



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**FTA Made Progress in Providing
Hurricane Sandy Funds but Weaknesses
in Tracking and Reporting Reduce
Transparency Into Their Use**

FTA

Report No. ST2021032

July 21, 2021





FTA Made Progress in Providing Hurricane Sandy Funds but Weaknesses in Tracking and Reporting Reduce Transparency Into Their Use

Self-initiated

Federal Transit Administration | ST2021032 | July 21, 2021

What We Looked At

After Hurricane Sandy caused widespread damage to transportation infrastructure in October 2012, the Disaster Relief Appropriations Act (DRAA) designated \$10.9 billion for the Federal Transit Administration's (FTA) new Public Transportation Emergency Relief Program. We assessed (1) FTA's progress in allocating, obligating, and disbursing its Hurricane Sandy funding and (2) any weaknesses in these processes that we identified.

What We Found

Through December 31, 2020, FTA allocated and obligated approximately \$10 billion—most of its Hurricane Sandy appropriation—but only disbursed about \$4.3 billion. The pace was influenced by a number of factors, including but not limited to project construction planning and execution and the complexity of competitive resilience projects. As a result, over 8 years after the storm, more than half of the funds remain to be spent. We also found that FTA inconsistently tracks and reports Hurricane Sandy funding data or does not fully comply with Federal guidance. The Agency has allocation data in a variety of sources, but—as FTA does not have procedures to accurately communicate allocated amounts over time—the data from these sources do not align. Thus, FTA cannot use these data to determine whether obligation amounts for specific recipients and purposes stayed within the allocated amounts in FTA's official documentation. Finally, FTA has not complied with a directive from the Office of Management and Budget to make DRAA obligation data readily identifiable on the USAspending.gov website. Overall, the weaknesses we identified reduced transparency for internal users, decision makers, and the public into FTA's use of Hurricane Sandy funds.

Our Recommendations

We made two recommendations to improve FTA's tracking and reporting on its use of Hurricane Sandy funds. FTA concurred with both recommendations and proposed appropriate actions and completion dates. Accordingly, we consider both recommendations as resolved but open pending completion of the planned actions.

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Memorandum

Date: July 21, 2021

Subject: ACTION: FTA Made Progress in Providing Hurricane Sandy Funds but Weaknesses in Tracking and Reporting Reduce Transparency Into Their Use | Report No. ST2021032

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.² Although DRAA did not mandate a deadline to obligate these funds, it did require FTA to provide up to \$2 billion within 60 days and for all recipients to expend their 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. However, FTA informed grantees that OMB expected DOT agencies and their grantees to work together to expend DRAA funds in a timely manner.

Our past work has identified concerns regarding the timeliness of Hurricane Sandy awards and expenditures. In June 2015, we reported that FTA had allocated most of its DRAA funds, but the pace of obligations and disbursements was slower than expected due to several factors.³ We did not make any related recommendations in that report.

¹ Pub. L. No. 113-2 (2013).

² The Emergency Relief Program was established by the 2012 Moving Ahead for Progress in the 21st Century Act (Pub. L. No. 112-141) to provide funds for States and public transportation systems to protect, repair, or replace assets damaged in an emergency, such as a natural disaster.

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 accessible from our website:

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

Given these concerns, as well as the expectation for timely fund expenditure, we initiated this audit. Our announced objectives were to assess FTA's progress in obligating Hurricane Sandy funds and actions to ensure timely expenditure of those funds. However, since we announced the audit, the Coronavirus Disease 2019 (COVID-19) pandemic has disrupted Hurricane Sandy-related project schedules.⁴ Therefore, we are not reporting on FTA's actions to ensure timely expenditure of the Hurricane Sandy funds. This report discusses our assessment of (1) FTA's progress in allocating, obligating, and disbursing its Hurricane Sandy funding and (2) any weaknesses in these processes that we identified.⁵

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 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
FTA Audit Liaison, TBP-30

⁴ In March 2020, FTA received \$25 billion through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to prevent, prepare for, and respond to COVID-19 (Pub. L. No. 116-136). In December 2020, FTA received an additional \$14 billion for these purposes through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021 (Pub. L. No. 116-260). In March 2021, FTA received another \$30.5 billion for these purposes through the American Rescue Plan (ARP) Act of 2021 (Pub. L. No. 117-2).

⁵ In this report, "allocating" refers to FTA assigning funds for each of the purposes allowed under DRAA. "Obligating" describes FTA's formal commitment to a recipient to use the allocated funds, such as through grants and contracts. "Disbursing," also called expending or outlaying, refers to FTA's payments to reimburse recipients for the obligations.

Results in Brief

FTA allocated and obligated most of its Hurricane Sandy appropriation but only disbursed less than half of the funds.

