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

December 21, 2012

The Honorable Darrell Issa
Chairman, Committee on Oversight
  and Government Reform
United States House of Representatives
Washington, DC 20515

The Honorable Elijah E. Cummings
Ranking Member, Committee on Oversight
  and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Issa and Ranking Member Cummings:

Thank you for your December 5, 2012, letter requesting that we provide our 10 highest priority open[1] recommendations—5 short-term and 5 long-term—to improve agency efficiency and reduce waste.[2] You also asked that we describe whether and what ways agency management solicits our input about how to improve efficiency and reduce waste.

We continue to support the Department through our audits and investigations as it carries out its mission to improve the management and execution of programs and protect resources from fraud, waste, abuse, and violations of law. As of December 10, 2012, we have identified a total of 637 open recommendations, which were included in 217 audit reports issued between September 2004 and November 2012. We considered several criteria in identifying the following open recommendations as the highest priorities,[3] including their impact on safety, economy, or efficiency; documented vulnerabilities; dollar implications; and the ability of the Department to effect change in these programs or areas.

---

[1] Open recommendations include those for which the Department or an agency has either (1) concurred and proposed action plans but has yet to complete implementation, (2) completed the planned actions but has yet to provide us with supporting documentation, or (3) nonconcurred.

[2] Per your request, we define as short-term those recommendations that can be achieved by December 2013 and long-term as those recommendations that can be achieved after December 2013.

[3] The recommendations we identified as high priority are from reports issued between 2010 and 2012. The order in which the recommendations are listed does not indicate any order of priority within those lists.

CC-2013-007

## Top Five Short-Term Open Recommendations

| Operating Administration | Open Recommendation | OIG Report |
| --- | --- | --- |
| Federal Aviation Administration (FAA) | Ensure the collection and analysis of data regarding domicile and commuting length for all Part 121 flight crews. Specifically, information regarding the number of pilots and other flight-crewmembers who commute, their methods of transportation, and the distances they commute, should be collected. | *FAA and Industry Are Taking Action To Address Pilot Fatigue, but More Information on Pilot Commuting Is Needed,* AV-2011-176, September 12, 2011 |

Pilot fatigue is a longstanding safety issue but was highlighted after the fatal 2009 Colgan accident, in which both pilots commuted hundreds of miles prior to the flight. Our report recommended that FAA collect and analyze information on pilot domicile and commuting[4] to better target solutions to reduce fatigue within the aviation industry. According to the Air Line Pilots Association, roughly 60 percent of its pilots are commuters. FAA has agreed to conduct a "scan of available data" on pilot commuting and will determine whether additional data could offer significant safety benefits by February 2013.

| Operating Administration | Open Recommendation | OIG Report |
| --- | --- | --- |
| Federal Aviation Administration (FAA) | Establish an integrated master schedule framework, policy, and standard operating procedures that include the Segmented Implementation Plan and transformational programs, and a timeline for maturing this capability. | *Status of Transformational Programs and Risks to Achieving NextGen Goals,* AV-2012-094, April 2012 |

FAA now spends almost $1 billion annually to develop and implement the Next Generation Air Transportation System (NextGen). However, it has yet to complete an integrated master schedule to manage implementation of the six programs that will provide the foundational technologies and infrastructure needed for NextGen.[5] The planned master schedule will better coordinate these programs' capabilities—many of which are interdependent—and include timelines and completion dates. Without a master schedule, FAA will be challenged to (1) fully address operational, technical, and programmatic risks; (2) prioritize and make informed tradeoffs for programs' costs and schedules; and (3) determine what capabilities should be delivered first to

---

[4] Commuting is a common aviation industry practice as pilots are not required to live within close proximity of their assigned duty locations. Many pilots reside hundreds or thousands of miles from their duty locations, and their commutes frequently involve cross-country air travel. For example, the National Transportation Safety Board's Colgan investigation revealed that out of 136 Newark-based Colgan pilots, 49 (36 percent), had commutes of at least 400 miles, with some commuting from States such as California, Nevada, and Washington.

[5] These six programs are Automatic Dependent Surveillance-Broadcast, System Wide Information Management, Data Communications, NextGen Network Enabled Weather, NAS Voice System, and Collaborative Air Traffic Management Technologies.

provide users with the greatest benefits. FAA is currently working on the integrated master schedule.

