



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**Gaps in FHWA's Guidance and
the Florida Division's Process for
Risk-Based Project Involvement
May Limit Their Effectiveness**

FHWA

Report No. ST2020035

May 12, 2020





Gaps in FHWA's Guidance and the Florida Division's Process for Risk-Based Project Involvement May Limit Their Effectiveness

Requested by the Secretary of Transportation; Ranking Member of the Senate Committee on Commerce, Science, and Transportation; and members of the Florida delegation to the House of Representatives

Federal Highway Administration | ST2020035 | May 12, 2020

What We Looked At

After the fatal collapse of a pedestrian bridge at Florida International University (FIU) on March 15, 2018, the Secretary of Transportation and the Ranking Member of the Senate Committee on Commerce, Science, and Transportation asked us to review DOT's oversight role in the FIU project. In July 2018, citing safety concerns, three Florida members of the House of Representatives asked us to examine DOT's role in a project to improve Interstate 4 in Orlando. Within DOT, the Federal Highway Administration (FHWA) had primary responsibility for both projects and designated them for greater oversight under its risk-based stewardship and oversight framework. Thus, we initiated this audit to assess FHWA's oversight of transportation projects in Florida, with a focus on the FIU and I-4 projects.

What We Found

While FHWA has general guidance for implementing its framework for risk-based project involvement Agency-wide, it does not clearly explain how FHWA Divisions should assess and document project risks, use experts to evaluate technical risks, or help Division staff determine when greater oversight is warranted. The lack of a fully developed process could reduce the effectiveness of FHWA's risk-based oversight for Florida projects. In addition, FHWA's guidance and the Florida Division's process lack details to help staff develop effective risk-based project oversight plans. For example, the Florida Division does not always clearly define its role in the plans or their associated documentation. As a result, FHWA's risk-based project oversight plans do not provide a complete record of the Agency's involvement or help management determine if that involvement is adding value—a core principle of the FHWA framework. Finally, FHWA Headquarters lacks a process for monitoring and evaluating the impact of its risk-based project involvement, which limits the Agency's ability to determine if it is achieving its goal—to improve projects and make efficient and targeted use of its limited resources.

Our Recommendations

We made eight recommendations to improve FHWA's guidance and the Florida Division's process for risk-based project involvement. FHWA concurred with six recommendations and partially concurred with two. We consider all eight recommendations resolved but open pending completion of planned actions.

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Memorandum

Date: May 12, 2020

Subject: ACTION: Gaps in FHWA's Guidance and the Florida Division's Process for Risk-Based Project Involvement May Limit Their Effectiveness | Report No. ST2020035

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: Federal Highway Administrator

On March 15, 2018, a pedestrian bridge under construction at Florida International University (FIU) in Miami collapsed onto the highway below, resulting in 6 fatalities and 10 injuries. Shortly thereafter, the Secretary of Transportation and the Ranking Member of the Senate Committee on Commerce, Science, and Transportation asked us to review the FIU project and the Department of Transportation's (DOT) related oversight role.¹ Additionally, in July 2018, three Florida members of the U.S. House of Representatives, citing safety concerns, asked us to review DOT's role in a project to improve Interstate 4 (I-4) in Orlando, formally known as the I-4 Ultimate Project. Within DOT, the Federal Highway Administration (FHWA) is primarily responsible for overseeing these two Florida projects.²

To guide FHWA's project-level oversight, in 2013 the Agency implemented a risk-based stewardship and oversight framework. Between calendar years 2013 and 2018, in accordance with its framework, FHWA designated 129 of the more than 7,000 federally funded projects in Florida for risk-based project involvement, including the FIU and I-4 projects.³ Given the significance of FHWA's risk-based

¹ In October 2018 we issued an initial audit report on DOT's role in the grant application and selection processes for the FIU project and indicated that we would address post-award oversight roles and responsibilities in this follow-on audit. *Initial Audit of Florida International University Pedestrian Bridge Project—Assessment of DOT's TIGER Grant Review and Selection Processes* (OIG Report No. ST2019002), October 29, 2018. OIG audit reports are available at <https://www.oig.dot.gov/>.

² Although a State DOT may assume certain responsibilities as prescribed by law, FHWA maintains overall oversight responsibility for the Federal-aid Highway Program and is ultimately responsible for ensuring financial integrity and compliance with applicable Federal laws and regulations.

³ The total number of federally funded projects in Florida includes those reported in FHWA's Fiscal Management Information System as active in 2013 and also subsequently authorized through calendar year 2018.

approach in the successful delivery of projects, we initiated this audit to assess FHWA's oversight of transportation projects in Florida—from the Agency's initial involvement through construction—with a focus on the FIU and I-4 projects. Specifically, we evaluated FHWA's guidance and the Florida Division's processes for (1) assessing project risks, (2) developing and executing risk-based project oversight plans, and (3) evaluating the impact of risk-based project involvement.

