ORDER

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

2960.1D

10/23/79

SUBJ: GENERAL ACCOUNTING OFFICE (GAO) AUDITS

1. PURPOSE. This order establishes Federal Aviation Administration (FAA) policies and responsibilities relating to U.S. General Accounting Office (GAO) audits of FAA activities. It also transmits and implements Order DOT 2960.1A, Relations With the General Accounting Office and Actions on General Accounting Office Reports, as appendix 1.

2. DISTRIBUTION. The order is being distributed to the branch level at FAA headquarters, regions, and centers; and to all GAO/OIG Liaison Offices.

3. CANCELLATION. FAA Order 2960.1C is cancelled.

4. BACKGROUND.

a. GAO performs a continual audit of various agency programs and activities. This work is performed by a resident GAO audit staff in FAA headquarters and auditors from the GAO headquarters, both of which are aided by GAO regional audit offices.

b. Entrance conferences should be held by the GAO with appropriate office, service, region, and center directors to inform them of the scope and purpose of each planned audit. At FAA headquarters, these conferences shall be arranged by the FAA Office of Accounting and Audit. At FAA regions and centers, they should be arranged by offices designated with this responsibility by each region and center director.

c. The GAO usually holds an exit conference to discuss tentative findings with agency officials upon completion of an audit.

d. In addition, the GAO usually issues a report upon completion of the audit. Types of reports are outlined in Order DOT 2960.1A.

5. POLICY.

a. GAO audit reports provide valuable, independent evaluations of the manner in which the agency administers its affairs and resources. They are considered a constructive service to FAA management.

Distribution: A-WXYZ-3; M-202(2);ZAA-435; FAA-15 (PATCO)

Initiated By: AAA-600

b. GAO audit recommendations and suggestions will be viewed objectively and given every consideration for acceptance and appropriate action. They may be rejected if it is determined that they are not compatible with Department of Transportation (DOT) or FAA objectives and policies or will not contribute to the effectiveness, efficiency, or economy of operations.

c. The FAA's comments on the contents of a GAO report will be submitted promptly. Comments indicating acceptance of recommendations will emphasize the actions which have been or will be taken to correct the cited conditions or to prevent their recurrence. Reasons for nonacceptance of recommendations must be sound and stated clearly and concisely.

d. Those GAO suggestions and recommendations accepted by the FAA will be promptly implemented. Implementation will include the establishment of controls to insure that planned improvements are achieved.

6. AVAILABILITY OF AGENCY RECORDS.

a. Generally, the GAO has right of access to all FAA documents, files, and other records. Order DOT 2960.1A provides that the Assistant Secretary for Administration (M-1) normally will make the decision to deny a GAO request for information. Accordingly, when the head of an FAA activity considers that requested information should not be furnished, the request and a proposed reply citing reasons for the denial will be forwarded promptly, through the Office of Accounting and Audit, for processing to M-1. The following are examples of items of this nature.

(1) Any information the disclosure of which is prohibited by statute or executive order.

(2) All budget estimates and supporting material submitted to the Office of the Secretary of Transportation (OST) and the Office of Management and Budget (OMB) prior to being forwarded to Congress. (Budget estimates submitted to Congress and supporting material specifically related to the congressional budget estimates may be released after the budget has been forwarded to Congress.)

(3) All preliminary or interim budgetary data which become obsolete or inconsistent with the Budget Estimates submitted to Congress.

b. The FAA will cooperate fully with GAO representatives in providing records (except as stated in 6a. above) that are necessary for the performance of their statutory functions. However, administrative procedures have been established to provide for proper administrative control of certain sensitive documents prior to their release. These include the following:

(1) Minutes of high level FAA staff meetings requested by GAO representatives will be released after approval by the Administrator.

(2) Upon specific request by GAO, appraisal or evaluation reports will be released by the appropriate approving official once the report is finalized.

(3) Draft reports or position papers prepared for use by top management will be released if such release has been approved by the management level to which they have been addressed.