Through December 31, 2020, after a reduction and transfers to other DOT agencies, FTA retained approximately \$10.1 billion in DRAA funds for allocation, obligation, and disbursement. Of the amount retained, FTA allocated all but \$2.125 million (nearly 100 percent), with the vast majority of the funding—about \$9.7 billion—going to the four recipients it determined were most affected by the storm: (1) Metropolitan Transportation Authority (MTA), (2) New Jersey Transit Corporation (NJT), (3) Port Authority of New York and New Jersey (PANYNJ), and (4) New York City Department of Transportation (NYCDOT). Through December 31, 2020, FTA obligated approximately \$10 billion (about 98 percent) of the amount retained. However, by that same date, FTA had disbursed about 43 percent—approximately \$4.3 billion—of the funds. Because funds are disbursed on a reimbursable basis for incurred expenses, the pace is influenced by a number of factors, including project construction planning and execution, as well as the complexity of competitive resilience projects, and, more recently, the COVID-19 pandemic. As a result, over 8 years after the storm, more than half of the funds remain to be spent.

FTA's tracking and reporting of Hurricane Sandy funding data are inconsistent or do not fully comply with Federal guidance.

FTA has Hurricane Sandy allocation information in a variety of sources, including its official documents, grants management system—the Transit Award Management System (TrAMS)—and public website. It is important that amounts in these sources agree because allocations are intended to serve as controls for ensuring that funds are correctly awarded to recipients and that obligated amounts do not exceed limitations. However, recipient allocation data from these sources do not align, and the amounts contained in TrAMS and on FTA's website are inaccurate relative to the approved amounts in its official documentation. For example, compared to FTA's official documentation, TrAMS reports about \$54 million more in total allocations for recovery and resilience. In addition, FTA's public website report totals include \$30.5 million more for PANYNJ recovery than allocated and still include about \$13.5 million in resilience funding for MTA that FTA transferred to the Federal Railroad Administration (FRA). The inconsistencies occurred because FTA does not have procedures to accurately communicate allocated amounts through its notices, memoranda, letters, systems, and external reports over time. As a result, the Agency cannot use these data to determine whether obligation amounts for specific recipients and purposes stayed within

the allocated amounts in FTA's official documentation. FTA also reported inconsistent information to OMB about the impact two transfers to FRA had on its program management and oversight funding amounts. Finally, FTA's data on the USAspending.gov website—which provides the public access to information on Federal award recipients and obligated amounts—does not comply with a March 2013 OMB directive to make DRAA obligation information readily identifiable on that site. Overall, the weaknesses we identified reduced transparency for internal users, decision makers, and the public into FTA's use of Hurricane Sandy funds.

We are making recommendations to improve FTA's tracking and reporting on its use of Hurricane Sandy funds.

Background

DRAA specified purposes for, and limitations on, the funds appropriated to FTA's Public Transportation Emergency Relief Program. In addition to funding recovery and relief efforts in the areas most affected by Hurricane Sandy, the law permitted the Secretary of Transportation to transfer up to \$5.383 billion to appropriate agencies for projects to reduce the risk of damage from future disasters in areas impacted by the hurricane.⁶ The law required congressional notification 15 days in advance of any transfer. It also allowed FTA to use up to 0.75 percent of the funds retained for public transportation emergency relief for administrative expenses and ongoing program management oversight—in addition to other appropriations for such purposes. In this report, we describe the purposes outlined in DRAA as recovery, resilience, program administration, and oversight. To track the Hurricane Sandy obligations and disbursements for each of these purposes, FTA established specific account classification codes.

Before FTA could use its DRAA appropriated funds for these purposes, it made the funds available through the following steps:⁷

1. **Apportionment:** The action by which OMB distributes amounts available for obligation based on specific time periods (usually quarters), activities, projects, objects, or a combination of those things. An apportionment

⁶ FTA referred to this as "resilience" funding and defined a resiliency project as one designed and built to address future vulnerabilities to a public transportation facility or system from emergencies or major disasters likely to occur again in that geographic area or projected changes in development patterns, demographics, or climate and weather patterns.

⁷ See Government Accountability Office (GAO), *A Glossary of Terms Used in the Federal Budget Process* (GAO-05-734SP), September 2005, for more information on these terms.

limits the amount of obligations that may be incurred. Some apportioned funds may be reserved to provide for contingencies or to effect savings made possible by the Antideficiency Act.⁸ According to FTA's budget process documentation, FTA requests this funding authority from OMB through the Standard Form (SF) 132, the Apportionment and Reapportionment Schedule, which FTA's Office of Budget and Policy Budget Analysts prepare and the Budget Director reviews. Apportionments are prepared annually and as needed during a fiscal year.

