three different Congressional hearings and legislative consideration. The following OIG employees served on this team:

Stephen J. Rybicki	Pamela Steele-Nelson	Janice S. Alger
Sara B. Guthrie	Elizabeth McNally	Gary D. Stivers

DEEPWATER CAPABILITY REPLACEMENT PROJECT TEAM

For exceptional work on a complex and timely review of USCG's planning process for the multi-billion dollar Deepwater Capability Replacement Project at the request of the Coast Guard Commandant. This review identified significant budget implications for future years, including an unprecedented increase in USCG's acquisition budget for the next 20 years. The following OIG employees served on this team:

Ronald H. Hoogenboom	Stephen A. Bitter	Ruth A. Blevins
Nathaniel K. Adusei	Sam N. Bellino	Celestine J. Curry
Richard N. Noll	Katya M. Mischenko	

SECURITY CONTRACTOR FRAUD INVESTIGATION TEAM

For outstanding team effort and results in conducting an investigation of a passenger security screening service, which disclosed approximately 100 examples of criminal violations for falsification of employee background checks which are required by FAA regulations. The following OIG employees served on this team:

Michael J. Waters	Michael J. Purcell
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CHICAGO TRACON INVESTIGATION TEAM

For exemplary service in conducting a priority, high-sensitivity investigation of an air-traffic control slowdown at Chicago's O'Hare Airport. This investigation led to significant proposed disciplinary and administrative action against 15 FAA personnel. The following OIG employees served on this team:

Richard C. Beitel, Jr.	James L. Muhlenkamp	Jacquie M. Wente
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 **C o n t a c t s****INSPECTOR GENERAL****Kenneth M. Mead**(202) 366-1959**ACTING DEPUTY INSPECTOR GENERAL****Todd J. Zinser**(202) 366-6767**ASSISTANT INSPECTOR GENERAL FOR AUDITING****Alexis M. Stefani**(202) 366-1992**ACTING ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS****David H. Gamble**(202) 366-1967**SENIOR COUNSEL****Roger P. Williams**(202) 366-8751**SENIOR COUNSEL FOR LEGISLATIVE AND EXTERNAL AFFAIRS****Brian A. Dettelbach**(202) 366-6682**PUBLIC AFFAIRS OFFICER****David Barnes**(202) 366-6312**DEPUTY ASSISTANT INSPECTOR GENERAL FOR AVIATION****David A. Dobbs**(202) 366-0500**DEPUTY ASSISTANT INSPECTOR GENERAL FOR FINANCIAL/
INFORMATION TECHNOLOGY/DEPARTMENTWIDE PROGRAMS****John L. Meche**(202) 366-1496**ACTING DEPUTY ASSISTANT INSPECTOR GENERAL
FOR NATIONAL TRANSPORTATION INFRASTRUCTURE****Thomas J. Howard**(202) 366-0687**DEPUTY ASSISTANT INSPECTOR GENERAL FOR MARITIME AND HIGHWAY SAFETY****Thomas J. Howard**(202) 366-5630**DEPUTY ASSISTANT INSPECTOR GENERAL FOR COMPETITION,
ECONOMIC, RAIL, AND SPECIAL PROGRAMS****Mark R. Dayton**(202) 366-9970