

GAO Highlights

Highlights of [GAO-16-544](#), a report to congressional requesters

Why GAO Did This Study

The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) expanded FRA's role by, among other things, authorizing grant programs for intercity passenger rail. Section 305 of PRIIA established a Next Generation Equipment Committee to design, develop specifications, and procure standardized rail equipment. FRA awarded approximately \$800 million in grant funding for two locomotive and bi-level passenger car procurement projects.

GAO was asked to review issues related to FRA's oversight of the grants funding the PRIIA section 305 equipment procurements. This report examines: (1) how FRA has carried out its grants management roles and responsibilities for the PRIIA section 305 equipment procurement projects, and (2) the extent to which FRA's approach has met leading practices and whether FRA's grants management practices could be improved. GAO reviewed grants management policies and practices and identified relevant and applicable leading practices to be used as criteria in assessing FRA's grants management.

What GAO Recommends

GAO recommends, among other things, that the Secretary of Transportation direct FRA to enhance its process for monitoring project performance to include project goals and performance measures that directly link to those goals, and develop and provide written guidance to grantees outlining agency expectations and deliverables. The department concurred with the recommendations.

View [GAO-16-544](#). For more information, contact Susan A. Fleming at (202) 512-2834 or flemings@gao.gov.

May 2016

RAIL GRANT OVERSIGHT

Greater Adherence to Leading Practices Needed to Improve Grants Management

What GAO Found

The Federal Railroad Administration (FRA) initially used a regional oversight and monitoring approach outlined in its *Grants Management Manual (Grants Manual)* to manage the grants funding the section 305 equipment procurement projects, but in the face of challenges that approach evolved to include additional project-level oversight. When FRA began awarding the grants for the section 305 equipment procurement projects in 2010, its grants management approach was defined by the *Grants Manual*—including routine and scheduled monitoring—and by the terms of the grant agreements funding the locomotive and bi-level passenger car projects (see figure). As the bi-level car project encountered significant challenges—including major schedule delays—FRA moved to a project structure including increased contractor support to better oversee the locomotive and bi-level car projects in response to problems identified in the bi-level car project's schedule. In August 2015, the bi-level car suffered a structural testing failure, and as of April 2016, production of the bi-level car was on hold, and the final equipment delivery date was unknown.

Depictions of Section 305 Locomotive and Bi-level Car Vehicles



Source: Siemens and Nippon Sharyo. | GAO-16-544

FRA's grants management approach partially follows GAO-identified leading practices for performance monitoring, communication, training, and written documentation, but FRA's approach could be improved by better alignment with those practices. For example, while FRA stated that project progress is measured by tracking scope, schedule, and budget, it has not documented a process to identify project-specific goals and associated performance measures. Establishing a process that ensures project goals are identified, tracked, and fulfilled is a leading practice of effective grants management. Without explicit project goals and associated performance measures, it may be challenging for decision makers to track and assess a project's progress, make decisions about future efforts, and keep grantees accountable for outcomes. In addition, FRA has not provided documentation outlining grantees' expectations or developed written guidance specific to the section 305 equipment procurement projects. An effective grants management framework includes developing and maintaining written documentation as a means to obtain and retain organizational knowledge and to ensure accountability. According to FRA officials, the agency informs grantees of expectations through routine monitoring and technical assistance. However, the lack of written guidance, goals, and performance measures could result in FRA's not receiving sufficient and necessary information from its grantees to carry out its grant oversight activities.