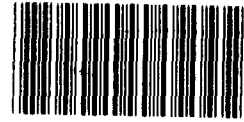


Resources, Community, and
Economic Development Division

B-248084

May 5, 1992



146522

The Honorable Jon H. Seymour
Assistant Secretary for Administration
Department of Transportation

Dear Mr. Seymour:

As we recently discussed with you and members of your office, we have completed our survey of the systems that the Department of Transportation (DOT) and its operating administrations have for responding to GAO's recommendations and tracking actions taken on them. Because of other work priorities, we are not proceeding at this time to a more detailed review of the systems. However, as discussed at the meeting, we noted three matters on which we believe corrective action is needed. These matters, which are summarized in this letter and discussed in more detail in enclosures I through III, were brought to your attention in view of your interest in improving the Department's and operating administrations' efforts to respond to and implement GAO's recommendations on a timely basis.

The three matters relate to the Department's incomplete compliance with legislative, Office of Management and Budget (OMB), and/or DOT requirements in the following areas:

- Advising congressional committees within a specified time of actions taken or to be taken on GAO's recommendations. DOT has not been timely in submitting written statements to the House Committee on Government Operations and the Senate Committee on Governmental Affairs of actions taken or to be taken on GAO's recommendations. A 60-day limit from the report date (or the date of the letter transmitting the report to the agency) is set by 31 U.S.C. 720. This limit is repeated or referred to in OMB and DOT directives on audit follow-up. For 97 GAO products issued from January 1985 through September 1990, an average of 184 days--three times the statutory limit--elapsed before DOT sent the required written statements to the committees. (See enc. I.)

- Establishing expected dates for completing corrective action. For about one-quarter of the recommendations included in DOT's written statements to the congressional committees between May 12, 1989, and March 13, 1991, DOT did not, as required by OMB and DOT directives, establish expected dates for completing corrective actions on GAO's recommendations. Our analysis of DOT's written statements on 60 GAO products with 158 recommendations showed that DOT specified expected completion dates for 20 percent of the recommendations. For another 56 percent, specifying expected completion dates was either not necessary or not possible. For the remaining 24 percent, expected completion dates could or should have been specified, but they were not. (See enc. II.)
- Periodically evaluating recommendation response and tracking systems and their effectiveness. Except in a few cases, DOT's and the operating administrations' recommendation response and tracking systems and their effectiveness had not been periodically evaluated, as required by OMB Circular No. A-50. Such evaluations are intended to determine whether the systems result in efficient, prompt, and proper resolution and corrective action on audit recommendations. (See enc. III.)

In our recent meeting, you and the other DOT officials--the Deputy Assistant Secretary for Administration; the Director, Office of Management Planning (OMP); and the Chief, Audit and Evaluation Liaison Division, OMP--said that you had no dispute with our findings. You and the other officials said, however, that OMP had made some improvements in the report response system since the time of our survey. The OMP Director said that her office had instituted a tracking system on report responses, which enables quick identification of the status of a response. The Chief of OMP's Audit and Evaluation Liaison Division said that he had been working to get top management's attention on the importance of timely responses and had worked with staff at other levels to improve timeliness. He also said that he was screening the operating administrations' responses more closely to make sure that their responses were comprehensible, actually responded to the recommendations, and included expected completion dates where warranted.

While we recognize that some actions have been taken to improve the tracking and content of report responses, we believe that additional actions are needed. Specifically,

we recommend that, to improve the Department's compliance with the cited legislative, OMB, and DOT requirements, you

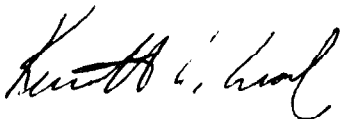
- assess DOT's procedures for developing, reviewing, coordinating, and processing statements to appropriate congressional committees on GAO's recommendations; identify needed improvements in such procedures; and initiate corrective actions to improve the timeliness of written statements on GAO's recommendations;
- emphasize to the operating administrations and other DOT entities responsible for developing responses to GAO's recommendations the importance of complying with OMB and DOT directives on the establishment of expected completion dates in all appropriate cases, and take steps to ensure that such dates are included, when appropriate, in the Department's written statements; and
- develop a strategy and a timetable for periodic evaluations of the Department's and operating administrations' systems for responding to and tracking action on GAO's recommendations.

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We are sending a copy of this letter to the Department's Inspector General. We will provide copies to others on request.

