



Highlights

MARAD's Policies and Procedures Are Not Sufficient To Assess Risk and Effectively Oversee IJJA-Funded Port Infrastructure Development Program Grants

Self-Initiated

Our Objective(s)

To assess MARAD's risk management and oversight of Port Infrastructure Development Project (PIDP) grants funded through the Investment in Infrastructure and Jobs Act (IJJA). Specifically, we assessed MARAD's policies and procedures in the areas of risk management, oversight, workforce planning, and training.

Why This Audit?

MARAD's PIDP Federal grant program supports the modernization and expansion of port infrastructure across the United States. IJJA greatly increased PIDP funding, adding \$2.25 billion over 5 fiscal years beginning in fiscal year 2022. We initiated this audit based on the heightened risks with administering a Federal grant program that receives such a large increase in funding in a short period of time.

What We Found

MARAD did not apply comprehensive risk management tools to help identify and manage PIDP risks.

- MARAD began developing a PIDP Process Level Risk Assessment but had not yet used it to test the design and effectiveness of internal controls for PIDP.
- Additionally, MARAD lacked clear criteria and definitions to assess post-award project risks.

Gaps in MARAD's policies and procedures diminish their utility for overseeing IJJA-funded PIDP grants.

- MARAD employees conducting site visits of grantees lacked formal procedures and supervisory review of their findings was not required.
- The Agency's policies and procedures for reviewing grantee requests for advance and reimbursement of funds were not sufficient and MARAD lacked instructions for review of Federal Financial Reports.

MARAD has not updated its Strategic Human Capital plan to address workforce challenges.

- MARAD has lost a significant number of staff with institutional knowledge while its funding and oversight needs have expanded.
- MARAD's Strategic Human Capital Plan expired in 2022 and does not account for the Grants Management Team's current workload.

MARAD did not provide timely training for its staff to oversee the PIDP.

- The Agency planned to provide eight eLearning courses to staff and grantees; however, MARAD has not fully implemented that plan.



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Recommendations to improve MARAD's oversight of PIDP grants.

(p.13)

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Memorandum

Date: March 2, 2026

Subject: ACTION: MARAD's Policies and Procedures Are Not Sufficient To Assess Risk and Effectively Oversee IJJA-Funded Port Infrastructure Development Program Grants | Report No. ST2026020

From: Tiffany Mostert 
Assistant Inspector General for Surface Transportation Audits

To: Maritime Administrator

The U.S. Department of Transportation's (DOT) Maritime Administration (MARAD) is responsible for improving the U.S. marine transportation system to meet the Nation's economic and security needs. To help carry out this mission, Congress created the Port Infrastructure Development Program (PIDP) in 2009 as part of the National Defense Authorization Act for Fiscal Year 2010.¹ The purpose of PIDP is to provide discretionary grants on a competitive basis to projects intended to improve the safety, efficiency, or reliability of the movement of goods into, out of, around, or within a port.

During fiscal year 2019, the program received an initial \$293 million in funding.² Congress then appropriated \$225 million and \$230 million towards PIDP in fiscal years 2020 and 2021.³ However, the Infrastructure Investment and Jobs Act (IIJA) greatly increased PIDP funding, adding \$2.25 billion over 5 fiscal years beginning in fiscal year 2022.⁴

Given the heightened risks with administering a Federal grant program that experiences a rapid and significant increase in funding in a short period of time, we initiated this audit. Our objective was to assess MARAD's risk management and oversight of PIDP's IIJA-funded grants. Specifically, we assessed MARAD's

¹ Public Law Number (Pub. L. No.) 111-84 (2009).

² Consolidated Appropriations Act, 2019, Pub L. No. 116-6 (2019).

³ See Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94 (2019) and Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (2020).

⁴ Pub. L. No. 117-58 (2021).

policies and procedures in the areas of risk management, oversight, workforce planning, and training.

We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology. Exhibit B lists the organizations we visited or contacted, and exhibit C lists the acronyms used in this report.

We appreciate the courtesies and cooperation of DOT representatives during this audit. If you have any questions concerning this report, please contact me or Tony Wysocki, Program Director.

cc: The Secretary
DOT Audit Liaison, M-1
MARAD Audit Liaison, MAR-252

Background

From fiscal year 2019 through fiscal year 2021, the total value of PIDP grants awarded was roughly \$741 million. In November 2021, IIJA added \$2.25 billion that could be awarded over 5 fiscal years beginning in fiscal year 2022.