(4) FAA directives on the general subject of handling information set forth certain requirements to be met prior to release of specified types of classified and privileged data. These directives are: FAA Order 1200.22, Use of National Airspace System (NAS) Computer/Radar Data or Equipments by Outside Interests; FAA Order 1600.2A, Classification, Declassification and Control of National Security Information; and FAA Order 1600.15D, Control and Protection of "For Official Use Only" Information.

c. GAO representatives will be advised clearly of the official and current status of the data at the time it is released.

d. Any questions about the release of sensitive information should be directed to the FAA Office of Accounting and Audit or the appropriate region and center office designated with this responsibility by its director.

7. RESPONSIBILITIES CONCERNING HEADQUARTERS OR AGENCYWIDE GAO ACTIVITIES.

a. FAA Director of Accounting and Audit.

(1) General.

(a) Serves as the liaison and central control point for all FAA relationships within the Department and GAO on GAO audit matters as prescribed in Order DOT 2960.1A.

(b) Keeps FAA management informed of all GAO audit activity within FAA. Information obtained during entrance conferences regarding the objectives and scope of the GAO review will be furnished to the regions and centers that are to be included in the review.

(c) Controls and monitors all GAO reports and correspondence on audit matters.

(d) Develops the FAA's official position on GAO findings, suggestions, and recommendations, and drafts factual and responsive replies. The proposed replies will be based on data gathered through meetings and correspondence with all interested offices and services and will be coordinated with the Directors of these offices and services prior to approval as the official FAA position.

(e) Distributes copies of all GAO reports and related replies to office, service, region, and center directors for information and appropriate action.

(f) Administers a followup system to assure, through independent verification, that FAA commitments to GAO and OMB are promptly and effectively carried out.

(g) Keeps FAA management informed of the status of FAA commitments to GAO or OMB.

(h) Establishes uniform FAA standards and guidelines for handling all GAO audit matters.

(i) Keeps M-1 apprised of GAO audit activity within FAA.

(j) As requested, furnishes M-1 or his/her designee information on the status of FAA commitments to GAO and OMB.

(2) With Respect to Reports Issued to OST.

(a) Prepares recommended responses for the signature of the Secretary or other appropriate official and submits them to the Administrator for transmittal to M-1.

(b) Cooperates with the Assistant Secretaries or other OST officials, as appropriate, in clarifying issues and resolving conflicts which may be raised at the Departmental level.

(c) Assures compliance with the following time standards for submitting the FAA's proposed reply to OST:

1 Replies to GAO requests for comments on proposed reports to Congress, the Secretary of Transportation, and other OST officials - to be submitted within the time schedule established by OST.

2 Letters to OMB on formal GAO reports to the Congress as required by OMB Circular A-50 - also to be submitted within the time schedule established by OST.

3 Requests for information from Congressional committees and/or members - to be acknowledged immediately and the development of fully responsive comments given the highest priority possible.

(d) Advises FAA top management of any anticipated delay in meeting the due date established for submitting the proposed reply to OST. If necessary, OST will request the GAO to extend the date for submitting Departmental comments.

(3) With Respect to Reports Issued to the Administrator or Other FAA Headquarters Officials.

(a) Prepares recommended responses for the signature of the Administrator or other appropriate FAA headquarters official.

(b) Insures that replies are furnished to the GAO within 60 days of the date of the request.

(c) Arranges for coordination of replies with interested offices in OST when reports include matters of Departmental significance.

(d) Furnishes M-1 with information copies of the reports and related replies.

b. FAA Office and Service Directors.

(1) Submit prompt, factual, forthright replies to the FAA Office of Accounting and Audit's requests for comments on GAO findings and recommendations.

(2) Initiate immediate action in their area of responsibility to fulfill agency commitments to the GAO and OMB by the Secretary and other OST and FAA officials.

(3) Cooperate fully with the FAA Office of Accounting and Audit in the performance of its GAO liaison and followup functions.