We appreciate the cooperation and assistance extended to our staff by OMP officials, Office of Inspector General representatives, and the operating administrations' GAO liaison officials. We would appreciate being advised of any actions you take or plan on our recommendations. If you desire, we would be happy to meet with you or your representatives to further discuss the matters covered in this letter. My telephone number is (202) 275-1000.

Sincerely yours,



Kenneth M. Mead
Director, Transportation Issues

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ABBREVIATIONS

DOT	Department of Transportation
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMFIA	Federal Managers' Financial Integrity Act
FRA	Federal Railroad Administration
GAO	General Accounting Office
MARAD	Maritime Administration
NHTSA	National Highway Traffic Safety Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMP	Office of Management Planning
OST	Office of the Secretary of Transportation
RSPA	Research and Special Programs Administration
UMTA	Urban Mass Transportation Administration

TIME REQUIREMENT FOR ADVISING CONGRESSIONAL COMMITTEES OF
CORRECTIVE ACTIONS GENERALLY NOT MET

Our analysis of the times taken by the Department of Transportation (DOT) to provide written responses on 97 GAO products issued from January 1985 through September 1990 showed that an average of 184 days elapsed between the date the products were sent to DOT and the date DOT sent its written statements to the congressional committees named in 31 U.S.C. 720. The 184-day average is over three times the statutory limit of 60 days.

According to 31 U.S.C. 720, the head of a federal agency is to submit a written statement of actions taken on GAO's recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs before the 61st day after the report date and to the House and Senate Committees on Appropriations with the agency's first request for appropriations submitted more than 60 days after the report date.¹ The Office of Management and Budget's (OMB) circular on audit follow-up (Circular No. A-50 Revised, Sept. 29, 1982) repeats this requirement, and DOT's directive on follow-up on GAO reports (DOT 2960.1B, May 11, 1988) contains references to both the statute and OMB's circular. The OMB circular also requires agencies to submit copies of the statement to GAO and OMB.

According to the DOT directive, DOT's policy is "to provide timely responses in accordance with established due dates." To that end, the directive establishes a time limit (45 of the 60 days) for proposed responses to be provided to the Office of the Secretary (OST), where they are coordinated with appropriate OST offices before being transmitted to the congressional committees, OMB, and GAO. It is DOT's practice to provide its responses to all four committees at the same time.

To determine the extent to which DOT had met the 60-day requirement, we analyzed DOT's response times on 97 products issued between January 1, 1985, and September 30, 1990, on which written statements had been provided to the House Committee on Government Operations and the Senate Committee on Governmental Affairs as of October 31, 1991. The analysis showed that the response times ranged from 38 to 562 days and averaged 184 days (or 124 days beyond the 60-day statutory limit) between the date the product was

¹If the congressional requester asks that a report not be made available for a certain period (not to exceed 30 days), the agency's 60-day response period starts on the date of the letter transmitting the report to the agency.

transmitted to DOT and the date of DOT's written statement. On only 1 of the 97 products was a written statement provided within the 60-day statutory limit; in that case, the response time was 38 days, as noted above.

As table I.1 shows, the average response time by operating administration or office ranged from 78 days (on 2 reports on Maritime Administration activities) to 219 days (on 50 products on Federal Aviation Administration activities).

Table I.1: Number of Days DOT Took to Send Response Letters, by Operating Administration or Office

<u>Operating administration/Office</u>	Number of products on which DOT provided responses	Number of days from date product was sent to DOT to date of response letter	Range	
			Average	Low High
Federal Aviation Administration	50	219	38	562
U.S. Coast Guard	10	217	92	379
Urban Mass Transportation Administration ^a	4	166	77	279
Federal Railroad Administration	4	156	128	230
Federal Highway Administration	15	138	71	530
National Highway Traffic Safety Administration	5	125	62	179
Research and Special Programs Administration	2	96	69	123
Office of the Secretary of Transportation	5	90	69	111
Maritime Administration	<u>2</u>	78	69	87
Total	<u>97</u>	184	38	562

Note: Data apply to products issued from Jan. 1, 1985, through Sept. 30, 1990, on which response letters had been received through Oct. 31, 1991.

^aName changed to Federal Transit Administration by the Intermodal Surface Transportation Efficiency Act of 1991 (P.L. 102-240, Dec. 18, 1991).

We also analyzed the response times in terms of (1) when the product was issued, to see if average response times had changed over time, and (2) whether DOT had provided written comments on a draft of the product, to see if providing such comments affected the average response time for responses on the final product.