Table 1 details the total amount of PIDP grants MARAD awarded per year from fiscal years 2019 through 2024—including IIJA-funded grants.

Table 1. Total PIDP Grant Awards Per Year

Fiscal Year	Number of Grants	Approximate Dollar Amount
2024	31	\$580,000,000
2023	41	\$653,000,000
2022	41	\$703,000,000
2021	25	\$241,000,000
2020	18	\$220,000,000
2019	15	\$280,000,000
Totals	171	\$2,677,000,000

Source: OIG analysis of MARAD documents describing PIDP awards.

Our work was shaped by challenges our office identified in 2022 that DOT faced to successfully implement IIJA programs and use the appropriated funding to enhance our Nation’s infrastructure. We identified that the Department would need to:⁵

- Effectively identify, assess, and develop plans to mitigate risks to achieving its goals—particularly the heightened risk of fraud;
- Enhance and, in some cases, establish effective and efficient processes for awarding and administering IIJA grants and overseeing grantees’ compliance with Federal requirements; and

⁵ *Challenges Facing DOT in Implementing the Infrastructure Investment and Jobs Act* (OIG Correspondence No. CC2023001), October 5, 2022. OIG reports and correspondence are available at <https://www.oig.dot.gov/>.

- Recruit, develop, and retain the necessary workforce to implement and oversee IJA programs.

We used applicable criteria from the Office of Management and Budget (OMB) and the Government Accountability Office (GAO) to assess MARAD's policies and procedures for IJA PIDP grants in the areas of risk management, oversight, workforce planning, and training. Specifically, we used criteria from OMB Circular No. A-123 that requires Federal leaders and managers to implement practices that identify, assess, respond, and report on risks.⁶ These risk management practices must be forward-looking and designed to help leaders make better decisions, alleviate threats, and identify opportunities to improve efficiency and effectiveness. Additionally, GAO's *Standards for Internal Control in the Federal Government* emphasize that management should (a) design control activities, such as policies and procedures, to achieve objectives and respond to risks and (b) evaluate performance and enforce accountability for internal control responsibilities.⁷ These standards also:

- Establish that effective documentation helps management by establishing and communicating to personnel the who, what, when, where, and why of internal control execution. Documentation also allows retention and communication of organizational knowledge.
- Emphasize that management should (a) establish and operate monitoring activities for the internal control system and (b) perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of normal operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.
- Emphasize that agencies have an up-to-date and ongoing process that identifies when changes are needed to meet evolving oversight environments and functions.
- Direct management to periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks.
- Emphasize that agencies should provide training aimed at developing and retaining employee knowledge, skills, and abilities to meet changing organizational needs.

⁶ OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control* (Circular No. A-123), July 2016, as revised. This circular evolved from finance reform efforts introduced by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), Pub. L. No. 97-255 (1982).

⁷ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

MARAD Did Not Apply Comprehensive Risk Management Tools To Help Identify and Manage PIDP Risks

According to MARAD officials, MARAD did not complete any PIDP-specific risk assessment or mitigation plans for fiscal years 2022 through 2024—even as IIJA significantly increased PIDP funding, which can increase program risks. Such risk management efforts are crucial to identify, assess, manage, minimize, or eliminate potential risks, including fraud risk, through remediation plans and development or enhancement of internal controls.

Although MARAD began working with a contractor in February 2024 to develop a PIDP Process Level Risk Assessment (PLRA), it has not yet completed this effort. MARAD officials stated the PLRA was part of the Agency's efforts to comply with OMB Circular No. A-123 and the Federal Managers' Financial Integrity Act of 1982 (FMFIA) requirements that it test the design and effectiveness of internal controls for major business processes. The PLRA identified eight subprocesses for testing,⁸ and the Agency planned to determine by March 2025 whether or when it would test the effectiveness of its internal controls for the identified subprocesses. Findings from completing the PLRA would influence the development of related corrective actions. However, as of the date of this report, MARAD still had not made that determination. As a result, a senior MARAD PIDP official informed us the PLRA has not provided useful information to help manage the program's risks.

Additionally, MARAD lacked clear criteria and definitions to assess post-award project risks. Specifically, the Agency instructed its grantees to self-assess their projects on a quarterly basis in three areas—scope, schedule, and budget—using a color-coded system—green, yellow, and red (see the figure below), which results in a risk rating. A MARAD engineer or grant official then reviewed the grantee's self-assessment and either agreed with or altered the grantee's ratings accordingly.