(4) Notify the FAA Office of Accounting and Audit promptly in the event that informal inquiries are received from the GAO or from Congress on GAO audit matters outside of normal channels.

c. FAA Chief Counsel. Provides prompt legal review, counsel, and opinion on issues of law and legislation raised in GAO audit reports.

d. FAA Region and Center Directors. Each region and center director will establish appropriate means for implementing national policies and standards regarding GAO audit matters. The responsibility for this function in each region and center will be determined by the region or center director. Local procedures will be compatible with those prescribed for the FAA headquarters and will include the requirements stated below.

(1) Region and Center GAO Activities.

(a) Advise the FAA Office of Accounting and Audit of the objectives and scope of GAO audits as defined in entrance conferences and of GAO tentative findings having FAA-wide implications as soon as they are disclosed. FAA Form 2900-3, GAO/OST Audit Activity Report (RIS: AA 2900-3), should be used for this purpose. Forms for regions and centers are stocked in the FAA Depot, National Stock Number 0052-00-809-5000, Unit of Issue (U/I): Sheet (SH).

(b) Forward two (2) copies of each local GAO report to the FAA Office of Accounting and Audit for the FAA's central control files and for submission to OST, as appropriate.

(c) Submit proposed replies to local GAO reports to the FAA Office of Accounting and Audit for review prior to issuance when the matters discussed have FAA-wide significance.

(d) Submit a copy of each official reply to GAO to the FAA Office of Accounting and Audit for post review and central reference.

(e) Initiate immediate action to fulfill local commitments to the GAO.

(f) Establish local followup systems, including independent verification procedures, to assure that commitments to GAO are effectively carried out.

(2) FAA-wide GAO Activities.

(a) Submit prompt, factual, forthright replies to the FAA Office of Accounting and Audit's requests for comments on GAO findings and recommendations.

(b) Initiate immediate action in their area of responsibility to fulfill FAA commitments to the GAO and OMB by the Secretary and other OST and FAA officials.

(c) Cooperate fully with the FAA Office of Accounting and Audit in the performance of its GAO liaison and followup functions.

8. PARTIAL OR INTERIM REPLIES. In the event that the time schedule is inadequate for the review and research required for a large or complex report, a partial or interim reply or acknowledgement will be submitted as soon as possible but no later than the due date. This should state the reasons for the delay and advise when the response will be submitted. Replies of this nature should be held to a minimum.

9. CONGRESSIONAL INQUIRIES ON GAO AUDIT MATTERS. The FAA Director of Accounting and Audit:

a. Prepares prompt, factual, and responsive replies to Congressional inquiries on GAO audit matters; coordinates them with responsible offices; and submits them to the Administrator for transmittal to M-1 or other appropriate OST official.

b. Insures that any commitments made in these responses are promptly implemented.

10. SUPPLEMENTATION. Two (2) copies of each internal directive containing supplemental or implementing instructions shall be forwarded to the Office of Accounting and Audit, Attention: AAA-10. Internal directives are defined in Order 1320.1B, FAA Directives System, paragraph 34b. In addition, please provide AAA-10, directly, with informal comments on any substantive errors which may be detected or suggested changes to improve this directive.

11. CHANGES TO THIS DIRECTIVE. The Director of Accounting and Audit is authorized to transmit changes to the appendix to this order.

Langhorne Bond
Administrator

Department of Transportation
Office of the Secretary
Washington, D.C.

2960.1D
Appendix 1
10/23/79

ORDER

DOT 2960.1A

2-16-79

SUBJECT: RELATIONS WITH THE GENERAL ACCOUNTING OFFICE AND ACTIONS ON GENERAL ACCOUNTING OFFICE REPORTS

1. PURPOSE. This Order provides guidance to Department of Transportation (DOT) personnel in their relationship with General Accounting Office (GAO) representatives engaged in carrying out the statutory audit responsibilities of the Comptroller General of the United States and in surveys, reviews and audits requested by Congressional Committees and members of the Congress. Further, it establishes DOT policies and procedures for action on reports of the GAO resulting from surveys, reviews and audits.

