



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**Fully Implementing a Grants
Management Framework Will Enhance
FRA's Amtrak Funding Oversight**

FRA

Report No. ST2021027

June 30, 2021





Fully Implementing a Grants Management Framework Will Enhance FRA's Amtrak Funding Oversight

Self-Initiated

Federal Railroad Administration | ST2021027 | June 30, 2021

What We Looked At

The Federal Railroad Administration (FRA) provides the National Railroad Passenger Corporation (Amtrak) with funds appropriated by Congress—approximately \$2 billion for fiscal year 2020 and over \$3.7 billion in supplemental appropriations for the response to the Coronavirus Disease 2019 pandemic. Congress has also authorized FRA to use a portion of the annual Amtrak appropriations for its grant administration and oversight. Given FRA's role in overseeing this large Federal investment, we initiated this audit to assess FRA's program to oversee Amtrak's use of Federal funding.

What We Found

FRA has not fully adopted a grants management framework for its Amtrak oversight program. It lacks measurable goals and metrics, complete policies and procedures to assess Amtrak's adherence to requirements, and a centralized grants management system. In 2017, FRA began to develop a strategic vision and focus areas for its Amtrak agreements but has not formalized measurable goals or metrics to assess progress in meeting them. Furthermore, FRA's policies and procedures are incomplete on documenting, tracking, and taking action on Amtrak noncompliance that FRA identifies during monitoring. Finally, FRA does not fully use its centralized grant information system to document and analyze findings from its monitoring reviews of Amtrak. According to FRA officials, the program's strategic framework and policies and procedures are incomplete because FRA focused first on improving the information Amtrak provides; these improvements enhanced FRA's ability to understand Amtrak's use of Federal funding. Officials also indicated that Amtrak's unique legal status limits actions FRA can take to prompt Amtrak to remedy problems the Agency identifies and Amtrak's reporting requirements present challenges for FRA to adapt its grants management information system to help oversee Amtrak's Federal funding. These weaknesses may hinder FRA's ability to assess its program's effectiveness, improve the program, and maximize returns on investment in Amtrak.

Our Recommendations

FRA concurred with our four recommendations to help improve its oversight of Amtrak's use of Federal funding. We consider these recommendations resolved but open pending completion of planned actions.

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Memorandum

Date: June 30, 2021

Subject: ACTION: Fully Implementing a Grants Management Framework Will Enhance FRA's Amtrak Funding Oversight | Report No. ST2021027

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: Federal Railroad Administrator

The Federal Railroad Administration (FRA) executes and oversees grant agreements with the National Railroad Passenger Corporation (Amtrak) to provide Amtrak with funds that Congress appropriates.¹ For fiscal years 2017 through 2020, Congress appropriated approximately \$8.4 billion to FRA for Amtrak. These appropriations included \$2 billion for fiscal year 2020—71 percent of FRA's annual appropriations to railroad programs—as well as over \$3.7 billion in supplemental emergency appropriations to respond to the Coronavirus Disease 2019 pandemic.² Congress has also authorized³ FRA to use a portion of annual Amtrak appropriations for its grant administration and oversight of Amtrak.

Given FRA's role in overseeing this sizeable Federal investment, we conducted this audit. Our objective was to assess FRA's program to oversee Amtrak's use of Federal funding. We focused on FRA's role in overseeing Amtrak's use of annually

¹ FRA executes its funding agreements with Amtrak as cooperative agreements but for the purposes of our report, we use the terms "grant" and "cooperative agreement" interchangeably. Grants and cooperative agreements are both legal instruments that reflect a relationship between the Federal Government and a State, a local government, or other recipient, and that define the terms of financial assistance. Agencies must use a cooperative agreement when substantial Federal involvement is expected to carry out the activity contemplated in the agreement.

² These statutes are the Coronavirus Aid, Relief, and Economic Security Act² of 2020 (Pub. L. 116-136), the Coronavirus Response and Relief Supplemental Appropriations Act (Pub. L. 116-260, Div. M), and the American Rescue Plan Act of 2021 (Pub. L. 117-2).