⁸ The eight subprocesses are (1) pre-award, (2) funds allocation and allotment, (3) award agreement, (4) fund obligation, (5) grant administration, (6) reimbursements, (7) award closeout, and (8) single audit.

Figure. Excerpt From Grantees' Quarterly Report Template

	Green (No Deviations)	Yellow (Limited / Controlled Deviations)	Red (Material Deviations)	Explanation of and Reason for Deviation (Summary)
Scope				<i>Please provide a brief summary and expand in the sections below. <u>PIDP Project Scope</u></i>
Schedule				<i>Please provide a brief summary and expand in the sections below. <u>PIDP Project Schedule</u></i>
Budget				<i>Please provide a brief summary and expand in the sections below. <u>PIDP Project Costs</u></i>

Source: MARAD.

While providing grantees with a template to assist in reporting is helpful, MARAD did not provide clear criteria and definitions for what constitutes red (Material Deviations), yellow (Limited/Controlled Deviations), or green (No Deviations) so that its grantees and staff can more appropriately evaluate and rate a project's scope, schedule, and budget. This shortcoming can result in inconsistent grantee project ratings, arbitrary Agency alterations to a grantee's rating, and unreliable project ratings nationwide. This condition can also hinder the Agency's ability to appropriately identify higher risk IJA-funded PIDP grants and direct its oversight resources accordingly.

These conditions occurred because MARAD management did not take steps to comprehensively identify and manage program risks. Without completing comprehensive risk management tools or providing clear criteria and definitions to assess post-award project risks, MARAD is unable to effectively identify and analyze risks. These shortcomings prevent the Agency from deploying the appropriate risk responses and making informed decisions about managing risk. Such conditions elevate the risk of project delays; increased costs; and fraud, waste, or abuse. Furthermore, MARAD is ill-equipped to develop appropriate corresponding controls, such as policies and procedures.

Gaps in MARAD's Policies and Procedures Diminish Their Utility for Overseeing IJA-Funded PIDP Grants

As part of its oversight of PIDP grants and grantees, MARAD conducted site visits and required grantees to submit quarterly reports. However, gaps in the policies and procedures guiding these efforts diminish their utility for overseeing PIDP

grants. For example, MARAD did not have sufficient procedures to provide consistency and completeness in conducting site visits. Furthermore, MARAD lacked sufficient written policies and procedures for reviewing grantees' requests for advance or reimbursement payments. The Agency also did not have written instructions for reviewing Federal Financial Reports (FFRs).

MARAD Did Not Have Sufficient Procedures To Provide for Consistency and Completeness in Conducting Site Visits

According to MARAD officials, the Agency used its existing grant oversight mechanisms to oversee IJJA-funded PIDP grants. These mechanisms included assigning a grant manager and an engineer to each project to oversee each phase of a project's lifecycle. Also, as a part of its existing grant oversight mechanisms, MARAD officials informed us that the Agency performed site visits during the pre-award phase (called kick-off site visits), the post-award phase after MARAD obligated the funds (called interim site visits), and as a part of the grant closeout (called closeout site visits). These site visits—generally performed by engineers—were intended to assess compliance with a project's scope of work, including work completed, schedule of work to be completed, construction progress, and any challenges and risks, among other things.

However, when conducting these site visits, MARAD did not have procedures—such as requiring completion of a written checklist or requiring supervisory review—to provide for consistency and completeness of these visits. According to MARAD officials, the effectiveness of each visit depended upon the expertise and experience of the particular individual conducting the review. By contrast, the Federal Motor Carrier Safety Administration (FMCSA) has a grants management manual that includes a checklist and detailed instructions for staff to use when conducting site visits. A senior MARAD official agreed with us on the importance of using a site visit checklist. The official noted that without written checklists detailing the site visit process, staff may conduct them inconsistently, which can lead to missed errors or flaws in the project.

After we requested a checklist for any site visits conducted by MARAD, Agency officials provided a site visit checklist designed for DOT's Transportation Investment Generating Economic Recovery discretionary grants,⁹ which are now called Better Utilizing Investments to Leverage Development (BUILD) grants.

⁹ Established in 2009, Transportation Investment Generating Economic Recovery discretionary grants are awarded to investments in road, rail, transit, bicycle/pedestrian, port, and multimodal projects.

