



Memorandum

Date: January 15, 2020

Subject: INFORMATION: Audit Announcement | FTA Hurricane Sandy Funding Progress |
Project No. 20H3001S000
Federal Transit Administration

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: Federal Transit Administrator

After Hurricane Sandy caused widespread damage to transportation infrastructure in the mid-Atlantic and the northeastern United States in October 2012, the Disaster Relief Appropriations Act (DRAA)¹ designated \$10.9 billion for the Federal Transit Administration's (FTA) new Public Transportation Emergency Relief Program (ERP).² Although DRAA did not mandate a deadline to obligate these funds, it did require grantees to expend their obligated funds within 24 months. The Office of Management and Budget (OMB) subsequently waived the 24-month expenditure requirement for several Department of Transportation (DOT) Operating Administrations, including FTA, but expected those agencies and their grantees to work together to expend DRAA funds in a timely manner.

Our past work identified concerns regarding the timeliness of Hurricane Sandy awards and expenditures. In June 2015, we reported that FTA initially informed OMB that FTA's Hurricane Sandy funds would be fully expended in fiscal year 2020, about 8 years after the storm.³ However, while FTA had allocated most of the DRAA funds at that time, the pace of awards and expenditures was slower than expected due to several factors, and the Congressional Budget Office (CBO)

¹ Public Law No. 113-2 (2013). DRAA also provided funds to our office to support oversight of FTA's activities.

² The ERP was established by the Moving Ahead for Progress in the 21st Century Act (Pub. L. No. 112-141 [2012]) to provide funds for States and public transportation systems to protect, repair, or replace assets damaged in an emergency, such as a natural disaster. FTA's ERP DRAA funding was reduced as a result of the Budget Control Act of 2011 (Pub. L. 112-25, known as "sequestration"), with \$10.088 billion available for FTA to award.

³ *FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts* (OIG Report No. ST2015046), June 12, 2015. OIG reports are available from our website: www.oig.dot.gov.

estimated the FTA Hurricane Sandy funds would be expended through fiscal year 2022.

More recent information from FTA indicates additional delays may be possible. FTA reported that, through December 2018, it had awarded about \$8.3 billion—which left approximately \$1.8 billion, or about 18 percent, available for award—and that projects funded through the grants were not scheduled for completion until 2026.

Given the expectation for timely fund expenditures, the concerns raised in our prior report, and indication of additional delays in expending Hurricane Sandy funds, we are initiating this audit. Our objectives are to assess FTA's (1) progress in obligating Hurricane Sandy funds and (2) actions to ensure timely expenditure of those funds.

We plan to begin the audit later this month and will contact your audit liaison to schedule an entrance conference. We will conduct our work at FTA Headquarters in Washington, DC, and at the FTA Regional Offices that awarded and oversee Hurricane Sandy grants—Region 1 in Cambridge, MA; Region 2 in New York, NY; and Region 3 in Philadelphia, PA. We also plan to conduct work at transit agencies impacted by Hurricane Sandy. 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