



FAA

Report No. AV2022032
July 18, 2022

FAA Quickly Awarded CARES Act Funds but Can Enhance Its Oversight Approach To Promote Effective Stewardship



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Self-initiated

Federal Aviation Administration | AV2022032 | July 18, 2022

What We Looked At

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the Federal Aviation Administration (FAA) with \$10 billion to help airports deal with the public health emergency caused by Coronavirus 2019 (COVID-19). FAA awarded \$9.1 billion in grants to airports nationwide, using its existing Airport Improvement Program (AIP) to distribute the funds. Our objective for this self-initiated audit was to assess whether FAA's policies and procedures for awarding and overseeing CARES Act grants are sufficient to protect taxpayer interests.

What We Found

Leveraging the AIP allowed FAA to announce CARES Act awards for more than 3,000 airports in just 2 weeks. However, changes in the Agency's oversight process regarding supporting documentation requirements affected its ability to monitor program performance, and we determined at the time of our review that it contributed to more than \$271 million in unsupported costs, \$85 million in questioned costs, and \$3 million of improper payments. FAA also did not establish procedures for deobligating CARES Act grants that become inactive or exceed the period of performance or provide airport sponsors with adequate guidance on documenting workforce retention data. These internal control weaknesses hindered FAA's ability to ensure that it is operating the program as Congress intended, administering projects in a fiscally responsible manner, and achieving reporting and compliance objectives.

Our Recommendations

We are making seven recommendations to improve FAA's oversight of COVID relief funds. FAA concurred with recommendations 5–7 and provided completion dates. The Agency partially concurred with recommendations 1–4. Based on documentation FAA provided after our review was completed, we consider recommendation 1 resolved but open pending completion of planned actions, recommendations 2 and 3 resolved and closed, and recommendation 4 unresolved. We are asking FAA to reconsider its position and provide us with a revised response within 30 days of the date of this report.

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Memorandum

Date: July 18, 2022

Subject: ACTION: FAA Quickly Awarded CARES Act Funds but Can Enhance Its Oversight Approach To Promote Effective Stewardship | Report No. AV2022032

From: Nelda Z. Smith 
Assistant Inspector General for Aviation Audits

To: Federal Aviation Administrator

The Coronavirus Disease 2019 (COVID-19) pandemic has had a major impact on the aviation industry since March 2020. Due to travel restrictions implemented at the local and international levels, airports across the country experienced a sharp decline in passenger traffic and other airport business. In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act¹ and provided the Federal Aviation Administration (FAA) with \$10 billion to help airports deal with the public health emergency. FAA created the CARES Act Airport Grants Program to administer those funds and awarded a total of \$9.1 billion in grants to airports nationwide. The grants may be used for any purpose for which airport revenues may be lawfully used—such as capital expenditures, operating expenses (e.g., payroll and utilities), and debt payments.

To distribute the funds, FAA used the tools and structure of its existing Airport Improvement Program (AIP), which it has used in prior disaster recovery efforts, such as those following Hurricanes Katrina and Rita in 2005 and the Great Recession of 2009. Still, the CARES Act represents the largest single investment of grants-in-aid to airports in recent years—slightly less than the preceding 3 fiscal years combined.

Given the unprecedented injection of funds and the importance of effectively overseeing the dollars allocated to FAA in support of the Nation's airports, we initiated this audit. Our objective was to assess whether FAA's policies and procedures for awarding and overseeing CARES Act grants are sufficient to protect taxpayer interests.

¹ Pub. L. No. 116-136 (2020).

We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology. Exhibit B lists the entities we visited or contacted.

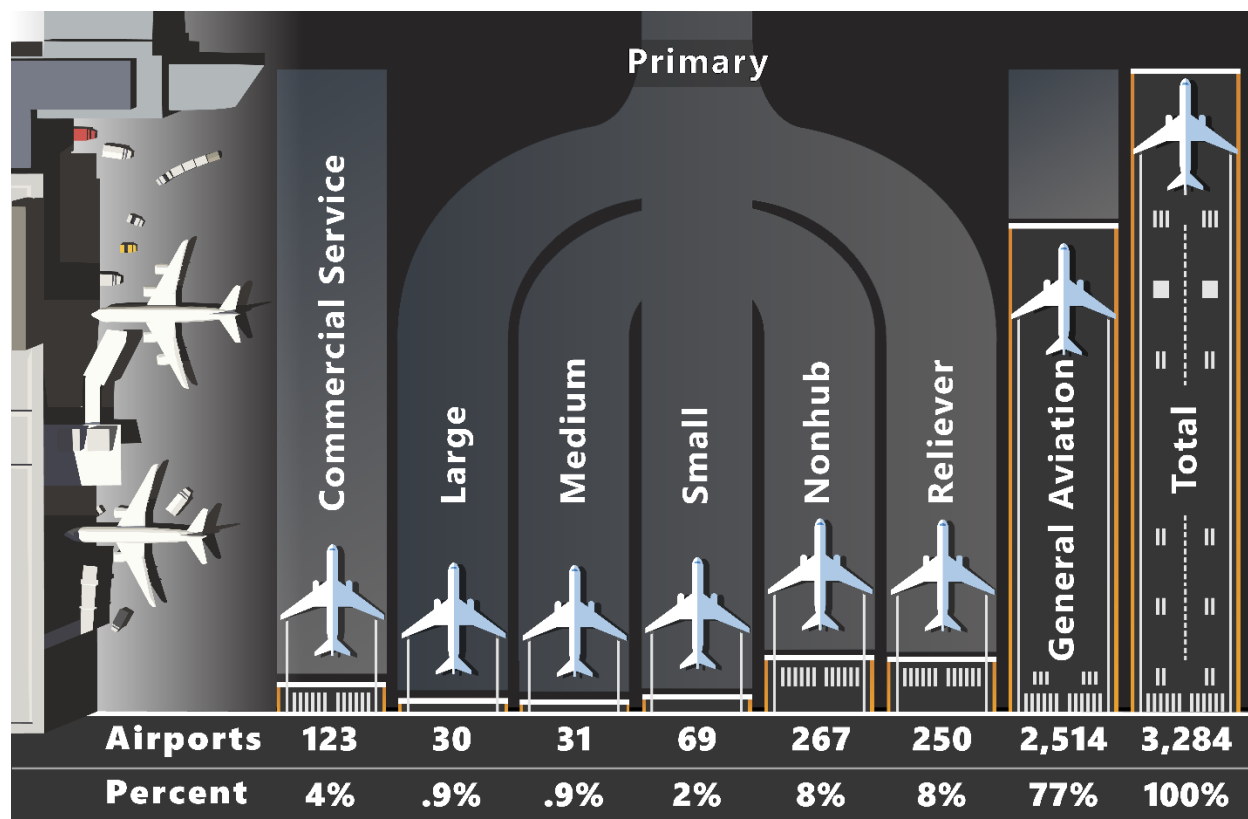
We appreciate the courtesies and cooperation of Department of Transportation (DOT) representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-2140.

cc: The Secretary
DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100

Background

The CARES Act was the first of several stimulus acts that Congress passed in response to the economic fallout caused by the COVID-19 pandemic.² The act provided funds to over 3,000 airports of varying sizes across the country (see figure 1).

Figure 1. Allocation of CARES Act Grants by Airport Type³



Source: OIG analysis of FAA data

Specifically, it allocated funds to three subsets of airports—commercial, primary service, and general aviation (see table 1)—based on a number of factors, including:

² Congress subsequently passed the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 (CRRSA), Pub. L. No. 116-260 (2020), and the American Rescue Plan (ARP) Act of 2021, Pub. L. No. 117-2 (2021). These two relief packages provided another \$2 billion and \$8 billion, respectively, to help airports respond to and mitigate the impact of COVID-19.

³ An allocation is the FAA notification to the sponsor of the intent to obligate funds (by issuing a grant). It does not involve a transfer of funds.

- Debt service—funds required in a given period to pay for the interest expense and principal of an existing loan;
- Unrestricted airport reserves—funds that can be spent on any purpose and have not been pledged as collateral for a debt obligation or another purpose; and
- Enplanements—the number of paying passengers including an original, stopover, or transfer boarding of an aircraft.

Table 1. Formulas Applied To Award CARES Act Funds (by Airport Type)

Airport Type	Description	Formula Applied	Funds Awarded
Commercial Service Airports	Publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service.	50% of funds allocated based on each airport's percentage of enplanements for all commercial service airport enplanements during calendar year 2018.	\$3.7 billion
		25% of funds allocated based on each sponsor's percentage of debt service ^a for the combined debt service for all commercial service airports for fiscal year 2018	\$1.85 billion
		25% of funds allocated based on the sponsor's fiscal year 2018 ratio of unrestricted reserves to its respective debt service. ^b	\$1.85 billion
Primary Airports	Large, medium, and small hub and non-hub airports with more than 10,000 passenger boardings per year and non-primary commercial service airports with 8,000–9,999 passenger boardings.	Funds allocated based on statutory AIP primary apportionment formulas that account for such factors as the number of passenger boardings. ^c	\$1.6 billion
General Aviation Airports	Airports with fewer than 2,500 passengers boarding per year and no scheduled air service.	Funds allocated based on categories these airports are placed in given activity measures (e.g., volume and type of flights) and other factors in the most current National Plan of Integrated Airport Systems (NPIAS). ^d	\$101 million
Total			\$9.1 billion

^a As defined in AC 150/5100-19, Airport Financial Reporting Advisory Circular. FAA calculated the debt service for CARES Act funds using information from commercial service airport sponsors' fiscal year 2018 financial reports, which are maintained in FAA's Certification Activity Tracking System (CATS). ^b FAA used fiscal year 2018 CATS data, reported as of March 14, 2020, to calculate allocations under the CARES Act formulas for commercial service airports. ^c There are a couple of exceptions: (1) There is no \$26 million limit for primary airports and (2) no reduction for airports that impose passenger facility charges. ^d FAA uses the NPIAS to identify airports that have a role in the National Airspace System and their potential, unfunded, and AIP-eligible airport development projects. The airport and project data collected by FAA forms the basis for its biennial NPIAS Report on future airport development.