³ The Fixing America's Surface Transportation Act (FAST) of 2015, and subsequent statutes authorize FRA to retain for project management and oversight up to 0.5 percent of funds appropriated to Amtrak. From fiscal years 2017 through 2020, Congress appropriated approximately \$7.4 billion to fund the FAST Act provisions; 0.5 percent of \$7.4 billion is approximately \$37 million, and FRA retained this amount to fund its Amtrak project management and oversight expenses during this period. We did not verify FRA's project management and oversight expenditures as part of this audit.

appropriated noncompetitive Federal funding and did not review oversight of funds from other Federal sources.⁴

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) 366-1844, or Tiffany Mostert, Program Director, at (202) 366-0625.

cc: The Secretary
DOT Audit Liaison, M-1
FRA Audit Liaison, ROA-2

⁴ Congress provides funding to Amtrak through annual appropriations for a noncompetitive grant program, which FRA administers through cooperative agreements. Amtrak is also eligible to receive funds from other Federal sources, such as loans from the Railroad Rehabilitation and Infrastructure Financing Program and grants from the Department of Homeland Security.

Background

Amtrak has been the national intercity passenger railroad since Congress created it in 1971. Amtrak is organized as a for-profit corporation but the company receives Federal financial support. Amtrak's annual appropriations comprise the majority of FRA's Federal railroad-related funding each year. DOT, through its annual budget submission, and Amtrak, through its annual legislative grant request, provide Congress with recommended appropriation amounts. Prior to 2008, FRA did not have significant responsibility for oversight of Amtrak's use of appropriated Federal funding. For over 30 years, Congress appropriated funds directly to Amtrak, but in 2003, directed FRA to obligate the funds as grants and assume responsibility for grant administration and oversight.

More recently, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA)⁵ and the Fixing America's Surface Transportation Act (FAST Act)⁶ defined new responsibilities for both FRA and Amtrak. For example, the FAST Act directed Amtrak to develop management plans for its business lines—such as Northeast Corridor⁷ train operations—and asset categories—such as passenger equipment and stations. PRIIA directed FRA to conduct oversight of the grants for Amtrak's capital program. The FAST Act split allocations of this funding between the Northeast Corridor and the National Network⁸ instead of between support for operations and capital and debt service; it also expanded FRA's management oversight responsibility to include all grants for these purposes.

The grants to Amtrak, which FRA administers as cooperative agreements, support nearly all facets of Amtrak's activities, including railroad operations, servicing Amtrak's debt, and capital programs. The FAST Act prescribes a schedule for disbursement of grant funds—an advance payment mechanism—to Amtrak.⁹ According to FRA officials, this mechanism, among other things, makes Amtrak unique among grant recipients that FRA oversees. Generally, FRA reimburses its grantees their eligible costs.

In both PRIIA and the FAST Act, Congress authorized FRA's use of a portion of annual Amtrak appropriations for its management and oversight of Amtrak's use of Federal funding. Based on the amounts appropriated for fiscal years 2017 through 2020, Congress authorized FRA to use approximately \$37 million for

⁵ Pub. L. 110-432 Div. B. (2008).

⁶ Pub. L. 114-94 (2015).

⁷ The Northeast Corridor consists of the passenger line between Boston, MA, and Washington, DC.

⁸ The National Network encompasses the rest of Amtrak's services.

⁹ In the event of a continuing resolution or in the absence of an appropriations act for the duration of a fiscal year, FRA may make a payment of funds to Amtrak on a different schedule or in different percentage allocations than those described in the FAST Act (codified at 49 U.S.C. § 24319(e)(3)).

these purposes. FRA uses these funds for payroll, travel, and contracted support, such as independent financial adviser services. According to FRA's June 2020 internal policy memorandum, 25 FRA employees spent some of their time on Amtrak management and oversight in fiscal year 2020. FRA used Amtrak appropriations for those employees' payroll expenses in proportion to the share of time the employees spent on those duties.