While MARAD officials had been unaware of this checklist when we first asked for documentation during our audit, the Agency subsequently used that checklist to develop a post-award site visit checklist, which they provided to us in March 2025 and indicated they plan to use going forward.

MARAD also did not have a process that required a supervisor to review site visit documentation. When supervisors did conduct reviews, they did not document the results of that review, including the outcome or any potential corrective actions needed. A documented supervisory review process is essential to ensure the performance of consistent and high-quality reviews that each adhere to the same standards. MARAD program officials agreed with our observations and told us that they plan to perform supervisory reviews of all site visit documentation going forward. Additionally, MARAD program officials told us that they are adding an indicator to the site visit documentation for denoting when supervisory reviews are performed.

MARAD Lacked Sufficient Policies and Procedures for Reviewing Grantees' Requests for Advance or Reimbursement

To access their grant funds, PIDP grantees are required to submit a Request for Advance or Reimbursement—known as an OMB Standard Form 270—along with supporting documentation. However, when we began our audit, MARAD did not have any written policies and procedures for its staff to follow when reviewing these requests.

In September 2024, during our audit, the Agency developed written policies and procedures for reviewing a grantee's request for advance or reimbursement. However, these policies and procedures were neither sufficient nor consistently used by MARAD staff. MARAD provided a 3-page document that was primarily a brief description of the process, and it did not include clear instructions, definitions, or references to the applicable criteria.¹⁰ For example, the policy called for MARAD staff to review the grantee's request for accuracy, but it did not provide any further details, such as definitions and criteria, for the Grant Management Team to follow in making that determination.

While the official written policies and procedures were inadequate, MARAD's Grants Management Team revealed in December 2024 that some staff may be

¹⁰ OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Code of Federal Regulations (C.F.R.), Part 200 is the governing framework for grant management in the Federal government and any grant awarded is subject to it. It establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities, such as PIDP grant recipients.

using an unofficial document for reviewing grantees' invoices and processing reimbursement requests instead of the official policies and procedures document. The unofficial document, which is nine pages long, provided clearer and more detailed instructions than the official document since it included definitions, best practices, and references to 2 Code of Federal Regulations (C.F.R.) Part 200 on many critical topics, including unallowable costs, such as lobbying, alcohol, travel, and entertainment expenditures. However, when asked, the supervisor for MARAD's Grants Management Team stated he was unaware that a more detailed, though unofficial, document was being used.

Of note, as of August 2025, only about \$6.5 million of the IJA funds allocated to PIDP grants had been expended. Although MARAD may have missed opportunities to identify issues, such as unallowable costs, in these expenditures, it has an opportunity to provide its Grants Management Team with more comprehensive, official written policies and procedures to guide their reviews of reimbursement requests for the vast majority of the IJA funding.

MARAD Did Not Have Written Instructions for Reviewing Federal Financial Reports

OMB requires all grantees across the Federal Government to complete a FFR (OMB Standard Form 425),¹¹ which details financial transactions during a specific reporting period. MARAD requires its grantees to submit this documentation quarterly, along with reports that include the status of the project's scope, schedule, and budget. The information in these reports provides the basis for the Agency's post-award oversight. However, MARAD did not have written instructions for its staff to help them review each grantee's submissions in a standardized manner.

By contrast, FMCSA's grants management manual calls for staff to review each grantee's FFR and verify specific items such as excessive over or under expenditures, direct and indirect costs, and travel expenditures. MARAD's lack of written instructions increases the risk of inconsistent reviews of the FFRs by staff and, hence, missed opportunities to identify elevated PIDP project risks. Given the lack of instructions for reviewing grantees' FFRs, MARAD is unable to have reasonable assurance that its staff are effectively monitoring PIDP grants.

¹¹ 2 C.F.R. § 200.328.

MARAD Has Not Updated Its Strategic Human Capital Plan To Address Workforce Challenges

According to MARAD, the Agency has lost a significant number of staff with institutional knowledge while its PIDP funding increased exponentially. MARAD also noted that its workforce has been in a steady decline over the past 10 years due to many factors, including retirements, career changes, and funding challenges that limited hiring. In February 2025, GAO reported that as of September 2024, MARAD as whole had a 12.3 percent vacancy rate—116 vacancies out of 941 authorized full-time positions.¹²

PIDP officials told us throughout our audit that the staffing challenges made their workload untenable. In October 2024, MARAD’s Grants Management Team had 12 allotted positions to conduct its work, which included overseeing PIDP, BUILD,¹³ Nationally Significant Multimodal Freight and Highway Projects Program,¹⁴ and United States Marine Highway Program grants.¹⁵ However, due to four vacancies, the team had seven staff and one supervisor to oversee MARAD’s grant programs. By March 2025, the Grants Management Team had four staff. MARAD officials told us that the Grants Management Team was overwhelmed with handling its volume of work.