Source: OIG analysis of the CARES Act

FAA's Office of Airport Planning and Programming (APP), which administers and oversees AIP grants, also performs the same duties for the Agency's CARES Act grants. However, three major differences exist between the two funding types:

- First, unlike AIP funds, which are restricted to airport capital projects, CARES Act funds can be used for any lawfully permitted purpose for airport revenues.⁴ Additionally, FAA's Office of Airport Compliance and Management Analysis is typically responsible for enforcing statutory requirements for these revenue uses at commercial airports.
- Second, FAA typically administers its airport grants-in-aid program from the field, via its Airport District and Regional Offices (ADO/RO). However, because of the unique nature of the relief funding and increased risk associated with the funds, FAA has primarily centralized CARES Act oversight and review responsibilities within its Headquarters personnel.
- Third, CARES Act funds differ from regular AIP funds because the law allows them to be available until expended and does not provide a deadline for FAA to obligate the funds.

Because of these differences, FAA developed "Frequently Asked Questions" (FAQ) guidance for airport sponsors. Initially published in April 2020, and updated five times since then, these FAQs served as the primary guidance for CARES Act recipients and covered topics such as (1) funds allocation; (2) the application, agreement, and invoicing process; (3) use of funds, (4) applicability of Environmental Review for development projects; (5) and other general questions.

Results in Brief

FAA quickly awarded CARES Act funds, but its oversight controls were insufficient for monitoring performance.

FAA used the AIP infrastructure to quickly award CARES ACT funds.

Leveraging its existing AIP processes and procedures allowed FAA to announce CARES Act awards for more than 3,000 airports just 2 weeks after Congress passed the legislation. The Agency expedited its distribution of the funds by pre-populating information into a simplified agreement for airport sponsors and allowing sponsors with multiple airports to "pool" their awards into a singular grant; 48 airport sponsors representing 400 airports elected to do so. Within a month, most airport recipients had executed their grant agreements and could begin requesting reimbursements. By the end of fiscal year 2020—6 months after enactment—sponsors had expended almost a third of the funds.

⁴ FAA's Policy and Procedures Concerning the Use of Airport Revenues ("Revenue Use Policy") defines permitted and prohibited uses of airport revenue. 64 Fed. Reg. 7696 (February 16, 1999).

Limiting requirements for CARES Act grants impacted FAA’s ability to provide effective oversight. Changes in the Agency’s oversight process had an impact on its ability to detect and prevent improper payments and monitor program performance. Given the significant risks associated with the CARES Act funds, the Agency categorized these awards as higher risk than typical AIP grants and instituted a manual review process, centralized at FAA Headquarters. To expedite the centralized reviews, FAA subsequently reduced the requirements for the supporting documentation recipients submit with payment requests. According to FAA, these changes were not implemented solely to speed the review up, but also “to lessen the administrative burden on sponsors.” However, we determined that the changes significantly contributed to more than \$271 million in unsupported costs, \$85 million in questioned costs, and \$3 million in improper payments.⁵ In several cases, FAA approved reimbursement requests that lacked the appropriate supporting documentation. In addition, as FAA acknowledged, the staff responsible for CARES Act grant oversight were unfamiliar with the nature of airport operating expenses. As a result, both recipients and Agency reviewers had to decide which costs were appropriate within the context of the law. FAA also did not establish procedures for deobligating CARES Act grants that become inactive or exceed the period of performance because the CARES Act designated the funds as “available until expended.” As a result, over 400 airports have yet to expend any of their CARES Act funds. Grant inactivity may indicate that recipients are unable to complete projects in a timely manner, as required by Federal regulations. Thus, FAA has policies and procedures that are intended to ensure active use of grant funds until they are expended and allow the Agency to deobligate unneeded funds. Although the Agency is monitoring CARES Act grants that are inactive for over 12 months, it has not developed a long-term plan for dealing with them or with grants that reach the end of the performance period with funds remaining.

FAA lacks strong oversight controls for CARES Act funds. Finally, while Federal regulations require agencies to establish internal control systems to help mitigate identified risks, decisions made by Agency officials reduced the effectiveness of FAA’s internal controls. For example, the CARES Act required grant recipients to retain at least 90 percent of their workforce numbers. However, FAA did not provide airport sponsors with adequate guidance on documenting these data nor did they attempt to independently validate the data, because they were not required to by the law. As a result, the Agency received inconsistent data and relied on airport self-certification to assess compliance. Overall, these internal control weaknesses have hindered FAA’s ability to monitor recipient activity and accurately target oversight resources. As a result, the Agency cannot provide reasonable assurance that the program is operating as

⁵ Improper payments and estimates of improper payments do not necessarily indicate fraud or monetary loss in programs and activities.

intended, projects are administered in a fiscally responsible manner, or reporting and compliance objectives are being achieved.

We are making recommendations to improve FAA's policies and procedures for overseeing COVID-relief funds and promoting effective stewardship of the significant funds allocated to airports in response to the public health emergency.

FAA Awarded CARES Act Funds Promptly, but Its Internal Controls Were Insufficient for Monitoring Performance

FAA awarded CARES Act funds quickly by making use of the AIP's existing processes and resources. However, choosing not to adopt the internal controls required for AIP grants had a negative impact on the Agency's ability to detect and prevent improper payments and monitor program performance to protect taxpayer dollars.

FAA Used the Airport Improvement Program To Quickly Award CARES ACT Funds

By leveraging the existing AIP, FAA was able to determine and announce CARES Act awards for more than 3,000 airports just 2 weeks after Congress passed the legislation. Following the announcement, the Agency took steps to expedite the distribution of the funds by pre-populating information into a simplified agreement for airport sponsors based on data stored in the System of Airport Reporting (SOAR).⁶ FAA also allowed sponsors that owned multiple airports to "pool" their awards into a singular grant; 48 airport sponsors representing 400 airports elected to do so.

As a result, within a month, most airport recipients had executed grant agreements and could begin requesting reimbursement for expenses. FAA encouraged these airport sponsors to spend their funds immediately to minimize any adverse impact from the current public health emergency. By the end of fiscal year 2020—6 months after enactment—sponsors had expended almost a third of the funds.

⁶ SOAR is FAA's system for grants management, funds control, and grant closeout coordination.

Based on our review, airports primarily used the funds to support payroll or reduce airport debt—in keeping with the intent of the CARES Act. However, nine airports that were eligible for funds neither accepted nor declined their awards. According to FAA officials, this could be because the administrative costs associated with applying for or managing the funds are sometimes greater than the award itself, which may be no more than \$1,000.

For all of these reasons, FAA was able to quickly close almost 300 CARES Act grants by March 2021—just a year after enactment of the legislation.

Limiting Requirements for CARES Act Grants Impacted FAA’s Ability To Provide Effective Oversight

Due to the significant risks associated with the large amounts and rapid distribution of CARES Act funds, FAA took three major mitigation steps to increase its levels of oversight. However, the Agency also assumed unnecessary risks by choosing not to implement some of the AIP’s more comprehensive requirements for recipients and failing to develop alternative controls in their place. In addition, FAA officials weakened the Agency’s policies and procedures for mitigating risks associated with CARES Act funds.

Changes to Supporting Documentation Requirements Made It Difficult for FAA To Validate Reimbursements and Significantly Contributed to More Than \$350 Million in Questioned or Unsupported Costs, and \$3 Million in Improper Payments

FAA assigns each AIP grant recipient a payment-risk level, which then determines the level of supporting documentation the recipient is required to submit and the approval processes for reimbursements.⁷ To mitigate the significant risks associated with the CARES Act funds, the Agency categorized payment requests from these funds to be a higher risk than most AIP requests.⁸ FAA also implemented a manual review of all CARES Act reimbursement requests—a process typically reserved only for AIP recipients at the highest level of risk. The

⁷ The three risk levels—nominal, moderate, or elevated (lowest to highest)—pertain solely to the risk associated with submitting grant payments and may differ from the risk level assigned to the recipient for other grant administration activities.

⁸ According to FAA, most AIP grant recipients are in the lowest risk category, which only requires them to provide minimal supporting documentation. ADO/RO staff are not required to review or approve that documentation, and successfully submitted requests are processed automatically for reimbursement (except for the final 10 percent, which is manually reviewed).

Agency also centralized this review at FAA Headquarters within the APP and, to ensure adequate oversight, required recipients to submit all underlying documentation in support of reimbursement requests.⁹

FAA's policy for AIP grants of a comparable risk level states that sponsors' grant documentation must be clearly labeled and searchable, and each invoice should include seven pieces of information, including contractor name, date of invoice, and billed amount.¹⁰ These requirements help FAA to confirm that the expenses are eligible and prevent improper payments. However, after spending several months reviewing its CARES Act grant reimbursement requests, FAA modified its initial policy. Recipients were no longer required to submit detailed supporting information with their reimbursement requests. In December 2020, FAA updated the CARES Act guidance to allow recipients to submit detailed invoice summaries instead.

Based on our review, the Agency made these changes to expedite its centralized review process, which is handled by fewer than a dozen employees within the APP at FAA Headquarters. According to FAA, these changes were implemented "to ensure sponsors received funding quickly, as Congress intended, and to lessen the burden on sponsors who were required to upload hundreds of pages of payroll records and receipts." FAA also gave OIG examples in which—despite the reduced requirements—officials used the centralized review process to successfully identify questionable purchases and work with the airport to resolve any issues.

However, we found that these changes impacted FAA's ability to assess the eligibility and validity of reimbursement requests that the Agency had identified as higher risk. Our review of the 58 grants in our sample found that FAA had approved more than \$271 million in reimbursements based on little more than recipient-developed spreadsheets or memos—documentation that would normally be deemed insufficient for AIP grants of an elevated risk level.

In addition, FAA's Office of Airport Compliance and Management Analysis (ACO) has experience overseeing and reviewing these types of revenue use funds. However, the Agency acknowledged that staff in the APP—the division responsible for CARES Act grant oversight—were unfamiliar with the nature of airport operating expenses.¹¹ As required by the law, the APP referred to the

⁹ FAA's initial guidance for CARES Act grant recipients, dated April 13, 2020, directed airport sponsors to "continue the current [AIP] practice of submitting underlying payment request documentation [such as] payroll receipts, janitorial contract invoices, and debt service payments." The Agency amended this requirement to only require "summary invoices" in guidance it issued on December 3, 2020.

