



Department of Homeland Security Office of Inspector General

DHS Grants Used for Mitigating Risks to Amtrak Rail Stations

(Redacted)



Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

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Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the strengths and weaknesses of the Transportation Security Administration's assistance provided to Amtrak for mitigating known vulnerabilities at high-risk rail stations. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script, reading "Anne L. Richards".

Anne L. Richards

Assistant Inspector General for Audits

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Abbreviations

DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
GAO	U.S. Government Accountability Office
IPRP	Intercity Passenger Rail Program
OMB	Office of Management and Budget
OIG	Office of Inspector General
SAIC	Science Applications International Corporation
TSA	Transportation Security Administration
TSGP	Transit Security Grant Program

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

Amtrak provides passenger rail service over approximately 22,000 miles in 46 states and the District of Columbia. Amtrak operates more than 500 stations and transports about 27 million passengers every year, using infrastructure including tunnels, bridges, and major rail stations. Passenger rail stations are attractive terrorist targets because of the large number of people in a concentrated area. We determined whether the Department of Homeland Security ensures that recipients of the Transit Security Grant Program mitigate high-priority security vulnerabilities at Amtrak rail stations and whether they coordinate risk mitigation projects to prevent duplication and avoid uneconomical use of grant funds.

Grant recipients, such as Amtrak, transit agencies, and state and local authorities, coordinate risk mitigation projects at high-risk rail stations. However, Amtrak is not always using grant funds to implement mitigation strategies at highest risk rail stations, in terms of casualties and economic impact. Amtrak has not mitigated critical vulnerabilities reported in risk assessments. These vulnerabilities remain because the Transportation Security Administration (TSA):

- Did not require Amtrak to develop a corrective action plan addressing its highest ranked vulnerabilities;
- Approved Amtrak investment justifications for lower risk vulnerabilities; and
- Did not document roles and responsibilities for the grant award process.

As a result, some rail stations and the traveling public may be at risk to a potential terrorist attack. TSA concurred with our two recommendations and has initiated corrective actions.

Background

Since 2004, bombings of the Madrid and Mumbai rail systems and the London subway have demonstrated the critical need to protect rail infrastructure from terrorist attacks. Passenger rail stations are especially attractive terrorist targets because of the large number of people in a concentrated area. The largest of America's rail stations are intermodal transportation terminals with high passenger and cargo volumes. A terrorist attack at these facilities could lead to significant loss of life and economic disruption.

The *Rail Passenger Service Act of 1970*, Public Law 91-518, established the National Railroad Passenger Corporation - Amtrak. Amtrak runs intercity passenger rail service over approximately 22,000 miles in 46 states and the District of Columbia, operating more than 500 stations and transporting about 27 million passengers every year. While the Department of Transportation owns Amtrak, the majority of mass transit stations in this country are owned and operated by state and local government and private industry. Amtrak infrastructure consists of various critical assets and key resources, including tunnels, bridges, and several major rail stations.

The *Aviation and Transportation Security Act of 2001*, Public Law 107-71, designates the TSA responsible for security in all modes of transportation. It also makes TSA responsible for coordinating domestic transportation, including aviation, rail, and other surface transportation. The act identifies TSA as the lead federal agency for determining the security priorities eligible for federal grant funding and developing the criteria for evaluating applications.

The Department of Homeland Security (DHS) has taken steps to manage risk and strengthen our Nation's rail and transit systems by:

- Providing funding to state and local partners;
- Training and deploying manpower;
- Providing assets for high-risk areas;
- Developing and testing new technologies; and

-
- Performing security assessments of systems across the country.

DHS distributes billions of dollars to states, territories, urban areas, and transportation authorities, including Amtrak, under grant programs to strengthen national preparedness capabilities and protect critical infrastructure. The purpose of the DHS Transit Security Grant Program (TSGP) is to create a sustainable, risk-based effort to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies. A subcomponent of the TSGP is the Intercity Passenger Rail Program (IPRP), a security grant program designed exclusively for Amtrak.

Since 2005, the TSGP has provided more than \$1 billion in grant funding to Amtrak and passenger rail transit agencies to protect critical transportation infrastructure, including Amtrak rail stations. Specifically, the TSGP including the IPRP provided \$97 million to Amtrak and \$1.4 billion to transit agencies. As part of Amtrak grants, the IPRP funded several risk assessments of Amtrak facilities, including rail stations and other infrastructure. The assessments provided Amtrak with countermeasures that could reduce risks to the stations.

Between 2005 and 2008, the Science Applications International Corporation (SAIC) conducted risk assessments of Amtrak facilities, assets, and infrastructure. SAIC documented the vulnerabilities of Amtrak infrastructure including rail stations and recommended mitigation actions. SAIC charged about \$2.3 million for these assessments.

Amtrak is spending an additional \$5.5 million to corroborate subassessments to the SAIC findings. The Lawrence Livermore National Laboratory and OceanIT conducted site-specific analyses of infrastructure vulnerabilities. These included blast analyses of high-risk stations and analyses of the effects of a chemical or biological attack on heating, ventilation, and air conditioning systems.

TSA and the Federal Emergency Management Agency (FEMA) are responsible for administering and overseeing the TSGP and IPRP. These two agencies work together to develop the annual TSGP guidance and application kits. These kits provide Amtrak and transit agencies with formal guidance and application materials to apply for funding under the TSGP and IPRP. The kits also describe the TSA and FEMA program management roles and responsibilities:

- TSA provides rail system subject matter expertise within DHS and determines the primary security planning for the TSGP and IPRP. TSA is the lead agency in crafting all selection criteria associated with the application review process.
- FEMA is the lead for designing and operating the administrative mechanisms to manage the department's core grant programs, including the TSGP and IPRP. FEMA is also responsible for ensuring compliance with all relevant federal grant management requirements and providing grant management tools and controls to support the TSGP and IPRP.