In light of the Secretary's and congressional interest, we focused on FHWA's risk-based involvement of transportation projects in Florida. As such, the specific issues we identified through our work at the Florida Division may not be indicative of FHWA's oversight in other Divisions or on a national level. Nonetheless, our review found several opportunities for FHWA Headquarters to improve the way it manages risk-based project involvement, Agency-wide. In addition, our audit did not focus on the cause of the FIU bridge collapse, which has been addressed by the completed National Transportation Safety Board (NTSB) investigation.⁴

We conducted our work in accordance with generally accepted Government auditing standards. We reviewed Federal laws and regulations, and FHWA's policies and guidance for risk-based project involvement. We interviewed officials at FHWA Headquarters, the Florida Division, Florida DOT, and other stakeholders, such as the American Association of State Highway and Transportation Officials. We reviewed FHWA's oversight actions for 11 projects in Florida, including the FIU and I-4 projects, to cover all the geographic regions assigned to different staff in the Florida Division.⁵ We also received technical support from the U.S. Army Corps of Engineers (Corps of Engineers) to assist our review of FHWA's role in the FIU and I-4 projects. Exhibit A details our scope and methodology; exhibit B lists the entities we contacted; and exhibit C is a list of acronyms. Exhibit D presents a timeline of FHWA's involvement with the FIU and I-4 projects.

We appreciate the courtesies and cooperation of DOT representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1844 or Jay Borwankar, Program Director, at (202) 493-0970.

cc: The Secretary
DOT Audit Liaison, M-1
FHWA Audit Liaison, HCFB-32

⁴ NTSB, *Pedestrian Bridge Collapse Over SW 8th Street, Miami, Florida, March 15, 2018*, highway accident report (NTSB/HAR-19/02), October 22, 2019. NTSB reported that the probable cause of the collapse included the following factors: calculation errors in the bridge design made by the engineer of record; an inadequate peer review of the design; and the engineer's failure to identify the significance of the structural cracking that preceded the collapse and obtain an independent review of the remedial plan to address the problem.

⁵ We reviewed a stratified random sample of 9 projects, in addition to the FIU and I-4 projects, for a total of 11 from the universe of 129 Florida projects that FHWA designated for risk-based project involvement between calendar years 2013 and 2018.

Background

Each year, FHWA provides over \$40 billion in Federal funding to States for construction and improvements to the Nation’s highways and bridges. As part of its oversight role, FHWA must perform project and program actions required by Federal law and ensure that funded projects meet Federal requirements. In addition, the Agency’s oversight role has evolved over time. For example, legislation in 1998⁶ prompted FHWA to issue guidance on implementing new statutory flexibilities for determining the most appropriate project oversight approach.⁷ More recently, in 2013, the Agency implemented its risk-based stewardship and oversight framework to enhance the use of its limited resources and improve the successful delivery of projects. According to FHWA, the risk-based framework provides the Agency with flexibility to address elevated program and project risks more effectively. The table illustrates the various aspects of FHWA’s risk-based stewardship and oversight framework, as well as its core principles—risk-based, data-driven, value-added, and consistent.

Table. FHWA Risk-Based Stewardship and Oversight Model

FHWA’s Core Principles for Its Risk-Based Stewardship and Oversight Framework	
<ul style="list-style-type: none"> • Risk-based: risk assessment is integrated throughout the performance planning process • Data-driven: decisions are grounded in objective data and information to the extent possible • Value-added: actions are taken with a primary objective of improving programs and projects • Consistent: actions are based on consistent approach to planning, risk assessment, and stewardship and oversight 	
Project Involvement	Program Involvement
<ul style="list-style-type: none"> • Project actions required by Federal law, such as approving Federal-aid project agreements and obligating Federal funds • Risk-based project involvement, such as design reviews or field inspections • Project compliance assessments—reviews of a statistical sample of projects to determine compliance with key Federal requirements 	<ul style="list-style-type: none"> • Program actions required by Federal law, such as approving statewide transportation improvement programs and conducting annual reviews of State DOT financial management systems • Risk-based program involvement through national and Division initiatives, such as a national review of compliance on State serious injury reporting, or a statewide review of construction safety issues

Source: OIG summary of FHWA information

⁶ Public Law No. 105-178.
⁷ FHWA, *Implementing Guidance—Project Oversight under Section 1305 of the Transportation Equity Act for the 21st Century (TEA-21) of 1998*, August 1998.