¹⁰ The other required attributes include invoice number, breakout of AIP and non-AIP participating costs, worksite name, and short summary of services or material billed.

¹¹ DOT, *Plan on the Use of Covered Funds* (June 25, 2020).

Revenue Use Policy as it reviewed reimbursement requests and conferred with ACO as needed. Agency officials also acknowledged that due to the broadness of this policy and the increased scrutiny of CARES Act funds, both recipients and APP reviewers had to decide which costs were appropriate within the context of the law. For example, when asked by a recipient if CARES Act funds could be used to purchase artwork for a terminal, FAA stated that while the purchase was allowable under the Revenue Use Policy, it could draw unwanted attention or scrutiny. In a different example we identified during our review, FAA approved the use of CARES Act funds on a gift card for an airport employee because “gift cards are an acceptable use of airport revenue and permissible if the airport has documented policies permitting this as a ‘reasonable’ expense to improve working conditions, employer-employee relations, employee health, and employee performance.”¹²

The Agency also hired a contractor to provide program oversight support and conduct risk-assessment activities, including improper payment testing.¹³ From the testing, the contractor identified an estimated improper payment rate of only 0.6 percent,¹⁴ which fell well below the Office of Management and Budget (OMB) threshold for a “significant improper payment.”¹⁵ However, the contractor also found that while the CARES Act FAQs contain guidance on supporting documentation requirements, several grantees required multiple requests and clarifications before they could provide sufficient documentation to support their assessments. In our own sample we identified several instances where FAA reviewed and approved reimbursements although the supporting documentation did not appear to comply with the more robust Agency requirements. In total, we

¹² When questioned by OIG, FAA contacted the recipient to see if such a policy existed. According to FAA, the recipient decided it would be easier to submit a credit memo to FAA for this expense than to provide this information.

¹³ Activities to be conducted by the contractor included conducting policy analysis and process evaluation, reviewing and developing internal controls, sampling to assess early program compliance, performing audit response tracking, reporting on program performance, developing recommendations on program compliance, and developing a public-facing program dashboard.

¹⁴ The contractor reviewed a sample of 102 reimbursements totaling approximately \$2 billion but only identified 3 reimbursements valued at slightly more than \$1 million as improper based on available documentation and discussions with the relevant airport sponsors.

¹⁵ The Office of Management and Budget’s Circular A-123: Appendix C, Requirements for Payment Integrity Improvement (OMB M-21-19), March 5, 2021, defines “significant improper payment” as an annual improper payment that exceeds (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year or (2) \$100 million (regardless of the improper-payment percentage of total program outlays).

identified more than \$271 million in unsupported costs,¹⁶ \$85 million in questioned costs,¹⁷ and \$3 million in improper payments (see table 2).¹⁸

Table 2. Summary of Questioned Costs, Unsupported Costs, and Improper Payments

OIG Finding	Type	Criteria	Actual \$ (in Millions)
6 grants had transactions that were reimbursed based on insufficient supporting documentation and/or costs incurred before the CARES Act allowable period.	Questioned costs	The Inspector General Act of 1978 (5 U.S.C. App. § 5(f)(1)) defines the term “questioned cost” as a cost that is: (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditures; (2) a cost not supported by adequate documentation during the audit; and (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.	\$85.8
9 grants had transactions that were reimbursed based on insufficient supporting documentation.	Unsupported costs	5 U.S.C. App. § 5(f)(2) defines the term “unsupported cost” as a cost that did not have adequate supporting documentation at the time of the audit.	\$271.2
9 grants had transactions that were reimbursed based on incorrect amounts (including overpayments and underpayments), and insufficient or lack of documentation.	Improper payments	OMB-M-21-19 state that an improper payment is one that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The term improper payment includes; any payment to an ineligible recipient; any payment for an ineligible good or service; any duplicate payment; any payment for a good or service not received, except for those payments where authorized by law; and any payment that does not account for credit for applicable discounts.	\$3.3
Total			\$360.3

Source: OIG analysis of FAA-provided information

¹⁶ 5 U.S.C. App. § 5(f)(2) defines the term “unsupported cost” as a cost that did not have adequate supporting documentation at the time of the audit.

¹⁷ The Inspector General Act of 1978 (5 U.S.C. App. § 5(f)(1)) defines the term “questioned cost” as a cost that is: (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditures; (2) a cost not supported by adequate documentation during the audit; and (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

¹⁸ An improper payment is one that should not have been made at all or that was issued with an incorrect amount, based on statutory, contractual, administrative, or other legally applicable requirements. OMB M-21-19.

For example, at one airport, FAA approved the reimbursement of more than \$24,000 in overpayments for security services¹⁹ and approximately \$234,000 for services rendered or payment due in 2018 and 2019—before COVID-19 arrived in the United States.²⁰ Similarly, at a different airport, FAA approved the reimbursement of more than \$35,000 in operations expenses that preceded the defined period of eligibility. According to FAA, each of these reimbursements was approved because the Agency applies the “cash basis” accounting method. Thus, although the charges may have occurred before the period of eligibility, officials said, they were eligible for reimbursement because the sponsor did not actually remit payment until after the eligibility period. See exhibit D for additional examples.

In another example, FAA approved reimbursement of more than \$300,000 in civil penalties assessed by the U.S. Department of Justice against the airport sponsor. The U.S. Code (U.S.C.) states that “costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.”²¹

We were only able to make these determinations for airports that included invoices from the vendors as part of their supporting documentation.

FAA Faces Unnecessary Risks Because It Has Not Effectively Planned for Future Unexpended CARES Act Funds

Award Distribution Restrictions Result in Inequities. OMB has issued guidance on how Federal agencies can leverage emergency-related flexibilities for procurement and financial assistance to speed the award and payment process for CARES Act funds.²² The guidance directs agencies to use standard best practices and internal controls to plan, award, and manage contracts, as well as grants, loans, and other forms of assistance. It states that agencies should consider expediency, good stewardship, and the risks of fraud, waste, and abuse wherever the new relief legislation requires changes that affect payments to recipients. OMB also directed agencies to ensure that resources go to evidence-based programs whenever possible.

¹⁹ Approved reimbursement request totals failed to account for credits on the attached invoice that were issued to the airport by the service provider.

²⁰ FAA policy states that the Agency will only reimburse sponsors for operational and maintenance expenses directly related to the airport incurred on or after January 20, 2020.

²¹ 2 U.S.C. § 200.441.

²² OMB, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), April 10, 2020.

FAA’s typical annual planning process includes steps to assess need over a 5-year period—before it awards grants-in-aid to airports. In prior recovery efforts, such as for hurricane relief, airports were required to submit their plans for using the funds before any awards were issued. The CARES Act provided directions for calculating awards to airports using formulas.²³ For example, the law allocated a combined \$3.7 billion to commercial service airports based on their 2018 enplanements (see table 1 for additional details). According to FAA, the legislation did not give the Agency the authority to employ its typical award process for ensuring that the distributed funds actually match airport needs but instead provided FAA-specific directions for disbursement.

As a result, awards were not necessarily proportionate to need; some airports that were able to weather the immediate financial impacts of COVID-19 deferred using their funds for more long-term projects such as airport development. Conversely, other airports had more expenses and quickly used their entire award on payroll, servicing debt, or other operating needs. For example, 31 airports with a little over 1.3 million passengers combined received more than \$476 million collectively—more than the total amount received by Hartsfield-Jackson Atlanta International (ATL), the Nation’s busiest airport. ATL had more than 50 million passengers during the same period and received \$338.5 million in CARES Act funds. In effect, the 31 airports received 12 years’ worth of operating expenses, on average, while ATL received the equivalent of about 6 months. FAA developed and implemented internal controls to mitigate the risks these large awards pose to small airports. Specifically, the Agency established an initial grant cap that was equal to four times an airport’s annual operating expenses. Any funds in excess of this amount would be subject to FAA’s typical award process, which requires airports to demonstrate need through a secondary and separate request.

During our review, we determined that 14 of the 31 airports have asked FAA about obtaining the additional funds that they were awarded based on the formulas. The other 17 airports are coordinating with FAA to determine how to apply the funds to the greatest need. Any funds that go toward development projects are evaluated under the same criteria as regular AIP projects, where FAA emphasizes addressing safety needs—such as runways—before spending funds on revenue-generating items such as terminals.

Grant Inactivity and Unexpended Funds. The Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government*²⁴ requires agencies to design, implement, and operate effective internal control systems that provide reasonable assurance that their objectives have been achieved. Such

²³ Pub. L. No. 116-136 (2020).

²⁴ Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 10, 2021.

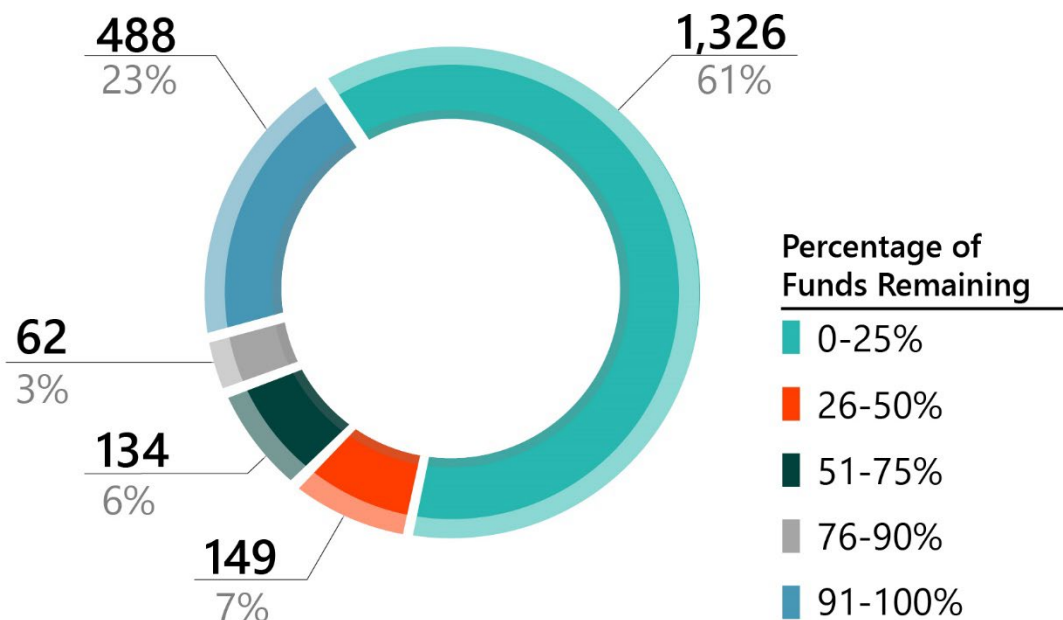
objectives include the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. Thus, internal control is an integral part of strategic planning, goal and objective setting, budgeting, program management, accounting, and auditing. Too many controls can result in inefficiencies, while too few controls might increase risk to an unacceptable level.