2. **Allotment:** An authorization by the agency head (or a designee) to incur obligations within a specific amount. This allotment cannot exceed the amount apportioned by OMB. For discretionary programs—such as FTA's Emergency Relief Program, which received DRAA-appropriated funds—the Agency's process explains that once OMB approves the SF-132, FTA's Office of Budget generates allotments in TrAMS. Allotments are prepared annually and as needed during a fiscal year..
3. **Recipient Allocation:** A further subdivision of an apportionment, which assigns funds to specific recipients for particular purposes or projects. Recipient allocations remain in effect through the funding's period of availability or until they are otherwise modified. FTA's Emergency Relief Manual describes an allocation process in which the Agency determines the amounts for which specific recipients are eligible and notifies them—either through an official notice or a letter of allocation—that the funds are available. For DRAA funds, FTA used internal memoranda to document allocation and reallocation amounts and, in its official allocation documentation, listed the amounts allocated to recipients for recovery, locally prioritized resilience, and competitive resilience. This documentation also included an allocation amount for program administration and oversight. As TrAMS is a grant management system, it tracks FTA's discretionary allocations by program, purpose, and recipient. However, TrAMS does not include allocations for FTA's program administration and oversight, which are reflected in the Department's Delphi system.

Apportionments, allotments, and recipient allocations each represent a progressively more detailed breakdown of the maximum amount FTA should obligate for a given purpose, such as through a grant, contract, payroll, or travel order. FTA disburses funds on a reimbursable basis for eligible expenses incurred. This report describes FTA's allocations, obligations, and disbursements to its

⁸ Title 31, U.S. Code (U.S.C.), § 1512.

recipients for the recovery and resilience purposes, as well as the funds the Agency retained for program administration and oversight.

FTA Allocated and Obligated Most of Its Hurricane Sandy Appropriation but Only Disbursed Less Than Half of the Funds

Through December 31, 2020, FTA retained about \$10.1 billion from the full \$10.9 billion DRAA appropriation for allocation, obligation, and disbursement after transfers to other DOT agencies and a reduction.

1. **Oversight Transfer:** DRAA specified a \$6 million transfer to the DOT Office of Inspector General (OIG) to support oversight of FTA's Hurricane Sandy relief funding under its Emergency Relief Program.
2. **Sequestration Reduction:** As a result of the Budget Control Act of 2011⁹ and OMB's 2013 Sequestration Report,¹⁰ the total DRAA appropriation for FTA's Emergency Relief Program (excluding the transfer to OIG) was reduced by 5 percent. This reduction was known as "sequestration."
3. **Resilience Transfers:** FTA transferred funds to FRA for resilience projects in three separate instances, a total of about \$238.7 million. The Secretary approved the first transfer for \$185 million in 2013. FTA leadership approved the remaining two transfers for \$40.2 million in 2016 and about \$13.5 million in 2017.

Table 1 shows the effects of these actions on the DRAA funds available for FTA to allocate under its Emergency Relief Program, which we refer to as Hurricane Sandy funding.

⁹ Pub. L. No. 112-25 (2011).

¹⁰ OMB, *Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013.

Table 1. Effect of Transfers and Sequestration on FTA’s Hurricane Sandy Funding Retained for Allocation, Obligation, and Disbursement, Through December 31, 2020

Purpose	Amount
DRAA appropriation for the Emergency Relief Program	\$10,900,000,000
Transfer to OIG	(\$6,000,000)
5-percent sequestration	(\$544,700,000)
Initial transfer to FRA for resilience	(\$185,000,000)
Other resilience project transfers to FRA	(\$53,679,978)
Amount FTA retained to allocate, obligate, and disburse	\$10,110,620,022

Source: OIG analysis of DRAA and FTA’s allocation notices, memoranda, and letters.

By December 31, 2020, FTA had allocated and obligated nearly all of the over \$10.1 billion it retained from the DRAA appropriation. It allocated all but \$2.125 billion—to specific recipients for recovery and resilience projects or to its own program administration and oversight—and obligated all but about \$157 million (see table 2). However, by that same date, FTA had disbursed less than half of the funds. Because disbursements are provided on a reimbursable basis the pace was influenced by a number of factors that could impact recipient expenditures. These factors included project construction planning and execution, the complexity of competitive resilience projects, the time required to settle Hurricane Sandy–related insurance claims, the lead time for procuring assets, the extended project timelines for some recovery and local resilience activities, internal grantee processes and, more recently, the impact of the COVID-19 pandemic. As a result, over 8 years after the storm, more than half of the funds remain to be spent.

Table 2. FTA’s Progress in Using the Over \$10.1 Billion in the Hurricane Sandy Funds It Retained, Through December 31, 2020

Purpose	Allocated Amount	Obligated Amount ^a	Disbursed Amount ^a
Recovery	\$5,559,805,723 ^b	\$5,480,784,884	\$2,997,008,417
Resilience	\$4,472,457,048	\$4,421,547,095	\$1,268,438,187
Program Administration	\$76,232,250	\$33,769,509	\$33,760,472
Oversight		\$16,525,704	\$15,406,593
Total	\$10,108,495,021	\$9,952,627,192	\$4,314,613,670
Percent of the Over \$10.1 Billion FTA Retained	99.98%	98.44%	42.67%
Amount Remaining From the Over \$10.1 Billion FTA Retained	\$2,125,001	\$157,992,830	\$5,796,006,352

^a Amounts rounded to the nearest whole dollar.

^b Excludes \$441 described in FTA’s allocation documents as “reserved for future allocation,” which FTA attributed to an error, and we determined was immaterial.