TSA and FEMA use a cooperative agreement approach to approve grant projects funded through the TSGP and IPRP. As part of the cooperative agreement process, Amtrak meets with TSA and FEMA representatives to develop Investment Justifications that align with TSGP and IPRP priorities. According to TSGP grant guidance, the cooperative agreement process is valuable because it provides greater flexibility and allows TSA to work directly with transit agencies to quickly adapt to changes as situations arise during the grant cycle.

Results of Audit

DHS Did Not Ensure That Amtrak Directed Grant Funds to Highest Known Rail Station Vulnerabilities

DHS grant recipients, such as Amtrak, transit agencies, and state and local authorities, coordinate risk mitigation projects at Amtrak high-risk rail stations to prevent duplication and avoid uneconomical use of grant funds. However, at the four rail stations we visited, Amtrak did not mitigate critical vulnerabilities reported in DHS-funded risk assessments. Although many factors contributed to Amtrak's unaddressed station vulnerabilities, the primary causes were that TSA:

- Did not require Amtrak to develop a formal corrective action plan documenting how it would address its highest ranked identified vulnerabilities,
- Approved Amtrak investment justifications for lower risk vulnerabilities, and
- Did not document roles and responsibilities for the grant project approval process.

As a result, some rail stations and the traveling public may be at a greater risk to a potential terrorist attack.

Grant Recipient Coordination

Grant recipients have demonstrated coordination activities to ensure economical use of grant funds. For example, DHS encourages high-risk regions to form Regional Transit Security Working Groups. These working groups include eligible transit agencies, law enforcement agencies, and Amtrak, if stations exist in the region. The Regional Transit Security Working Groups work with each other and with TSA to identify projects that DHS grants can fund.

At the station level, Amtrak employs Station Action Teams comprising of Amtrak Police, local Amtrak managers, local property management, adjacent facility owners, and transit and local police. The Station Action Team Coordinator facilitates the

formulation of strategies to minimize the effects of a threat to that station in conjunction with other team members, including those receiving DHS grant funds.

Rail Station Vulnerabilities Remain

TSA and FEMA did not ensure that Amtrak used TSGP funds to implement the more critical countermeasures the DHS-funded assessments recommended. Between 2005 and 2008, IPRP funded \$7.8 million in assessments to help Amtrak strengthen rail security. TSA and FEMA explained that Amtrak uses these assessments to propose security projects for the IPRP. However, we visited four high-risk rail stations and observed that Amtrak did not take actions to mitigate some of the more critical vulnerabilities the assessments identified as early as 2006.

For example, at one station (see Figure 1), we observed that a terrorist could access [REDACTED]

[REDACTED]

The 2006 assessment recommended that Amtrak [REDACTED] to mitigate this risk.

Figure 1:



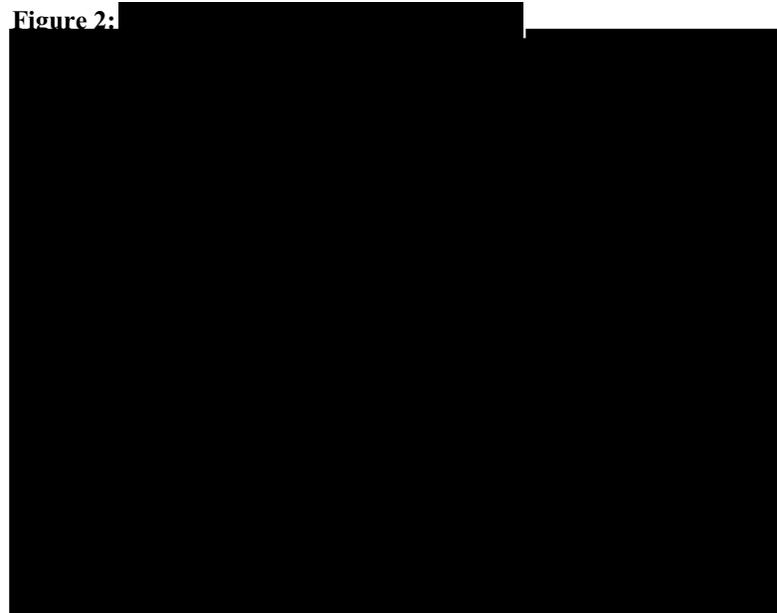
At another station (see Figure 2), access to



An assessment recommended that Amtrak replace the
to mitigate this

risk.

Figure 2:



Corrective Action Planning

TSA did not require Amtrak to develop a formal corrective action plan for mitigating station vulnerabilities identified in the assessments. TSA set funding priorities in the annual grant guidance¹ but did not require Amtrak to create a corrective action plan that would prioritize mitigating the identified high-risk station vulnerabilities, establish milestones, or estimate project costs. Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, directs management to establish and maintain internal controls, including policies and procedures, to achieve the objectives of effective and efficient operations. Further, U.S. Government Accountability Office (GAO) guidance indicates that a strategic plan should include clear and concise goals and objectives that identify resource issues. The plan should also address risk-related issues that are central to the agency's overall mission.²

Amtrak developed a project prioritization list, known as the "quilt," and a general strategy to reduce risk at its top 16 stations. The quilt incorporates the SAIC assessment rankings of Amtrak's assets, such as rail stations, bridges, and tunnels. The quilt does not incorporate specific corrective measures the assessments recommended. Rather, it captures broad categories of remediation. For example, the quilt lists categories such as "Hardening Tool Kit (Fencing/Lighting)" and "Bollards/Planters," but does not specify where Amtrak should place the bollards or planters.