Actions that FHWA must take, and those assumed by the States, are outlined in stewardship and oversight agreements between the Agency’s Division Offices⁸ and their respective State Departments of Transportation (State DOT). For example, the agreement with Florida DOT requires FHWA to approve the preliminary plans for certain types of bridges on the Interstate Highway System. And the State DOT assumes the authority for conducting final inspections and accepting completed construction work. However, even though a State DOT may assume certain actions,⁹ FHWA remains ultimately responsible and is not precluded from reviewing any aspect of a State DOT’s delivery of a project.

Under FHWA’s risk-based framework, the Agency’s Divisions are required to define their oversight of projects they designate for risk-based project involvement.¹⁰ Divisions are also required to designate certain types of projects—such as major projects¹¹ and those funded through the Transportation Investment Generating Economic Recovery (TIGER) discretionary grant program¹²—as requiring risk-based project involvement. First, Divisions screen a State’s population of projects to identify those that are required to have risk-based project involvement, as well as any others that may warrant additional oversight. Second, Divisions conduct project-specific risk assessments to develop risk-based project oversight plans¹³ that describe both the elevated risks and the specific actions the Division will take to address them. Third, Divisions use the plans to implement and document their risk-based project involvement. The figure below illustrates the key steps in FHWA’s process.

Figure. FHWA’s Process for Risk-Based Project Involvement



Source: OIG analysis of FHWA information

⁸ FHWA has 52 Divisions that provide Federal-aid program assistance to State DOTs and other grantees.

⁹ According to Title 23, U.S. Code (U.S.C.), section 106(c), a State DOT may assume authority for certain actions for projects on the National Highway System and must do so for other projects, unless FHWA or the State DOT determines that it is not appropriate.

¹⁰ FHWA refers to projects selected for risk-based project involvement as “projects of Division interest.”

¹¹ Major projects are generally defined as those with an estimated total cost of \$500 million or more.

¹² The Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants program replaced the TIGER program in 2018.

¹³ In this report, we use the term “oversight plan” to refer to FHWA’s *Project of Division Interest Stewardship and Oversight Plan*.

FHWA also becomes involved in projects through other initiatives, such as a Division's annual performance plan and the Agency's compliance assessment program, as well as through required actions defined by law, regulation, and Executive order. A Division Office may conduct reviews that look at certain aspects of multiple projects. FHWA's compliance assessment program reviews a statistical sample of Federal-aid highway projects to determine whether they are complying with key Federal requirements.

Additional details regarding FHWA's involvement with the FIU and I-4 projects are included in exhibit D.

Results in Brief

FHWA's guidance and the Florida Division's process lack specifics for assessing and documenting project risks.

While FHWA has developed general guidance for implementing its framework for risk-based project involvement Agency-wide, the guidance does not clearly explain how Divisions should assess and document project risks or address the use of experts to help evaluate technical risks. It also does not include criteria on when Divisions should reevaluate project risk assessments and account for changes as the project progresses. As a result, Division staff may not be able to adequately determine the elevated project risks that warrant greater oversight and define FHWA's risk-based involvement. In addition, the Florida Division does not fully document its project risk assessments. For example, the Division's assessments did not include any information about the reasons for the elevated risks that warrant FHWA's involvement. The Florida Division supplemented the FHWA guidance and developed a standard operating procedure for risk-based involvement that addresses project risk assessments, but it lacks details on how Division area engineers should determine elevated project risks. For example, the Division's risk-assessment documentation for the FIU project identifies a number of elevated risks, such as "unique safety features or implications" and "innovative construction methods." But it does not explain why these particular risks are elevated. As a result, the Florida Division lacked adequate documentation of the project risk assessments it did conduct. The lack of a fully developed process for determining project risks could potentially reduce the effectiveness of FHWA's risk-based oversight for Florida projects.

FHWA's guidance and the Florida Division's process lack details to help staff develop effective risk-based project oversight plans.

While FHWA's Agency-wide guidance identifies general items that risk-based project oversight plans should include, it does not describe how Divisions should

document the links between elevated risks and the associated oversight activities, changes to oversight actions, or the scope of their risk-based project involvement. The lack of a clearly defined scope for FHWA's involvement may lead to staff confusion about how to conduct oversight actions. Similarly, the Florida Division identifies the general areas of projects it selects for greater involvement but does not always clearly define its role in the oversight plans or their associated documentation. All of the oversight plans for the 11 Florida projects we reviewed had missing or confusing information, and included only vague descriptions—such as “review without approval”—of FHWA's planned actions. In addition, the Florida Division developed a standard operating procedure for risk-based project involvement to supplement FHWA's Agency-wide guidance. However, it has only general information and does not detail what Division area engineers should include in the oversight plans. As a result, FHWA's risk-based project oversight plans for projects in Florida do not include all the requisite information and do not provide a complete record of the Agency's involvement. The lack of sufficient documentation also limits FHWA management's ability to ensure that its involvement is adding value—a core principle of its risk-based stewardship and oversight framework.