The U.S.C. requires recipients seeking approval for grants to be able to carry out and complete any funded projects without unreasonable delay.²⁵ Grant inactivity may be an indicator that recipients cannot comply with this requirement. Thus, FAA's policies and procedures are intended to ensure active use of grant funds until they are expended and allow the Agency to deobligate unneeded funds that can be used elsewhere. FAA also has policies and procedures to ensure that funds go only to airports with a demonstrated and justified need.

While FAA obligated approximately \$9.3 billion to CARES Act recipients by late September 2020, almost a year later more than 550 grants had unexpended balances greater than 75 percent. As of August 2021, over 460 airports had yet to spend any of the funds—a total of more than \$80 million (see figure 2). Furthermore, most of these airports have been awarded additional funds through CRRSA and ARP. Forty of the 58 grants in our sample remained open, but more than half of those had expended at least 50 percent of their CARES Act funds.

²⁵ 49 U.S.C. § 47106(a)(4).

Figure 2. Grants With CARES Act Funds Balances, as of August 2021



Source: OIG analysis of FAA data

During meetings with OIG, stakeholders provided multiple reasons to explain why this occurred. Some airport sponsors said they were able to withstand the immediate impacts of COVID-19 and wanted to direct the funds toward long-term development projects. Others stated that they were exerting greater care and planning before using the funds because of the atypical nature of the grants and the anticipated increased scrutiny over their use.

Per the Agency's AIP policy,²⁶ a grant is deemed inactive if it is open and has not had a payment request for 18 months or more. In such cases, FAA must obtain a reason, as well as plans to address the situation, from the sponsor. Based on this requirement, any CARES Act grants that had not expended funds by the time of our audit would be deemed inactive. According to FAA, they did not adopt this AIP requirement for CARES Act grants, but the Agency is monitoring grant inactivity in excess of 12 months. Similarly, FAA has policies about grant period of performance and procedures for deobligating funds if that period is exceeded.²⁷ However, FAA has yet to develop a long-term plan for dealing with grants that remain inactive for longer periods or reach the end of the performance period with funds remaining. According to FAA officials, this is because CARES Act designated the funds as "available until expended." After we provided our preliminary findings to Agency officials in late 2021, FAA provided additional data

²⁶ AIP Handbook, chapter 5, section 2.

²⁷ Beginning in 2016, FAA instituted a 4-year period-of-performance for all AIP grants.

that indicate sponsors have made some progress expending the CARES Act funds, but large unexpended balances remain an issue. As of December 31, 2021 more than 400 airports had yet to expend any of their award dollars. FAA policy for AIP grants requires—and Federal regulations allow—unexpended funds to be applied to existing projects or, under certain circumstances re-obligated for new projects. However, the Agency lacks a process or plan for addressing this issue with CARES Act funds.

FAA Lacks Strong Internal Controls for Overseeing CARES Act Funds

GAO's *Standards for Internal Control* outlines activities that agency managers should establish to achieve mission objectives and respond to risks. Examples include controls over information processing, accurate and timely recording of transactions, and top-level and activity-level reviews of actual performance. While FAA has implemented oversight policies and procedures for the CARES Act program, subsequent Agency decisions have undermined their effectiveness.

Insufficient Controls Over Workforce Retention Information. As a condition of receiving funds via the CARES Act, 130 of the largest U.S. airports—which handled approximately 96 percent of U.S. commercial service passenger boardings in 2018—were required to retain a significant portion of their staff.²⁸ According to Agency officials and based on our review of FAA-provided data, all 130 of these airports complied with this requirement.²⁹ However, FAA provided limited guidance for how airports should provide such data.

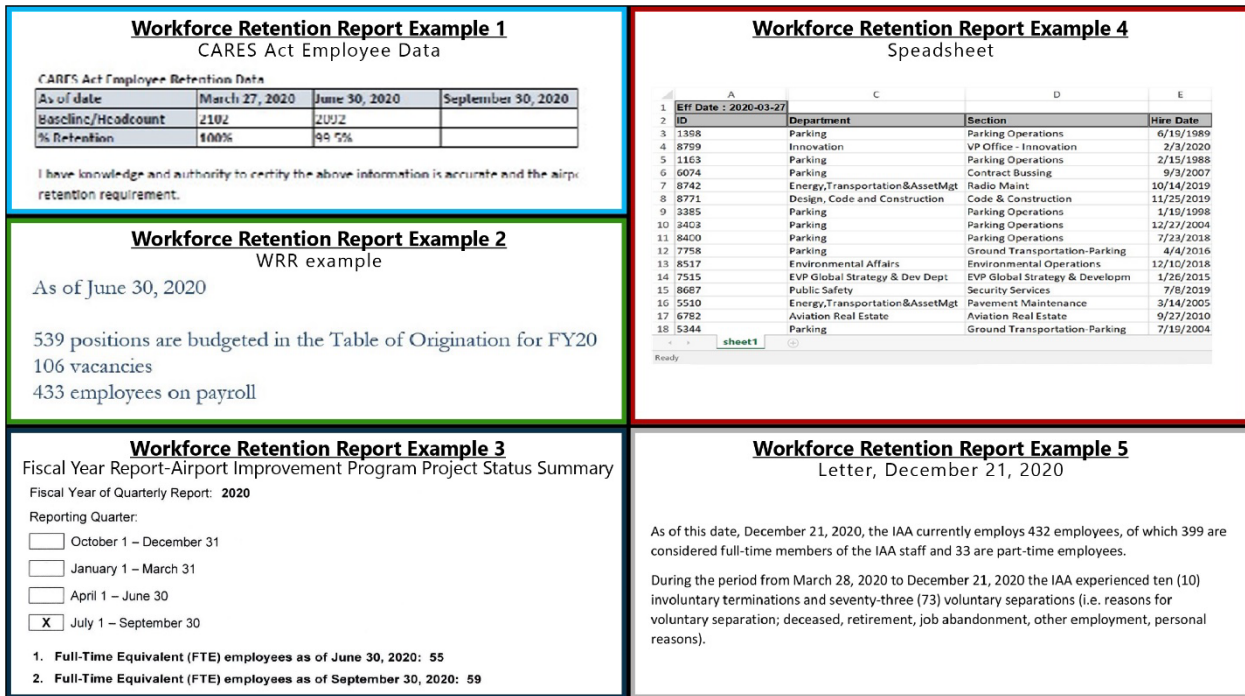
FAA directed airport sponsors to self-certify compliance at the time of grant execution, submit data on full-time equivalents (FTE), and report on separations and current FTE status at the end of each quarter.³⁰ However, FAA did not create a standard format for data submissions, and airport sponsors used various methods to submit their workforce retention data. For example, some airports provided detailed reports with employee names, identification numbers, and job titles; others solely submitted the number of employees for that period. Other reporting methods included summarized payroll data, memoranda listing total counts for FTEs or employees in general, and simplified spreadsheets updated quarterly (see figure 3). Of the 58 airports in our sample, 43 had to comply with the CARES Act's workforce retention requirement. Those 43 airports reported their workforce retention data in 6 different ways.

²⁸ This workforce retention requirement stipulated that those applicable airport sponsors must continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed by the airport as of March 27, 2020, when the law was enacted.

²⁹ Although the law allowed the Secretary of Transportation to waive this requirement based on certain circumstances, such as hardship, FAA officials told us that none were granted.

³⁰ Recipients were directed to submit employment totals from June 30, 2020, and through December 2020.

Figure 3. Examples of Submitted Quarterly Workforce Retention Data Reports



Source: OIG analysis of airport documentation

Furthermore, the workforce retention data FAA provided to us contained numerous discrepancies based on the source data we obtained directly from the airport sponsors in our sample. For 18 of the 43 airports bound by this requirement, FAA used incorrect baseline or quarterly information as a condition for determining continued grant eligibility. More specifically, we noted:

- Five instances where FAA incorrectly reported the baseline or quarterly information received from airport sponsors;
- Four instances where FAA included all employees—not just the FTEs—in the baseline or quarterly information; and
- Three instances where the airport sponsor provided employee data as its baseline but FAA reported different information based on adjustments or inconsistencies.

Finally, FAA also allowed sponsors that owned multiple airports to report their workforce retention requirements as a pooled number, whether or not all the airports were required to comply.³¹ According to FAA, this allowance was granted

³¹ Of the 130 airports that were required to comply with the workforce retention component of the CARES Act, 23 had sponsors that pooled their data.

because “in some cases, airports ‘share’ employees from one airport to another and reporting pooled numbers proved to be the most accurate data from those airports.” Pooling the numbers, the Agency said, also allowed recipients to decrease the reporting burden and still achieve compliance with the CARES Act. When we asked Agency officials about their ability to differentiate the data for each airport, one official indicated that FAA was more concerned about consistent reporting across quarters. For example, if a sponsor reported having 100 employees for 1 month, then FAA would expect to see a similar number in the following months. Because FAA did not require delineation of the data, however, the Agency cannot be certain that each individual airport complied with the workforce retention.

According to FAA, officials could not always easily interpret the data because recipients had different understandings of what was required, and the Agency had not developed a standard format. For example, FAA officials stated, some recipients didn’t understand the nuances between full-time employees and full-time equivalents.

Ultimately, these discrepancies occurred because FAA did not provide sufficient, robust guidance to recipients or establish standard data submission or collection methods. FAA’s ability to understand, compare and further analyze the data is essential to identifying whether or not program objectives are met. Additionally, requirements like this have governed prior recovery efforts—and are likely to be implemented in the future—and are essential to the effective protection of Federal funds during a disaster to organizations that receive Government assistance.