FRA's Office of Railroad Policy and Development is primarily responsible for management of the annual cooperative agreements with Amtrak. Within that office, FRA assigns responsibility for specific portions of Amtrak's capital investment programs and operations—such as stations, passenger rail equipment, and projects to achieve compliance with the Americans with Disabilities Act of 1990,¹⁰ as amended—to subject matter experts. These experts work extensively with individuals in other FRA offices, including the Office of Chief Counsel and Office of the Chief Financial Officer.

We have reported extensively on matters related to Amtrak and FRA's management of grants. In 2012, we reported on our audit of FRA's administration of its High-Speed Intercity Passenger Rail (HSIPR) Program,¹¹ which included a grants management framework with specific oversight components that drew from Federal standards, guidance, and practices.¹² We found that adopting such a framework could improve FRA's stewardship of Federal HSIPR grant funds. See table 1 for the oversight components and associated objectives that we examined for this audit.

¹⁰ Pub. L. 101-336. (1990).

¹¹ OIG, *Completing a Grants Management Framework Can Enhance FRA's Administration of the HSIPR Program* (OIG Report No. CR-2012-178), September 2012. All OIG reports are available on our website at www.oig.dot.gov.

¹² See, for example, GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G); *Grants Management: Additional Actions Needed to Streamline and Simplify Processes* (GAO-05-355), and *Grants Management: Enhancing Performance Accountability Provisions Could Lead to Better Results* (GAO-06-1046); Department of Justice Office of Inspector General, *Improving the Grant Management Process*, February 2009; the Domestic Working Group, *Grant Accountability Project: Guide to Improving Grant Accountability*, October 2005; and Department of Transportation, *Financial Assistance Guidance Manual*, March 2009.

Table. Grants Management Framework Oversight Components

Component	Objectives
Performance measures to assess program progress	Establish programmatic goals to guide the grant management lifecycle. Establish performance measures to track progress toward achievement of those goals.
Oversight programs to manage grantee progress	Ensure the grant program meets programmatic goals. Ensure adherence to grant terms and statutory and regulatory requirements. Develop a centralized grants management information system for both the Agency and grantee to use.

Source: OIG analysis of grants management framework components identified in *Completing a Grants Management Framework Can Enhance FRA's Administration of the HSIPR Program*.

Results in Brief

FRA has not fully adopted a grants management framework for its Amtrak oversight program.

Specifically, FRA lacks measurable goals and metrics, complete policies and procedures to assess or prompt Amtrak's adherence to requirements, and a centralized grants management system. While FRA began to develop a strategic vision and focus areas for its Amtrak cooperative agreements in 2017, it has not yet formalized measurable goals or metrics to assess progress in meeting them—part of a framework for a Federal grant management program. Additionally, FRA's established policies and procedures to guide staff responsible for Amtrak oversight are incomplete regarding documenting, tracking, and taking action on instances of noncompliance identified during ongoing monitoring. Finally, FRA does not fully use its centralized grant information system to help document and analyze findings from its monitoring reviews of Amtrak. According to FRA officials, the program's strategic framework and policies and procedures remain incomplete because FRA focused first on improving the quality of the information Amtrak provides, which resulted in improvements to FRA's ability to understand Amtrak's use of Federal funding. Agency officials also told us that Amtrak's unique legal status posed additional challenges that limit the actions FRA can take to prompt Amtrak to remedy identified problems. Agency officials also indicated that unique Amtrak reporting requirements present challenges for the Agency's adaptation of its grants management information system to Amtrak oversight. These weaknesses may hinder FRA's ability to assess the effectiveness

of its program, improve program effectiveness and efficiency, and maximize the return on the Federal investment in Amtrak.

We made four recommendations to help improve FRA's oversight of Amtrak's use of Federal funding. FRA concurred with all four recommendations, and we consider the recommendations resolved but open pending completion of planned actions.

