

DOT OIG Recovery Act Plan Overview

OIG Name:	U.S. Department of Transportation, Office of Inspector General
OIG Broad Recovery Act Goals:	Conduct timely oversight of DOT ARRA funds while focusing on three major challenges facing the Department: (1) ensuring that DOT's grantees properly spend ARRA funds; (2) implementing new accountability requirements and programs mandated by ARRA; and (3) combating fraud waste, abuse, and mismanagement.
OIG Broad Training and Outreach Recovery Act Goals:	Conduct fraud awareness and prevention activities to alert DOT staff and grantees, including contractors, at all levels of government on how to recognize, prevent, and report suspected fraud.
OIG Recovery Act Risk Assessment Process:	DOT OIG is using a three-phase approach to conduct audit and investigative work by emphasizing high-risk areas and promptly report results: Phase 1--conduct a comprehensive review of prior reports and testimonies to identify major challenges facing DOT with the implementation of ARRA and identify actions DOT should take now to address known challenges--(COMPLETED); Phase 2--conduct a systematic scan of DOT agencies receiving ARRA funding to examine vulnerabilities in program management and planning that could impede DOT's ability to effectively oversee ARRA-funded projects and meet new statutory and OMB requirements--(COMPLETED); and Phase 3--Target for audit and investigation, specific DOT programs and projects, emerging as vulnerable/high-risk areas as a result of the scan completed; proactive investigations initiated; and fraud prevention outreach and training conducted in Phase 2--(ONGOING). We will promptly notify DOT, Congress and the public through ARRA Advisories and reports, of DOT actions needed to achieve ARRA goals.
OIG Recovery Act Funds:	\$20,000,000
Expiration Date of OIG Recovery Act Funds:	30-Dec-12
OIG Recovery Act Funds Allocated to Contracts:	Yes
Purpose of Recovery Act Contracts:	To identify and discuss best practices in forecasting financial aspects of high-speed rail and more general intercity passenger rail projects including ridership and revenues, operating costs and public benefits.
Types of Recovery Act Contracts Awarded to Date:	Competitive
Link to OIG Recovery Act Work Plan:	www.oig.dot.gov/recovery

DOT OIG Recovery Act Audit Reports	
Issued	Title/Link
3/31/2009	American Recovery and Reinvestment Act of 2009: Oversight Challenges Facing the Department of Transportation
10/6/2009	Status of Operating Administrations' Processes to Conduct Limited Quality Reviews of Recovery Act Recipient Data
11/30/2009	Department of Transportation's Implementation of the American Recovery and Reinvestment Act Continued Management Attention is Needed to Address Oversight Vulnerabilities
1/7/2009	Department of Transportation's Suspension and Debarment Program Does Not Safeguard Against Awards to Improper Parties
2/23/2010	Recovery Act Data Quality: Errors in Recipients' Reports Obscure Transparency
10/22/2010	ARRA Websites Vulnerable to Hackers and Carry Security Risks
1/6/2011	Actions Needed To Strengthen FHWA's National Review Teams
1/27/2011	Amtrak Made Significant Improvements in its Long-Term Capital Planning Process
1/27/2011	FAA Fulfilled Most ARRA Requirements In Awarding Airport Grants
7/15/2011	FHWA's Oversight of Federal-Aid And Recovery Act Projects Administered by LPA's Needs Strengthening
8/15/2011	NY Fulton St. Transit Center: FTA's Sustained Focus on Key Risk Areas is Needed Until the Project Is Completed