2. CANCELLATION. DOT 2960.1, RELATIONS WITH THE GENERAL ACCOUNTING OFFICE AND ACTIONS ON GENERAL ACCOUNTING OFFICE REPORTS, of 6-12-72.

3. REFERENCES.

   a. Budget and Accounting Act of 1921 gives the Comptroller General of the United States the authority to investigate, at the seat of the government or elsewhere, all matters relating to the receipt, disbursement and application of public funds.

   b. Accounting and Auditing Act of 1950 provides that, except as otherwise specifically provided by law, financial transactions of each executive, legislative, and judicial agency shall be audited by the GAO in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States.

   c. The Legislative Reorganization Act of 1970 requires that agencies notify the Congressional Committees on Government Operations, Governmental Affairs and Appropriations of actions taken on GAO recommendations addressed to agency heads.

   d. Title III, GAO Policy and Procedures Manual for Guidance of Federal Agencies sets forth the purposes and objectives of the GAO.

DISTRIBUTION: All Secretarial Offices
All Operating Elements

OPI: Office of Management Planning

e. Office of Management and Budget (OMB) Circular No. A-50 provides the policies and instructions for use by executive agencies when considering audit and investigation reports issued by the GAO.

4. BACKGROUND.

a. The Comptroller General of the United States, who heads the GAO and serves as an agent of the Congress, is authorized and directed by law to make audits of Federal Government agencies. GAO audits are independent examinations for the Congress to determine how effectively the agency under audit has discharged its financial responsibilities. In this connection, the financial responsibilities of an agency are to be construed as including the administration of funds and the utilization of property and personnel in the furtherance only of authorized programs and activities, and the conduct of programs and activities in an effective, efficient and economical manner. The statutory authority of the GAO is prescribed in references 3a and 3b. The purposes and objectives of the GAO are set forth in reference 3d. The Legislative Reorganization Act of 1970 and the Congressional Budget and Impoundment Control Act of 1974 clarified and expanded GAO's responsibilities to help the GAO analyze and evaluate Federal programs and to improve the information the Congress receives.

b. As a result of its audit activities, the GAO issues the following types of reports:

(1) Reports to the Congress (normally preceded by a draft report which is furnished DOT for comment).

(2) Reports to Congressional Committees and individual members of Congress.

(3) Reports to the Secretary and other officials of OST.

(4) Reports to heads and other officials of the operating elements.

(5) Reports to officials of field activities of the operating elements.

5. POLICY. It is the policy of DOT to cooperate with the GAO; to facilitate GAO survey, review and audit activities to the maximum practicable extent; and to derive full advantage of GAO findings and recommendations in the interest of improving DOT operations.

6. LIAISON WITH THE GAO.

a. The Assistant Secretary for Administration has been assigned the responsibility for maintaining a central control and liaison point for coordinating all Departmental relationships with the GAO on reviews, surveys and audit matters and administering a follow-up system to ensure that Departmental commitments to the GAO are implemented promptly and effectively in the Department. The OST Director of Management Planning who has been delegated the authority to carry out the GAO liaison function, has redelegated the authority to the Assistant for GAO Liaison.

b. There shall be designated in each operating element a central contact point to insure that responsibilities prescribed in this Order are carried out. The contact point will be established at a level within the organization that will insure prompt and effective discharge of the responsibilities assigned herein. The OST Office of Management Planning will be informed of the title of the contact point organization, of the name(s) and telephone number(s) to be called, and of changes in contact points. The OST Office of Management Planning will furnish a list of all contact points to each element.