FRA Has Not Fully Adopted a Grants Management Framework for Its Amtrak Oversight Program

While FRA began in 2017 to address several oversight components of a grants management framework FRA has not completed actions to fully adopt them for its Amtrak oversight program. Specifically, the Agency has not formalized measurable goals or metrics. It also has not completed procedures to monitor and take action on identified noncompliance with grant terms and conditions and Federal requirements. Also, FRA does not fully use its centralized grants management information system to document and analyze findings from its monitoring reviews of Amtrak.

FRA Has Not Formalized Measurable Goals or Metrics for its Oversight Program

FRA has drafted goals for its Amtrak oversight program and set annual goals for its Amtrak cooperative agreements. The Agency also established goals for individual employees with Amtrak oversight responsibilities. However, none of these goals align with the grants management framework components and FRA has not established related metrics to assess progress towards meeting these objectives.

FRA's Draft Program Goals and Metrics Are Not Measurable

The grants management framework calls for Federal agencies to establish programmatic goals and performance measures to track progress toward goal achievement. The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (Federal Control Standards),¹³ which

¹³ GAO, *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1), November 1999; updated by *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

informs the framework, state that managers should define goals in specific and measurable terms so that achievement of those goals can be assessed.¹⁴

In 2017, FRA started to address several oversight components of a grants management framework when leadership and staff began work to define a strategic direction for Amtrak oversight. They drafted a vision, focus areas, and possible metrics. However, the proposed metrics included items to assess Amtrak's performance—such as the percentage change in railroad accidents, revenue per available seat mile, and on-time performance—rather than metrics to assess FRA's performance in overseeing Amtrak. They also drafted goals for the Agency's oversight program, but those goals are not measurable. Based on a draft FRA document, the goals for the oversight program generally are to

- conduct management oversight, as authorized by the FAST Act, to understand Amtrak's use of Federal funding;
- help Amtrak develop a strategic approach to its capital program and capital project delivery that focuses on improvement of Amtrak's ability to deliver promised project scopes within planned schedules and budgets;
- ensure that Amtrak complies with the terms and conditions of its cooperative agreements with FRA;
- improve Amtrak's accounting and financial reporting, particularly related to operating losses and capital programs; and
- increase the transparency of Amtrak's use of annual appropriations.

An FRA official also described setting annual goals for the Agency's cooperative agreements with Amtrak as part of an annual gap analysis process which FRA uses to assess its oversight program performance. According to FRA's Amtrak Management Manual, the Agency conducts annual gap analyses of its cooperative agreements with Amtrak to identify areas of concern and missing information—or gaps—to improve the agreements' terms and conditions. During the gap analysis for its fiscal year 2020 agreements, FRA set goals—such as increased detail in Amtrak's reporting on its use of Federal funding for operations—that generally aligned with the broader program goals for improved information quality and increased transparency and were also not measurable.

According to FRA officials, the Agency has not formalized measurable goals in part because it focused first on improving the type and quality of the information Amtrak provides in reports required under the cooperative agreements—such as

¹⁴ The Federal Control Standards state that specificity requires clearly defining what is to be achieved, who is to achieve it, and the time frames for achievement; measurable goals are generally free of bias and are stated in qualitative or quantitative form that permits reasonably consistent measurements.

information on passenger revenues and railroad operating costs. The officials elaborated that this improved information will help FRA better understand Amtrak's use of Federal funds, and ultimately, help it improve its Amtrak oversight. The Federal Control Standards suggest that FRA's prioritization of improved information quality was misplaced since the Agency could not have effectively assessed its information requirements prior to establishing measurable goals for its oversight program. Specifically, those Standards state that managers should design a process that uses goals and related risks to identify the information requirements needed to achieve the goals and address risk. The Standards elaborate that managers should use quality information to make informed decisions and evaluate the agency's performance in achieving goals and addressing risks.