FHWA Headquarters lacks a process for monitoring and evaluating the impact of its risk-based project involvement.

One of FHWA's national performance objectives includes initiatives to enhance its risk-based oversight and delivery of federally funded projects. The Agency has identified a need to develop and adopt measures to evaluate its implementation of risk-based project involvement, but that effort is still a work in progress, according to Agency officials. In addition, FHWA does not have a process in place to routinely assess the adequacy and quality of the Divisions' risk-based project involvement procedures and plans—which are key for monitoring the impact of its risk-based framework. The lack of adequate monitoring and meaningful measures limits FHWA's ability to determine whether its risk-based project involvement is achieving its goal—to improve projects and make efficient and targeted use of its limited resources.

We are making recommendations to improve FHWA's guidance and the Florida Division's process for risk-based project involvement.

FHWA's Guidance and the Florida Division's Process Lack Specifics for Assessing and Documenting Project Risks

While FHWA has developed general guidance on implementing its framework for risk-based project involvement Agency-wide, the guidance does not clearly explain how Divisions should assess and document project risks. In addition, the Florida Division supplemented the FHWA guidance and developed a procedure to implement its process for risk-based involvement, but it does not direct staff to review all of the FHWA-required risk areas or to fully document their project risk assessments. These shortcomings may potentially reduce the effectiveness of FHWA's risk-based oversight for projects in Florida.

FHWA's Guidance for Project Risk Assessments Does Not Clearly Communicate Expectations to Divisions

FHWA's guidance for risk-based project involvement¹⁴ does not clearly explain how Divisions should assess and document project risks or address the use of technical experts, who may be better qualified to evaluate technical risks. It also does not include criteria on when Divisions should reevaluate project risk assessments and account for changes as the project progresses. The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*¹⁵ (Internal Control Standards) specifies that management should guide staff on how to achieve mission objectives, and document processes in management directives, administrative policies, or operating manuals. Similarly, the Office of Management and Budget's (OMB) Circular No. A-123,¹⁶ which offers guidance on improving the accountability and effectiveness of Federal programs, requires agency management to identify, assess, respond to, and report on risk. OMB Circular No. A-123 states that effective risk management is systematic, structured, timely, and based on the best available information, and that agencies should establish processes to review existing risks and identify new ones.

¹⁴ In this report, we use the phrase "guidance for risk-based project involvement" to refer to FHWA's national guidance, including *Projects of Division Interest* *Projects of Corporate Interest Guidance* (2014, 2015) and *FHWA Risk-based Approach to Stewardship and Oversight Frequently Asked Questions* (2014). FHWA also has guidance on risk management, including *FHWA Risk Management Policy* (2012) and *Risk Management Process User Manual* (2013).

¹⁵ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

¹⁶ OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 15, 2016.

Additionally, the International Organization for Standardization's (ISO) standard for risk management¹⁷ emphasizes the need for effective communication to help stakeholders understand risk, the basis on which decisions are made, and the reasons particular actions are required.

FHWA's guidance for risk-based project involvement requires each Division to develop and document a risk-assessment process that includes a minimum of 10 risk areas—including a project's cost, schedule, and complexity.¹⁸ FHWA emphasizes this requirement in its related training materials, stating that Divisions must use, at a minimum, the 10 risk areas when identifying project-specific risks.¹⁹ The guidance also refers to a risk-assessment tool, used for major projects, that provides more detail about the 10 risk areas. However, it does not describe how the areas should be assessed or define any standards for conducting and documenting project risk assessments. For example, FHWA's guidance does not address how Divisions can work with State DOTs to determine elevated project risks that warrant greater oversight, although it states that Divisions and State DOTs should collaborate to identify projects that may warrant greater oversight. In addition, FHWA's corporate risk-management guidance²⁰ encourages communication and consultation with stakeholders, such as State DOTs, throughout the risk-management process. Highlighting a best practice in this area, the Corps of Engineers advises agencies to share information on risks to achieve greater awareness and understanding. Without effectively coordinating with State DOTs about how they are managing project risks, Divisions may not be able to determine where their risk-based involvement would be most beneficial.