7. RELATIONS WITH THE GAO ON AUDIT MATTERS.

a. In fulfilling its statutory requirements, GAO conducts various types of assignments. These assignments are classified as (a) preliminary surveys, collection of background information; (b) surveys, inquiries in sufficient depth to identify problem areas; (c) reviews, in depth examination into an activity or operation; and (d) investigations, examination of specific situations made as a result of a Congressional request or complaint from some source. In addition, GAO conducts follow-up on reports issued to determine the effect and effectiveness of DOT actions.

b. GAO will furnish written advice to the Assistant for GAO Liaison of the initiation and termination of each assignment. GAO will send a copy of the notification to the OST Office of Audits. GAO will provide notice at least ten days in advance of each new assignment. The GAO notification of new assignments will identify assignment by subject, assignment code, scope and objectives and will advise of starting dates, activities to be visited, and other information as appropriate. Should critical information such as scope, objectives or activities to be visited be amended by GAO, GAO should promptly advise the Assistant for GAO Liaison, in writing. The Assistant for GAO Liaison will provide appropriate DOT officials with copies of GAO notifications.

c. GAO will make all initial contacts in DOT through the Assistant for GAO Liaison. Any DOT representative contacted by a GAO representative who has not followed the above procedure will refer that GAO representative to the Assistant for GAO Liaison. There will be no exceptions to this requirement.

d. All GAO liaison officers receiving copies of GAO notifications from the Assistant for GAO Liaison will disseminate the information immediately to appropriate officials so that those officials may initiate action to expedite and facilitate the work of the GAO representatives. Facilitating action includes but is not limited to the following:

(1) Checking to insure that security clearances are at hand when necessary;

(2) Arranging for GAO representatives to meet with appropriate personnel;

(3) Providing background information for briefings;

(4) Making space available;

(5) Arranging for access to records, within guidelines of Section 10, and promptly initiating measures necessary to resolve questions in areas of concern; and

(6) Discussing audit findings and recommendations with GAO, particularly those likely to be included in a report.

8. REPORTING. All persons receiving information on the findings of GAO surveys and reviews will make such information available to all concerned as rapidly as possible in order that necessary corrective actions may be initiated and that adequate and effective consideration of GAO reports may be facilitated.

9. INFORMATION QUERIES AND REQUESTS FOR INFORMATION. When GAO representatives make an inquiry involving a determination as to the policy governing an action or situation, or whether an action or procedure is in accordance with established policy, the representative should be referred to the office responsible for the policy. When GAO requests information which requires that DOT obtain data from files and compile in an adequate format for submission to GAO, the requests should be in writing and addressed to the Assistant for GAO Liaison. The GAO group making the request should check with other GAO groups to ensure that the request is not causing duplicative effort by DOT personnel.

10. ACCESS TO RECORDS AND RELEASE OF RECORDS AND REPORTS. In accordance with the provisions of the Budget and Accounting Act of 1921, authorized representatives of the GAO shall be given access to, and allowed to examine such records as are necessary to permit them to carry out their duties and responsibilities. It is the policy of DOT to cooperate to the fullest extent practical with the GAO in making available records, reports and other data it requires in fulfilling its statutory functions. Normally, the Assistant Secretary for Administration will make the decision to deny a request for information to an authorized representative of GAO. Whenever an authorized representative of the GAO requests information which the head of the activity concerned considers should not be furnished, the request of the GAO representative and a proposed reply, including the reasons for not furnishing the information, will be forwarded promptly, through proper channels, to the Assistant Secretary for Administration. When the Assistant Secretary for Administration makes a decision to deny information to an authorized GAO representative, the representative may take the request to the Secretary when there is reason to believe that the denial is unwarranted.

Specific guidance as to access to and release of information is provided in the chart on Page 6, Figure 1.

11. ACTIONS ON GAO REPORTS.

a. General. An outline covering basic processing requirements follows:

(1) GAO Headquarters will continue to distribute its reports in accordance with the GAO/DOT agreement. When reports are issued at levels below the Secretary, including reports of GAO regional and branch offices to DOT field activities, GAO will provide information copies of these reports to the OST Management Planning and the Headquarters of the DOT elements involved.

(2) Generally, all GAO reports are subject to the processing procedures prescribed in the following paragraphs. Replies to GAO reports to the Congress and certain letter reports will be subject also to the requirements on Page 10, paragraph 13. Questions relating to actions on any report should be referred to the Assistant for GAO Liaison.

(3) The time frame for replying to GAO reports varies. For those reports addressed to the Secretary of Transportation, the Assistant for GAO Liaison will establish due dates. For reports addressed to DOT officials, other than the Secretary, see Page 8, paragraph 11c.