Table I.2, which presents the results of the analysis of year-to-year differences, shows that the average number of days DOT took to send response letters peaked for fiscal year 1988 products and decreased for products issued in each of the next 2 fiscal years. However, the averages for products in fiscal years 1989 and 1990 were still considerably above the 60-day statutory limit.

Table I.2: Number of Days DOT Took to Send Response Letters, by Fiscal Year

<u>Fiscal year in which product was issued</u>	<u>Number of products on which DOT provided responses</u>	<u>Number of days from date product was sent to DOT to date of response letter</u> <u>Average</u>	<u>Range</u>	
			<u>Low</u>	<u>High</u>
1985 (from Jan. 1, 1985)	8	94	69	134
1986	5	74	38	132
1987	14	100	77	168
1988	17	310	73	562
1989	20	194	71	386
1990	<u>33</u>	188	76	490
Total	<u>97</u>	184	38	562

Note: Data apply to products issued from Jan. 1, 1985, through Sept. 30, 1990, on which response letters had been received through Oct. 31, 1991.

Table I.3 shows that the average response time on the 25 products with draft product comments was 167 days, or 23 days less than the average response time of 190 days on the 72 products without draft product comments. However, in both cases the average response times were well beyond the 60-day statutory limit.

Table I.3: Average Time DOT Took to Send Response Letters on Final Products When Written Comments Were Provided on Draft Products

<u>Category</u>	<u>Number of products in category</u>	<u>Number of days from date product was sent to DOT to date of response letter</u>		
		<u>Average</u>	<u>Range</u>	
			<u>Low</u>	<u>High</u>
With written comments on draft product	25	167	62	530
Without written comments on draft product	<u>72</u>	190	38	562
Total	<u>97</u>	184	38	562

Note: Data apply to products issued from Jan. 1, 1985, through Sept. 30, 1990, on which response letters had been received through Oct. 31, 1991.

We did not analyze DOT's response times on fiscal year 1991 products to determine if changes had occurred. Nor did we analyze the Office of Management Planning's records or talk with Department and operating administration officials to (1) determine possible reasons why individual responses had not been provided within the statutory time limit or (2) identify patterns in the times the DOT offices and operating administrations spent to develop, review, coordinate, and process the responses.

EXPECTED COMPLETION DATES NOT ESTABLISHED
IN ALL APPROPRIATE CASES

Our analysis of the written statements that the Department of Transportation provided to the congressional committees between May 12, 1989, and March 13, 1991, on 60 GAO products containing 158 recommendations showed that, for about one-fourth of the recommendations, expected dates for completing corrective action were not specified, as required by Office of Management and Budget and DOT directives.

OMB Circular No. A-50 requires that agency audit follow-up systems specify criteria for proper resolution and corrective action on audit recommendations. According to the circular, these criteria should provide for written plans for corrective action with specified action dates, where appropriate. The circular also requires that when corrective action is incomplete, still under study, or planned, the agency statements to OMB on GAO reports include a statement of when the agency expects action to be completed.

In describing the format for DOT's replies to GAO final reports, DOT directive 2960.1B repeats the latter OMB requirement; that is, when corrective action is incomplete, still under study, or planned, DOT will include a statement of when it expects action to be completed. The directive also instructs the preparer of the reply to "Include estimated target completion date if action has not been completed at the time [the] DOT statement is prepared" in the section of the statement summarizing the status of corrective action.

To determine if expected completion dates had been specified when appropriate, we analyzed DOT's written statements on 60 GAO products with 158 recommendations. The written statements responded to products issued from February 8, 1988, through December 13, 1990. The analysis showed that the written statements specified expected completion dates for 20 percent (31-1/2)² of the 158 recommendations. On another 56 percent (88 recommendations), we concluded that specifying an expected completion date in the written statement was either not necessary (e.g., action was

²In some cases, the response specified an expected completion date for one of the two actions being taken on a recommendation. In such cases, we separated the recommendation into two parts, counting each as one-half for classification purposes.

already completed) or not possible (e.g., DOT did not concur in the recommendation).³

For the remaining 24 percent (38-1/2 recommendations), we concluded that expected completion dates could or should have been specified in the written statement. For three of these recommendations, DOT specified an expected date for starting the action but not for completing the action. Examples of the recommendations for which we concluded that expected completion dates could or should have been specified are as follows.