FRA officials also stated that in addition to the focus on information, two other priorities delayed completion of FRA's 2017 efforts to define the strategic direction of its Amtrak oversight program. First, since passage of the FAST Act, the Agency prioritized implementation of requirements of that law. Second, FRA reorganized its Railroad Policy and Development division, which includes the group with primary responsibility for Amtrak oversight. In November 2020, FRA officials informed us that work on its strategic approach is again underway and provided a plan and schedule for development of a strategic framework that will include goals and performance measures for evaluating the effectiveness of FRA's oversight work. This plan calls for completion by June 2021. However, an FRA official subsequently told us that the Agency now expects to complete this work by the end of 2021. In the meantime, FRA's lack of measurable program goals hinders the Agency's ability to assess its Amtrak oversight program and identify opportunities to improve program effectiveness and efficiency.

FRA Use of Individual Employee Performance Standards in Assessing Program Performance Is Unclear

According to an FRA official, the Agency also uses Amtrak-related standards in employees' performance plans to assess program performance. FRA's inclusion of Amtrak-related standards in employee performance plans aligns with best practices for performance standards that GAO has identified.¹⁵ However, it is unclear how FRA assesses information about an individual's performance against the standards to determine how the Agency's achievement of its program goals is progressing.

FRA also tied the inclusion of these standards to its use of Amtrak funding for these positions. According to a June 2020 internal FRA policy memorandum, the proportion of a staff person's salary that the Agency funds with Amtrak program

¹⁵ GAO, *Results-Oriented Cultures: Creating a Clear Linkage Between Individual Performance and Organizational Success* (GAO-03-488), 2003.

management and oversight appropriations should be based on the number of elements in the staff person's performance plan that include Amtrak-related standards. For example, under this policy, if one of four elements in an employee's performance plan include standards related to Amtrak, FRA could fund 25 percent of this employee's salary and benefits using Amtrak management and oversight funding. However, we found that FRA has not fully implemented this policy. We reviewed performance plans for 19 of the 25 employees in positions FRA identified as at least partially funded in fiscal year 2020 by FRA's program management and oversight portion of Amtrak's appropriation. We found 2 of the 19 did not include any standards related to Amtrak. As a result, we could not confirm that the use of Amtrak funding was appropriate for these positions. FRA subsequently provided updated performance plans for these two employees that are consistent with its policy memorandum on the use of funds appropriated for FRA's management and oversight of its agreements with Amtrak.

FRA Has Not Completed Policies and Procedures for Assessing and Prompting Amtrak's Compliance With Requirements

FRA has not completed development of comprehensive procedures for its Amtrak oversight that align with grants management framework components. The framework indicates that one objective of an oversight program should be to ensure adherence to grant terms and Federal requirements. The Federal Control Standards recommend that, to achieve program objectives, agencies conduct monitoring, evaluate results of their monitoring activities, and remediate identified deficiencies on a timely basis. FRA has established monitoring procedures and conducts monitoring. However, it has not completed procedures for tracking the information it collects during monitoring activities or procedures for prompting Amtrak to remedy identified issues.¹⁶

FRA has documented its policies and procedures for grants management and oversight of grants in two internal grants management manuals—one to guide staff in oversight of discretionary grants and the other for project management oversight of grants to Amtrak. According to an official, FRA created a separate manual for its Amtrak grants because of the unique nature—including the broad scope and purpose—of these grants. Both manuals outline procedures for grantee monitoring during routine monitoring and scheduled annual monitoring reviews. Routine monitoring consists of reviews of grant progress, deliverables,

¹⁶ We evaluated FRA's policies and procedures but did not assess its implementation of procedures for determining Amtrak's compliance with the terms of cooperative agreements or Federal requirements.

financial reports, and documentation of expenditures. Scheduled monitoring is more detailed and requires a variety of activities, including reviews of Amtrak reports, site visits, and quarterly meetings that focus on particular areas of interest, such as Amtrak's work to renovate stations.