Despite these known staffing issues, MARAD officials also told us that the Agency did not have hiring targets for PIDP, nor had it analyzed the Agency’s workforce needs overall. MARAD’s Strategic Human Capital Plan—intended to help the Agency ensure it has the right people with the right skills in the right place at the right time—expired in 2022. Therefore, the plan did not account for the increased oversight needs due to IJIA funding, and, in a recent report, our office identified that MARAD lacked documented policies or procedures for estimating and validating IJIA workforce needs.¹⁶

¹² GAO, *Maritime Administration: Actions Needed to Help Address Workforce Challenges* (GAO-25-107460), February 13, 2025.

¹³ This grant program provides grants for surface transportation infrastructure projects with significant local or regional impact.

¹⁴ This grant program was formally known as the Infrastructure for Rebuilding America (INFRA), and it awards competitive grants for multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas.

¹⁵ The United States Marine Highway Program provides grants to projects on designated U.S. marine highway routes that provide a coordinated and capable alternative to landside transportation or that promote marine highway transportation.

¹⁶ *DOT Can Improve Workforce Planning Procedures and Metrics for Estimating Needs and Assessing Capacity To Deliver IJIA Programs* (OIG Report No. ST2025017), February 5, 2025.

During our audit, MARAD took steps to begin remedying this staffing situation. In July 2024, MARAD awarded a contract for a new Strategic Human Capital Plan that it expected to have developed by September 2025. GAO analyzed MARAD's workforce planning efforts and reported in February 2025 that MARAD had not fully incorporated key strategic workforce planning principles into its forthcoming plan. GAO made four recommendations, including that MARAD assess critical skills and develop a strategy to address any future skill gaps identified.¹⁷ However, as of the date of this report, the new plan was not complete. So, we could not verify that MARAD incorporated these key items.

While MARAD updated its plan, officials said the Agency was using DOT's Human Capital Operating Plan (HCOP) to guide staffing. However, Agency officials also said that the HCOP was not tailored for MARAD's mission. Furthermore, in June 2025, a MARAD official informed us that the HCOP was no longer in effect. Instead, according to the official, the Agency has established a Workforce Efficiency Planning Initiative intended to enhance human capital analytics, engage with stakeholders, and forecast future skill needs, among other tasks. Additionally, the Agency noted that its new leadership is establishing a strategic framework for managing human capital in line with the Administration's priorities. Until it completes an effort to define its staffing needs and fill identified gaps, MARAD cannot have assurance that it has the workforce needed to effectively execute its mission, including overseeing PIDP.

MARAD Did Not Provide Timely Training for Its Staff To Oversee PIDP

MARAD did not provide timely training for its staff overseeing PIDP grants. For example, MARAD's training related to OMB's 2 C.F.R. Part 200—which provides key governing requirements and criteria for overseeing Federal awards, including PIDP grants—was not timely. MARAD first conducted training for its staff related to 2 C.F.R. Part 200 in April 2023, while PIDP had been operational since May 2019. A senior MARAD official attributed the delay to budgetary and staffing constraints.

We also solicited information from MARAD's Grants Management Team¹⁸ to help assess their training in line with GAO's *Standards for Internal Control in the*

¹⁷ GAO, *Maritime Administration: Actions Needed to Help Address Workforce Challenges* (GAO-25-107460), February 13, 2025.

¹⁸ We emailed all seven Grants Management Team employees onboard in December 2024 to help assess the conditions at MARAD. However, one employee separated from MARAD before responding and only two of the remaining six employees replied.

*Federal Government.*¹⁹ Those standards state that Agencies should provide training aimed at developing and retaining employee knowledge, skills, and abilities to meet changing organizational needs.