- In Airspace Use: FAA Needs to Improve Its Management of Special Use Airspace (GAO/RCED-88-147, Aug. 5, 1988), we recommended that the Federal Aviation Administration (FAA) periodically review usage reports and ensure proper use of airspace. In its August 3, 1989, statement, DOT said that more specific guidance and procedures would be published, but it did not specify an expected completion date. We also recommended that FAA establish standards for measuring effectiveness. DOT said that FAA would develop criteria and publish them in an order, but it did not specify an expected date for either developing the criteria or completing the order.
- In Pipeline Safety: New Risk Assessment Program Could Help Evaluate Inspection Cycle (GAO/RCED-89-107, Mar. 7, 1989), we recommended that the Research and Special Programs Administration (RSPA) provide training to field staff on accessing and validating program data and issue guidance to regions on characterizing risk. In its July 11, 1989, statement, DOT said that RSPA recognized the need to provide additional training and was hiring a senior engineer with that responsibility. DOT also said that RSPA would incorporate the recommended guidance into regional instructions. On neither action was an expected completion date specified.

³Other reasons for concluding that specifying an expected completion date was either not necessary or not possible included that (1) the recommended action could extend indefinitely or the timing of the action was not definite; (2) DOT did not comment specifically on the recommended action; (3) DOT said that the expected completion date remained to be determined; (4) because of congressional action, the recommendation was no longer applicable at the time of DOT's response; and (5) the action was not needed if other recommendations were implemented.

- In Railroad Safety: New Approach Needed for Effective FRA Safety Inspection Program (GAO/RCED-90-194, July 31, 1990), we recommended that the Federal Railroad Administration (FRA) establish a minimum inspection coverage standard for each of its inspection disciplines and determine the number of inspectors necessary to achieve this standard of coverage. In its January 17, 1991, statement, DOT said that FRA was developing general inspection coverage standards for each discipline and that an extensive management program, which FRA had devised to implement its coverage standards, would aid in supporting FRA's requests for resources to accomplish safety goals. No expected date for completing the standards was specified.

- In Coast Guard: Information Needed to Assess the Extent of Sexual Assaults on Ships (GAO/RCED-89-59, Dec. 29, 1988), we recommended that the Coast Guard require prompt reporting of any complaint of an offense covered by the Sexual Abuse Act of 1986. In its October 3, 1989, statement, DOT said that the Coast Guard had already taken some actions and was planning others. However, it did not specify an expected date for completing the planned actions.

- In Truck Safety: Need to Better Ensure Correction of Serious Inspection Violations (GAO/RCED-90-202, Sept. 28, 1990), we recommended that the Federal Highway Administration (FHWA) modify inspection forms to accept reinspection information. In its December 27, 1990, statement, DOT said that the states were working to include reinspection information on their inspection forms and that FHWA would continue to monitor the states' progress. DOT did not specify when it expected the action to be completed.

- In Drug Testing: Management Problems and Legal Challenges Facing DOT's Industry Programs (GAO/RCED-90-31, Nov. 27, 1989), we recommended that DOT adopt evaluation criteria and provide guidance to the operating administrations on the types of program information they should gather from employers to evaluate program success. In its May 16, 1990, statement, DOT said that action was being taken, but that data needed to be obtained and analyzed before criteria could be developed. DOT did not specify or estimate an expected date for obtaining and analyzing the data or for developing the criteria.

- In Mass Transit Grants: UMTA Needs to Improve Procurement Monitoring at Local Transit Authority (GAO/RCED-89-94, Mar. 31, 1989), we recommended that the Urban Mass Transportation Administration (UMTA) request the grantee to have its auditor include in the annual audit the reviews and tests necessary to determine compliance with UMTA procurement regulations. In its November 1, 1989, statement, DOT said that UMTA would work with the grantee and the UMTA regional office to ensure that the next audit would include a compliance review. However, DOT did not specify an expected date for completing the action.

Setting expected dates, when appropriate, for completing action on audit recommendations is not only required by OMB's circular and DOT's directive, but is also indicated in the audit resolution standard contained in the Comptroller General's Standards for Internal Controls in the Federal Government, which was issued in June 1983 in response to the Federal Managers' Financial Integrity Act of 1982. According to that standard, "Managers are to . . . complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention." [Underscoring supplied.]

RECOMMENDATION RESPONSE AND TRACKING SYSTEMS AND THEIR
EFFECTIVENESS NOT PERIODICALLY EVALUATED

Our discussions with Office of Management Planning (OMP) and operating administration liaison officials indicated that, except in a few cases, the Department's and agencies' recommendation response and tracking systems and their effectiveness had not been periodically evaluated, as required by Office of Management and Budget Circular No. A-50.