However, FRA's procedures for monitoring Amtrak's use of Federal funding and for addressing noncompliance with cooperative agreement terms and conditions are incomplete. For monitoring, FRA relies on its subject matter experts to develop their own processes for tracking and following up on issues that they identify during regular reviews of information from Amtrak—such as incomplete descriptions of mechanical projects in Amtrak's proposed work plan.

FRA has also drafted procedures to address noncompliance by Amtrak with cooperative agreement terms and conditions. The draft document describes situations that may warrant escalation—a process for assessing the impact of the noncompliance with agreement terms and conditions and the risk it may create—and actions that FRA may take to prompt future compliance. FRA's draft procedures describe actions that staff may take—such as disallowing costs—if they determine that Amtrak has not complied with agreement terms and conditions. The draft procedures also provide staff with guidance for deciding when to consult FRA or DOT leaders outside of the Amtrak oversight team before taking action. However, the document includes a notation that FRA staff are refining or completing many sections, including documentation protocols. FRA's procedures also lack detail on corrective action planning as a tool for remediating deficiencies in Amtrak's adherence to agreement terms and Federal requirements.

According to FRA officials, these procedures remain incomplete because of the Agency's prioritization of work to improve the quality of information received from Amtrak. In addition, an FRA official stated the Agency has had difficulty defining escalation procedures for Amtrak grants due to the unique legal requirements Congress has established for Amtrak grants. For example, the FAST Act requires FRA to disburse Amtrak funds according to a set schedule.¹⁷ In contrast, for its discretionary grants, FRA's procedures include the option to designate a recipient as "high risk" and, in turn, require the recipient to receive funds as reimbursements for eligible expenses incurred instead of advance payments. Those procedures also describe that FRA can withhold funds from discretionary grant recipients as a remedy for noncompliance—a solution that is not available for the Amtrak funds due to the statutory requirement to provide Amtrak advance funding, according to an FRA official.

Although FRA may not withhold Amtrak funds, FRA reserves the right to terminate agreements if the company fails to meet the conditions of the

¹⁷ Pub. L. 114-94, Div. A, Title XI § 11202(a) (2015); codified at 49 U.S.C. § 24319(e).

agreement, violates the terms of the agreement, or if FRA determines that the statutory purpose would not be adequately served by continuation of the agreement. Termination of an Amtrak agreement may have little practical effect, however, if it occurs after disbursement of all annual appropriations. In addition, FRA may disallow certain costs and may require Amtrak to refund up to the entire amount of the agreement if FRA determines that Amtrak willfully misused its Federal funds. However, FRA relies primarily on less severe measures—such as official communications, technical assistance, and changes to subsequent years’ cooperative agreement terms and conditions—to prompt Amtrak’s compliance.

Because FRA's procedures for systematic monitoring are incomplete, the Agency cannot be sure that Amtrak has remedied identified instances of noncompliance with Federal requirements. Likewise, the Agency’s incomplete issue-tracking procedures limit FRA’s ability to accurately assess Amtrak’s risk as a grant recipient and identify appropriate mitigation. Furthermore, because FRA procedures for escalation are incomplete, FRA may be less successful in prompting Amtrak to remedy concerns.

FRA Is Not Fully Using Its Centralized Grants Management Information System for Amtrak Oversight

FRA is not fully using its centralized grants management information system for Amtrak oversight. A centralized management information system is a component of a well-working grants management framework. However, instead, FRA uses a suite of information systems. Specifically,

- FRA uses a database that allows staff to track and analyze budget changes—known as reprogramming—and identify trends in Amtrak’s Federal fund use;
- Agency staff use a web-based repository for cooperative agreement documentation; and
- FRA uses a centralized grant management system for discretionary grants, but does not use it to document and analyze its monitoring of Amtrak projects.