Source: OIG analysis of FTA allocation and transfer data from its Hurricane Sandy allocation notices, memoranda, and letters and obligation and disbursement data from DOT’s Delphi financial management system.

By December 31, 2020, FTA had allocated the vast majority of funding to the four recipients it determined were most affected by the storm—(1) MTA, (2) NJT, (3) PANYNJ, and (4) NYCDOT. To these four agencies, FTA allocated about \$5.5 billion in recovery funds and approximately \$4.2 billion for resilience efforts. FTA allocated the rest of the recovery and resilience funds—about \$326 million—to other agencies (see table 3).

Table 3. FTA’s Hurricane Sandy Recovery and Resilience Allocations to Recipients, Through December 31, 2020

Allocation Recipient	Recovery Allocation	Resilience Allocation	Total Allocation
New York Metropolitan Transportation Authority	\$3,664,038,109	\$2,148,088,721	\$5,812,126,830
Port Authority of New York and New Jersey	\$1,403,285,499	\$429,228,662	\$1,832,514,161
New Jersey Transit Corporation	\$444,822,739	\$1,382,221,856	\$1,827,044,595
New York City Department of Transportation	\$34,627,941	\$200,111,124	\$234,739,065
Rhode Island Public Transit Authority	\$5,949,180	\$0	\$5,949,180
City of Long Beach	\$5,100,205	\$0	\$5,100,205
Southeastern Pennsylvania Transportation Authority	\$1,192,568	\$86,758,000	\$87,950,568
Massachusetts Bay Transportation Authority	\$344,311	\$35,065,132	\$35,409,443
Westchester County Department of Transportation	\$317,200	\$0	\$317,200
Connecticut Department of Transportation	\$55,622	\$169,957,772	\$170,013,394
Nassau County	\$45,214	\$0	\$45,214
Greater Bridgeport Transit District	\$21,783	\$0	\$21,783
Milford Transit District	\$5,352	\$0	\$5,352
City of Nashua, NH	\$0	\$25,781	\$25,781
Washington Metropolitan Area Transit Authority	\$0	\$21,000,000	\$21,000,000
Total	\$5,559,805,723	\$4,472,457,048	\$10,032,262,771
Remaining for future allocation	\$2,125,001	\$0	\$2,125,001

Source: OIG analysis of FTA data from its Hurricane Sandy allocation notices, memoranda, and letters.

FTA had allocated all of its Hurricane Sandy funding by December 31, 2019. However, in 2020, the Agency reduced NYC DOT’s total recovery allocation by

\$2.125 million, making these Hurricane Sandy recovery funds available for allocation to another FTA grantee.¹¹

FTA's Tracking and Reporting of Hurricane Sandy Funding Data Are Inconsistent or Do Not Fully Comply With Federal Guidance

FTA's Hurricane Sandy funding allocations are inconsistent across the data sources the Agency used for tracking or reporting and inaccurate relative to the approved amounts in its documents. In addition, FTA reported inconsistent information to OMB about the impact two transfers to FRA had on its program management and oversight funding amounts. Finally, FTA has not fully complied with an OMB reporting requirement for DRAA obligations.

Hurricane Sandy Recipient Allocation Amounts in FTA's Data Sources Are Not Consistent

FTA's allocation amounts for DRAA-allowed purposes differ among the data sources that FTA staff and officials indicated they use to track and report on Hurricane Sandy funding. When we asked FTA for the allocation system of record—that is, the authoritative data source for allocation information—staff and officials pointed to multiple data sources, including but not limited to:

1. **Documents:** Official documents of allocation approvals, which include FTA's Federal Register notices, memoranda, and letters.
2. **TrAMS:** FTA's system to award and manage Federal grants, which also provides data to the Department's Delphi financial management system. This system contains a module to track recipient allocations.
3. **FTA's Public Website:** The website has a report for its recipient allocations for the recovery and resilience purposes that officials said was derived from the TrAMS module.

¹¹ For more information about why FTA reduced NYC DOT's allocation, see *FTA's Limited Oversight of Grantees' Compliance With Insurance Requirements Puts Federal Funds and Hurricane Sandy Insurance Proceeds at Risk* (OIG Report No. ST2020005), October 30, 2015.

It is important that amounts in these sources agree because allocations are intended to serve as controls for ensuring that funds are correctly awarded to recipients and that obligated amounts do not exceed limitations. Moreover, FTA relies on its notices and website to provide transparency by communicating its funding information to the public. DOT's *Information Dissemination Quality Guidelines* direct the Department's Operating Administrations to ensure disseminated information is accurate, complete, and clear.¹² However, the data from these sources through December 31, 2020, that we reviewed do not align, resulting in a lack of clarity on the funds FTA had allocated for each DRAA-allowed purpose and in total. Notably, both the data from TrAMS and the Agency's website are inaccurate compared to FTA's documents, which represent the official, approved recipient allocations (see table 4).

