

## SUPPORTING STATEMENT

OMB No. 2138-0004

14 CFR Part 248 Submission of Audit Reports

### A. Justification

#### **1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

This is a request for an extension of the reporting requirement in 14 CFR Part 248, which requires large certificated air carriers to submit two copies of their companies annual audit report when they are audited by an independent public accountant. Certificated air carriers not having an annual audit must file a statement that no such audit has been performed. In lieu of the audit report, the Department accepts the company's annual report that is submitted to its stockholders. The Department uses the report to verify the BTS Form 41 financial and traffic reports submitted by the air carrier. BTS Form 41 financial reports have the OMB clearance # 2138-0013; BTS Form 41 traffic reports have the clearance # 2138-0040.

The Department relies on financial and traffic data to fulfill its strategic plan. It needs to monitor and study the movement of people and goods in the new information age. DOT is committed to guide and oversee America's transportation system today and into the future by taking note of statistical trends caused by globalization of the economy, the rise of the knowledge economy and the pervasive nature of the information revolution.

#### **2. Indicate how, by whom, and for what purpose the information is to be used. Indicate the actual use the agency has made the information received from the current collection.**

The audit reports are submitted by large certificated air carriers and are used by the Department as follows:

- (a) a means of monitoring an air carrier's continuing fitness,
- (b) reference material by analysts in examining foreign route cases,
- (c) reference material by analysts in examining proposed acquisitions, mergers, and consolidations,
- (d) a means whereby the Department sends a copy of the report to the International Civil Aviation Organization (ICAO) in fulfillment of a U.S. treaty obligation, and
- (e) Corroboration of carriers' Form 41 filings.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submissions of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.**

The Office of the Assistant Secretary for Research and Technology's Bureau of Transportation Statistics issued a final rule which was published in the 75 Federal Register, No. 136, page 41580 on July 16, 2010 that requires reporting carriers to submit their recurrent reports to the Department via the internet using PDF format. Carriers are able to use their browsers to upload the reports into the new system.

Some privately held companies do e-mail us when they do not have an outside annual audit. This accounts for about 5% of all responses. However, all carriers that submit actual data submit via the internet.

**4. Describe efforts to identify duplication. Show specifically why similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

The Securities and Exchange Commission (SEC) collects similar data from publicly held corporations. We have reviewed the SEC filing system and discovered that a significant number of certificated air carriers did not report to the SEC. Privately held companies that have outside audits do not report to the SEC, but are required to file with the Department. Also, the SEC does not release its reports to the Department, which means the Department would have to search the SEC data base and download the relevant material. This alternative process would be more costly and burdensome than the present system, which imposes minimal costs on the publicly held air carriers.

**5. If the collection of information impacts small businesses or other small entities, describe efforts to minimize burden.**

No special arrangements are made for small entities, as the burden requirements are minimal, generally consisting of uploading the audit report via the internet. Carriers are not required to have independent audits. Rather they must merely send us copies of the audit report if an audit is conducted.

**6. Describe the consequence to the Federal Program or policy activities if the collection were not collected or conducted less frequently.**

Less than an annual data collection would render the collection useless. The collection is timed with the individual yearly business cycle used by the air carriers. The Department uses the annual report to fulfill its international treaty obligation to ICAO. Annual submissions make for easy corroboration of the carriers' Form 41 filings. Moreover, the information is provided only

when a carrier has caused an annual audit at its own initiative.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, government contracts, grant-in-aid, or tax records for more than 3 years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The reporting requirements of Part 248 are consistent with the guidelines in 5 CFR 1320.6.

**8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the Agency's notice, required by 5 CFR 1320.8(d) soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to the notice and describe actions taken by the agency in response to these comments.**

A 60-day notice was published on April 21, 2015 on 80 FR, No. 76, page 22264. No comments were filed. The 30-day Notice was published on July 8, 2015 on 80 FR, No. 130, page 39193.

**9. Explain any decision to provide any payment or gift to respondents, other than re-**

**enumeration of contractors or grantees.**

No payment or gift of any kind is being made to any respondents.

**10. Describe any assurances of confidentiality provided to respondents.**

An audit report is withheld from public disclosure if such treatment is requested by the air carrier at the time of the filing. However, if a carrier submits its annual report to the SEC, confidential treatment is denied as the information has already been released to the public.

**11. Are there any questions of a sensitive nature?**

There are no questions of a sensitive nature.

**12. Provide estimates of reporting burden.**

We estimate that the reporting burden to be 16 hours for the 63 reporting air carriers –estimating 15 minutes for each carrier to upload via the internet their annual report.

**13. Provide an estimate of cost to the respondents. Do not include the cost of any hour burden shown in items 12 and 14. General estimates should not include purchase of equipment or services or portions thereof made prior to October, 1995.**

Costs to the carriers consist of the price to log onto the internet. Carriers are not required to have annual audits, but merely must submit copies of the audit, if conducted.

**14. Provide estimates of annualized cost to the Federal Government.**

Cost to the Government is less than \$500 annually. Processing the information consists of, screening for confidential requests, filing the report, sending one report to ICAO, and pursuing delinquent reports from carriers. These tasks are performed by personnel already available for similar duties.

**15. Explain the reasons for any program changes or adjustments in Items 13 or 14 of OMB 83-I.**

There was a burden decrease of 3 hours to account for a decrease in the number of reporting carriers.

**16. Is the information received published?**

The information collected under Part 248 is not published or tabulated.

**17. Is the agency seeking approval not to display the expiration date for OMB approval?**

No.

**18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions”, of Form 83-I**

There are no exceptions.

### **MISSION STATEMENT**

The Department of Transportation (DOT) relies heavily on the financial data reported on Form 41 to fulfill its strategic plan. DOT needs to monitor and study the movement of aircraft and passengers in this new information age. DOT is committed to guide and oversee America’s air transportation system today and into the future by taking note of statistical trends caused by globalization of the economy, the rise the knowledge economy, and the pervasive nature of the information revolution.

Four economic trends impact transportation: (1) the globalization of commerce, (2) a growing attention to logistics in the production process, (3) a greater reliance on private investment in transportation industry, and (4) the rise of competing and complementary technologies. The accelerated application of advanced information technologies, competitive techniques, and traffic flow information systems affect the transportation industry. Adoption of these information-related technologies will facilitate the collection, management, integration, and distribution of more transportation information in less time with better accuracy and broader application.