Another best practice from the Corps of Engineers is to consult with technical experts—such as bridge engineers—on risk assessments when the projects include work in an expert's subject matter area. FHWA's corporate risk-management guidance also suggests the use of a multidisciplinary team, including subject matter experts, to conduct risk assessments. However, we found that the Florida Division area engineers,²¹ who conduct project risk assessments, do not typically consult with FHWA's technical experts. In addition, FHWA's guidance for risk-based project involvement does not address the use of technical experts, who may be more qualified to evaluate a project's technical risks and define FHWA's related involvement. For example, the Division area engineers did not consult the Division's bridge engineer to assess risks on the FIU

¹⁷ ISO 31000, *Risk Management—Guidelines*, February 15, 2018. ISO develops voluntary consensus standards.

¹⁸ The other risk areas are project administration, urgency, funding, environmental considerations/stakeholders, corporate actions, national/regional significance, and local considerations.

¹⁹ FHWA National Highway Institute, *Risk-Based Stewardship and Oversight* (FHWA-NHI-310125).

²⁰ FHWA, *Risk Management Process User Manual* (2013).

²¹ In this report, we use the term "area engineers" to refer to FHWA's frontline staff who are primarily responsible for project involvement but may have different position titles. For example, in the Florida Division, frontline staff include the District Transportation Engineer and the Major Projects Oversight Manager.

project, which includes a highly complex pedestrian bridge, or on the I-4 project, which includes over 140 highway bridges and several pedestrian bridges. The Florida Division bridge engineer also informed us that he generally is not asked to evaluate bridge-specific risks to help FHWA determine the extent to which it should be involved.²²

Furthermore, FHWA's guidance for risk-based project involvement does not explain that project risk assessments should be based on the best available information or describe potential sources of such information. For example, projects funded with TIGER program grants have quarterly reporting requirements that Divisions can use to help determine elevated project risks. The purpose of the reports is to ensure that projects will be completed with the highest degree of quality and in compliance with Federal regulations. However, the quarterly project reports prepared for the FIU project from 2014 through 2017 did not clearly address safety and quality, as was specified in the grant agreement.²³ The project reports used a different format than the one specified in the grant agreement and only included separate sections for reporting on scope, schedule, and budget, but not for safety and quality issues. While FHWA may use other means, such as project meetings, to acquire information, these reports can be a useful resource for assessing a project's risks.

Due to the lack of detail in FHWA's guidance, Division staff do not have adequate direction on how to determine the elevated project risks that warrant greater oversight. The limited guidance also impedes management's ability to effectively ensure that FHWA is applying a consistent approach—a core principle of its risk-based stewardship and oversight framework.

Additionally, while FHWA describes risk management as an ongoing process,²⁴ its guidance for risk-based project involvement does not address when in a project's lifecycle to reevaluate risks or provide other criteria to assess the need for a reevaluation. Such criteria could consider factors prompted by project design changes or the development of significant safety or quality issues. For example, the Florida Division did not reevaluate its initial risk assessments during the

²² While FHWA may determine its risk-based involvement, FHWA guidance prescribes specific actions for certain types of bridges. The guidance requires FHWA to review and approve preliminary plans for unusual or complex bridges on the Interstate Highway System.

²³ The FIU project was awarded funds through DOT's TIGER program, subject to a grant agreement that was first executed in June 2014. Specifically, the agreement states that the reporting should address any significant items identified as having deficient quality and any significant safety issues.

²⁴ *FHWA Risk Management Policy*, January 17, 2012.

lifecycles of the 11 projects we reviewed²⁵—including the FIU project, despite changes to the pedestrian bridge that incorporated a unique concrete truss design and accelerated bridge construction methods. According to the Corps of Engineers, the changes resulted in a highly complex bridge design. Without criteria for determining when to reevaluate project risks, FHWA may be unable to account for new risks caused by project changes.

The Florida Division’s Process for Assessing Project Risks Is Not Comprehensive

The Florida Division neither assesses all the risk areas required by FHWA nor fully documents its project risk assessments. According to FHWA’s guidance for risk-based project involvement, assessments must address at least 10 risk areas—including a project’s cost, schedule, and complexity.²⁶ FHWA emphasizes this requirement in its related training materials, stating that Divisions must use, at a minimum, the 10 risk areas when identifying project-specific risks.²⁷ The Agency’s Divisions are also required to document their risk-assessment procedures.

While the Florida Division uses a standard form for its project risk assessments, we received contradictory explanations about whether or not the form addresses all 10 required risk areas—such as schedule, urgency, funding, and local considerations. Florida Division officials initially informed us that they omitted several risk areas from the project risk assessments and focused only on those areas they considered to be most useful. However, another Division official later explained that all risk areas are covered through the risk items the Division assesses. The Florida Division’s form lists 6 risk areas with a total of 32 items that should be considered in project risk assessments, but it does not specify how they relate to the 10 required risk areas. In contrast, the Wyoming Division, as highlighted in FHWA’s training materials, clearly identifies the required risk areas with a total of 65 items to be considered during its assessments, as well as an additional 2 Division-specific risk areas with another 16 items.