Table 4. Hurricane Sandy Recipient Allocation Amounts in FTA Data Sources and Magnitude of Differences From Approved Amounts, Through December 31, 2020

Allocation Purpose	Documents	TrAMS	Website	TrAMS % Difference from Documents	Website % Difference from Documents
Recovery	\$5,559,805,723 ^a	\$6,818,968,148	\$5,592,430,724 ^b	22.65%	0.59%
Resilience	\$4,472,457,048	\$3,266,974,601	\$4,485,937,026	-26.95%	0.30%
Total Recovery and Resilience	\$10,032,262,771	\$10,085,942,749	\$10,078,367,750	0.54%	0.46%
Difference from Documents Total	N/A	\$53,679,978	\$46,104,979	0.54%	0.46%

^a Excludes \$441 described in FTA's allocation documents as "reserved for future allocation," which FTA attributed to an error, and we determined was immaterial.

^b Includes \$2,550 "reserved for future allocation."

Source: OIG analysis of allocation data from FTA's Hurricane Sandy allocation notices, memoranda, letters, TrAMS, and website.

FTA uses TrAMS to report recipient allocations through its public website as well as to obligate funding and report on those obligations through the Department's financial management system, Delphi. Based on our review, however, through December 31, 2020, TrAMS reported about \$54 million more in total allocations for recovery and resilience than FTA's official allocation documentation showed.

¹² DOT, *Secretary's Policy Statement on Information Quality and DOT Information Dissemination Quality Guidelines*, October 2019.

Specifically, TrAMS included \$40.2 million and about \$13.5 million in resilience allocations to PANYNJ and MTA, respectively, that FTA had transferred to FRA several years earlier. In addition, TrAMS showed more funding available for recovery and less available for resilience than FTA's documentation showed was available for these purposes. This occurred because FTA used a different identifier (ID) for the TrAMS allocations than the account classification codes it had established to track DRAA funds. Specifically, FTA assigned the ID for recovery funds (D2013-SAND) to locally prioritized resilience allocations instead of the ID for resilience funds (D2013-RESL). In contrast, the Agency used the resilience account classification code when obligating and disbursing locally prioritized resilience funds. This created a mismatch between the allocation and obligation amounts. In written comments on a draft of this report, FTA stated the Agency's initial intent was to use the SAND ID for all funding and then it subsequently decided to create the separate RESL ID for competitive resilience projects. FTA further noted that the resilience projects are clearly identified in descriptions that accompany the SAND ID.

After we brought these issues to FTA's attention, the Agency revised its public website to address some of the allocation data concerns we identified. In the recipient allocation report on its website, FTA noted that it had removed the \$40.2 million that it had transferred from PANYNJ to FRA from the resilience total. FTA also revised the website to report locally prioritized resilience as a separate category. However, through December 31, 2020, the website still included \$30.5 million more for PANYNJ recovery than was reflected in the allocation documentation, and about \$13.5 million in resilience funding that FTA transferred from MTA to FRA.

These inconsistencies occurred because FTA does not have procedures to accurately communicate allocated amounts through its notices, memoranda, letters, systems, and external reports over time. As a result, the Agency cannot use these data to determine whether obligation amounts for specific recipients and purposes stayed within the allocated amounts in FTA's official documentation. FTA officials acknowledged that, although the TrAMS allocation data inform its public website allocation reporting and are useful to FTA staff at the time of grant award, they are not designed as a control on obligations. Instead, FTA officials identified the apportionment data that FTA budget staff load into TrAMS as the control total against which FTA reserves funding for obligations. However, during the course of this audit, DOT and FTA budget staff instructed us not to use apportionment data to describe allocations, as these serve different purposes. In addition, FTA has not documented a process that uses either the allocation or the apportionment data as a control when making obligation decisions.

Furthermore, the Agency did not consistently follow the process described in its Emergency Relief Manual, which explains that FTA notifies applicants that funding

is available through an official notice or a letter of allocation. FTA issued four allocation notices from March 2013 through July 2016.¹³ The initial allocation notice stated that the Agency had reserved about \$28 million for future allocations, and the final notice said that about \$17.5 million remained. However, the intervening notices did not describe how FTA had allocated the approximately \$10.6 million difference between the two amounts. FTA provided internal memoranda approving these allocations but confirmed that it did not have letters to the recipients regarding allocations or changes to allocations.

Overall, the inconsistencies we identified raise questions about FTA's ability to rely on these data in making obligation decisions and decrease transparency for internal users, decision makers, and members of the public seeking information about the Agency's use of Hurricane Sandy funds. Moreover, the unclear and inaccurate information FTA provided also did not comply with DOT's *Information Dissemination Quality Guidelines*.

FTA Reported Inconsistent Information About Its Program Management and Oversight Funding Amounts

DRAA stipulated that FTA could use up to 0.75 percent of the funds retained for public transportation emergency relief for administrative expenses and ongoing program management oversight. However, in the backup information that accompanied the SF-132 requesting OMB approval for funding apportionments, FTA inconsistently described how the three transfers to FRA impacted the funds available for its program administration and oversight. FTA officials confirmed that the Agency had allocated about \$76.2 million for those activities, which was presented in one part of the SF-132 backup spreadsheet and in FTA's official allocation documentation. FTA based this calculation on the amount of DRAA funding it retained after the sequestration reduction, transfer to OIG, and initial \$185 million transfer to FRA. However, in its calculation FTA did not account for two subsequent transfers to FRA for \$40.2 million and about \$13.5 million (see table 5).