DOT OIG Recovery Act Issued Products

DOT OIG Recovery Act Advisories	
Issued	Title/Link
5/18/2009	Department's Suspension and Debarment Program
6/22/2009	Sampling of Improper Payments in Major DOT Grants Programs
8/6/2009	Federal Aviation Administration's Award of the Recovery Act Grant Funds to Airport Improvement Program Projects by August 5, 2009
6/28/2010	FHWA's Oversight of the Use of Value Engineering Studies on ARRA Highway and Bridge Projects
DOT OIG Recovery Act Testimonies	
Issued	Title/Link
3/10/2009	Top Management Challenges Facing the Department of Transportation
4/29/2009	ARRA: DOT's Implementation Challenges and the OIG's Strategy for Continued Oversight of Funds and Programs
4/30/2009	ARRA: DOT's Implementation Challenges and the OIG's Strategy for Continued Oversight of Funds and Programs
3/18/2010	Weaknesses in DOT's Suspension and Debarment Program Limit Its Protection of Government Funds
4/29/2010	Federal Railroad Administration Faces Challenges in Carrying Out Expanded Role
5/4/2011	Ensuring ARRA Funds Are Spent Appropriately To Maximize Program Goals

DOT OIG Ongoing Recovery Act Audits

#	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins (Date Initiated)	Link to Announcement Memorandum
1	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	Intercity Passenger Rail Service Bottlenecks	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	(1) Identify locations where substantial delays consistently occur (i.e. "bottlenecks") on Amtrak routes; (2) identify statistically significant determinants of Amtrak delays; and (3) assess the degree of influence each determinant has on Amtrak delays overall, by route, and at bottlenecks.	5/5/2009	Audit of Intercity Passenger Rail Service Bottlenecks
2	FHWA Highway Infrastructure Investment	FHWA's Oversight of Federal-aid State ARRA Contract Award Practices	ARRA includes an emphasis on the use of fixed-price contracts and competitive procedures to the maximum extent practicable, which applies to Federal-aid state contracts. FHWA's ARRA risk assessment identified state contract award and administration issues as risk areas. Also, our scan work found that state DOT workforces were often capped or shrinking as workload grows under ARRA.	Assess the adequacy of FHWA's oversight of state Department of Transportation contracting practices for awarding ARRA contracts.	10/28/2009	Audit of FHWA's Federal-Aid Highway Program Oversight of Procurement Practices For Recovery Act-Funded Contracts At State DOTs
3	FTA's Major Projects - Dulles Corridor Metrorail Project Phase I	FTA's Oversight of the Dulles Corridor Metrorail Project Phase I	In 2007, we issued a baseline report on this project that outlined key concerns related to the project's cost and schedule estimates, funding, and management. The project involves a \$900 million Federal investment and accelerated \$77 million in payments authorized by ARRA.	Evaluate the effectiveness of FTA's oversight of the Dulles Corridor Metrorail Project and assess potential safety concerns.	11/19/2009	Audit of FTA's Oversight of the Dulles Corridor Metrorail Project
4	FAA Grants-in-aid for Airports and Facilities and Equipment	FAA's Job Creation Under the American Recovery and Reinvestment Act of 2009	ARRA requires DOT grant recipients to periodically report "the number of direct, on-project jobs created or sustained by the Federal funds provided for projects. . . and, to the extent possible, the estimated indirect jobs created or sustained in the associated supplying industries."	Determine whether (1) AIP and F&E projects funded under ARRA are preserving and creating jobs and (2) the reporting of job data satisfies ARRA requirements.	11/19/2009	Audit of FAA's Job Creation Under the Recovery Act
5	All ARRA-funded programs and projects within FAA, FHWA, FRA, FTA, OST, and MARAD	Implementing Single Audit Recommendations and Cost Recovery	DOT Modal Administrations are required to render a management decision on Single Audit findings within 6 months of receipt of the audit report according to OMB Circular A-133 section 405 (d).	Determine if (1) questioned costs identified in Single Audits are properly followed up by the DOT Operating Administrations, and (2) internal control problems (material weaknesses and significant deficiencies) are corrected by DOT grantees in a timely manner.	12/22/2009	Audit of DOT's Implementation of Single Audit Recommendations and Cost Recovery
6	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	High Speed Rail Financial Forecasting Best Practices	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	Determine best practices in preparation of ridership and revenue forecasts, cost estimates, and public benefits' valuations.	1/4/2010	Review of High Speed Rail and Intercity Passenger Rail Forecasting Practices
7	FHWA Highway Infrastructure Investment	FHWA Oversight of Higher Dollar Value Recovery Act Highway Projects	ARRA required FHWA to ensure states receiving ARRA funds adhere to all Federal-aid highway program requirements. Failure to fully meet key requirements on higher dollar value projects could impact project cost, quality, or timely completion.	Determine whether FHWA's oversight of selected ARRA projects has resulted in project compliance with key Federal-aid highway cost, quality, and completion requirements.	1/20/2010	FHWA's Oversight of Higher Dollar Recovery Act Highway Projects