²⁵ Although FHWA requires an annual assessment to determine how oversight resources for major projects are deployed for the year, the Agency’s guidance does not explain how the annual assessment relates to the Agency’s risk-based project involvement. For example, the Division area engineer has updated the risk assessment for the I-4 project annually since 2015, but did not determine any elevated project risks related to specific actions in the oversight plan.

²⁶ The other risk areas are project administration, urgency, funding, environmental considerations/stakeholders, corporate actions, national/regional significance, and local considerations.

²⁷ FHWA National Highway Institute, *Risk-Based Stewardship and Oversight* (FHWA-NHI-310125).

FHWA also uses a standardized tool to conduct annual assessments of risks to major projects,²⁸ but the tool does not address the “local considerations” risk area.²⁹ For example, the annual risk assessments for the I-4 project in 2018 and 2019 did not address local considerations, although they were accounted for in 2015, 2016, and 2017. According to FHWA, the number of risk areas in the tool for the 2020 assessments has been consolidated to 6, but the Agency’s current guidance for risk-based project involvement still specifies 10 discrete areas.

The Florida Division’s documentation of its project risk assessments does not describe its rationale for determining that elevated risks warrant FHWA’s involvement. For example, the Division’s risk-assessment documentation for the FIU project identifies a number of elevated risks, such as “unique safety features or implications” and “innovative construction methods,” but does not explain why these particular risks are elevated. While the documentation also includes what is intended to be a summary of the project risks, it only indicates that the project was funded by a TIGER grant. FHWA’s guidance requires certain projects, including those funded by TIGER, to be designated for risk-based project involvement, and all such projects to undergo documented assessments to determine elevated risks.

The Florida Division developed a standard operating procedure for risk-based project involvement that addresses risk assessments, but it provides only general information and lacks detail on how Division area engineers should identify and reevaluate elevated project risks. For example, the procedure includes a statement about reassessing risks, but it is not directly connected to the surrounding text. Rather, it refers to a “good time” for reassessment without providing any context for the timing. Due to the procedure’s lack of detail, the Florida Division did not adequately document its assessments or any subsequent reevaluations. Moreover, the lack of a complete process for determining project risks may have reduced the effectiveness of FHWA’s risk-based oversight for projects in Florida given that it is intended to be driven by risk.

Furthermore, Division area engineers and their supervisors did not formally sign off on their completed risk assessments. The electronic risk-assessment form includes fields for employee and supervisor names, signatures, and dates of review, but the fields were rarely completed for the 11 projects in our sample. Division officials explained that technical limitations prevented the use of electronic signatures. However, the lack of names and dates hinders FHWA from

²⁸ The I-4 project is classified as a major project—with a cost of approximately \$6.2 billion according to Florida DOT’s June 30, 2018, Financial Plan.

²⁹ The local considerations risk area is intended to consider the Division’s need to provide a presence, develop project experience, respond to specific State requests, and address actions retained in accordance with 23 U.S.C. § 106(c).

documenting when and who completed and reviewed the risk assessments, and ensuring the quality of the assessments.

FHWA's Guidance and the Florida Division's Process Lack the Details To Help Staff Develop Effective Risk-Based Project Oversight Plans

While the Agency's guidance identifies general items that risk-based project oversight plans should include, it does not prescribe the types of content to include in the plans. Similarly, the Florida Division identifies the general areas of projects it selects for greater involvement but does not always clearly define its role in oversight plans or the associated documentation.

FHWA's Guidance on Risk-Based Project Oversight Plans Is Unclear in Certain Areas

FHWA's guidance for risk-based project involvement does not clearly prescribe the content that should be part of oversight plans. GAO's Internal Control Standards specifies that agency management should provide guidance to staff on how to achieve mission objectives and document these processes in management directives, administrative policies, or operating manuals. Additionally, the ISO standard for risk management states that plans developed to address identified risks should specify how risk mitigation will be implemented so that arrangements are understood by those involved, and progress can be monitored.

