



---

## Memorandum

Date: July 26, 2021

Subject: INFORMATION: Audit Announcement | FTA's COVID-19 Relief Funding Oversight |  
Project No. 21S3003S000  
Federal Transit Administration

From: David Pouliott   
Assistant Inspector General for Surface Transportation Audits

To: Federal Transit Administrator

---

Since March 2020, the Federal Transit Administration's (FTA) funding has increased significantly with the about \$69.5 billion it received to help U.S. transit systems mitigate the impacts of the Coronavirus Disease 2019 (COVID-19) pandemic.<sup>1</sup> In April 2021, FTA announced that it was enhancing its oversight program to address challenges created by the magnitude of the funding, as well as changes in how recipients may use the funds.<sup>2</sup>

Our past work, including audits examining FTA's oversight of the over \$10 billion Congress provided in response to Hurricane Sandy,<sup>3</sup> has shown that large amounts—coupled with unique requirements or short deadlines to provide funds—can expose gaps in controls.<sup>4</sup> As such, we plan a two-phase approach to our initial audits of FTA's COVID-19 relief funding oversight. Specifically, in this first audit, we will assess the design of FTA's controls to address (1) COVID-19

---

<sup>1</sup> FTA receives about \$12 billion annually under the Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94, December 2015) to fund various grants programs. Since March 2020, it has also received \$25 billion in the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136); \$14 billion in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (Pub. L. No. 116-260); and about \$30.5 billion in the American Rescue Plan Act of 2021 (Pub. L. No. 117-2).

<sup>2</sup> In its *Dear Colleague Letter*, April 20, 2021, FTA explained that the most significant change was allowing all recipients, regardless of size or urbanized area population, to charge operating expenses to FTA grants at a 100-percent Federal share.

<sup>3</sup> For example, see *FTA Made Progress in Providing Hurricane Sandy Funds but Weaknesses in Tracking and Reporting Reduce Transparency Into Their Use* (OIG Report No. ST2021032), July 21, 2021. OIG reports are available on our website: <https://www.oig.dot.gov/>.

<sup>4</sup> Internal controls comprise the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. They serve as the first line of defense in safeguarding assets and help managers achieve desired results through effective stewardship of public resources.

relief funding requirements and (2) oversight risks throughout the grant lifecycle. In the second audit, we will focus on implementation of these controls.

We plan to begin the audit immediately and will contact your audit liaison to schedule an entrance conference. We will conduct our work at FTA Headquarters. If you have any questions, please contact me at (202) 366-5630 or Tiffany Mostert, Program Director, at (202) 366-0625.

cc: DOT Audit Liaison, M-1  
FTA Audit Liaison, TBP-30