Amtrak's general strategy for risk reduction directed resources toward combating the highest risk facilities. Amtrak expanded the strategy, known as its "16+1 Station Strategy," to 16 stations after SAIC completed assessments of Amtrak's West Coast operations.³ Like the quilt, the Station Strategy does not provide the specific mitigation efforts to be taken at the 16 high-risk stations. It also

¹ TSA did not become involved in TSGP and the IPRP until 2006. TSA did not participate in the development of the 2005 guidance.

² GAO testimony – 07-583T, *Federal Strategy and Enhanced Coordination Needed to Prioritize and Guide Security Efforts*, March 7, 2007

³ The "+1" refers to other Amtrak assets such as electrical stations, bridges, and tunnels.

does not include cost estimates, timeframes, or alternatives to mitigation obstacles beyond Amtrak's control.

The TSGP grant guidance kits did not require Amtrak to mitigate the assessment vulnerabilities as a top priority. The 2005 guidance kit indicates that up to 30% of fiscal year 2005 funds would be available to assist Amtrak with its most pressing security needs in its Northeast Corridor and Chicago "as identified through previously conducted site-specific assessments." Up to 50% of the fiscal year 2006 funds were available for the same purpose and expanded to "high priority projects" identified in assessments of its West Coast service area. However, neither guidance kit required Amtrak to expend funds on the identified vulnerabilities.

Beginning with fiscal year 2007, the kits include a section titled "Funding Priorities," which identify DHS's specific priorities for that grant year. However, there is no indication of which are the highest priorities. From fiscal years 2007 through 2010, the guidance identified a funding priority which was "Protection of other high risk/high consequence assets and systems that have been identified through system wide risk assessments."

Lower Priority Projects Approved

Amtrak faces obstacles beyond its control when undertaking some security projects. For example, some of the recommendations in the risk assessments require Amtrak to make modifications in or around a station. Amtrak does not own all of its stations and must obtain permission from other parties to make the modification. Amtrak cannot always obtain permission to make the modifications. Projects may also require environmental and historic approvals or are subject to American with Disability Act restrictions.

When addressing these obstacles, TSA's cooperative agreement approach permits Amtrak to use IPRP funds on projects that may not be the highest priority but are easier to complete. Beginning with the 2007 grant cycle, TSA began to use a cooperative agreement approach to approve TSGP and IPRP projects. This approach allows Amtrak to focus on remediation projects over

which it has control. For example, the Lawrence Livermore National Laboratories analysis recommended hardening the air intake vents at one station because the heating ventilation and air conditioning system is vulnerable. The station's landlord prevented Amtrak from implementing remediation to the vents. Using the cooperative agreement approach, TSA allowed Amtrak to use IPRP funds for other projects at the station, such as upgrading the closed-circuit television system.

TSA Grant Project Decision and Approval Process Not Documented

TSA has limited internal procedures documenting how it manages the TSGP and IPRP project decision and approval process. OMB Circular A-123 says that policies and procedures are tools to help managers achieve results and safeguard the integrity of their programs. According to GAO's *Standards for Internal Controls*,⁴ an agency's internal control activities should include appropriate policies and procedures governing each of its activities. Additionally, control activities should include written documentation that covers an agency's significant transactions and events. Further, they should identify its activities in documents such as management directives and administrative policies.

TSA officials said the following two documents contain the only documented procedures that describe how the agency prioritizes and approves projects the TSGP and IPRP funds:

- The annual grant guidance and application kits provide an overview of the grant program and the required application materials. The guidance is intended for grant recipients and does not formally document TSA's internal policies and procedures for setting grant priorities or evaluating investment justifications.
- TSA's presentation dated March 2007, "FY 2007 Transit Security Grant Program: Tier I Cooperative Agreement Approach," describes the process as a series of meetings,

⁴ GAO-01-1008G, *Internal Control Management and Evaluation Tool*, August 2001.

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- which typically result in a proposed project concept list. This is not official TSA policy that would hold the agency accountable for the process.

Neither the guidance kits nor the presentation specifies how TSA sets grant priorities or how it will ensure that it approves only projects that address stated priorities.

Limited TSGP Funds Expended on High-Risk Mitigation

As of December 31, 2010, Amtrak had expended only 16% of IPRP funds TSA approved to address some of the more critical vulnerabilities the assessments identified. TSA's cooperative agreement approach and factors outside of Amtrak's control⁵ have delayed Amtrak's ability to spend these funds. Amtrak cannot expend IPRP funds on projects until it receives TSA's and FEMA's approval. However, a significant amount of time can pass between the grant award and project approval dates under the cooperative agreement approach. Therefore, funds that could address some of the more critical vulnerabilities at high-risk stations remain unexpended.