Missed Reviews at the Grant Level. Title 2, Code of Federal Regulations (CFR), section 200.328 requires airport sponsors to submit Federal Financial Report (SF-425)³² for each open grant agreement. Airport sponsors with a development addendum³³ must also submit a form called the Outlay Report and Request for Reimbursement for Construction Program.³⁴ These reports—due by December 31 of each year—summarize annual grant expenditures and are a critical part of FAA’s internal controls for its grant activities. However, 36 of the 58 grant files we reviewed were either missing required reports or contained reports that were completed anywhere from 5 days to 9 months after the required submission date. For example, an airport signed and submitted a completely blank Outlay Report form to FAA, although our review indicates that it should have reported more

³² Government agencies are required to submit Federal Financial Reports (Standard Form [SF] 425) annually and at grant closeout.

³³ Airport sponsors can apply for a development addendum, which modifies the initial grant to allow a portion of their CARES Act funds be used for other purposes.

³⁴ Outlay Reports (SF-271) summarize grant construction cost reimbursement requests on an annual basis and at grant closeout.

than \$82 million in transactions for the applicable period via the Federal Financial Report instead. FAA accepted this form without correction—further evidence that Agency is not properly monitoring its CARES Act grants.

According to FAA officials, they only ask airport sponsors to submit annual financial reports when a grant remains open over 2 fiscal years or the sponsor has drawn down all its grant funds. However, we could not find this exception documented in any of the Agency’s policies for CARES Act and AIP grants. Furthermore, FAA did not provide equivalent guidance during our prior audit of the State Block Grant Program when we identified the same issue.³⁵ Missing or inaccurate financial reports hinder FAA’s ability to conduct effective oversight of the CARES Act grants. As a result, the Agency cannot provide reasonable assurance that the program is operating as intended and that projects are administered in a fiscally responsible manner.

Limited Action on Contractor Recommendations and Tools for Improving Program Oversight. The program oversight and risk assessment that FAA’s contractor provided for the Agency included such activities as conducting policy analysis and process evaluation, reviewing and developing internal controls, sampling to assess early program compliance, performing audit response tracking, reporting on program performance, and developing recommendations on program compliance. From these interim efforts, the contractor identified four gaps in FAA’s process and developed three recommendations for improving the program. After reviewing the recommendations, Agency officials elected not to address them as written; rather they implemented alternative actions for all three—to varying success (see table 3).

³⁵ *Gaps in FAA’s Oversight of the AIP State Block Grant Program Contribute to Adherence Issues and Increase Risks* (OIG Report No. AV2021017), February 10, 2021. OIG reports are available on our website at <https://www.oig.dot.gov/>.

Table 3. Contractor Interim Recommendations and FAA Response

Contractor Recommendation	FAA Response	OIG Findings
Create a job aid to assist sponsors with reimbursement requests.	FAA elected to update the Frequently Asked Questions document it provides to airport sponsors with guidance on what should be included to support reimbursement requests.	FAA updated its Frequently Asked Questions guidance document on December 3, 2020, to further clarify the reimbursement request process and requirements. Airport sponsors and FAA field offices we spoke with indicated that they often refer to this document for guidance.
Establish a centralized document that provides updated decisions to aid approvals of reimbursement requests.	FAA indicated it would establish an informal eligibility determination guidance document and record vital decision points noted during weekly meetings. The Agency also modified the CARES Act reimbursement request review process to include full-time reviewers to improve uniformity.	FAA elected not to develop a decision tracker and informed us that minutes are sometimes not taken at weekly meetings. As a result, vital decision points may not be maintained in a traceable way.
Create a template/standardized language for reviewers in Airport and Regional District Offices (ADO/RDO) to use for followup or reimbursement rejections.	FAA officials did not address creating a naming convention for support files. Instead they left this action up to sponsors as files names are tied to their specific accounting purposes in Delphi, DOT's electronic invoicing system.	Per FAA, the review process is centralized and led by Headquarters personnel. ADO/RDO involvement is limited to addressing sponsor concerns and questions.

Source: OIG analysis of FAA-provided information

However, the Agency does acknowledge that in its final deliverable, the contractor observed that “there is room to improve the efficiency of the FAA CARES Act Grants-in-Aid for Airports program and additional economic stimulus grant programs.” And that the “FAA should reinforce with grantees the need to have supporting documentation readily available to support future audits of these grant programs.”

FAA initially required its contractor to perform other activities, such as developing a CARES Act dashboard with metrics for reporting data and creating a COVID-Relief Tracker to assign and monitor requests for audits. These items were intended to ensure the effective execution of CARES Act grants. However, after months of delays, the Agency issued a stop-work order for this task, citing the contractor’s inefficiency and lack of technical expertise. FAA officials explained that the tracker was inefficient because it had capacity limitations, and staff had to perform numerous steps to assign and track requests. As a result, this deliverable did not improve the Agency’s method of tracking audit tasks, and we

have minimal assurance that the Agency's reporting and compliance objectives are being achieved.

Conclusion

The volume of CARES Act funds and the speed with which they were disbursed has created oversight challenges. To FAA's credit, the Agency has taken positive steps to address issues that arose during previous relief efforts associated with a sudden infusion of funds, such as establishing a risk-based oversight approach that recognized the elevated risk associated with the CARES Act Grant Program. Still, FAA has the opportunity to further improve on its oversight of these funds and prepare for its response to future emergencies. Specifically, stronger grants management policies and procedures will enhance FAA's efforts to promote effective stewardship over the significant funds Congress allocated for COVID relief and help airports respond to the public health emergency.

Recommendations

To improve FAA's policies and procedures for overseeing funds allocated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, we recommend that the Federal Aviation Administrator:

1. Assess the risk of improper payment for debt service, payroll, operating and maintenance expenses, and CARES Act reimbursement requests, and revise FAA's policy on supporting documentation requirements to account for risk level.
2. Request supporting documentation for the transactions related to the \$271 million in unsupported costs we identified, and collect all unsupported costs or identify FAA's rationale for accepting them.
3. Assess transactions related to the \$85 million we identified in grant recipients' improper use of funds due to noncompliance with law or ineligible use of funds, and recover unallowable reimbursements.
4. Recover the \$3.3 million for services rendered or payment that was due prior to the allowable period.
5. Develop and implement a plan to encourage recipients to expend CARES Act funds.

6. Review workforce retention data provided by sponsors, and update records as needed to ensure compliance with law.
7. Develop a plan for implementing future workforce retention requirements as a condition of grants-in-aid based on best practices and lessons learned from prior efforts.

Agency Comments and OIG Response

We provided FAA with our draft report on April 15, 2022, and received its formal response on June 7, 2022. That response has been included in its entirety as an appendix to this report. We are encouraged to see that FAA recognizes the need to strengthen controls around the CARES Act Grant Program, concurs with recommendations 5–7 as written, and has provided completion dates for those recommendations. We consider these recommendations resolved but open pending implementation. The Agency also partially concurred with recommendations 1–4.

Based on FAA’s response, the Agency’s planned actions satisfy the intent of recommendation 1 and we consider it resolved but open pending implementation of those planned actions. As recommended, FAA also collected, validated, and provided for our review the missing supporting documentation for \$270.7 million in unsupported costs and \$85.4 million in questioned costs. Therefore, we consider recommendations 2 and 3 resolved and closed.

Nevertheless, as stated in the Agency’s official response, FAA did not agree with our findings in a number of areas.

First, FAA did not agree with the actual amounts of more than \$271 million in unsupported costs, \$85 million in questioned costs, and \$3 million in improper payments that we identified. The Agency described our methodology as flawed and our work as incomplete. However, we disagree. To assess reimbursements approved before December 3, 2020, we applied FAA’s own supporting documentation requirements, which are outlined in its April 2020 CARES Act Grants FAQs. Those requirements directed grant recipients to submit underlying payment request documentation such as payroll receipts, janitorial contract invoices, and debt service payments. To assess reimbursements approved on or after December 3, 2020, we used FAA’s updated FAQs, which, as we note in our report, included reduced requirements for supporting documentation.

Second, FAA stated that because the Agency collected supporting documentation for the unsupported and questioned costs, we should revise recommendations 2 and 3 in our report. We disagree given that these recommendations are based on evidence we obtained during the audit and the

findings that we presented to program officials multiple times between December 2021 and February 2022. The Agency responded to our findings by collecting the necessary documentation to ensure compliance with laws and regulations, as we had recommended. However, as we note in our report, questioned and unsupported costs are defined by statute as based on documentation obtained “during the audit” and “at the time of the audit.” In addition, FAA acknowledges that it identified an additional \$456,000 in improper payments as a result of actions referenced in recommendation 2 and another \$356,000 in improper payments due to actions referenced in recommendation 3. This combined \$812,000 in improper payments that we did not identify further validates our recommendation.

By completing these actions, FAA met the intent of recommendations 2 and 3. In its response, FAA also contends that the Agency’s e-invoicing system (Delphi) contained the required supporting documentation for three reimbursement examples. However, FAA officials did not take issue with these examples until June 2022—more than 6 months after we provided our findings to them. We stand by our analysis that the documentation referenced in the Agency’s response was not available at the time we reviewed the reimbursements.

Third, related to recommendation 4, FAA stated that our definition on the period of eligibility is a methodological error. As a result, the Agency takes issue with \$3.3 million in improper payments that we identified for services rendered or payment due prior to applicable period of eligibility.

We disagree. FAA’s April 2020 guidance stated that “grants for operating expenses may not include activities prior to January 20, 2020.” Furthermore, the CARES Act was passed to “prevent, prepare for, and respond to coronavirus.” However, FAA accepted for reimbursement obligations that were incurred as far back as 2018 and 2019—before the first COVID-19 cases were diagnosed in the United States. As such, we question the \$1.6 million-plus in CARES Act grant reimbursements that FAA approved for activities prior to January 20, 2020.

Fourth, as FAA notes in its response, due directly to the actions we recommended, the Agency agreed to more than \$3.7 million in improper payments—a larger amount than we identified in the report. We appreciate the seriousness with which the Agency addressed this recommendation and the expedience with which FAA officials worked to recover those improperly paid funds. However, those efforts do not invalidate our overall assessment of the Agency’s oversight of CARES Act funds or the work we conducted during this audit.

