




Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –
FTA’s Oversight of the Port Authority
Trans-Hudson Corporation’s Grant Procurement
Practices for the Salt Mitigation of Tunnels Project
Federal Transit Administration
Project No. 15H3001Z000

Date: April 29, 2015

From: Mary Kay Langan-Feirson 
Assistant Inspector General for
Acquisition and Procurement Audits

Reply to
Attn. of: JA-60

To: Federal Transit Administrator

In October 2012, Hurricane Sandy caused widespread damage to the transportation infrastructure in the mid-Atlantic and northeastern United States. In response, Congress enacted the Disaster Relief Appropriations Act of 2013 (DRAA) and appropriated \$10.9 billion to the Federal Transit Administration’s (FTA) Public Transportation Emergency Relief Program, which is intended to help States and public transportation systems fund hurricane-related recovery, relief, and resiliency efforts.¹ In June 2014, FTA awarded a \$166 million grant to the Port Authority Trans-Hudson Corporation (PATH)—a rapid transit railroad serving northern New Jersey and Manhattan, NY—for a variety of repair, recovery, and resiliency projects. In March 2015, FTA increased the grant amount to a total of \$479 million, including approximately \$310 million for PATH’s Salt Mitigation of Tunnels Project, which aims to repair salt water damage caused by Hurricane Sandy.

FTA is responsible for overseeing DRAA grantees, including PATH, to verify that grantees comply with applicable Federal regulations, use sound procurement practices, and spend Federal grant funds appropriately. Accordingly, our audit objective is to evaluate whether FTA’s oversight is adequate to verify that PATH’s grant procurement practices for the Salt Mitigation of Tunnels Project are in accordance with Federal requirements. We are conducting this audit as part of our

¹ Pub. L. 113-2 (2013). By law, the amount available to FTA was reduced to \$10.2 billion due to sequestration and transfers of funds to other bureaus and DOT offices.

DRAA mandate to support oversight of FTA's Hurricane Sandy relief funding under its Emergency Relief Program.

We plan to begin this work immediately and will contact your audit liaison to schedule an entrance conference. If you have any questions or need additional information, please contact me at 202-366-5225, or Darren Murphy, Program Director, at 206-255-1929.

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cc: DOT Audit Liaison, M-1
FTA Audit Liaison, TBP-30