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8	FRA Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service	High-Speed Rail And Intercity Passenger Rail Infrastructure Access Agreements	FRA received \$8 billion in ARRA funding for awarding grants to States to develop high-speed rail corridors and improve intercity passenger rail service. In our March 31, 2009 report, "ARRA 2009: Oversight Challenges Facing the Department of Transportation," we identified FRA's new passenger rail program as a risk since FRA has not previously implemented a large-scale high-speed passenger rail program.	Determine whether the access agreements (1) comply with the requirements set forth in the Passenger Rail Investment and Improvement Act of 2008; and (2) adequately address cost, schedule, and performance goals ensuring that the High-Speed Intercity Passenger Rail grant program benefits are achieved.	3/25/2010	FRA High-Speed Rail and Intercity Passenger Rail Infrastructure Access Agreements
9	OST Supplemental Discretionary Grants Program	OST's TIGER Discretionary Grants Program	In addition to increasing funding for existing DOT programs, ARRA created new discretionary grant programs, including \$1.5 billion for surface transportation infrastructure projects to be administered by the Office of the Secretary (OST).	Assess (1) OST's management of the TIGER program including the performance measures for determining economic transportation -related impacts and (2) each Operating Administration's oversight of their respective TIGER projects.	10/22/2010	Audit of OST's TIGER Discretionary Grant Program
10	FAA Grants-in-aid for Airports	FAA's Oversight of ARRA Expenditures for Airport Projects	Our ARRA Advisory issued August 6, 2009, reported that FAA has awarded grants to sponsors with multi-year histories of grant management problems. This raises concerns regarding FAA's ability to ensure ARRA funds are effectively administered.	Determine whether FAA oversight of ARRA grants is ensuring that airport sponsors are being reimbursed for only eligible expenditures.	10/22/2010	Audit of FAA's Oversight of ARRA Expenditures
11	High Speed Intercity Passenger Rail Program (HSIPR)	FRA's Progress in Administering Major Grants	HSIPR will transform the nation's rail system and the way Americans approach regional travel. It will require a major transformation of FRA to include developing written policies and practices to guide the program's grant lifecycle process and hire adequate staff to oversee program implementation. At the same time, FRA must continue to carry out its traditional responsibilities, such as oversight of Amtrak, and execute responsibilities associated with other Passenger Rail Investment and Improvement Act initiatives.	Evaluate FRA's grant management framework and its process for determining its expanded grant management workforce needs and identify the challenges FRA faces in awarding, obligating, and disbursing grant funds to states.	1/19/2011	FRA's Progress in Administering Major Grants
12	FTA Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and Capital Investment Grants	Improper Payment Oversight at FTA	The Improper Payments Information Act requires agencies to test for improper payments in those programs deemed susceptible.	Evaluate whether FTA has adequate internal controls to prevent, detect and recapture improper payments to ARRA grant recipients.	3/14/2011	Improper Payment Oversight in FTA ARRA Programs
13	FHWA Highway Infrastructure Investment	FHWA's Stewardship and Oversight Agreements with States	FHWA delegates much of the oversight responsibility for highway projects to states, but it is ultimately accountable for ensuring that projects meet established Federal requirements. In addition, FHWA and states must adhere to new ARRA time frames, accountability, and reporting standards. However, given FHWA's and the states' limited resources, ARRA further challenges their ability to oversee Federal highway projects.	Determine whether FHWA provides sufficient guidance and direction to its Division Offices so that Stewardship and Oversight Agreements address Federal requirements and program risks, including those resulting from ARRA.	4/4/2011	FHWA's Stewardship and Oversight Agreements with States