To ensure that taxpayer dollars are spent responsibly, we are requesting that FAA reconsider its response to recommendation 4 and agree to recover any funds

that were previously approved for services rendered or payment that was due prior to the allowable period.

Actions Required

We consider recommendations 1 and 5 through 7 resolved but open pending submission of supporting documentation and completion of planned actions. We consider recommendations 2 and 3 resolved and closed based on documentation FAA provided after our review was completed. We consider recommendation 4 unresolved and request the Agency reconsider its position. In accordance with DOT Order 8000.1C, we request that FAA provide us with its revised response within 30 days of the date of this report.

Exhibit A. Scope and Methodology

This performance audit was conducted between March 2021 and April 2022. We conducted the audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To determine whether FAA policies and procedures for awarding and overseeing CARES Act funds are sufficient to protect taxpayer interests, we tested FAA's grant files for compliance with Federal laws and regulations and adherence to guidance such as the Agency's FAQs.³⁶ To address our objectives, we reviewed applicable laws and regulations, such as the CARES Act; 2 CFR 200; OMB Circular M-20-11; and FAA's Revenue Use Policy, as well as documentation from Delphi, DOT's e-Invoicing system, and workforce retention data maintained by FAA. We also contacted or interviewed representatives from the APP, ADOs, and ROs; regional airports; and FAA's CARES Act Grant Program oversight support contractor.

We obtained and analyzed FAA's calculation and allocation formulas, and obligation and expenditure data for CARES Act airport grants. These data consisted of 4,471 records with identified CARES Act funding groups 1 through 4. After conferring with the OIG Statistician, we restricted the audit universe to commercial service and primary airports in funding groups 2 and 3 because these two groups received the largest obligations.³⁷ Using the FAA data, we identified a universe of 368 unique CARES Act grants from the Delphi database, as of February 14, 2021. We then selected a statistical sample of grants. For the sample size computations, we used an estimated noncompliance rate of 50 percent, a confidence level of 90 percent, and a precision no greater than +/- 10 percent. We then stratified the grants into a census strata of 21 grants with an obligated amount greater than or equal to \$100 million and a sample strata of 37 grants with an obligated amount of less than \$100 million. For the sample strata, we selected samples based on probability proportional to the size of the obligated

³⁶ We applied the relevant FAQ standards based on the date of the reimbursement request submission. We reviewed approved reimbursement requests submitted prior to December 3, 2020, based on the requirements outlined in the April 14, 2020, FAQ. We reviewed approved reimbursement requests submitted on or after December 3, 2020, based on the requirements outlined in the FAQ published on that date.

³⁷ One grant in our sample had a hub size of "0." FAA officials explained that such grants go to airport sponsors that operate multiple airports.

grant amount. Our total sample size was 58, with a total obligated amount of \$5,692,145,404 (65 percent) of the universe amount of \$8,758,738,583.

During the audit, we determined that we needed a second sample to identify grants with zero drawdowns. Using the same FAA data, we developed a code to select a sample of airport sponsors with zero CARES Act drawdowns in four funding limitation codes. The data were stratified, based on the CARES Act grant amounts, according to five different strata:

1. less than \$50,000
2. equal to or greater than \$50,000, and less than \$100,000
3. equal to or greater than \$100,000 and less than \$1 million
4. equal to or greater than \$1 million and less than \$10 million
5. equal to or greater than \$10 million

We selected a simple random sample of four grants each within four of the five strata; the fifth strata only captured three grants. We contacted the airport sponsors identified in the sample and discussed their plans for the grant funding.

To obtain an overall understanding of the CARES Act Grant Program, we interviewed FAA officials to determine their roles and responsibilities in reimbursing funds to airport sponsors and to learn about the program's guidance, award process, relevant data, expenditures and reimbursements, and compliance reviews. We also received a walkthrough of FAA's three CARES Act grant management and administration systems—SOAR, Knowledge Services Network (KSN), and Delphi.

To assess FAA's policies and procedures for awarding CARES Act grants, we met with FAA officials to learn how the Agency calculated formulas, identified the data used for these calculations, and established the four funding groups. We also learned about the factors that contributed to disproportionate awards. Next, we interviewed the airport sponsors in our sample to identify any issues they experienced with the grant process, compliance with requirements, or delays obtaining reimbursement. Finally, we reviewed the CARES Act Grant Program oversight support contractor's roles and responsibilities, as well as FAA's response to the contractor's recommendations.

Per the legislation, all airports receiving CARES Act funds were required to employ, through December 31, 2020, at least 90 percent of the number of

individuals on board when the law was enacted.³⁸ To assess the effectiveness of FAA’s oversight of these requirements, we requested workforce retention data that captured employee totals beginning on March 27, 2020 (baseline) and quarterly inputs for June 30, 2020 (first quarter), September 30, 2020 (second quarter), and December 31, 2020 (third quarter) from FAA and airport sponsors for each of the 43 applicable grants in our sample. We asked the airport sponsors to submit copies of the original data they provided to FAA. We then examined both sets of data for clarity and consistency to determine trends and irregularities and whether part-time or seasonal employees were included. Next, we reviewed correspondence and emails between FAA and the airport sponsors to identify issues with guidance, understanding, timeliness, and compliance with the reporting process. Afterward, we compared all the retention data we received to identify discrepancies between FAA’s and the sponsors’ information. Finally we recomputed the calculations using the sponsors’ data to determine if they had met the 90-percent retention requirement for the quarters that did not match FAA data. When determining the retention rate based on sponsor provided data, not FAA adjusted data, we used the following formula:

$90/100 \times \text{sponsor's baseline} = 90\text{-percent employee retention to be maintained through December 31, 2020}$

To assess the effectiveness of FAA’s CARES Act–related management policies and procedures, we obtained access to SOAR, KSN, and Delphi and independently reviewed and validated CARES Act data, grant files, and related documentation. This access allowed us to assess FAA’s oversight of grantee compliance with applicable Federal laws and regulations. We retrieved grant file—including grant agreements, annual financial reports, and closeout reports—from all three databases. We reviewed each document for clarity, correctness, and overall completion to identify any issues with grant issuance, acceptance, and compliance. Access to these systems also enabled us to:

- Download reimbursement requests and supporting documentation from Delphi. We reviewed this material for compliance with CARES Act, 2 CFR 200, and FAA’s FAQs and Revenue Use Policy.
- Determine questioned costs. In line with the definition of “questioned costs” in the Inspector General Act of 1978, we determined which costs were not supported by adequate documentation to address conflicting information, such as date incurred, date due, or date paid.

³⁸ The workforce retention requirement was not applicable to nonhub airports or nonprimary airports receiving funds under this heading in this act.

- Determine unsupported costs, i.e., costs that lacked sufficient or any documentation to show whether related payments were proper or improper.
- Determine improper payments. Per Federal and Agency guidance, debts incurred before March 27, 2020, and operational expenses incurred prior to January 20, 2020, were ineligible for reimbursement with CARES Act funds. We defined “incurred” as the date when the expense or service was provided to the airport, billed by the vendor, or due for payment (see exhibit D).

To further assess the effectiveness of FAA’s CARES Act–related annual reporting and closeout policies and procedures, we downloaded the annual financial reports required to be filed by grant recipients (SF-425 and SF-271) from Delphi for each grant in our sample and reviewed them for compliance with reporting periods and submission deadlines and for accuracy and completeness using OMB instructions. We also used SOAR and Delphi to obtain and reconcile available closeout documentation, including summarized non-development expenses covered under the grant and associated amounts, certification of expenses incurred, certification that equipment and services were procured in accordance with grant terms, certification that operational expenses were completed on January 20, 2020, and debt service payments were completed on March 27, 2020.

Exhibit B. Organizations Visited or Contacted

Federal Aviation Administration Facilities

FAA Headquarters
FAA Central Region Office
FAA New England Region Office
FAA Atlanta Airports District Office (ADO)
FAA Chicago ADO
FAA Dakota – Minnesota ADO
FAA Denver ADO
FAA Detroit ADO
FAA Harrisburg ADO
FAA Helena ADO
FAA Memphis ADO
FAA Phoenix ADO
FAA San Francisco ADO
FAA Seattle ADO
FAA Texas ADO

Airports/Airport Sponsors

Austin-Bergstrom International Airport, TX (AUS)
Baltimore Washington International Airport, MD (BWI)
Brookhaven Airport, NY (HWV)
Charleston International Airport, SC (CHS)
Charlotte-Douglas International Airport, NC (CLT)
Cincinnati/Northern Kentucky International Airport, KY (CVG)

City of Chicago

City of Phoenix Aviation Department, AZ

Clark County Department of Aviation, NV (CCDOA)

Bill and Hillary Clinton National Airport, AR (LIT)

Columbus Airport, GA (CSG)

Dallas-Fort Worth International Airport, TX (DFW)

Dane County Regional Airport, WI (MSN)

Denver International Airport, CO (DEN)

Fort Lauderdale-Hollywood International Airport, FL (FLL)

Greater Orlando Aviation Authority, FL (GOAA)

Hartsfield-Jackson Atlanta International, GA (ATL)

Indianapolis Airport Authority, IN (IAA)

Houston Airport System, TX (HAS)

Los Angeles World Airports, CA (LAX)

Massachusetts Port Authority, MA

Metropolitan Airports Commission, MN

Metropolitan Knoxville Airport Authority, TN

Metropolitan Washington Airports Authority, DC (MWAA)

Miami-Dade Aviation Department, FL

Mineta San Jose International Airport, CA (SJC)

Montpelier, VT

Nashville International Airport, TN (BNA)

Omaha Airport Authority, NE (OMA)

Philadelphia International Airport, PA (PHL)

Phoenix Deer Valley Airport, AZ (DVT)

Port Authority of New York and New Jersey (PANYNJ)

Reno-Tahoe Airport Authority, NV
Sacramento County Department of Airports
San Diego International Airport, CA (SAN)
San Francisco International Airport, CA (SFO)
San Juan, PR
Santa Fe Regional Airport, NM (SAF)
Seattle-Tacoma International Airport, WA (SEA)
Springfield-Branson National Airport, MO (SGF)
St. Louis Lambert International Airport, MO (STL)
St. Pete-Clearwater International Airport, FL (PIE)
State of Hawaii
Susquehanna Area Regional Airport Authority, PA (SARAA)
Tampa International Airport, FL (TPA)
Topeka Regional Airport, KS (FOE)
Wayne County Airport Authority, MI