The two MARAD employees who responded to our questions stated that they had no prior work experience related to grant management before joining MARAD and noted the need for training to more effectively perform their duties. Specifically, one employee noted “regularly structured training, either during onboarding or concurrent with job activities, is nonexistent.” The other employee added the office has never had any formal training. MARAD officials stated that the Agency provided some training for its staff, but did not dispute the lack of timeliness and sufficiency of the Agency’s training.

Additionally, to enhance its training, the Agency planned to provide eight eLearning courses to staff and grantees about 2 C.F.R. Part 200, including unallowable costs. However, MARAD has not fully implemented that plan. It completed and issued four of the training courses during our audit and, as of the date of this report, MARAD staff were still developing the remaining four courses (see table 2 for details).

Table 2. MARAD’s Planned Training Related to 2 C.F.R. Part 200

Training Course	Issued by MARAD	Issuance Date
Using Internal Control	Yes	December 2024
Procurement Requirements	Yes	December 2024
Fraud, Waste, and Abuse	Yes	December 2024
Single Audit Requirements	Yes	January 2025
Reporting Requirements	No	In progress
Reimbursement Requirements for Allowable Cost	No	In progress
Requirements for Real Property and Equipment	No	In progress
Subrecipient Monitoring	No	In progress

Source: OIG analysis of MARAD information.

¹⁹ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

Given the lack of timely training that we identified during our audit, MARAD cannot have assurance that this shortcoming has not adversely impacted the Agency's ability to effectively oversee PIDP—and other—grants and has increased the likelihood of improper payments and unallowable costs.

Conclusion

MARAD is responsible for improving the U.S. marine transportation system to meet the Nation's economic and security needs. As part of its broad mission, MARAD administers and oversees PIDP. Under IIJA, the amount of funding provided to this program has significantly increased, which has also elevated the risk of fraud, waste, and abuse associated with the program. While MARAD has attempted to oversee this large increase in funding under its existing oversight mechanisms, the Agency can take additional steps to strengthen its oversight of PIDP. By leveraging comprehensive risk management tools, such as the PLRA, developing effective policies and procedures, updating and implementing a Strategic Human Capital Plan, and providing timely training for its staff, MARAD can better mitigate risks for more than \$2 billion in Federal funds.

Recommendations

To improve the Maritime Administration's (MARAD) oversight of Infrastructure Investment and Jobs Act (IIJA)-funded Port Infrastructure Development Program (PIDP) grants, we recommend that the Maritime Administrator:

1. Complete the Process Level Risk Assessment for PIDP by determining and documenting which PIDP subprocesses will be tested and when; testing the design and effectiveness of internal controls for the selected subprocesses; and developing and implementing related corrective actions, as needed.
2. Further clarify for MARAD reviewing officials and grantees the existing criteria for determining what constitutes red (Material Deviations), yellow (Limited/Controlled Deviations), or green (No Deviations) for the quarterly assessments of a project's scope, schedule, and budget.
3. Require completion of checklists and provide corresponding instructions for MARAD personnel who perform pre-award, interim, and closeout site visits to promote consistency among those visits.

4. Develop and implement a process to require MARAD supervisory reviews of all site visit documentation and require supervisors to also document the results of their review.
5. Enhance existing policies and procedures to provide clearer definitions, best practices, and references to Title 2, Code of Federal Regulations, Part 200 on critical topics, such as unallowable costs, and reissue the procedures for MARAD personnel to use when reviewing a grantee's Request for Advance or Reimbursement.
6. Develop and issue instructions for MARAD personnel to use in reviewing grantees' Federal Financial Reports.
7. Develop and seek to implement a Strategic Human Capital Plan in line with Governmentwide policy and departmental priorities.
8. Implement training related to Title 2, Code of Federal Regulations, Part 200, including unallowable cost under Federal awards, for staff who oversee PIDP.

Agency Comments and OIG Response

We provided MARAD with our draft report on December 18, 2025, and received its formal response on February 2, 2026, which is included as an appendix to this report. MARAD concurred with our eight recommendations and proposed appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

Actions Required

We consider recommendations 1 through 8 resolved but open pending completion of planned actions.

Exhibit A. Scope and Methodology

This performance audit was conducted between April 2024 and December 2025. We conducted this audit in accordance with 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 on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objective was to assess MARAD's risk management and oversight of PIDP's IIJA-funded grants. Specifically, we assessed MARAD's policies and procedures for PIDP in the areas of risk management, oversight, workforce planning, and training.