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Department of Transportation (DOT) | Clifton Gunderson recommended that DOT management ensure that OAs perform the quarterly inactive project reviews to ascertain that inactive obligations are liquidated in a timely manner throughout the year. Particular attention should be paid to stagnant or closed projects. | *Quality Control Review of DOT's Audited Consolidated Financial Statements for Fiscal Years 2011 and 2010,* QC-2012-009, November 2011 |

Clifton Gunderson conducted an independent audit of DOT's financial statements and identified a significant deficiency in internal controls over unliquidated obligations (Undelivered Orders, or UDOs).[6] This weakness resulted in inactive grant UDOs of approximately $1.4 billion. These are idle funds that DOT agencies can use for other projects to improve transportation infrastructure and create jobs. DOT concurred with our recommendation and in July 2012 initiated a 60-day, resource-intensive remediation effort to identify and deobligate inactive UDOs that resulted in the liquidation of $2.1 billion in unneeded UDOs. For fiscal year 2013, DOT plans to issue policy requiring DOT agencies to perform quarterly reviews and annual certifications of obligation balances and train personnel who handle them. Implementing this recommendation will help the Department begin correcting a persistent, systemic problem[7] with unliquidated obligations.

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Federal Highway Administration (FHWA) | Implement a coordinated and effective data-driven, risk-based approach for Division Offices and Directors of Field Services to review Agreements annually and make timely revisions, when appropriate. | *Improvements to Stewardship and Oversight Agreements Are Needed To Enhance Federal-Aid Highway Program Management*, MH-2013-001, October 2012 |

Stewardship and oversight agreements are required by law and establish Federal and State responsibilities to oversee about $40 billion in highway funds provided annually to the States. While FHWA fulfilled the statutory mandate to enter into Agreements with each State, the Agreements do not consistently reflect Federal requirements or program risks and priorities that FHWA has identified and communicated to its Division Offices. FHWA plans to implement this recommendation and others from

---

[6] UDOs represent goods or services ordered, which have not been received prior to the end of the reporting period. Grant UDOs represent funding obligated through grantee agreements that have not been disbursed prior to the end of the reporting period.

[7] UDOs were elevated to a material weakness during the fiscal year 2012 audit, and while DOT's immediate efforts were commendable and substantially reduced the unneeded UDO balance, additional action is needed to ensure UDOs are deobligated in a timely manner in the future.

our report through its Program of Oversight Initiatives (POI)—oversight plans at its Division Offices. We have requested an action plan to clarify the relationship between Agreements and the POIs and identify the criteria that FHWA's three Directors of Field Services—who oversee the Division Offices in their regions—will use to approve POIs. We also recommended that the action plan be reflected in FHWA guidance and in each Division Office's POI.

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Federal Motor Carrier Safety Administration (FMCSA) | Publish a final rule on passenger carrier leasing with requirements similar to those for property carriers. | *Timely and Targeted FMCSA Action Is Needed To Fully Address NTSB Recommendations for Improving Passenger Carrier Oversight,* MH-2012-087, April 2012 |

FMCSA oversees more than 3,000 passenger carriers that operate millions of trips per year. Following its investigation of a fatal bus crash in 2008 near Victoria, Texas, the National Transportation Safety Board (NTSB) recommended that FMCSA require documentation of passenger carrier bus leases, as it does for property carriers. NTSB determined the Texas bus company was, in effect, shielded from FMCSA oversight because of a lease agreement with another company. FMCSA concurred with our recommendation and plans to issue a final rule by December 31, 2013.

## Top Five Long-Term Open Recommendations

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Department of Transportation (DOT) | Implement the use of PIV cards as the primary authentication mechanism to support multi-factor authentication at the system and application level for all DOT employees and contractors. | *Timely Actions Needed To Improve DOT's Cybersecurity,* FI-2011-022, November 2010 |

This is an administration priority, and the Office of Management and Budget required that, by 2012, all Federal personnel use personal identity verification (PIV) cards to log on to agency computers for multifactor user identity authentication. As of June 2012, only 42 percent of DOT's systems were enabled for user logon with PIVs, and only 7 percent actually used PIV for identity authentication. DOT concurred with our recommendation, continued issuing PIV cards in fiscal year 2012, and designated PIV card deployment for authentication as one of its top cybersecurity priorities for fiscal year 2013. DOT plans to complete this action in fiscal year 2016.