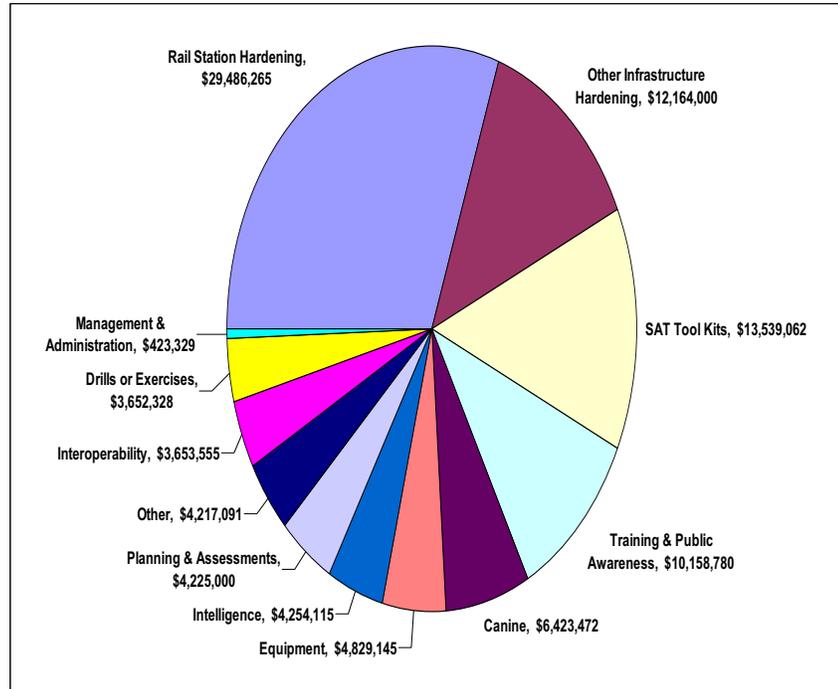
Station-hardening measures are more critical mitigation efforts because they can prevent or mitigate the impact of terrorist attacks, especially from vehicle-borne improvised explosive devices. They can also protect Amtrak passengers, employees, and critical infrastructure assets integral to the safety and stability of the national passenger rail system. These measures include bollards, fixed and/or retractable barriers, planters, gate checkpoints, lighting and fencing, and closed circuit television systems.

From 2005 to 2010, TSA and FEMA approved 56 IPRP projects for Amtrak. Nine of the 56 projects totaling \$29.5 million implement station-hardening measures. The remaining 47 projects, accounting for \$67.5 million, are for security initiatives that include employee training, expansion of canine teams, bridge

⁵ Amtrak may need to obtain approval from a State Homeland Preservation Office in order to comply with FEMA's Office of Environmental and Historical Preservation project review.

hardening, and further assessments of station vulnerabilities. See Figure 3 for the types of approved security IPRP projects.

Figure 3: Approved Amtrak Security Projects, FY 2005-2010



As of December 31, 2010, Amtrak had expended only \$4.9 million (16%) of the \$29.5 million approved for rail station-hardening projects. Most of the unexpended funds are for six projects: two each from fiscal years 2008 and 2009, and one each from fiscal years 2007 and 2010. Table 1 lists the status of funds for the nine rail station-hardening projects.

Table 1: Funds Allocated to Rail Station Hardening Projects

<i>Grant Year</i>	<i>Investment Justification Project Description</i>	<i>Amount Approved</i>	<i>Amount Expended</i>
2005	Technical Support Working Group	\$ 873,765	\$ 873,765
2007	Camera Consolidation and Video Management	3,000,000	2,873,943
2007	CCTV [REDACTED]	1,000,000	782,966
2007	[REDACTED] Hardening	1,350,000	67,900
2008	Access Control	1,125,000	0
2008	CCTV and Communications	3,787,500	257,128
2009	CCTV and Video Analytics	4,800,000	0
2009	Station and Facility Hardening	5,350,000	0
2010	Infrastructure Protection	8,200,000	0
Total		\$29,486,265	\$4,855,702

TSA’s cooperative agreement approach contributed to significant delays in approving rail station-hardening projects. GAO reported⁶ the cooperative agreement process was a factor for why transit agencies expended only 3% of 2006 to 2008 TSGP funds. FEMA awarded the 2009 IPRP grant to Amtrak on July 31, 2009; however, TSA did not approve the investment justifications for the two rail station projects until July 29, 2010. The approach requires a back-and-forth discussion between Amtrak and TSA officials that can take many months to complete. TSA officials explained outside factors affected approval of this particular investment justification. For example, Amtrak pulled approved projects back as a result of changes in security priorities and leadership. The TSA officials indicated that the approval process for the two station projects was timely once they received a final investment justification from Amtrak.

⁶ GAO-09-491 *Transit Security Grant Program – DHS Allocates Grants Based on Risk, but Its Risk Methodology, Management Controls, and Grant Oversight Can Be Strengthened*, June 2009.

Other Challenges Impacting Rail Station Vulnerabilities

During the course of audit fieldwork, TSA and FEMA had not finalized a memorandum of understanding for managing the TSGP and IPRP. Both GAO and the OIG had previously recommended that TSA and FEMA finalize such a memorandum. As discussed earlier, TSA does not have documented procedures for its role in the grant award process. Such procedures would help the agency with closing prior GAO and OIG recommendations⁷ for TSA and FEMA to finalize a memorandum of understanding or similar document defining their roles and responsibilities for awarding and managing grants. According to a 2009 GAO report on TSGP,

“Articulating roles and responsibilities for managing the TSGP could strengthen TSA and FEMA’s ability to ensure that activities, processes, and resources are aligned to achieve a common outcome and ensure smooth coordination during the grant process.”⁸

TSA and FEMA finalized a memorandum of understanding for the TSGP program in March 2011. This memorandum should help to strengthen the implementation, administration, oversight, and internal controls of the TSGP.

Conclusion

Each year, DHS provides millions of dollars to Amtrak and transit agencies to reduce risk and strengthen the Nation’s rail and transit systems. TSA can do more to ensure that Amtrak uses grant funds to protect rail stations from terrorism. TSA should work with Amtrak to develop a corrective action plan to mitigate potential gaps in security at Amtrak’s high-risk rail stations. Without a comprehensive plan for addressing identified vulnerabilities and documented internal procedures for awarding TSGP and IPRP grants and approving projects, the traveling public remains at risk for a potential terrorist attack at Amtrak’s high-risk stations.