To address our audit objective, we used criteria from OMB Circular No. A-123 that requires Federal leaders and managers to implement practices that identify, assess, respond, and report on risks. We reviewed prior GAO and OIG audit reports and identified relevant criteria from applicable Federal rules, regulations, policies, standards, such as GAO's *Standards for Internal Control in the Federal Government*, and guidance. In addition, to establish a point of comparison with MARAD's procedures, we reviewed written policies and procedures used by another DOT Agency, FMCSA, regarding their administration of grant management and oversight. We also obtained and analyzed MARAD's written policies, procedures, guidelines, and human capital and training plans to evaluate the Agency's risk management and oversight controls of IIJA-funded PIDP grants that were in effect as of April 2024. Additionally, we interviewed relevant MARAD officials at MARAD's headquarters and reached out to MARAD's Gateway Offices, and its Grants Management Team to obtain their perspectives related to our objective.

Exhibit B. Organizations Visited or Contacted

MARAD

Office of Chief Counsel
Office of Environmental Compliance
Office of Federal Assistance Education and Engagement
Office of Financial Policy and Compliance
Office of Port Infrastructure Development
Office of Ports and Waterways
Central Gulf and Southern Rivers Gateway Office
Great Lakes Gateway Office
Inland Waterways Gateway Office
Mid-Atlantic Gateway Office
Mid-Pacific Gateway Office
North Atlantic Gateway Office
Pacific Northwest Gateway Office
South Atlantic Gateway Office
Western Gulf Gateway Office

Exhibit C. List of Acronyms

C.F.R.	Code of Federal Regulations
BUILD	Better Utilizing Investments to Leverage Development
DOT	Department of Transportation
FFR	Federal Financial Reports
FMCSA	Federal Motor Carrier Safety Administration
GAO	Government Accountability Office
HCOP	Human Capital Operating Plan
IJA	Infrastructure Investment and Jobs Act of 2021
MARAD	Maritime Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIDP	Port Infrastructure Development Program
PLRA	Process Level Risk Assessment

Exhibit D. Major Contributors to This Report

ANTHONY WYSOCKI	PROGRAM DIRECTOR
MICHAEL MASOUDIAN	PROJECT MANAGER
JOHN HANNON	SENIOR ANALYST
ALPHONSO MURRAY	SENIOR AUDITOR
RANDALL SILLIVENT	ANALYST
CELESTE VERCHOTA	SENIOR COUNSEL
CHELSEA ARLANTICO	ATTORNEY ADVISOR
KIMBERLY BALDERSON	SUPERVISORY WRITER-EDITOR
MICHAEL TAYLOR	WRITER-EDITOR

Appendix. Agency Comments




U.S. Department
of Transportation

Maritime Administration

Memorandum

Date: February 2, 2026

Subject: INFORMATION: Management Response to Office of Inspector General (OIG) Draft Report on MARAD's Risk Assessment and oversight of IJIA-Funded PIDP Grants

From: Capt. Stephen M. Carmel
Maritime Administrator 

To: Tiffany Mostert
Assistant Inspector General for Surface Transportation Audits

The Maritime Administration (MARAD) is committed to ensuring that the Port Infrastructure Development Program (PIDP) effectively supports improvements to the safety, efficiency, and reliability of the U.S. port infrastructure through the funding of port and modal infrastructure projects of regional and national significance.

To strengthen MARAD's risk assessment and oversight of PIDP grants, MARAD has undertaken the following actions:

- Revised the format of, and guidance for, quarterly project reports;
- Completed an update of site visit checklists and implemented a process for supervisory review of site visit reports;
- Enhanced existing policies and procedures for the review of Federal Financial Reports;
- Expanded the existing training program to incorporate both formal and informal training, including specific recommendations in the report related to 2 CFR Part 200;
- Developed a Grants Management Manual for MARAD staff; and
- Developed MARAD's "Human Capital & Workforce Plan." Final decisions regarding the adoption of some or all the plan's recommendations are subject to the review and approval of the Maritime Administrator.

Based on our review of the draft report, we concur with OIG's eight recommendations as written. On February 2, 2026, we provided OIG supporting documentation to close recommendations 2-6 and 8 and request that OIG close these recommendations within 30-days of final report issuance. We plan to complete remaining actions to address recommendations 1 and 7 by September 30, 2026.

We appreciate the opportunity to review the OIG draft report. Please contact Peter Simons, Director Office of Port Infrastructure Development, at (202) 366-8921 with any questions.

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