GAO ACCESS TO RECORDS & RELEASE OF RECORDS/REPORTS TO GAO

TYPE RECORD OR REPORT	CONDITION	RELEASE TO GAO	DO NOT RELEASE	OTHER ACTION
REPORTS OF OTHER AGENCIES	Available to public	X		
	Not available		X	Refer GAO to agency originating report
MANAGEMENT TYPE STUDIES, SURVEYS AND REPORTS MADE BY DOT	Consent of authority who directed preparation of report -- no reservations.	X		To the extent possible, provide statement summarizing DOT position on report recommendations.
	Reservations by authority who directed preparation of report. 1/		X	Forward request through proper channels with recommended action to M-1 .
BUDGET INFORMATION	Submitted to Congress	X		
	Not Submitted to Congress		X	Refer reauest through proper channels to M-1 .
AUDIT REPORTS	Final Audit Reports	X		
OTHER INFORMATION DATA REQUESTED BY AUTHORIZED GAO REPRESENTATIVES	Head of activity concerned considers information should be furnished.	X		
	Head of activity concerned considers information should NOT be furnished.		X	Promptly forward, through proper channels, to M-1 the request with proposed reply.

1/ Believes release would inhibit frank or candid expression, would unduly interfere with decision-making process, or otherwise would not be in the public interest.

(4) GAO reports and replies thereto will be given priority handling to the extent necessary to meet the due dates established and secure the top management attention required. GAO reports and correspondence pertaining thereto will be transmitted on an expedited basis. As for reports addressed to the Secretary, GAO will furnish a sufficient number of copies of reports to the Assistant for GAO Liaison (M-222). M-222 will, on an expedited basis, deliver copies to the primary action office and other offices which will be involved in preparing a reply. GAO will deliver two copies of the reports to the Secretary.

b. Reports Addressed or Forwarded to the Secretary for Comment. Replies to reports in this category will be coordinated with OST, with OST Office of Management Planning serving as the central liaison point.

(1) Responsibilities of the OST Office of Management Planning.

(a) Make prompt and comprehensive distribution to all DOT organizations concerned to which the GAO has not forwarded the report directly.

(b) Assign responsibility to a specific administration or element of OST to prepare the proposed reply; establish the date by which the proposed reply must reach the Office of the Assistant Secretary for Administration.

(c) Obtain clearance from appropriate OST offices.

(d) Review and comment on the proposed reply.

(e) Prepare the reply for submission to the GAO, OMB or Congress.

(f) Ensure that all actions required as a result of GAO reports are taken.

(g) Carry out Departmental responsibility for notifying the GAO of current status of corrective action or changes in corrective action resulting from GAO reports.

(h) Develop a follow-up system to ensure implementation of Page 7, paragraph 11b(1)(f) and (g).

(i) Maintain a comprehensive file on each GAO report.

(2) Responsibilities of the Action Organization. Upon receipt of a GAO report, the organization assigned the responsibility for preparing the Department's reply to a GAO report will perform the following functions:

(a) Set a time frame for the preparation of the proposed reply in order to meet the due date established by the OST Office of Management Planning.

(b) Request comments from the activities concerned.

(c) Arrange for any meetings desired with GAO personnel relative to the report; advise the OST Office of Management Planning in advance.

(d) As appropriate prepare the proposed reply in accordance with the guidance provided in Page 9, paragraph 12 or Page 10, paragraph 13.

(e) Obtain legal review of the proposed reply as necessary.

(f) Prepare the cover memorandum for signature by the cognizant Assistant Secretary or Administrator forwarding the proposed reply to the Assistant Secretary for Administration.

(g) If the proposed reply cannot be provided to the Assistant Secretary for Administration by the due date, as soon as inability to provide substantive reply becomes known, request a determination by the OST Office of Management Planning as to the action to be taken.

