




Memorandum

Date: April 1, 2024

Subject: INFORMATION: Audit Announcement | Assessment of FTA's Determinations of Project Sponsors' Progress Toward Meeting TAM Performance Targets for IIJA CIG Funding | Project No. 24B3002S000
Federal Transit Administration

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: Federal Transit Administrator

One of the Federal Transit Administration's (FTA) highest priorities is helping public transit agencies maintain their bus and rail systems in a state of good repair. According to FTA, state of good repair is the condition in which a capital asset, such as a unit of rolling stock, a facility, a unit of equipment, or an element of public transportation infrastructure, is able to operate at a full level of performance. Maintaining these assets is an ongoing challenge and the Nation's public transportation systems have a combined repair backlog of over \$105 billion.¹

To help address this challenge, FTA requires transit agencies to develop transit asset management (TAM)² plans. These plans include inventories of assets, condition assessments of assets, and prioritization of investments to improve assets' state of good repair. FTA also administers the discretionary Fixed Guideway Capital Investment Grant (CIG) Program, which funds transit capital investments such as heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. In 2021, the Infrastructure Investment and Jobs Act (IIJA) authorized increased funding to the CIG program³ and requires the Department to

¹ Federal Highway Administration and FTA, *Status of the Nation's Highways, Bridges, and Transit: Conditions & Performance Report to Congress, 24th Edition*, (2021).

² FTA defines TAM as the strategic and systematic practice of procuring, operating, inspecting, maintaining, rehabilitating, and replacing transit capital assets to manage their performance, risks, and costs over their life cycles, for the purpose of providing safe, cost-effective, and reliable public transportation.

³ Public Law Number (Pub. L. No.) 117-58 (2021). IIJA authorizes \$3 billion per year through 2026 in annual appropriations and provides \$1.6 billion per year in advance appropriations for the CIG program. *Id.* at 135 Stat. 914 and 1438.

determine that a project sponsor has made progress toward meeting TAM performance targets prior to awarding CIG funding.⁴

Given the new CIG program requirement and increase in funding authorized by IIJA, we are initiating this audit. Our audit objective will be to assess FTA's determinations of project sponsors' progress toward meeting TAM performance targets prior to awarding IIJA Capital Investment Grant funding.

We plan to begin the audit immediately and will contact your audit liaison to schedule an entrance conference. We plan to conduct our work at DOT Headquarters and FTA's regional offices, as appropriate. If you have any questions, please contact me or Luke Brennan, Program Director.

cc: DOT Audit Liaison, M-1
Federal Transit Administration Audit Liaison, TBP-1

⁴ Pub. L. No. 117-58, § 30005 (codified at 49 United States Code § 5309(c)(2)).