While FHWA's guidance for risk-based project involvement specifies the basic items required for an oversight plan and includes a template form, it does not explain how to properly document the plan. For example, the guidance does not describe how to document the link between the elevated risks and the associated oversight activities, changes to oversight actions, and the results of its risk-based involvement. Also, while FHWA developed a training course on risk-based stewardship and oversight,³⁰ the training materials include only limited examples of documentation that Division area engineers can use as a reference. For example, the materials include one example of a filled-out risk-based project

³⁰ FHWA National Highway Institute, *Risk-Based Stewardship and Oversight* (FHWA-NHI-310125).

oversight plan, which does not cover what to include when projects have different risks and types of involvement. FHWA's guidance also does not include examples of properly documented oversight plans that Divisions could use as a reference.

FHWA's guidance also does not include procedures for documenting the scope of its risk-based project involvement. Instead, the Florida Division developed its own tools to document oversight activities, including a construction inspection form; a checklist for reviewing plans, specifications, estimates, and requests for proposals; and standard operating procedures for reviewing change orders, claims, award concurrence, and project closeout activities. However, FHWA has not developed related guidance on the use of such tools to ensure they are implemented effectively. As a result, when Division staff used the optional tools, they did not always fully document the scope of their review. For example, the concurrence in award checklist includes a field for listing whether the contractor has been suspended or debarred. However, the Florida Division area engineer used the checklist to document only the contractor's self-certification and not whether he checked the Federal Government's System for Award Management (SAM) website.³¹

For major projects, the guidance on the role and purpose of oversight plans is not clear. The FHWA major project oversight manager for the I-4 project prepared an oversight plan, but its utility is uncertain, given other related requirements for major projects. FHWA's project management plan guidance³² for major projects requires plans to describe the Agency's oversight roles and its responsibilities for effectively managing a project's Federal requirements. In addition, the Florida Division developed a project-specific stewardship and oversight agreement to address FHWA's roles and responsibilities for the I-4 project. However, the lack of guidance on how these multiple documents relate to each other—particularly given their overlapping purposes—may create confusion and diminish the intended benefits of a separate oversight plan for major projects.

FHWA's Stewardship and Oversight Team requires Divisions to submit risk-based project oversight plans to its internal website using a different template than the one used by the Florida Division. While FHWA established the requirement in an effort to ensure consistency, we found discrepancies between the website content and the Division's oversight plans. For example, the Division's oversight

³¹ FHWA Order 2000.2B, November 7, 2014, states that when Divisions retain approval authority for contract concurrence and award, they must check the SAM website for any recipients and contractors included in the contract to ensure that no suspended or debarred firm receives Federal funding. The SAM website is maintained by the General Services Administration and contains information on the suspension and debarment of firms.

³² FHWA, *Project Management Plan Guidance for Major Projects* (2017). Project management plans for major projects are required by 23 U.S.C. § 106(h).

plan for the FIU project identified bridge design as an item for review, but the website plan does not describe any such involvement. While FHWA's guidance for risk-based project involvement requires plans to be documented consistently, the use of multiple redundant plans for the same project creates additional challenges to maintain consistency by introducing the potential for confusion and conflict between the plans.

The lack of a clearly defined scope for FHWA's involvement can lead to misunderstandings about how Agency personnel carry out oversight actions. It also limits FHWA management's ability to ensure that staff across the Agency apply a consistent approach to all projects—a core principle of its risk-based stewardship and oversight framework.

The Florida Division's Risk-Based Project Oversight Plans Are Incomplete

The Florida Division identifies the general areas of a project that it selects for greater involvement, but does not always clearly define its role in risk-based project oversight plans or the associated documentation. According to FHWA's guidance, risk-based project oversight plans should be concise documents that identify elevated risks, project elements that the Division will review in response to those risks, and the Division's subsequent actions. The plans should also outline FHWA's involvement and the results of that involvement.

GAO's Internal Control Standards directs Federal agencies to develop and implement control activities to achieve objectives and respond to risks, and to clearly document those internal controls and other significant events in a manner that allows the documentation to be readily available for examination.

For all of 11 projects we reviewed, however, the Division's risk-based project oversight plans had missing or confusing information. For example, some plans did not describe the oversight actions and associated risks. Other plans identified particular oversight areas for risk-based project involvement—such as “progress meetings” and “contractor claims”—but the Division described its involvement with the words “no action” rather than an explanation of what it would do. In the plan for the FIU project, the Division did not indicate how it intended to address the elevated risks it had identified regarding FIU's ability to administer the project in its role as a local public agency.³³ Notably, while the Division's risk assessment

³³ The local agency program checklist was developed by Florida DOT to strengthen its oversight of local public agencies, for which it is directly responsible. NTSB's investigation of the FIU bridge collapse found that FIU lacked staff who were trained and experienced in administering the project, which included a bridge with a highly complex design.

flagged FIU's "questionable capacity to manage project" and "limited experience with Federal-aid projects" as elevated risks, the Division did not select the "local agency program checklist" for review in its FIU oversight plan.³⁴ Similarly, the plan for the I-4 project did not describe the specific activities the Division would complete in response to elevated risks. Overall, we found that none of the plans included a clear link between elevated risks and the selected oversight activities. Florida Division officials acknowledged these shortcomings and told us they intended to make improvements to the oversight plans.