FRA officials informed us that to reduce administration burdens, the Agency wants to move away from its use of multiple information systems and compile data from all FRA programs in a single system. However, an FRA staff person also told us that it would be challenging to adapt FRA’s current grants management information system to accept the unique set of deliverables that the Amtrak cooperative agreements require. FRA has developed a plan to upgrade its grants

management information system to address these issues. The Agency's statement of work for the system upgrade anticipated completion of these improvements by June 2021.

Because FRA does not currently use a system to identify and track monitoring findings in a standardized way, FRA cannot readily search for trends or recurring findings across Amtrak projects and fiscal years. However, according to FRA's Statement of Work for the information system upgrades, the improvements are expected to reduce labor requirements and risk for human error, enhance data reporting and project tracking capabilities, and encourage better taxpayer fund allocation.

Conclusion

Since 2015, FRA's role in conducting oversight of the substantial Federal investment in Amtrak has expanded and changed. While FRA has taken steps to enhance the quality of information it receives from Amtrak and to oversee Amtrak's use of Federal funds, it has not fully adopted components of a grants management framework for its Amtrak oversight program. Our work uncovered gaps in setting measurable goals, implementing policies and procedures for monitoring and taking action to address noncompliance, and tracking oversight data. Closing these gaps will enhance FRA's ability to assure that its oversight efforts are focused and effective in maximizing the return on the Federal investment in the national passenger railroad system.

Recommendations

To help FRA improve its oversight of Amtrak's use of Federal funding, we recommend that the Federal Railroad Administrator:

1. Establish and implement measurable goals and metrics for assessing the effectiveness of the oversight program.
2. Complete and implement procedures for systematically tracking issues identified through reviews of Amtrak's use of Federal funds and compliance with cooperative agreements.
3. Finalize and implement procedures for taking action to address Amtrak's noncompliance with cooperative agreement terms and conditions.

4. Implement the plan to complete information system improvements and centralize Amtrak oversight data in accordance with established milestones.

Agency Comments and OIG Response

We provided FRA with our draft report on May 14, 2021, and received its formal response dated June 9, 2021. FRA's response is included in its entirety as an appendix to this report. FRA concurred with our four recommendations and provided appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of planned actions.

Exhibit A. Scope and Methodology

We conducted this performance audit between March 2020 and May 2021 in accordance with generally accepted Government auditing standards as prescribed by the Comptroller General of the United States. These standards require us to plan and perform the audit to obtain sufficient, appropriate evidence providing a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our objective was to assess FRA's program to oversee Amtrak's use of Federal funding. To address this objective, we identified criteria, including components of a grants management framework. This framework is based on Federal standards, including GAO's Federal Control Standards, and other Federal guidance and best practices. We also identified criteria covering FRA's oversight of financial assistance provided to Amtrak and relevant prior DOT-OIG, Amtrak OIG, and GAO audit findings and recommendations.

We assessed FRA's Amtrak oversight program compared to the components of a grants management framework and other relevant criteria. In conducting this work, we analyzed program policies and procedures, employee performance plans, and documentation of FRA's oversight activities. We also observed demonstrations of FRA information systems to understand the systems' capabilities, limitations, and FRA's use of the systems for Amtrak oversight; reviewed examples of Amtrak deliverables; and observed an FRA demonstration of how Agency staff conduct their reviews of monthly expenditure reports¹⁸ and consolidated sources and uses statements.¹⁹ We focused on the time frame of fiscal years 2017 through 2020 because fiscal year 2017 was the first full fiscal year in which FRA administered its agreements with Amtrak in line with the account structure called for in the FAST Act and fiscal year 2020 was the last full fiscal year completed during our audit.

¹⁸ This report includes Amtrak's operating, capital and debt service, and monthly expenditures under the Americans with Disabilities Act of 1990, as amended.

¹⁹ The FAST Act requires Amtrak to produce profit and loss statements, and directs Amtrak to include Federal appropriations in those statements. Because most companies do not commonly include an accounting for Federal support in profit and loss statements, Amtrak recommended renaming these statements sources and uses statements.