⁷ Ibid.; OIG-10-69, Efficacy of DHS Grant Programs, March 22, 2010.

⁸ GAO-09-491, *Transit Security Grant Program: DHS Allocates Grants Based on Risk, but Its Risk Methodology, Management Controls, and Grant Oversight Can Be Strengthened*, June 2009, p. 25.

Recommendations

We recommend that the Assistant Administrator, Transportation Security Network Management:

Recommendation #1: Require the Transportation Sector Network Management, Mass Transit and Passenger Rail Division, to work closely with Amtrak to establish a corrective action plan that ensures decisions to fund Amtrak rail station remediation projects focus on mitigating the highest vulnerabilities identified by previous risk assessments. The plan should include the following:

- Preliminary strategies and designs specifying the identification and commitment of all interested parties, to be presented during the grant application process to facilitate prompt mitigation efforts,
- Details on the amount of funding needed to address the most critical vulnerabilities, and
- Milestones for the timely approval of mitigation projects.

Recommendation #2: Ensure that the Transportation Sector Network Management, Mass Transit and Passenger Rail Division, creates and reports internal procedures that describe how the agency will carry out its roles and responsibilities in the grant award process for ensuring that Amtrak and other grant recipients address the highest priority security vulnerabilities.

Management Comments and OIG Analysis

DHS concurred with both recommendations in the report and TSA has already begun to implement actions to address the recommendations. We consider the recommendations unresolved and open. A summary of the agency's response follows.

TSA Comments to Recommendation #1:

TSA Concurs: DHS advised the OIG that forthcoming regulations will require Amtrak to develop a formal security plan with corrective actions. TSA's Office of Transportation Sector Network Management, Mass Transit and Passenger Rail Security Division, is currently engaged with Amtrak to develop a comprehensive security plan including corrective actions. The regulation, required by the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110-53), will serve as

the basis for DHS's coordination with Amtrak in developing their system wide security plan. TSA will also include, as part of our internal procedures, performance metrics to ensure the timely approval of Amtrak security projects.

Until the regulation is finalized, DHS will review critical vulnerabilities with Amtrak throughout each grant cycle to determine their feasibility for funding, including reviewing and discussing mitigation options for the assets on Amtrak's security "quilt." Also, TSA began conducting a Baseline Assessment for Security Enhancement review for the entire system in March 2011. Through this review, DHS will engage in strategic planning and corrective action discussions with Amtrak for mitigating critical vulnerabilities.

OIG Analysis:

The OIG recognizes TSA's efforts to issue a security plan regulation to assist the coordination with Amtrak in developing their system wide security plan. TSA's new performance metrics should also help the timely approval of Amtrak security projects. The OIG needs to obtain and review the requirements for corrective action plans to ensure decisions to fund Amtrak rail station remediation projects focus on mitigating the highest vulnerabilities identified by previous risk assessments. This recommendation will remain unresolved until we receive the corrective action plan and identification of the responsible officials. The recommendation will remain open until we receive all additional information on the formal security plan with corrective actions, future requirements, and performance metrics to ensure the timely approval of Amtrak security projects.

TSA Comments to Recommendation #2:

TSA Concur: FEMA and TSA finalized a Memorandum of Agreement in March 2011, outlining the roles and responsibilities of each agency in managing surface transportation grant programs. TSA will use the Memorandum of Agreement as a starting point in creating internal procedures to clearly document how TSA will carry out its roles and responsibilities.

OIG Analysis:

FEMA and TSA will identify and document how the agencies will carry out its roles and responsibilities in the grant award process. This will assist both agencies for ensuring that Amtrak and other grant recipients address the highest priority security vulnerabilities. This recommendation will remain unresolved until we receive and review the corrective action plan for internal procedures to clearly document how TSA will carry out its roles and responsibilities. We will close the recommendation once the roles and responsibilities are documented sufficiently to address the areas of concern identified in this report.

Appendix A

Purpose, Scope, and Methodology

The objective of our audit was to determine whether DHS ensures that recipients of the TSGP and IPRP mitigate high-priority security vulnerabilities at Amtrak rail stations and whether they coordinate risk mitigation projects to prevent duplication and avoid uneconomical use of grant funds.

We reviewed federal legislation impacting the TSGP and IPRP, including the *Aviation and Transportation Security Act of 2001*, the *Homeland Security Act of 2002*, and the *Implementing Recommendations of the 9/11 Commission Act of 2007*. We reviewed GAO and DHS OIG reports and testimony to identify prior findings and recommendations related to the TSGP and IPRP.

To determine whether the TSA and FEMA implemented the TSGP and IPRP in accordance with policies and procedures, we reviewed Amtrak's decision meeting minutes and approved project investment justifications, and compared them with Amtrak's project prioritization list. We determined the amounts of IPRP funds expended for Amtrak's fiscal years 2005-2010 IPRP projects as of December 31, 2010 by obtaining and reviewing Categorical Assistance Progress Reports for fiscal years 2005-2010, and Federal Railroad Administration drawdown data for fiscal years 2008-2010.

To determine whether grant recipients coordinate, we interviewed representatives from the State Administrative Agencies for New York City and the National Capitol Region, and attended a Philadelphia Regional Transit Security Working Group meeting in Camden, NJ. We reviewed grant project descriptions for fiscal years 2007-2008 for the State Homeland Security Program, Urban Areas Security Initiative Program, and the TSGP, and compared the projects with Amtrak's projects to identify duplicative efforts funded by the various grant programs.

