What’s New with the OIG?
Recent Activity and Future Audit Plans Impacting the AASHTO Community
AASHTO Internal/External Audit Meeting
Missoula, Montana
July 11, 2017

Topics
- What’s In It For Me?
- About the OIG
  - OIG’s Role and Organization Chart
  - Accomplishments and Return On Investment
  - Investigations
  - Audit Process
- Audits of Interest (Past, Present, and Future)
- Our Role Regarding Single Audits
- Our New Recommendation Dashboard
- Questions and Comments

What’s In It For Me?
- OIG Audits Impact DOT Oversight
- Heads Up on Future Issues
- Insight on Successfully Navigating a Future Audit
- Meet Yellow Book Responsibilities
What is the role of the OIG?

Established by Congress in 1978, the OIG is dedicated to providing independent and objective reviews of departmental programs and operations.

Through its audits and investigations, OIG works to detect and prevent fraud, waste, and abuse and promote economy, efficiency, and effectiveness at DOT.

OIG also consults with Congress about departmental programs and proposed laws and regulations.

OIG Organization Chart

OIG Accomplishments

For the first half of fiscal year 2017

- 164/160 investigations
- 25/31 investigations/hour
- $1.01b in savings

39 audit reports issued
138 recommendations
18 reports issued
OIG’s Return On Investment

• For fiscal year 2016:
  • OIG returned $54 for every apportioned dollar-achieving its return on investment with just a fraction of the Department’s total workforce and budget.
  • Enacted full-time equivalent:
    ➢ OIG = 395; Department = 54,344
  • Appropriated Budget:
    ➢ OIG = $87.5 million; Department $76 billion

Office of Investigations

• Conducts criminal and civil investigations of transportation safety, fraud, and other allegations affecting all DOT Operating Administrations, programs, contractors, grantees, and regulated entities.
• Partners with Federal, State, and local law enforcement agencies and prosecutors.

DOT OIG Resources

- Special Agents with statutory law enforcement authority
- Investigative tools (Search warrants, undercover ops, body wires, IG subpoenas)
- Expertise in transportation related safety & fraud investigations
- Computer forensics unit

Investigative Regions

(1) Cambridge, MA
   (617) 865-2960
(2) New York, NY
   (212) 337-1250
(3) Washington, DC
   (202) 353-0106
(4) Atlanta, GA
   (404) 562-3850
(5) Chicago, IL
   (312) 353-0106
(6) Ft. Worth, TX
   (817) 978-3236
(7) San Francisco, CA
   (415) 744-3090
What Do We Investigate?

Transportation Safety
Contract and Grant Fraud—Includes DOT fraud
Consumer and Workforce Fraud
Employee Integrity
Other Investigative Areas

The New DACC

DACC—Data Analytics and Computer Crimes Unit

• The purpose of the DACC unit is to corroborate and analyze massive amounts of data collected by the Department.

• The goal of the DACC unit is to aid in:
  • Proactive investigations and audits
  • Predictive analytics using fraud indicators
  • “Ring-buster” – connecting dots across DOT that we may not have otherwise seen

How Do We Decide What to Audit?

• Mandated:
  • Department and Congressional requests
  • Legislative mandates

• Self Initiated:
  • Relevancy of program mission to national issues
  • Magnitude of Federal funds
  • Hotline complaints
  • History of issues with the program or risk of abuse
**OIG Audit Process**

Systematic and Methodical Audit Process

- 10-month goal for completing draft audit reports.
- Maintain open and constant communication with the auditee and liaisons for a cooperative working relationship.
- Findings briefed and thoroughly vetted with internal and external stakeholders/auditees prior to the Draft Report.
- You can always call us during our reviews.

*Our goal is accuracy and "no surprises"*

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**Audits of Interest (Past)**

- NAFTA Cross-Border Trucking Pilot Program
- Bridge Safety
- MAP-21 Subtitle C
- Byrne Cross-Border Funding Plan Program
- Bridge Audits

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**Audits of Interest (Ongoing)**

- FHWA's Construction Force Accounts
- FHWA's Public-Private Partnerships
- FHWA's Emergency Relief Program to Improve Resilience
- FHWA's Oversight of Integrity Monitors
- DOT Criminal Referrals
- NHTSA's Vehicle Safety Recall Process
- FHWA's Fire Protection
- FHWA's Emergency Relief Program to Improve Resilience
- FIS Fire Protection

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Audits of Interest (Future)

- Financial Management
- Effectiveness of all safety programs
- Planned Work
- Drug Testing
- Contractual and Interagency Agreements
- Legislative Mandates
- Results-Oriented
- Organizational and Management Effectiveness
- Grant Oversight

Challenge: Do More With Less (Funding, Time, Staffing, etc.)

Single Audits - Background

- Every year, the Federal Government provides billions in grants to State, local and tribal governments, colleges, universities, and other non-profit organizations (non-Federal entities).
- The Single Audit Act Amendments of 1996 (Single Audit Act); Office of Budget and Management Circular Number A-133, “Audits of States, Local Governments, and Non-Profit Organizations” (OMB Circular A-133); and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance) provide audit requirements for ensuring that these funds are expended properly.
- Grantees are required to arrange to be audited. Further, OIG has purview over grantees’ audits for oversight purposes.

Single Audits - OIG’s Role and Processes

- DOT is Cognizant for about 75 grantees
- OIG issued 80 Single Audit Quality Control Reviews or Action Memorandums last year with over $37 million in questioned costs
- Overview of key processes:

  Figure 1: Quality Control Review Process
  - OIG issues a letter to the Cognizant Agency
  - Cognizant Agency performs a quality control review
  - OIG reviews the quality control report
  - OIG issues an action memorandum

  Figure 2: Single Audit Report’s Finding Process
  - OIG issues a letter to the Cognizant Agency
  - Cognizant Agency performs a single audit
  - OIG receives a report with findings
  - OIG reviews the findings
  - OIG issues an action memorandum

- Grants and Other Recommendations
Single Audits - Review Selection and Results

- Annual Quality Control Review selections are based on:
  - History with Grantees and Non-Federal Auditors
  - Mix of DOT Funding (FHWA, FTA, FAA, etc.)
  - Mix of Cognizant and Oversight DOT Grantees
- OIG summarizes its review in a Quality Control Review report, which is posted on the OIG's Web Site.
- Final Results (3 Categories) are from the CIGIE Checklist:
  - Pass
  - Pass with deficiencies
  - Fail

Recommendation Dashboard

- Increased emphasis on closing recommendations and meeting target action dates.
- We work with our auditees to develop “doable” recommendations directly aimed at addressing findings.
- On Nov 30, 2016, OIG deployed its Recommendation Dashboard with the goal of enhancing transparency and accountability.
- The Dashboard provides information on the status of our audit recommendations from reports issued as of July 1, 2016.

www.oig.dot.gov/recommendation-dashboard

www.oig.dot.gov
Contact Information

- National OIG Hotline: (800) 424 - 9071 or (202) 366 - 1461
- OIG Hotline E-mail: hotline@oig.dot.gov
- OIG Web Page: www.oig.dot.gov

Questions and Comments