Exhibit C. List of Acronyms

ACO	Office of Airport Compliance and Management Analysis
ADO	Airport District Office
AIP	Airport Improvement Program
APP	Office of Airport Planning and Programming
ARFF	Aircraft Rescue and Firefighting
ARP Act	American Rescue Plan Act
ATL	Atlanta
CARES Act	Coronavirus Aid, Relief, and Economic Stimulus Act
CATS	Certification Activity Tracking System
CFR	Code of Federal Regulations
COVID-19	Coronavirus Disease 2019
CRRSA Act	Coronavirus Response and Relief Supplemental Appropriations Act
DOT	Department of Transportation
FAA	Federal Aviation Administration
FAQ	Frequently Asked Question
FTE	Full Time Equivalent
GAO	General Accountability Office
NPIAS	National Plan of Integrated Airport Systems
OIG	Office of Inspector General
OMB	Office of Management and Budget
RO	Regional Office
SF	Standard Form
SOAR	System of Airports Reporting
U.S.C.	U.S. Code
USDA	U.S. Department of Agriculture

Exhibit D. OIG-Identified Examples of FAA-Approved Reimbursements Before the Allowable Period

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
For operating expenses, the period of eligibility began on January 20, 2020; for debt expenses the period of eligibility began on March 27, 2020.				
A 1	November 20, 2019–November 30, 2019	\$998,601.39	Operational expenses (e.g. property, liability, and health insurance) from November 2019.	\$998,601.39
B 1	January 13, 2020–March 10, 2020	\$1,874,918.18	Debt-service reimbursement paid before the allowable period for January, February, and March 2020.	\$1,874,918.18
C 1	July 2019–November 2019	\$4,321.13	Aircraft Rescue and Firefighting (ARFF) expenses for July, August, September, October, and November of 2019.	\$11,481.13
C 2	July 2019–October 2019	\$3,580.00		
C 3	July 2019–October 2019	\$3,580.00		
D 1	December 1, 2019	\$10,777.99	Prepayment for mechanical and electrical work to be completed from January 1, 2020, through March 31, 2020.	\$35,783.91
D 2	December 20, 2019	\$4,187.13	Maintenance services (i.e., elevator repairs) to be completed from January 1, 2020, to March 31, 2020.	
D 3	January 8, 2020	\$20,758.79	Insurance payment on January 8, 2020, which was before the allowable period.	
D 4	January 1, 2020	\$35.00	Membership dues to an association on January 1, 2020.	
D 5	January 15, 2020	\$25.00	Membership dues to an association on January 15, 2020.	

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
E 1	January 15, 2020	\$1,800.00	Monthly retainer fee to an aviation forecasting consulting vendor for air service planning and development services that ended on January 15, 2020.	\$144,502.02
E 2	January 13, 2020	\$2,756.00	Software services that ended on January 13, 2020.	
E 3	January 17, 2020	\$10.60	Electrical work done by the airport sponsor, completed on January 17, 2020.	
E 4	January 16, 2020	\$170.44	Shipping charge that occurred on January 16, 2020.	
E 5	December 20, 2019–January 20, 2020	\$5,161.52	Waterworks supply from December 20, 2019 to January 20, 2020.	
E 6	January 3, 2020	\$2,133.00	Conference admissions and sponsorship charges that occurred on January 3, 2020.	
E 7	January 1, 2020	\$55.00	Music expenses from January 1, 2020.	
E 8	January 16, 2020	\$257.99	Safety maintenance that occurred on January 16, 2020.	
E 9	January 17, 2020	\$2,700.00	Charges related to a turf vendor whose services ended on January 17, 2020.	
E 10	November 27, 2019	\$14,414.64	Car rental that ended on November 27, 2019.	
E 11	December 4, 2019	\$5,922.30	Legal fees charged on December 4, 2019.	
E 12	January 7, 2020	\$350.00	Legal fees through January 7, 2020.	
E 13	December 2019	\$3,954.43	Share of municipal retirement expenses that ended on December 1, 2019.	
E 14	January 2, 2020	\$125.00	Monthly pool service charges that ended on January 2, 2020.	

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
E 15	January 3, 2020	\$52.75	Monthly pool service charges that ended on January 3, 2020.	
E 16	December 31, 2019	\$80,147.67	Firemen salaries through December 31, 2019, before the allowable period.	
E 17	December 30, 2019	\$6,061.47	Firemen salaries through December 30, 2019.	
E 18	November 7, 2019	\$2,256.25	ARFF expenses from November 7, 2019.	
E 19	November 7, 2019	\$2,702.50	ARFF expenses from November 7, 2019.	
E 20	January 15, 2020	\$639.44	ARFF expenses from January 15, 2020.	
E 21	January 2, 2020	\$266.18	Alterations and dry cleaning for its employees that occurred on January 2, 2020.	
E 22	November 29, 2019	\$56.00	Work to fix the airport sponsors' internet mailbox on November 29, 2019.	
E 23	November 29, 2019	\$255.00	Transferring computer data, which occurred on November 29, 2019.	
E 24	November 29, 2019	\$85.00	Onsite computer service call on November 29, 2019.	
E 25	November 29, 2019	\$510.00		
E 26	November 30, 2019	\$212.50	Onsite computer service calls that occurred on November 30, 2019.	
E 27	November 30, 2019	\$85.00		
E 28	November 30, 2019	\$170.00		

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement	
E 29	November 30, 2019	\$127.50			
E 30	November 30, 2019	\$127.50			
E 31	November 30, 2019	\$85.00			
E 32	November 30, 2019	\$255.00	Onsite computer service calls that occurred on November 30, 2019.		
E 33	November 30, 2019	\$127.50			
E 34	November 30, 2019	\$85.00			
E 35	November 30, 2019	\$42.50			
E 36	November 30, 2019	\$127.50			
E 37	November 30, 2019	\$170.00			
E 38	December 6, 2019	\$212.50		Onsite computer service call on December 6, 2019.	
E 39	December 23, 2019	\$85.00		Onsite computer service call on December 23, 2019.	
E 40	December 27, 2019	\$297.50	Onsite computer service calls that took place on December 27, 2019.		
E 41	December 27, 2019	\$85.00			
E 42	December 30, 2019	\$85.00	Onsite computer service calls on December 30, 2019.		

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
E 43	December 30, 2019	\$85.00		
E 44	January 8, 2020	\$222.60	Landfill reimbursement expense from January 8, 2020.	
E 45	January 3, 2020	\$165.00	Landfill reimbursement expense from January 3, 2020.	
E 46	December 31, 2019	\$90.00	Conference call with a vendor on December 1, 2020.	
E 47	December 18, 2019	\$75.00	Electric work reimbursement which occurred on December 18, 2019.	
E 48	December 11, 2019	\$127.50	Electric work that occurred on December 11, 2019.	
E 49	January 9, 2020	\$456.80	Battery replacement on January 9, 2020.	
E 50	January 2, 2020	\$350.00	Membership dues paid on January 1, 2020.	
E 51	January 13, 2020	\$2,539.00	Miscellaneous charges on January 13, 2020.	
E 52	December 30, 2019	\$42.50	Onsite computer service calls that occurred on December 30, 2019.	
E 53	December 30, 2019	\$170.00		
E 54	December 30, 2019	\$255.00		
E 55	December 30, 2019	\$170.00		
E 56	December 30, 2019	\$127.50		

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
E 57	December 30, 2019	\$297.50		
E 58	December 30, 2019	\$170.00		
E 59	December 30, 2019	\$170.00		
E 60	December 30, 2019	\$56.00		
E 61	December 31, 2019	\$1,199.63	Onsite computer service calls that occurred on December 31, 2019.	
E 62	December 31, 2019	\$436.00		
E 63	December 31, 2019	\$170.00		
E 64	December 31, 2019	\$212.50		
E 65	December 31, 2019	\$170.00		
E 66	December 31, 2019	\$212.50		
E 67	December 31, 2019	\$42.50		
E 68	December 31, 2019	\$170.00		
E 69	December 31, 2019	\$85.00		
E 70	December 31, 2019	\$212.50		

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
E 71	December 31, 2019	\$42.50		
E 72	November 14, 2019	\$86.31	ARFF expenses from November 14, 2019.	
E 73	April 30, 2018	\$330.00	Subscription renewal for June 2018–June 2019.	
E 74	August 31, 2019	\$340.00	Onsite computer service call that occurred on December 31, 2019.	
F 1	October 12, 2020	\$35.00	Donation to local charity on October 12, 2020.	\$35.00
G 1	October 31, 2019	\$16,731.89	The U.S. Department of Agriculture (USDA) charges for animal and plant health inspections on October 31, 2019.	\$234,495.94
G 2	November 22, 2019	\$4,550.00	Services rendered on November 22, 2019.	
G 3	August 26, 2019	\$4,550.00	Services rendered on August 26, 2019.	
G 4	February 2019–August 2019	\$6,750.00	Landscaping services that occurred between February and August 2019.	
G 5	January 15, 2020	\$4,654.39	Auto repairs on January 15, 2020.	
G 6	May 31, 2019	\$1,050.00	Waste management services that was billed on May 31, 2019.	
G 7	December 17, 2019	\$27,663.21	Professional services billed on December 17, 2019.	
G 8	December 30, 2019	\$5,000.00	Professional services provided on December 30, 2019.	
G 9	November 30, 2019	\$10,540.00	Airport sponsor’s certification tests, which occurred on November 30, 2019.	