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14	FHWA Highway Infrastructure Investment	FHWA's Full Oversight Activities During ARRA Construction	FHWA has increased its oversight of ARRA funds by undertaking "full oversight" of a number of ARRA projects. By undertaking full oversight, FHWA retains project level approval responsibilities regarding project design, plans, specifications, and estimates and contract awards and inspections—responsibilities typically delegated to the states in accordance with Stewardship and Oversight Agreements.	Assess FHWA's guidance for conducting full oversight during project construction and determine whether FHWA's implementation of its full oversight guidance results in ARRA projects meeting quality and cost requirements.	5/19/2011	FHWA's Full Oversight Activities During ARRA Construction

DOT OIG FY 12 Planned Recovery Act Audits

#	Agency	Program Area	Project Title	Background	Objective	Expected Quarter Work Begins
1	FHWA	FHWA Highway Infrastructure Investment	FHWA Oversight of Recovery Act Federal Lands Projects	FHWA's Federal Lands Highway (FLH) office` directly manages the transportation needs of 300,000 miles of public roads serving Federal and Indian lands. FLH is the largest program directly managed by FHWA. FLH received \$550 million in ARRA funding and was designated as a high-risk program by FHWA.	Determine whether FLH oversight ensures (1) federal funds are used appropriately and efficiently to improve the safety and conditions of roads and bridges; and (2) projects comply with applicable Federal and ARRA requirements.	Q2 FY 12
2	FHWA	FHWA Highway Infrastructure Investment	FHWA's Oversight of Construction Change Orders and Claims	OIG audit and investigative work has identified a high risk of improper payments being made for unsupported and unjustified construction change orders and claims on FHWA highway projects. This is of particular concern because ARRA construction contracts across the country generally were awarded substantially under states' engineering estimates (up to 30% under).	Assess whether FHWA has taken steps to reduce the risk of states approving ARRA-funded change orders and claims for projects under construction that are not fully justified or properly priced and identify ARRA project costs not appropriately supported.	Q2 FY 12
3	FHWA	FHWA Highway Infrastructure Investment	Improper Payment Oversight at FHWA	The Improper Payments Information Act requires agencies to test for improper payments in those programs deemed susceptible.	Evaluate whether FHWA has adequate internal controls to prevent, detect and recapture improper payments to grant recipients.	Q3 FY 12
4	FRA	High Speed Intercity Passenger Rail Program (HSIPR)	FRA's National Environmental Protection Act (NEPA) Process	NEPA requires FRA, as a federal agency, to assess the environmental impacts of its proposed actions prior to making decisions. Each federal agency establishes its own NEPA review process. Thus inefficiencies and redundancies in the NEPA review process are common among projects that involve more than one agency. For HSIPR funded projects, the states, the freight railroads, and Amtrak have sought agency coordination on NEPA matters between the FRA, FTA and FHWA.	Evaluate FRA's process for reviewing and approving NEPA requirements for rail grants and determine the differences and similarities between FHWA, FTA, and FRA processes for granting NEPA approval for rail related projects.	Q2 FY 12

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5	FTA	FTA's Oversight of Grantees' ARRA Contract Award and Administration Practices	FTA's Oversight of Grantees' ARRA Contract Award and Administration Practices	ARRA includes an emphasis on use of fixed-price contracts and competitive procedures to the maximum extent practicable, which applies to contracts under FTA grants. However, FTA has no mechanism for pre-award reviews of compliance with ARRA and other contracting mandates.	Assess the adequacy of FTA's oversight of state and transit agency level contract award and administration practices to ensure compliance with laws and regulations, as well as cost, schedule, and performance goals.	Q3 FY 12