¹³ FTA, *Allocation of Public Transportation Emergency Relief Funds in Response to Hurricane Sandy*, Federal Register 78, no. 61 (March 29, 2013); *Second Allocation of Public Transportation Emergency Relief Funds in Response to Hurricane Sandy: Response, Recovery, and Resiliency*, Federal Register 78, no. 103 (May 29, 2013), and its related correction, Federal Register 78, no. 107 (June 4, 2013); *Selection of Public Transportation Resilience Projects in Response to Hurricane Sandy*, Federal Register 79, no. 214 (November 5, 2014); and *Fourth Allocation of Public Transportation Emergency Relief Funds in Response to Hurricane Sandy*, Federal Register 81, no. 128 (July 5, 2016).

Table 5. Effect of Transfers and Sequestration on Amount FTA Could Use for Hurricane Sandy Program Administration and Oversight

Purpose	Amount	0.75 Percent
DRAA appropriation for the Emergency Relief Program	\$10,900,000,000	\$81,750,000
Transfer to OIG	(\$6,000,000)	(\$45,000)
5% sequestration	(\$544,700,000)	(\$4,085,250)
Initial transfer to FRA for resilience	(\$185,000,000)	(\$1,387,500)
Subtotal of amounts FTA used to calculate program administration and oversight allocation	\$10,164,300,000	\$76,232,250
Other resilience project transfer to FRA	(\$40,200,000)	(\$301,500)
Other resilience project transfer to FRA	(\$13,479,978)	(\$101,100)
Subtotal of amounts FTA did not include in calculating program administration and oversight allocation	(\$53,679,978)	(\$402,600)

Source: OIG analysis of DRAA and FTA's allocation notices, memoranda, and letters.

FTA officials maintained that it was appropriate for the Agency not to reduce the program administration and oversight allocation to account for the latter two transfers to FRA, based on administrative costs the Agency had incurred prior to their transfer to FRA. Yet, on another part of the same SF-132 backup spreadsheet, FTA also indicated that it had reduced that allocation by \$301,500 to account for the \$40.2 million transfer to FRA. FTA officials could not explain the inconsistencies on the spreadsheet, and an Agency official agreed that FTA could enhance the transparency and accuracy of the information on the SF-132 backup spreadsheet it provides to OMB. To address the issues we identified, FTA later revised the SF-132 spreadsheet. Specifically, the Agency removed the erroneous reference to an additional program administration and oversight allocation reduction, thereby clarifying the information provided to OMB.

FTA Has Not Fully Complied With an OMB Requirement for Reporting DRAA Obligations

On March 12, 2013, OMB issued a memorandum with the internal control planning and reporting requirements for all DRAA-funded programs.¹⁴ The memorandum included a reminder that—under the Federal Funding Accountability and Transparency Act¹⁵—agencies must provide their spending information to USAspending.gov, which gives the public access to information on award recipients and obligated amounts. OMB directed agencies to obtain and assign a separate Catalogue of Domestic Federal Assistance (CFDA) number for DRAA funds to make obligation information readily identifiable on that site. Specifically, when obtaining the CFDA number, an agency was to include the term “Disaster Relief Appropriations Act” in the program title and DRAA’s statutory purposes for the funds in the program information. This requirement applied to all financial assistance awards made on or after the date of this guidance.

Contrary to OMB’s directive, FTA’s CFDA program title for Hurricane Sandy funding was “Public Transportation Emergency Relief Program,” and the program description did not include the DRAA funding purposes. This occurred because on February 6, 2013—prior to OMB’s March 2013 memorandum—FTA received approval from OMB for a CFDA title and description for its “Public Transportation Emergency Relief Program,” but it had not yet issued any grants under the CFDA number. FTA did not subsequently update the program information or seek a waiver from OMB and continued to use the same CFDA number for DRAA and subsequent disaster relief funding.¹⁶

An FTA official indicated that FTA has since revised its CFDA—now known as Assistance Listings—process. According to that official, FTA intends to update its established internal guidance to include a new standard operating procedure that directs the Assistance Listings Officer to review current or proposed OMB guidance or action memoranda that may impact a new request. According to the official, these actions will be completed by September 2021.

Because FTA did not have such a procedure in place when it obtained the CFDA number for its Hurricane Sandy funding, FTA’s use of DRAA funds is not transparent to members of the public who consult USAspending.gov. Specifically,

¹⁴ OMB, *Memorandum for the Heads of Executive Departments and Agencies: Accountability for Funds Provided by the Disaster Relief Appropriations Act* (M-13-07), March 12, 2013.

¹⁵ Pub. L. No. 109-282 (2006).