(h) Execute appropriate follow-up action on commitments to GAO. (See Page 11, paragraph 16.)

c. Reports Addressed to Other DOT Officials for Comment. Reports covered by this paragraph are those addressed to DOT officials other than the Secretary, from GAO headquarters, regional offices, and foreign branches. These reports are to be answered substantively within 60 days, unless GAO requests an earlier reply. If it is determined that a substantive reply within the 60 day period is impracticable, the report should be acknowledged as soon as such a determination is made and the GAO should be informed when a substantive reply may be expected. Information copies of these

replies will be provided through proper channels to the OST Office of Management Planning. The Operating administrations should provide for appropriate reporting to them by their field activities on matters concerning these reports. The follow-up procedures prescribed on Page 11, paragraph 16, also apply to these reports. Situations arising from these reports which have Department-wide implications should be reported expeditiously to the OST Office of Management Planning.

12. REPLY FORMAT FOR GAO DRAFT REPORTS. Replies to GAO draft reports will be prepared in a prescribed format (Attachment 1). Replies should include at a minimum a summary of GAO findings and recommendations; a summary of the DOT position, when appropriate; a DOT position statement; and the status of corrective action being taken.

a. Summary of GAO Findings and Recommendations. Summarize briefly the GAO findings and recommendations, highlighting the most important facts and conclusions brought out in the report and the time periods covered by the report.

b. Summary of Department of Transportation Position. Summarize briefly the overall DOT position on GAO findings, conclusions and recommendations and point out any significant actions taken or planned. The position summary should be used except where the statement is so relatively short and simple that it does not require summarization, or the position is so complex that it cannot be accurately and effectively summarized.

c. Position Statement. In the statement of the DOT position a responsive reply is required. If the GAO is wrong, say so and prove it; if the GAO is right, admit it and indicate corrective action.

(1) If the findings and cost estimate in a GAO report are objective and complete, state that the report findings are correct. Refute inaccurate statements or unsound conclusions on the basis of fact and logic. If estimates of unnecessary costs are unrealistic or overstated, specify if practicable, what is considered to be a realistic estimate of costs incurred and anticipated. The GAO is willing to discuss its findings and conclusions with DOT representatives, so ignorance of facts not in the report, but available from the GAO will not be an acceptable reason for nonresponsiveness in the reply. Avoid disputatious language and tone, and opinions not supported

by fact. Place an allegation in proper perspective, relating it to the time frame of the reported deficiency and conditions existing at the time. Relate the conditions to the magnitude of the functions, citing comparative figures where possible.

(2) Cover specifically each recommendation in the report unless individual treatment would be repetitious or impracticable. It is not necessary to comment on those findings where the report indicates corrective action has been taken. Comment should be made on significant or damaging findings or allegations even though no recommendations are made.

(3) State what corrective action has been initiated or planned, documenting the action taken by citing directive or other correspondence when practicable. If specific action to correct a deficiency was taken prior to receipt of the GAO report, so state and describe; if appropriate, document the action. For action not completed at the time the reply is being prepared, give estimated target date for completion.

13. STATEMENTS TO THE CONGRESSIONAL COMMITTEES ON GOVERNMENTAL AFFAIRS, GOVERNMENT OPERATIONS, AND ON APPROPRIATIONS. The Legislative Reorganization Act of 1970, Public Law 91-510, requires that agencies notify the Congressional Committees on Governmental Affairs, Government Operations and Appropriations of the Senate and House, of action taken on GAO recommendations addressed to heads of agencies.

a. Whenever the GAO issues a final report or legal decision which contains recommendations to the Secretary, a particular operating administration or Secretarial Office will be designated as the action organization. The action organization will prepare pertinent information in accordance with the format prescribed. (See Attachment 2.) The information should be concise, factual and responsive. The designation of action organizations and the preparation and coordination of the statements will be performed in accordance with Page 5, paragraph 11, of this Order.

b. Within the time frame established, the action organization will submit the statement to the Assistant Secretary for Administration, who will transmit copies to the appropriate Congressional Committees, OMB, the Office of the Budget, OST and other interested offices.

c. Replies or statements on GAO final reports to the Congress are classified as Congressional correspondence and they will be given appropriate priority accordingly.