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
G 10	December 6, 2019	\$23,410.60	Asbestos abatement work that occurred on December 6, 2019.	
G 11	July 19, 2019	\$1,052.40	Preventive maintenance that occurred on July 19, 2019.	
G 12	July 5, 2019	\$2,016.54	Various miscellaneous expenses billed on July 5, 2019.	
G 13	November 23, 2018	\$1,157.80	Preventive maintenance that occurred on November 23, 2018.	
G 14	November 30, 2019	\$2,000.00	Preventive maintenance that took place on November 30, 2019.	
G 15	December 31, 2019	\$2,000.00	Preventive maintenance that occurred on December 31, 2019.	
G 16	October 31, 2019	\$34,096.00	USDA charges for animal and plant health inspection services on October 31, 2019.	
G 17	November 23, 2018–September 22, 2019	\$79,677.22	Repairs and maintenance from November 23, 2018, to September 22, 2019	
G 18	October 4, 2019	\$300.00	Professional services rendered on October 4, 2019.	
G 19	October 2019–December 2019	\$935.00	Pest control services from October to December 2019.	
G 20	February 22, 2019	\$5,495.31	Work to install equipment in the baggage screening area on February 22, 2019.	
G 21	June 4, 2019	\$53.16	Freight charges incurred on June 4, 2019.	
G 22	August 30, 2019	\$40.93	Freight charge incurred on August 30, 2019.	
G 23	December 8, 2018	\$291.49	Freight charge incurred on December 8, 2018.	

Example ID & Transaction #	Cost Incurred Date	Amount of Reimbursement Request	Details	Total Approved Reimbursement
G 24	January 2, 2020	\$325.00	Sewage removal on January 1, 2020.	
G 25	February 7, 2020	\$155.00	Flowers sent to a funeral home on February 7, 2020.	
H 1	January 10, 2020	\$218.40	Telecommunication services that ended on January 1, 2020.	\$218.40
I 1	December 31, 2019	\$361.39	Carpet vendor services that ended on December 31, 2019.	\$620.03
I 2	January 9, 2020	\$258.64	Freight charges incurred on January 9, 2020.	

Source: OIG analysis of FAA-provided information

Exhibit E. Major Contributors to This Report

DOMINIQUE LIPSCOMB

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AMY BERKS

GEORGE ZIPF

PROJECT MANAGER

SENIOR ANALYST

ANALYST

SENIOR WRITER-EDITOR

DEPUTY CHIEF COUNSEL

SUPERVISORY MATHEMATICAL

STATISTICIAN

Appendix. Agency Comments




Federal Aviation Administration

Memorandum

Date: June 07, 2022

To: Nelda Z. Smith, Assistant Inspector General for Aviation Audits

From: H. Clayton Foushee, Director, Office of Audit and Evaluation, AAE-1 

Subject: Federal Aviation Administration's (FAA) Response to Office of Inspector General (OIG) Draft Report: FAA Quickly Awarded CARES Act Funds but Can Enhance Its Oversight Approach to Promote Effective Stewardship

The Federal Aviation Administration (FAA) welcomes oversight that enhances the agency's stewardship of taxpayer dollars and execution of its safety mission. However, the agency believes the OIG's draft report on how the FAA administered airport emergency funding at the height of the Coronavirus Disease 2019 (COVID-19) pandemic is inaccurate, contains flawed methodology, and should be corrected before the final report is issued. FAA strongly objects to the findings in the draft report.

FAA Met Congressional Goals and Increased Oversight of Program

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) provided the FAA with \$10 billion to help airports. Congress mandated the funding to move as fast as it responsibly could during a catastrophic, devastating financial period for the country to ensure airport sponsors kept airports open and operating safely. The FAA used all available means to achieve this goal and the result is that the emergency funding saved thousands of airport employee jobs, compensated airports for overdue utility bills, and paid off rapidly accumulating debt, as Congress intended, allowing airports to stay open and operating safely for the American people.

Unlike many other programs Congress established during the pandemic, the FAA CARES Act funding did not go to individuals. It went to known and established entities: authorities that operate airports across the country. The program, started and administered by senior executives from the previous administration and extended under the current administration, met the intent of Congress to spend taxpayer resources efficiently and responsibly.

With the urgency mandated by Congress, the FAA went above and beyond what the agency uses for its biggest grant program. For decades, the FAA has responsibly awarded billions in Airport Improvement Program grants to increase airport safety, sustainability, and resilience, along with

strengthening communities by supporting economic development and job growth across the country. As the OIG’s audit records of this program show, the FAA has strong oversight controls to ensure taxpayer dollars are appropriately spent. Specifically, in this case, the agency centralized the review of distributing funds and sought additional receipts from airports to reduce the risk there could be “unsupported costs, questioned costs, and improper payments.”

Documentation Provided by FAA Proves OIG Findings Inaccurate

On February 17, 2022, the FAA provided the OIG with hundreds of electronic records of detailed documentation and receipts that disprove the OIG’s assertion there are \$350 million in “unsupported costs, questioned costs, and improper payments.” The FAA concluded that there were \$3.7 million deemed improper payments. Of that amount, the FAA has recovered \$2.3 million and provided that documentation to the OIG, it is in the process of recovering an additional \$1 million, and it ultimately determined that \$400K were eligible costs submitted by the sponsor. In short, after careful review, the FAA notes that approximately 96% of the alleged \$350 million in the OIG’s “unsupported costs, questioned costs, and improper payments” related to only two airport authorities, the Dallas Fort Worth International Airport (DFW) and the Metropolitan Washington Airports Authority (MWAA), and the FAA disputes the OIG’s findings regarding CARES Act support for them.

FAA Followed Guidance and Disagrees with OIG’s Flawed Methodology

The FAA disagrees, in the strongest terms, with OIG’s methodology in determining or defining an “incurred cost.” In its program guidance, the FAA defined the date of an incurred cost based on the date on which the bill was paid, not the date on which the service was rendered. This approach was consistent with the CARES Act statute and the emergency nature of its funding, which also helped airports meet debt obligations during the height of the pandemic. The draft report neither identifies a standard requiring the FAA to use the OIG’s definition nor explains why the FAA’s definition was impermissible.

The OIG raised concerns about airports that have not drawn down funds, implying that the FAA should have taken specific actions; however, OIG fails to note that the FAA issued the grants with a four-year period of performance, which is consistent with its grant policies and 2 Code of Federal Regulation part 200 requirements. During this time, as is accepted practice, the agency monitored outlays across the program, identified inactive grants on a quarterly basis, and followed up with sponsors to encourage invoicing against inactive grants. The agency continues this practice today.

OIG Concedes its Own Audit is Incomplete

Despite documented evidence proving substantial inaccuracies in the OIG draft report, the OIG indicated it could issue a final report without making changes to the important facts above and solely include them under “Agency Response and OIG Comments.” As the draft report states on page 12, the OIG’s initial review is incomplete:

After we provided our preliminary findings to FAA, Agency officials gave us documentation they believe will resolve many of the reimbursement issues we identified. If updates are

necessary following our review of this documentation, we will provide them in the “Agency Response and OIG Comments” section of the final report.

The FAA believes it is premature to review the draft report until the OIG reviews the agency’s evidence and provides a revised report in light of that evidence. The FAA remains committed to ongoing dialogue with the OIG to resolve these factual inaccuracies so that ultimately the OIG can make implementable recommendations that further strengthen the FAA’s stewardship of taxpayer dollars. If the OIG elects to issue a final report, the agency offers the following responses on the OIG’s draft recommendations:

The FAA concurs with recommendations 5, 6, and 7 as written and plans to implement recommendation 5 by August 31, 2022 and 6-7 by June 30, 2023.

The FAA partially concurs with recommendations 1-4 as explained below:

For recommendation 1, the FAA assessed the risk of improper payments for CARES Act payment activity and determined the program was not susceptible to significant improper payments. The assessment’s results were included in the Department’s FY 2021 Payment Integrity reports, and the FAA does not plan to conduct the improper payment risk assessment again. The agency agrees to revise its payment policy and update the FAQs to require that payment requests include individual invoices, except for reimbursement of payroll and debt service, for which the current policy of a detailed invoice summary and sponsor retention of supporting documentation will remain unchanged. The FAA will revise its policy by August 31, 2022.

For recommendation 2, the FAA non-concurs with the OIG’s finding of \$271 million in unsupported costs. On February 17, 2022, the agency provided evidence to the OIG supporting its non-concurrence. As an example, the \$189.4 million identified for DFW (Sample 15) was for debt service payments. At the time of the audit, the accounting system Delphi included Coversheets, Debt Service and Operating Expenses Summary, and Summary of required debt service payments, and required transfer by bond issues. Another example is the \$74.4 million identified for MWAA (sample 21), which was for debt service payments. At the time of the audit, Delphi included a request for reimbursement, memo for debt service, sponsor expenditures, and a fixed bond debt service payment schedule. All of this information met FAA’s policy for eligible and documented reimbursement requests. For this recommendation, the FAA agrees there is \$456K in improper payments. Reimbursements to the agency have already been processed, and on May 23, 2022, the FAA provided evidence of the reimbursement to the OIG. The FAA requests the OIG revise this finding to be consistent with the documentation and then close the revised finding within 30 days of issuing its final report.

For recommendation 3, the FAA non-concurs with the OIG’s findings of \$85 million in questioned costs. As an example, the \$82.3 million identified for DFW (Sample 15) was for debt service payments. At the time of the audit, the accounting system Delphi included Cover Sheets, Debt Service and Operating Expenses Summary of required debt service payments and required transfers by bond issue, and I&S Fund Expenses Summary dated May 19, 2020. This debt service payment was for a bond service payment due February and March 2020, but was paid May 2020. This information met FAA’s policy for eligible and documented reimbursement requests. For this

recommendation, the agency agrees there is \$356K in improper payments. On February 17, 2022, the FAA provided evidence to the OIG supporting its non-concurrence. Reimbursements to the agency have already been processed, and on May 23, 2022, the FAA provided evidence of the reimbursement to the OIG. The FAA requests the OIG revise this finding to be consistent with the documentation and then close the revised finding within 30 days of issuing its final report.

For recommendation 4, the FAA non-concurs with the OIG's findings of \$3.3 million for services rendered or payment due prior to the allowable period. The agency agrees there were \$2.9 million in improper payments. On February 17, 2022, the FAA provided evidence to OIG supporting its non-concurrence. Reimbursements to the agency have already been processed, and on May 23, 2022, FAA provided evidence of the reimbursement to the OIG. The FAA requests the OIG revise this finding to be consistent with the documentation and then close the revised finding within 30 days of issuing its final report.

The FAA appreciates this opportunity to offer additional perspective on the OIG draft report. Please contact H. Clayton Foushee at Clay.Foushee@faa.gov if you have any questions or require additional information about these comments.

U.S. Department of Transportation
Office of Inspector General

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