¹⁶ FTA’s Emergency Relief Program received a \$330 million appropriation through the Bipartisan Budget Act of 2018 for response and recovery efforts related to Hurricanes Harvey, Irma, and Maria.

without a unique identifier, it is difficult for users who are unfamiliar with the program to accurately extract and analyze Hurricane Sandy awards.

Conclusion

Congress intended the Disaster Relief Appropriations Act (DRAA) to provide expeditious and efficient assistance to areas damaged by Hurricane Sandy. FTA has made progress toward this goal by allocating and obligating most of its over \$10 billion in DRAA funding for recovery and resilience projects, program administration, and oversight. Central to these efforts is for FTA to provide internal users, decision makers, and the public with consistent and accurate funding information. Therefore, increased management attention on tracking and reporting procedures will enhance FTA's ability to manage disaster relief funds and emergencies in the future.

Recommendations

To improve tracking and reporting on the use of Hurricane Sandy funds, we recommend that the Federal Transit Administrator:

1. Establish and implement written policies and procedures to accurately communicate allocated amounts over time through FTA's documents, such as notices, memoranda, and letters; the grant management system; and external reports.
 2. Complete the planned update to FTA's Assistance Listings internal guidance to include procedures to ensure the Agency complies with the Office of Management and Budget assistance listing requirements that are intended to make obligation information readily identifiable on USASpending.gov.
-

Agency Comments and OIG Response

We provided FTA with our draft report on May 26, 2021, and received its response, dated June 25, 2021, which is included as an appendix to this report. FTA concurred with both of our recommendations and provided appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

Actions Required

We consider all recommendations resolved but open pending completion of FTA's planned actions.

Exhibit A. Scope and Methodology

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

Our announced objectives were to assess FTA's progress in obligating Hurricane Sandy funds and actions to ensure timely expenditure of those funds. However, since we announced the audit, the COVID-19 pandemic has impacted public transportation agency operations, disrupting Hurricane Sandy-related project schedules.¹⁷ Therefore, we did not report on FTA's actions to ensure timely expenditure of the Hurricane Sandy funds at this time. This report discusses our assessment of (1) FTA's progress in allocating, obligating, and disbursing its Hurricane Sandy funding and (2) any weaknesses in these processes that we identified.

We initially planned to report on FTA's progress in allocating, obligating, and disbursing its Hurricane Sandy funding and any related weaknesses through December 31, 2019. However, in January 2021, we updated our audit scope to extend through December 31, 2020.

To guide our work, we identified criteria in relevant legislation, especially DRAA¹⁸ and related FTA guidance, such as the Agency's Emergency Relief Manual. In addition, we reviewed Federal guidance with requirements related to allocations, such as OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*. Finally, we reviewed Federal guidance on transparency and reporting, including DOT's *Information Dissemination Quality Guidelines* and OMB's *Accountability for Funds Provided by the Disaster Relief Appropriations Act*.

To assess FTA's progress in and processes for allocating its Hurricane Sandy funding, we analyzed and compared data from the following five sources that we identified through our prior work and interviews with FTA:

1. **Documentation**, including the four Federal Register notices FTA published with allocations for its Emergency Relief Program funding—dated

¹⁷ In March 2020, FTA received \$25 billion through the CARES Act to prevent, prepare for, and respond to COVID-19 and, in December 2020, FTA received an additional \$14 billion for these purposes through the CRRSA Act. In March 2021, FTA received another \$30.5 billion for these purposes through the ARP Act.

¹⁸ Pub. L. No. 113-2 (2013).

March 29, 2013; May 29, 2013 (corrected June 5, 2013); November 5, 2014; and July 5, 2016—as well as internal Agency memoranda and letters to FTA recipients and Congress.

2. **Backup information** the Agency included with its SF-132, which the Agency submits to request OMB approval for funding apportionments;
3. **Status of Funds report** from DOT’s financial management system, Delphi, which categorizes the allotted amounts for DRAA funding by purpose;
4. **TrAMS**, FTA’s system to award and manage Federal grants, which is also tied to the Department’s Delphi financial information system; and
5. **FTA’s public website**, which features a recovery and resilience funds allocation report that officials said was derived from TrAMS.

In November 2020, after reviewing the results of our analysis of its allocations through December 31, 2019, FTA affirmed that the five sources listed above contained allocation data. Yet in March 2021, DOT and FTA officials informed us that the backup information the Agency included with its SF-132, the Status of Funds report from Delphi, and the recipient allocation data in TrAMS were not useful for determining the status of FTA’s Hurricane Sandy allocations through December 31, 2020. Instead, FTA officials identified a new source of data—the apportionment data that FTA budget staff load into TrAMS. However, FTA officials later confirmed what DOT and FTA Budget staff had previously emphasized—that we could not use apportionment data to describe allocations. As such, we concluded these data were not useful for our purposes and, in consultation with FTA, we relied on our analysis of FTA’s official documentation to determine FTA’s allocation amounts.

