



USDOT Office of Inspector General:

Oversight of DOT's Hurricane Sandy Relief Funds

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Mid-Atlantic Intergovernmental Audit Forum**

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IG's Oversight Mandate

- Disaster Relief Appropriations Act of 2013 directed DOT Inspector General to conduct audits and investigations
- Provided OIG with \$6 million “...to support the oversight activities funded under this [FTA] heading...”
- Emphasis on FTA relief funds

Background

- **DOT emergency appropriations:** approx. \$13 billion
 - FTA (\$10.9b), FHWA (\$30m), FAA (\$2.022b), Amtrak (\$86m)
 - After passage- minus 5% sequestration
- **FTA appropriations:** for recovery and relief projects, and projects aimed at reducing risk of damage from future disasters
- **FTA funding approach:** series of notices of funding availability, focus on rebuilding and resiliency
- **Public Transportation Emergency Relief Program:** FTA standing up simultaneously (created in MAP-21 authorization, 2012)

3-Phase Audit Strategy

- **Premise:** proactively address mandate
- **Timing:** coincide with flow of funds, will span several years
- **Phases:**
 1. Scan vulnerabilities and Emergency Relief Program challenges
 2. Review allocations and awards, drilldown on Phase 1 risks
 3. Review expenditures, contracting, larger scale projects
- **Products:** potential for multiple ongoing audits

Phase 1 Approach

- **Scan objectives:** provide an early assessment of FTA's readiness, processes, and procedures to meet Disaster Relief Appropriations Act's legislative and regulatory requirements, including FTA's planning efforts to implement its new Emergency Relief Program
- **Matrixing:** leverage OIG expertise on transit issues, financial and IT management, contracting, prior emergencies or big dollar infusions (e.g., Katrina, Recovery Act)
- **Methodology:** evaluate core documents and procedures, interview key staff, assess lessons learned from prior work
- **Status:** phase 1 complete. Final report December 2013

Phase 1- Results of Initial Assessment

- **Reporting areas:**
 1. Compliance with the Appropriations Act Requirements
 2. Oversight plans and procedures for Sandy funds
 3. Emergency Relief Program challenges, course corrections
- **Compliance:** made funds available; coordinated with FEMA; established plans, procedures, and Sandy office
- **Oversight issues:** needs to do more to assess grantee and project risks, mitigate improper payments, finalize resiliency criteria
- **Emergency Relief Program:** ensure guidance addresses potential overpayments, review of select emergency acquisitions, recommended procurement methods, plans to protect rolling stock

Phase 1- Recommendations & Agency Response

- **Follow through on promised actions:**
 - Complete grantee and project risk assessments
 - Finalize resiliency criteria
- **Take action to mitigate improper payment risks:**
 - duplicate payments (including FEMA coordination)
 - insurance proceeds
 - change orders
 - disposition of damaged assets
 - force account plans
- **Finalize guidance for Emergency Relief Program**
- **FTA concurred with recommendations-** has key actions underway in most areas

Phase 2 Topics

- **Near term audit:**
 - Determine whether FTA is following grant award procedures
 - Identify any issues with ensuring timely expenditures
 - Assess controls to prevent duplicate payments
- **Other potential topics:**
 - Assess oversight of recipients' contracting practices
 - Evaluate damage assessment process
 - Review force account issues

Investigative Strategy

- **Key lines of efforts for OIG Investigators:**
 - Continue ongoing partnerships with key stakeholders
 - Investigate allegations of wrong doing
 - Participate in Hurricane Sandy Relief task force efforts
 - Work with DOJ to prosecute violations related to Sandy projects
- **Fraud, waste, and abuse:** No open cases related to Sandy

External Coordination

- Recovery Accountability and Transparency Board
- Council of the Inspectors General on Integrity and Efficiency (CIGIE)-
Disaster Assistance Working Group
- Government Accountability Office
- Investigative/law enforcement partnerships

Contact Information

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