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Department of Transportation (DOT) | Develop and/or revise the Department's EA policy and procedures to address the following: development, maintenance, and use of EA in the IT investment process. | *DOT Does Not Have an Effective Enterprise Architecture Program for Management of Information Technology Changes,* FI-2012-086, April 2012 |

With approximately $3 billion in annual expenditures and about 400 information technology (IT) systems, DOT has one of the largest IT investments in the Federal Government. Under the Clinger-Cohen Act,[8] each Federal department must implement a management framework—known as an "enterprise architecture" (EA)—to effectively manage IT investments. An effective EA drives all information technology changes and results in reduced costs in purchasing, training, and staffing; improved security through the development and use of mandatory security standards; and reduced technical risk by using industry standards on technology infrastructure. Because DOT currently lacks an EA it cannot be sure that it is maximizing returns on IT investments through cost savings, reducing duplicative systems, aligning information technology to mission, and effectively spending information security funds—all critical requirements in an environment of scarce resources. DOT concurred and plans to develop an overarching policy by May 2013. However, DOT indicated that it would need funding to implement this policy and would commit to a completion date when funding becomes available.

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Federal Railroad Administration (FRA) | Complete the National Rail Plan and include in it measurable performance goals and clear stakeholder roles. | *FRA Has Made Progress in Implementing PRIIA Responsibilities, but Challenges for Long-Term HSIPR Remain,* CR-2012-072, March 2012 |

The National Rail Plan (NRP) will form the framework for the future of passenger rail across the entire country so that public and private stakeholders understand their roles in developing services and can invest with certainty. When complete, the NRP will also identify specific interstate corridor goals and measures of success. Delays in establishing the NRP could result in FRA investing billions of dollars in Federal grant funds without assurance that these efforts support national policy goals, and stakeholders will remain reluctant to commit. FRA currently plans to complete the NRP in June 2014.

---

[8] Clinger-Cohen Act (formerly the Information Technology Management Reform Act), Pub. L. No. 104-106, Division E (1996); codified at 40 U.S.C. § 11101, et seq. (2011).

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Federal Highway Administration (FHWA) | Report regularly to internal and external stakeholders on the effectiveness of States' efforts to improve the condition of the Nation's deficient bridges based on the analysis of Highway Bridge Program expenditure data and an evaluation of progress made in achieving performance targets. | *Assessment of FHWA Oversight of the Highway Bridge Program and the National Bridge Inspection Program,* MH-2010-039, January 2010 |

According to FHWA, about one-fourth of the Nation's more than 600,000 bridges have major deterioration, structural cracks, or other deficiencies. Given the limited funding to address these deficiencies, we have emphasized over the past 2 decades the need to improve the quality of inspection data and implement data-driven, risk-based oversight to prioritize bridge safety risks. Such action will also be critical to help FHWA meet new requirements for more performance-based management of highway bridges in the Moving Ahead for Progress in the 21st Century Act.[9] DOT agreed to develop a new template by the end of 2013 to report on States' efforts to address deficient bridges and to take steps by 2015 to enhance the level of detail reported on bridge conditions.

| Operating Administration | Open Recommendation | OIG Report |
|---|---|---|
| Federal Aviation Administration (FAA) | To assist FAA in achieving a successful air traffic facility realignment and consolidation plan, the Agency should develop comprehensive and regularly updated cost estimates that include, at a minimum, estimates for construction, equipment, increased salaries, relocation expenses, and training. | *The Success of FAA's Long-Term Plan for Air Traffic Facility Realignments and Consolidations Depends on Addressing Key Technical, Financial, and Workforce Challenges,* AV-2012-151, July 2012 |

FAA has plans to realign or consolidate its network of manned air traffic control facilities into centralized locations as a critical step in its NextGen efforts and in replacing its aging infrastructure. Our recommendation is key due to FAA's multibillion-dollar cost estimate for the effort and the impact it will have on facilities within the National Airspace System with respect to cost, technical challenges, and the aviation workforce. FAA concurred with our recommendation and plans to provide a detailed cost estimate for the first integrated facility in the New York metropolitan area by December 31, 2014. To completely implement our recommendation, FAA will also need to produce detailed financial information for Congress and other stakeholders regarding its longer term plans for other facilities.