To assess FTA’s progress in obligating and disbursing its DRAA funds for Hurricane Sandy, we determined, in consultation with FTA, that Delphi would provide the data on obligations and disbursements by purpose and recipient. DOT’s Enterprise Services Center (ESC), through FTA, responded to our request for data in March 2020. We tested and analyzed the data and asked FTA and ESC staff about the discrepancies we noticed. FTA informed us in June 2020 that the data contained erroneous entries and in August 2020 that the data were incomplete. Therefore, we determined those data were not sufficiently reliable for our purpose. Instead, we relied on the Status of Funds report from Delphi, which we determined was reliable for identifying obligation and disbursement data by DRAA-allowed purpose. However, we could not report on obligations and disbursement data by recipient, as we had initially planned, because the Status of Funds report does not provide such data. We also assessed the obligation information for FTA’s Public Transportation Emergency Relief Program on [USAspending.gov](https://www.usaspending.gov).

Exhibit B. Organizations Visited or Contacted

Department of Transportation

DOT Headquarters

Office of Audit Relations and Program Improvement

Office of the Budget

Office of the General Counsel

DOT Regions

Enterprise Services Center, Oklahoma City, OK

Federal Transit Administration

FTA Headquarters

Office of Budget and Policy

Office of Chief Counsel

Office of Program Management

FTA Regions

Region 1, Cambridge, MA

Region 2, New York, NY

Region 3, Philadelphia, PA

Exhibit C. List of Acronyms

ARP	American Rescue Plan
CARES	Coronavirus Aid, Relief, and Economic Security
CFDA	Catalogue of Domestic Federal Assistance
COVID-19	Coronavirus Disease 2019
CRRSA	Coronavirus Response and Relief Supplemental Appropriations
DOT	Department of Transportation
DRAA	Disaster Relief Appropriations Act
ESC	Enterprise Services Center
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
GAO	Government Accountability Office
ID	identifier
MTA	Metropolitan Transportation Authority
NJT	New Jersey Transit Corporation
NYCDOT	New York City Department of Transportation
OIG	Office of Inspector General
OMB	Office of Management and Budget
PANYNJ	Port Authority of New York and New Jersey
SF	Standard Form
TrAMS	Transit Award Management System

Exhibit D. Major Contributors to This Report

TIFFANY MOSTERT	PROGRAM DIRECTOR
LUKE BRENNAN	PROJECT MANAGER
JOHN HANNON	SENIOR ANALYST
P. DAVID MCBRIDE	SENIOR ANALYST
MORGAN MZHEN	ANALYST
AMY BERKS	DEPUTY CHIEF COUNSEL
GEORGE ZIPF	SUPERVISORY MATHEMATICAL STATISTICIAN
MAKESI ORMOND	STATISTICIAN
JANE LUSAKA	SENIOR WRITER-EDITOR

Appendix. Agency Comments



U.S. Department
of Transportation
**Federal Transit
Administration**

Memorandum

Subject:

INFORMATION: Management Response – Office of
Inspector General (OIG) Draft Report – Hurricane Sandy
Funding Progress

Date: June 25, 2021

From: Nuria Fernandez
Administrator
Federal Transit Administration

Reply to
Attn. of: Greg Danis
(202) 366-7557

To: David Pouliott
Assistant Inspector General for Surface Transportation Audits

The Federal Transit Administration (FTA) is committed to safeguarding funds from the Disaster Relief Appropriations Act of 2013 (DRAA), which includes overseeing the timely expenditure of funds awarded to FTA's recipients. FTA also is committed to ensuring transparency by accurately presenting information to the public regarding the allocation of funding by amount and purpose, as well as the obligation and disbursement of funds made available under the DRAA.

FTA has reviewed the OIG's draft report and provides the following comments:

- FTA has awarded 99 percent of the DRAA grant funding and FTA is working with the recipients to disburse the remaining funding. While OIG notes that FTA has inconsistent information about funding amounts, all grant funding awarded has been consistent with the official allocation amounts.
- FTA also has consistently and accurately explained the amount and purpose of the funding allocated or awarded to recipients under the DRAA.

Upon review of the OIG's draft report, FTA concurs with the two recommendations, as written, to (1) establish and implement written policies and procedures to accurately communicate allocated amounts over time through FTA's documents, such as notices, memoranda, and letters; the grant management system; and external reports; and (2) complete the planned update to FTA's Assistance Listings internal guidance to include procedures to ensure the Agency complies with the Office of Management and Budget assistance listing requirements that are intended to make obligation information readily identifiable on USASpending.gov.

FTA plans to complete actions to implement Recommendation 1 by December 31, 2021 and Recommendation 2 by September 30, 2021. FTA will continue to work with project sponsors to obligate and disburse the remaining funding.

We appreciate this opportunity to comment on the draft report. Please contact Greg Danis, FTA's Audit Liaison Program Manager, at (202) 366-7557 with any questions.

Sincerely,

A handwritten signature in blue ink, reading "Nuria I. Fernandez". The signature is written in a cursive style with a large, stylized initial "N".

Nuria I. Fernandez

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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U.S. Department of Transportation
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