

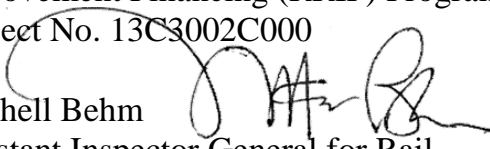


# Memorandum

U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: INFORMATION: Audit Announcement –  
Review of the Railroad Rehabilitation and  
Improvement Financing (RRIF) Program  
Project No. 13C3002C000

Date: February 28, 2013

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

Reply to JA-50  
Attn of:

To: Federal Railroad Administrator

The Railroad Rehabilitation and Improvement Financing (RRIF) program, administered by the Federal Railroad Administration (FRA), was implemented to help railroads and other eligible entities finance the development of railroad infrastructure. The program is authorized to provide up to \$35 billion in loans and loan guarantees to railroads and other eligible entities. Since its inception in 2000, however, RRIF has disbursed less than 5 percent of its \$35 billion authorization. For several years, Congress has voiced concerns over the extent to which the program has been used. Congress has also suggested that the costs of loan applications and lengthy application review periods may contribute to RRIF's underutilization.

Consequently, the Office of Inspector General is initiating this audit of FRA's oversight of RRIF, and the effectiveness of the program's support to railroads and other eligible entities to achieve improvements to the Nation's rail infrastructure as envisioned by the authorizing legislation. Specifically, we plan to: 1) assess FRA's policies and procedures for evaluating and selecting RRIF applications; and, 2) identify factors that affect prospective applicants' decisions on whether or not to apply for RRIF credit assistance.

We plan to begin this audit the week of March 04, 2013 and will contact your audit liaison to schedule a formal entrance conference. The audit will take place at DOT's headquarters and other sites, as needed. If you have any questions or require additional information, please contact me at (202) 366-9970, or Yana Hudson, Program Director, at (202) 366-2985.

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cc: Audit Liaison, FRA, RAD-43  
Audit Liaison, OST, M-1