We interviewed officials from Amtrak's Police Department and Financial Planning Office to obtain their perspective on the TSGP grant application, award, and oversight process. We identified their procedures for coordinating efforts with state and local grant recipients and the DHS agencies. We also identified the

Appendix A

Purpose, Scope, and Methodology

challenges Amtrak faces in prioritizing how to use grant funds to secure rail stations.

To identify roles and responsibilities in the grant award process, we interviewed personnel from TSA's Transportation Sector Network Management and FEMA's Grant Programs Directorate. We reviewed TSA and FEMA policies, procedures, and guidance related to evaluating, awarding, and monitoring grant programs to determine how the agencies manage the TSGP and IPRP. We reviewed DHS annual grant guidance and application kits for fiscal years 2005-2010 to determine if TSA and FEMA provided clear guidance to Amtrak on the purpose and priority for use of IPRP grant funds.

We obtained and reviewed analyses that the Science Applications International Corporation performed during 2005 to 2008 on Amtrak's assets. We obtained a briefing on the results of Lawrence Livermore National Laboratories assessments conducted at the four locations we visited: [REDACTED]

[REDACTED] We used the assessment results to identify the vulnerabilities and recommendations for risk remediation at these four stations. The method of selecting our locations prevents us from projecting the findings on a national level, but one should not discount our findings since the rail stations visited are locations with a high number of travelers.

We conducted this performance audit from September 2010 to February 2011 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

Appendix B Management Comments to the Draft Report

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

JUN 08 2011

MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General for Audits
U.S. Department of Homeland Security (DHS)

FROM: John S. Pistole
Administrator
Transportation Security Administration
[Signature]

W. Craig Fugate
Administrator
Federal Emergency Management Agency
[Signature]

SUBJECT: Response to Draft Report, *DHS Grants Used
for Mitigating Risks to Amtrak Rail Stations*

This memorandum constitutes the Transportation Security Administration's (TSA) and the Federal Emergency Management Agency's (FEMA) response to the DHS Office of the Inspector General (OIG) draft report entitled *DHS Grants Used for Mitigating Risks to Amtrak Rail Stations*, dated March 2011.

In July 2010, the OIG initiated a review to determine the effectiveness of DHS grants for mitigating risks to Amtrak rail stations. The OIG's objective was to determine whether DHS ensures that recipients of the Transit Security Grant Program (TSGP) and the Intercity Passenger Rail Security Grant Program (IPRSGP), as a component of the TSGP, mitigate high-priority security vulnerabilities at Amtrak rail stations and whether the grant recipients coordinate risk mitigation projects to prevent duplication and avoid uneconomical use of grant funds.

The OIG concluded that grant recipients coordinate risk mitigation projects at high-risk rail stations, thereby preventing duplication and avoiding uneconomical use of funds. However, OIG also concluded that critical vulnerabilities cited in risk assessments conducted by Amtrak remain. As a result, the traveling public may be at risk to a potential terrorist attack. The OIG stated that vulnerabilities remain because of the following:

- TSA not requiring Amtrak to develop a system-wide security plan addressing its highest ranked vulnerabilities;
- TSA approving Amtrak investment justifications for lower-risk vulnerabilities; and

Appendix B

Management Comments to the Draft Report

- TSA not having internal roles and responsibilities documented for their role during the award process (funding priority development and project approval)

The OIG audit team also recognized that the cooperative agreement approach allows Amtrak to use grant funds on lower priority projects at critical assets where Amtrak faces obstacles beyond its control, and therefore cannot implement higher priority projects at those critical assets.

The draft report issued by OIG includes two recommendations:

1. Require the Transportation Sector Network Management, Mass Transit and Passenger Rail Division, to work closely with Amtrak to establish a corrective action plan that ensures decisions to fund Amtrak rail station remediation projects focus on mitigating the highest vulnerabilities identified by previous risk assessments. The plan should include the following:
 - Preliminary strategies and designs specifying the identification and commitment of all interested parties, to be presented during the grant application process to facilitate prompt mitigation efforts;
 - Details on the amount of funding needed to address the most critical vulnerabilities; and
 - Milestones for the timely approval of mitigation projects.
2. Ensure that the Transportation Sector Network Management, Mass Transit and Passenger Rail Division, creates and reports internal procedures that describe how the agency will carry out its roles and responsibilities in the grant award process for ensuring that Amtrak and other grant recipients address the highest priority security vulnerabilities.

DHS appreciates OIG's work in completing this audit and will use the information in the audit to assist our ongoing efforts to improve the efficiency and effectiveness of the grant programs. DHS is already working to resolve the issues identified in the audit by implementing solutions that address the recommendations contained in the report. However, there are key points that the report does not discuss, which, without the proper context, could lead to incomplete conclusions.

Operational Activities are a Key Component of Layered Security Approach. DHS has worked closely with Amtrak to enhance their operational activities to complement and/or supplement capital projects. Operational activities include canine teams, mobile explosives detection screening teams, training, and public awareness campaigns. The draft report asserts that station hardening measures are "more critical" mitigation efforts because they can prevent or mitigate the impact of terrorist attacks, but the role of operational measures is just as important in critical infrastructure protection. In cases where capital projects cannot be undertaken or will take several months to implement (including for the reasons mentioned below), operational activities, including unpredictable deterrence measures, provide an effective deterrent and act as a mitigating effort for critical assets. Amtrak invests significant internal resources, as well as IPRSGP resources, for operational activities including mobile screening teams, canine teams, public awareness campaigns, intelligence gathering and analysis, and employee training.