14. PARTIAL OR INTERIM REPLIES. If a complete response cannot be prepared within the time frame established, a partial reply covering the report findings to the extent feasible and providing a tentative position on the report, if practicable, should be prepared in accordance with the format instructions on Page 9, paragraph 12, and Page 10, paragraph 13. Such a reply should state when a response can be expected. If it is not possible to make a substantive or partial reply within the time schedule established, an interim reply will be prepared explaining briefly the reason for inability to furnish a substantive reply and advising when such reply will be furnished. An interim reply will be in the form of a proposed letter to GAO. Interim replies will be accepted only when there is adequate justification.

15. COORDINATION. Such coordination of the proposed response as is necessary should be conducted throughout the preparation period to insure that the response is not delayed, and that a minimum of rewriting is required at the reviewing levels.

16. FOLLOW-UP ON COMMITMENTS TO GAO. The procedure for follow-up on commitments to GAO will be carried out as follows:

    a. When notified by receipt of a copy of the final reply to the GAO report, the action orgainzation will determine what follow-up action is required, assign specific responsibility for definitive completion of action, establish a target date for completion, require states reporting of progress and continue to follow-up until all required action is completed.

    b. Advise the OST Office of Management Planning of established due dates and keep them informed by submitting status reports on open commitments. A status report (Attachment 3) on each open commitment should be submitted semi-annually for periods ending March 31 and September 30, and should reach the OST Office of Management Planning by the 30th of the month following each reporting period.

    c. When actions on commitments to GAO and/or Congress have been completed, the OST Office of Management Planning will forward the status reports to the OST Office of Audits for secondary follow-up. The OST Director of Audits will be responsible for conducting secondary follow-up. Secondary follow-up consists of an independent verification to determine whether actions taken have been effectively implemented and are achieving the desired results.

17. APPLICATION OF GAO REPORTS TO OTHER AREAS OF OPERATION. As required by OMB Circular A-50, paragraph 3, each operating element will establish procedures to provide for the consideration of the applicability of the findings and conclusions of each GAO report received, to those parts of the organization which were not the subject of the report.

FOR THE SECRETARY OF TRANSPORTATION:

Robert L. Fairman
For the Assistant Secretary
for Administration

DEPARTMENT OF TRANSPORTATION REPLY

TO

GAO (Type of Report; e.g., Letter or Draft) REPORT OF (DATE)

(B No. Where Applicable)

ON

(TITLE OF REPORT)
INCLUDE ASSIGNMENT CODE

SUMMARY OF GAO FINDINGS AND RECOMMENDATIONS

(See Page 9, paragraph 12a)

SUMMARY OF DEPARTMENT OF TRANSPORTATION POSITION

(See Page 9, paragraph 12b)

POSITION STATEMENT

(See Page 9, paragraph 12c)

STATUS REPORT ON

OPEN AUDIT COMMITMENTS

I. Report Title/Number/Date

II. Finding/Conclusion/Recommendation

III. Commitment Made

IV. Status of Work Being Performed as of (Date)

V. Estimated Date of Fulfilling Commitment

VI. Comments

DEPARTMENT OF TRANSPORTATION
STATEMENT ON GAO REPORT

I. TITLE: (Include title of GAO report, report number and date.)

II. SUMMARY OF GAO FINDINGS AND RECOMMENDATIONS: (Summarize principal findings and recommendations reflected in the GAO report, including any estimate by GAO of unnecessary costs, cost savings, etc.)

III. SUMMARY OF DEPARTMENT OF TRANSPORTATION POSITION: (Summarize DOT's position concerning GAO's findings and recommendations, including agreement or disagreement with GAO estimate of unnecessary costs and, where possible, provide a realistic estimate of such costs.)

IV. STATUS OF CORRECTIVE ACTION: (Summarize DOT actions relating to GAO's findings and recommendations. Information must be current. Include estimated target completion date, if action has not been completed at the time statement is prepared.)