---

[9] The Moving Ahead for Progress in the 21st Century Act (MAP-21), Pub. L. No. 112-141 (2012).

## Departmental Coordination with the Office of Inspector General

We are pleased to report that the Department involves our office in various ways to aid its efforts to improve efficiency and reduce waste. These include requesting reviews of specific issues; soliciting our ideas on how to improve its practices during the course of audits; and inviting our staff to speak at conferences and panels, provide modal briefings, or attend workshops. In addition, our senior audit executives meet at least annually with senior management from each Operating Administration to discuss top audit priorities for combating waste, fraud, and abuse as well as ways to improve program efficiency. The following examples describe specific instances of our collaboration with the Department:

- The Federal Transit Administrator requested that our office review oversight procedures in its Region III to supplement the Agency's senior management nationwide review of its grant oversight program. We conducted the review and in August 2012 made six recommendations to enhance the level of oversight that the Federal Transit Administration (FTA) provides over grantees, develop performance measures assessing the effectiveness of the outcomes of its overall oversight program, and ensure regions do not close findings before receiving documentation showing that they have been fully resolved. FTA fully concurred and provided responsive plans to address our recommendations as it completes its review.

- FAA's Chief Counsel requested our assistance in identifying major organizational weaknesses that made its administration of multiple award support services ineffective. We provided general advice on weaknesses that existed in FAA's Headquarters operations, such as a lack of acquisition professionals who should be in place to oversee the implementation of its Acquisition Management System and award of large support service contracts. In addition, the DOT Senior Procurement Executive requested that we present our findings on several ongoing acquisition audits and convey some of the management weaknesses we have encountered in our work at the 2012 DOT Spring Acquisition Conference.

- At the request of the Deputy Secretary and Chief Information Officer, we developed Information Security Modal Report Cards, which score each Administration's cybersecurity performance using the same methodology that the Office of Management and Budget uses to score the Department. The intent of the request was to obtain information to better target resources in addressing information security weaknesses throughout DOT. Historically, we had targeted our reviews of DOT's information security at the Department level. In 2011, we briefed the Deputy Secretary and the Chief Information Officer on our first report cards, and, at their request, will continue to provide these report cards annually.
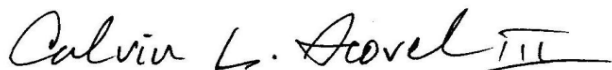
We also briefed several Administrators on the specific results for their respective agencies.

- After we reported in September 2010 to FAA that the performance measures for its Air Traffic Control Optimum Training Solution (ATCOTS) contract were ineffective for controlling costs and meeting goals, FAA requested our input on how to design performance measures to better hold the contractor accountable. We provided FAA with regulations and best practices documented in award fee guides used throughout the Federal Government to enhance its awareness of relevant guidance and practices that could be applied for the ATCOTS program.

- Our office has both self-initiated and received invitations from Operating Administrations and State officials to give fraud awareness and prevention presentations. Since the inception of the American Recovery and Reinvestment Act,[10] our staff has conducted over 300 such briefings and meetings to more than 21,000 participants. Audiences have included officials from FHWA, FAA, FRA, the District of Columbia and Puerto Rico, State DOT officials from every State, FTA officials, local transit authority staff, and local aviation authorities. These presentations aim to alert stakeholders to common fraud schemes (e.g., disadvantaged business enterprise fraud, collusive bid rigging, product substitution, bribery and kickbacks, and conflicts of interest). In addition, Operating Administrations have invited our staff to give presentations at other forums, such as FTA's workshops that take place across the country.

In closing, we appreciate the Department's responsiveness to our findings and recommendations and the Secretary's commitment to ensuring the safe and efficient operation of our national transportation system. We note that the Deputy Secretary is actively engaged in working with DOT's Operating Administrators to ensure that appropriate corrective actions are quickly taken to resolve and close our recommendations.

If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,

Calvin L. Scovel III
Inspector General

---

[10] American Recovery and Reinvestment Act (ARRA), Pub. L. No. 111-5 (2009).