Appendix B

Management Comments to the Draft Report

Environmental and Historical Preservation Considerations. The report's primary conclusions may lead to the inaccurate conclusion that DHS and Amtrak are intentionally funding lesser vulnerabilities at the expense of more critical ones. As set forth above, the report provides three primary reasons why Amtrak has not mitigated certain critical vulnerabilities. Because certain critical vulnerabilities cannot be addressed (e.g. because Amtrak does not own all of their stations), DHS and Amtrak believe it reasonable to use the funding to reduce other vulnerabilities rather than leaving these—albeit lesser—vulnerabilities remaining by returning the grant funding to the Treasury. In this way, DHS and Amtrak ensure that all grant funding is used to reduce vulnerabilities, which makes the public more secure by using this process.

While acknowledging that Amtrak encounters obstacles in addressing critical vulnerabilities, the report's primary conclusions do not consider that critical vulnerabilities have not been addressed because of environmental and historic preservation considerations. Specifically, Amtrak requires approval from Historic Preservation Offices and other related entities if the project requires ground disturbance, or if it requires installation on historic/older assets. If these approvals are not provided for a project, Amtrak is statutorily precluded from funding the project.

DHS and Amtrak Engage in Security Planning and Corrective Action Discussions. Also, TSA began conducting a Baseline Assessment for Security Enhancement (BASE) review for the entire system in March 2011. DHS and Amtrak have continuous discussions regarding security planning and mitigation activities through grant-funded projects even though grant guidance did not require Amtrak to develop a formal security plan or corrective action plan. Forthcoming regulations will require Amtrak to develop a formal security plan with corrective actions. Nonetheless, DHS still reviews critical vulnerabilities with Amtrak throughout each grant cycle to determine their feasibility for funding, including reviewing and discussing mitigation options for the assets on Amtrak's security "quilt." In these ways, DHS engages in strategic planning and corrective action discussions with Amtrak for mitigating critical vulnerabilities.

Cooperative Agreement Approach Enhances Security Discussions and Project Approvals. DHS implemented, and has continued to use, the cooperative agreement (CA) approach for grantees in the highest-risk regions, including Amtrak, since the fiscal year (FY) 2007 grant process to facilitate security and project discussions. The CA approach allows for continuous and open dialogue between DHS and potential grantees, where a traditional grant limits federal agency participation. When this approach was first implemented in 2007, DHS's review and approval of projects did impact the performance period of the grant. TSA has since streamlined its processes so that the CA process no longer affects the grant period of performance, provided the projects are submitted for review in a timely manner. This streamlined CA approach has reduced the time between formal submission of a proposed project and approval because it allows for open and continuous discussion of the project before formal submission. This open and continuous dialogue ensures that a quality proposal is submitted the first time, thereby avoiding the time-consuming review of multiple iterations through a formal "submit-review-feedback-resubmit" process. This approach also allows DHS to be flexible when national or local priorities change or new needs emerge, as was the case with the FY 2009 award. (After the FY 2009 award was made, Amtrak's leadership revised its security priorities, which concomitantly adjusted its slate of projects. While it took Amtrak until July 2010 to finalize its project submissions, TSA and FEMA were able to review and approve them within a matter of days. Without the CA approach,

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it would have been more difficult and time consuming for Amtrak to have been able to adjust grant projects to meet changing priorities. In addition, DHS would have had difficulty in maintaining close communication with Amtrak during this period, as the stipulations of a grant versus a cooperative agreement prevent open, continuous dialogue between DHS and grantees. Therefore, in this situation, the CA process allowed for speedy project approvals once the final project submission was received.)

FEMA is Responsible for All Fiduciary Activities and Management Oversight Related to the Grant Programs. TSA provides the surface transportation security programmatic subject matter expertise for the grant programs, but FEMA is responsible for administering grant awards and ensuring compliance with all applicable laws, regulations, and policies, including Office of Management & Budget circulars and financial management standards. FEMA has legal responsibility to ensure that grants are awarded in alignment with the circulars and standards.

DHS appreciates OIG's efforts on ensuring security grants are coordinated efficiently and used effectively to reduce vulnerabilities at critical assets identified through vulnerability assessments and security plans, and, overall, believes OIG's recommendations will enhance these programs. DHS has already begun to implement actions to address the recommendations contained in the report. Our specific responses to the two recommendations follow.

Recommendation #1: Require the Transportation Sector Network Management, Mass Transit and Passenger Rail Division, work closely with Amtrak to establish a corrective action plan that ensures decisions to fund Amtrak rail station remediation projects focus on mitigating the highest vulnerabilities identified by previous risk assessments. The plan should include:

- **Preliminary strategies and designs specifying the identification and commitment of all interested parties, to be presented during the grant application process to facilitate prompt mitigation efforts,**
- **Details on the amount of funding needed to address the most critical vulnerabilities,**
- **Milestones for the timely approval of mitigation projects.**

DHS concurs with this recommendation. The TSA Office of Transportation Sector Network Management (TSNM), Mass Transit and Passenger Rail Security (MTPRS) Division is engaged with Amtrak to develop a comprehensive security plan including corrective actions.

