



Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Subject: Audit Announcement - Review of FRA's
Progress in Administering Major Grants
Project No. 11U3004C000

Date: March 14, 2011

From: Mitchell Behm 
Assistant Inspector General for Rail,
Maritime, and Economic Analysis

Reply to JA-50
Attn of:

To: Federal Railroad Administrator

The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) dramatically realigned the Federal Railroad Administration's (FRA) role in managing the country's passenger rail system by tasking the Agency with responsibilities far beyond its traditional mission. Historically an Agency primarily focused on safety, FRA now has major grant-award responsibilities. Perhaps most notable is the administration of the High Speed Intercity Passenger Rail Program (HSIPR), one of several new grant programs that PRIIA created and which was accelerated with \$8 billion in stimulus funding through the American Recovery and Reinvestment Act of 2009 (ARRA).

HSIPR will transform the nation's rail system and the way Americans approach regional travel. In addition, it will require a major transformation of FRA. Among other things, FRA must develop written policies and practices to guide the program's grant lifecycle process and hire adequate staff to oversee program implementation. At the same time, the Agency must continue to carry out its traditional responsibilities, such as oversight of Amtrak, and execute responsibilities associated with other PRIIA initiatives.

We are initiating this audit to examine FRA's progress in administering its new grant-award responsibilities. Our objectives are to: (1) evaluate FRA's grant management framework; (2) evaluate FRA's process for determining its expanded grant management workforce needs; and (3) identify the challenges FRA faces in awarding, obligating, and disbursing grant funds to states.

We have contacted your audit liaison to schedule a formal entrance conference and plan to begin this audit on March 17, 2011. The audit will take place at DOT headquarters and other sites as needed. If you have any questions or require any additional information, please contact me at (202) 366-9970, or Toayoa Aldridge, Program Director, at (202) 366-2081.

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cc: Audit Liaison, OST, M-1
Audit Liaison, FRA, RAD-41