According to the circular, agency audit follow-up systems should provide for (1) periodic analysis of audit recommendations, resolution, and corrective action, to determine trends and system-wide problems and to recommend solutions and (2) an evaluation of whether the system results in efficient, prompt, and proper resolution and corrective action on audit recommendations. The circular calls for evaluations to be made periodically, with the first to be made within 1 year of the date of the circular, that is, by September 29, 1983.

Department of Transportation directive 2960.1B states that OMP will maintain a follow-up tracking system for monitoring and reporting on the status of corrective actions until all required corrective actions are completed. However, the directive does not discuss either the periodic analysis or the system evaluations mentioned in OMB's circular.⁴

According to OMP's former Director, a review had been made a few years ago of what the operating administrations were doing regarding recommendations. However, OMP officials were not able to locate any report or other documentation on such a review in OMP's files. In addition, the designated GAO liaison officials in five of the eight operating administrations said that, as far as they knew, their agencies' recommendation response and tracking systems had not been reviewed or evaluated, although one official said that the Office of Inspector General (OIG) was making an internal control system review, as provided by OMB Circular A-123 and the

⁴DOT's previous directive on action on GAO reports (DOT 2960.1A, Feb. 16, 1979), which was superseded by DOT 2960.1B in May 1988, said that the Office of the Secretary's Office of Audits (which was later transferred into the Office of Inspector General) would be responsible for conducting secondary follow-up. Secondary follow-up was defined as an independent verification to determine whether actions taken have been effectively implemented and are achieving the desired results. This provision does not appear in DOT 2960.1B.

Federal Managers' Financial Integrity Act (FMFIA) of 1982, as amended.

The GAO liaison officials of the other three operating administrations indicated that reviews of their agencies' systems had or may have occurred. According to the Federal Highway Administration's (FHWA) GAO liaison, for example, FHWA's system for both OIG and GAO audits had been reviewed by an internal study team as part of the process leading to the April 1990 revision of FHWA's administrative order on audit resolution and follow-up. According to the study team's September 1989 report, the team's review of headquarters and field files for OIG audits and FHWA program reviews "disclosed that in almost all instances the FHWA follow-up activity is accomplished in a timely and thorough manner." On GAO audit activity, the report said that the team found such activity to be minimal in the study sampling, but that all FHWA representatives interviewed indicated that GAO audit reports would be handled in essentially the same manner as OIG audits.

The Federal Railroad Administration's (FRA) GAO liaison said that FRA's system had been reviewed in March 1987 as part of the FMFIA review of internal controls. He provided documentation showing nine weaknesses in "audit resolution" that the review had identified. One weakness was that studies to determine the effectiveness of corrective actions had not been made. The recommendation was that FRA's Audit Programs Staff include specific guidance on performance of effectiveness studies in its Audit Report Tracking System procedures. According to the documentation, the procedures had been revised in April 1987. We did not follow up during our survey to determine if effectiveness studies had been made following revision of the procedures.

The Maritime Administration's (MARAD) GAO liaison said that, although MARAD's system had not been reviewed or evaluated recently, an "A-50 review" may have been made in the past. We did not follow up during our survey to obtain a report or other documentation on the MARAD review.

SCOPE AND METHODOLOGY

During the survey, which was done in Washington, D.C., we interviewed and obtained documentation on the Department of Transportation's audit response and follow-up activities relating to GAO's recommendations from Office of Management Planning officials, including the former Director; the designated GAO liaison official or officials in eight DOT operating administrations; and representatives of DOT's Office of Inspector General (OIG). We also reviewed legislative, regulatory, and administrative requirements pertinent to audit response and follow-up and discussed audit follow-up matters with an Office of Management and Budget (OMB) official.

We reviewed the DOT directives and operating administrations' administrative orders on GAO audits and/or audit response and follow-up and analyzed the timing and content of DOT's written responses to congressional committees and OMB on GAO's recommendations. Our analyses of DOT's written responses focused on GAO products issued from January 1985 through September 1990 on which DOT's written responses were dated from April 1985 through October 1991.

We did not review DOT's and the operating administrations' systems for responding to and following up on OIG audits and recommendations, nor did we review compliance with laws and directives on OIG audits. Also, we did not review the agencies' first requests for appropriations to determine compliance with that portion of 31 U.S.C. 720 relating to the House and Senate Appropriations Committees. We made the survey primarily from September 1990 through January 1991, with updates as appropriate through October 1991. Our work was done in accordance with generally accepted government auditing standards.