TSA is actively working on issuing a security plan regulation, which would cover Amtrak, as required by the *Implementing Recommendations of the 9/11 Commission Act of 2007* (Public Law 110-53). Once complete, this regulation will serve as the basis for DHS's coordination with Amtrak in developing their system-wide security plan. In the interim, the TSNM/MTPRS Division is already working closely with Amtrak in conducting a BASE review for the entire system, which was initiated in March 2011. The plan is to conduct one regional assessment per year, complete the entire system over a 3-year timeframe, and then reassess. This approach puts Amtrak on the same 3-year cycle of BASE reviews as other agencies. The BASE review for the Northeast Corridor has already begun. The BASE review, along with the foundation Amtrak has already built through their prioritization "quilt" and previous site and system assessments, will

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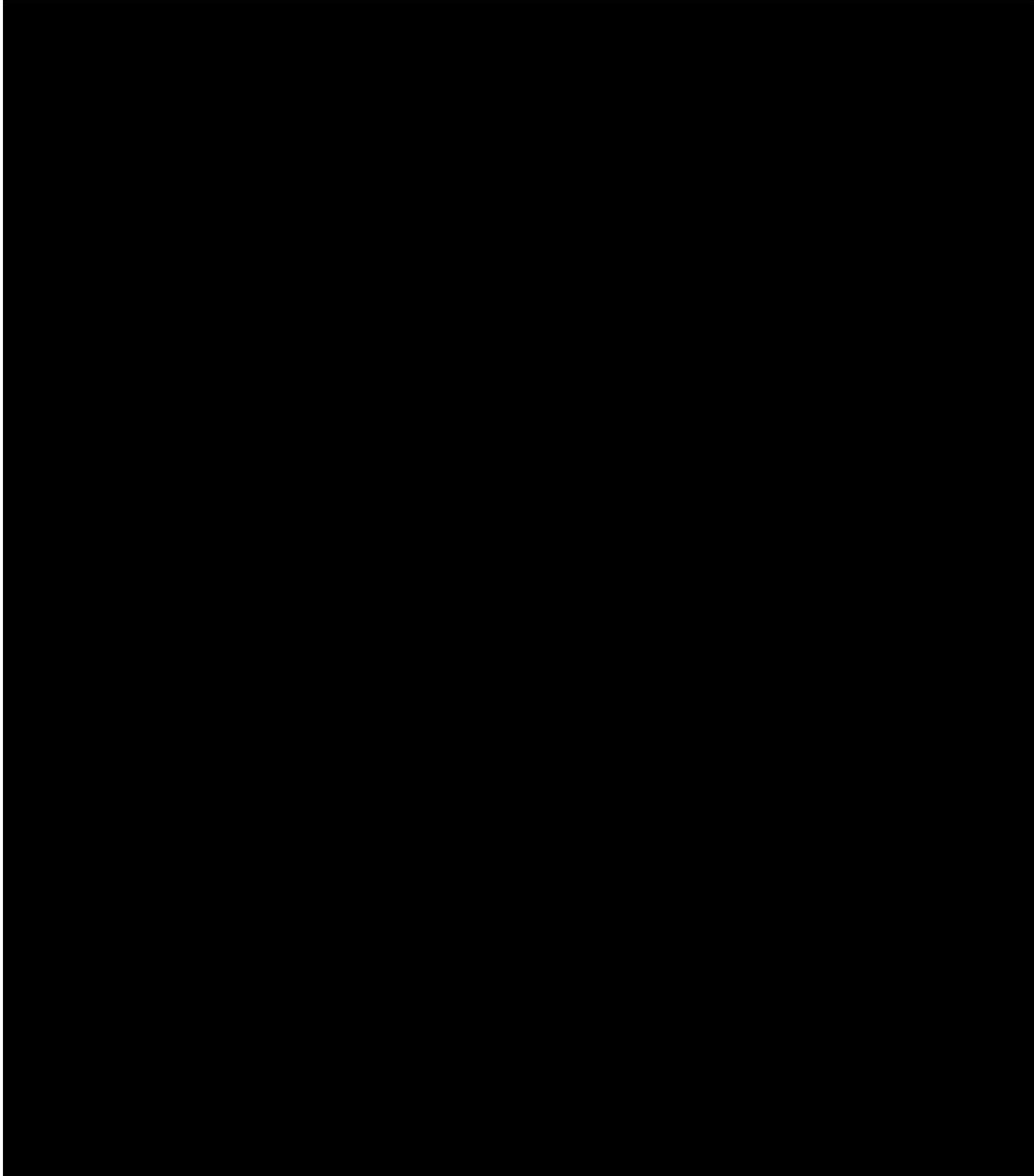
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identify vulnerability gaps that need to be addressed. TSNM/MTPRS will work with Amtrak to take the results of the BASE to inform a comprehensive security plan that will include strategies, designs, and costed mitigation efforts. Further, we will include, as part of our internal procedures (per recommendation #2 below), performance metrics to ensure the timely approval of Amtrak security projects.

Recommendation #2: Ensure the Transportation Sector Network Management, Mass Transit and Passenger Rail Division, creates and reports internal procedures that describe how the agency will carry out its roles and responsibilities in the grant award process for ensuring that Amtrak and other grant recipients address the highest priority security vulnerabilities.

DHS concurs with this recommendation. Work on this effort is already underway. FEMA and TSA finalized a Memorandum of Agreement (MOA) in March 2011, outlining the roles and responsibilities of each agency in managing surface transportation grant programs, including TSGP and IPRSGP. TSNM/MTPRS will use the MOA as a starting point in creating internal procedures to clearly document how TSA will carry out its roles and responsibilities that are outlined in the FEMA/TSA MOA, including the development of funding priorities, project selection criteria, and award recommendations. TSNM/MTPRS aims to have these procedures complete for the FY 2012 grants cycle.

Appendix C
Photos of Some Remaining Vulnerabilities



Appendix D
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Appendix E
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