Exhibit B. Organizations Visited or Contacted

Department of Transportation

DOT Headquarters, Washington DC

Office of Audit Relations and Program Improvement

Office of the Budget

Office of the General Counsel

Federal Railroad Administration

FRA Headquarters, Washington, DC

Office of Railroad Policy and Development

Office of Chief Counsel

Office of Chief Financial Officer

Other Organizations

National Railroad Passenger Corporation (Amtrak), Washington, DC

Exhibit C. List of Acronyms

Amtrak	National Railroad Passenger Corporation
CARES	Coronavirus Aid, Relief, and Economic Security Act of 2020
DOT	Department of Transportation
FAST	Fixing America's Surface Transportation Act of 2015
FRA	Federal Railroad Administration
GAO	Government Accountability Office
HSIPR	High-Speed Intercity Passenger Rail
OIG	Office of Inspector General
PRIIA	Passenger Rail Investment and Improvement Act of 2008

Exhibit D. Major Contributors to This Report

TIFFANY MOSTERT	PROGRAM DIRECTOR
TONY WYSOCKI	PROGRAM DIRECTOR
MATTHEW WILLIAMS	PROJECT MANGER
OLEVIA BETHUNE	SENIOR AUDITOR
BRIAN LONGIN	SENIOR ANALYST
EMILY NORTON	SENIOR ANALYST
JORDON KOPRESKI	ANALYST
SUSAN NEILL	WRITER-EDITOR
CELESTE BORJAS	ATTORNEY ADVISOR

Appendix. Agency Comments



MEMORANDUM

Subject: INFORMATION: Management Response to
Office of Inspector General
Draft Report on FRA's Amtrak Funding Oversight

Date: June 9, 2021

From: Amit Bose 
Federal Railroad Deputy Administrator

To: David Pouliott
Assistant Inspector General for Surface
Transportation Audits

Reply to the Attn of: RCFO-1.1

The Federal Railroad Administration (FRA) has established an effective oversight program for Amtrak's annual grants, one that accounts for the one-of-a-kind directed grant program Congress created to fund Amtrak. Since passage of the Fixing America's Surface Transportation Act, FRA has further improved its oversight program and successfully implemented sweeping changes to Amtrak's account structure, notably developing procedures for Amtrak to provide detailed project plans prior to obligation of the grant agreements and improving reporting on capital projects and programs. These actions increase transparency and strengthen FRA's ability to hold Amtrak accountable for billions of federal dollars. Through its comprehensive oversight program, FRA ensures Amtrak uses federal funds, consistent with laws and requirements, to enhance its infrastructure, services, and finances. FRA continuously reviews and refines its Amtrak oversight program and is already implementing numerous measures to address concerns the Office of Inspector General (OIG) identified during its audit.

FRA reviewed OIG's draft report and makes the following comments on the findings and recommendations:

- The complexities of Amtrak's history, legal status, and operating environment require the tailored oversight program FRA now has in place.
- FRA began use of its centralized grants management system for Amtrak-specific oversight in May 2021.
- FRA will formalize oversight performance measures and targets in its ongoing Amtrak oversight strategic planning process.

- FRA will update the provisions related to grant terms and conditions enforcement in the forthcoming edition of the *Amtrak Grants Management Manual* and will adjust internal processes to ensure FRA staff consistently tracks and resolves issues.

Based on our review of the draft report, we concur with OIG's four recommendations as written. We plan to complete actions to address recommendations 3 and 4 by December 31, 2021, recommendation 2 by April 30, 2022, and recommendation 1 by October 31, 2022.

We appreciate the opportunity to comment on the OIG draft report. Please contact Rosalyn G. Millman, Planning and Performance Officer, at 202-384-6193, with any questions.

U.S. DOT IG Fraud & Safety Hotline

hotline@oig.dot.gov | (800) 424-9071

<https://www.oig.dot.gov/hotline>

Our Mission

OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective national transportation system.

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