Furthermore, the Florida Division described FHWA's involvement in the I-4 project in multiple documents—including a project-specific oversight agreement and a project oversight manager work plan—in addition to the Division's risk-based project oversight plan. Due to the disconnected nature of the information, however, the project elements that the Division is to review in response to identified risks are ill-defined. As a result, the scope of FHWA's involvement is unclear.

In addition, the Division's risk-based project oversight plans included only vague descriptions—such as "review and approval" and "review without approval"—of the oversight actions the Agency intends to take. For example, the plan for the FIU project described bridge design as an oversight activity and the associated action as "review without approval." According to Division officials, the bridge design review maintained a high-level focus on Federal-aid eligibility, and they did not perform detailed design or calculation reviews—which is, FHWA informed us, typically the case for such reviews by the Agency. While FHWA's review comments on the bridge design were documented in project records, it was unclear whether the Agency limited its review only to the items it commented on or included others as well because no issues were described. Moreover, the Florida Division had a bridge design review checklist—which includes sections that can be used to understand the review scope—but did not use it for any of the projects with bridges that we reviewed. According to Division officials, the checklist is available as a reference, but it does not have related guidance on its use. Division officials acknowledged the shortcomings in the way they define and document oversight scope and told us they intended to make improvements to the oversight plans.

According to FHWA's guidance, risk-based project oversight plans are intended to describe the project elements the Agency will review, the associated activities it will conduct, and the results of its project involvement. To supplement the Agency's guidance, the Florida Division developed a standard operating

³⁴ According to the stewardship and oversight agreement between the Florida Division and Florida DOT, the checklist strengthens their ability to ensure that locally administered projects receive adequate supervision and inspection and are completed in conformance with approved plans and specifications and applicable Federal requirements.

procedure for risk-based project involvement, but—similar to how it addresses project risk assessments—this document provides only general information and does not detail what Division area engineers should include in plans. As a result, FHWA does not have a complete record of its involvement, which in turn limits its ability to target its oversight actions on elevated project risks. The lack of sufficient documentation also limits FHWA management’s ability to ensure that its involvement is adding value—a core principle of its risk-based stewardship and oversight framework.

Furthermore, Division area engineers and their supervisors did not formally sign off on their completed risk-based project oversight plans. The electronic oversight plan form includes fields for employee and supervisor names, signatures, and dates of review, but the fields were rarely completed for the 11 projects in our sample. Division officials explained that technical limitations prevented the use of electronic signatures. However, without names and dates, it is difficult for FHWA to document when and who completed and reviewed the oversight plans, and hinders the Agency’s ability to ensure the quality of the plans.

FHWA Headquarters Lacks a Process To Monitor and Evaluate the Impact of Its Risk-Based Project Involvement

According to FHWA’s guidance for risk-based project involvement, the prime objective of the Agency’s stewardship and oversight actions is to improve the delivery of projects and compliance with Federal requirements. The Agency also has a national performance objective that includes initiatives to enhance its risk-based oversight and delivery of federally funded projects.³⁵ GAO’s Internal Control Standards states that agency management should define objectives clearly and in measurable terms so that performance for achieving those objectives can be assessed. In addition, the ISO standard for risk management emphasizes that the framework for managing risk should include measurement and reporting within an organization’s performance indicators.

The Stewardship and Oversight Team is responsible for program policy and guidance for the Agency’s risk-based project involvement approach. To its credit, FHWA updated its national guidance for risk-based project involvement in 2014 and 2015, and subsequently completed several reviews that looked at its design

³⁵ FHWA, *PY 2018/19 Strategic Implementation Plan*, April 2018.

and implementation.³⁶ However, the team has not established a formal means of routinely monitoring the Divisions' oversight implementation and evaluating the impact so FHWA can understand the extent to which the Divisions achieve desired outcomes.

The Stewardship and Oversight Team's annual performance plan for 2017 stated that the team would develop and adopt measures and an action plan to monitor and evaluate risk-based stewardship and oversight implementation by May 2017. The plan described the team's effort to develop success measures for risk-based stewardship and oversight focused on process, results, and outcomes. FHWA officials informed us that they monitor other activities related to the Agency's risk-based stewardship and oversight approach, including the compliance assessment program. However, FHWA officials described the efforts on measures for risk-based project involvement as a work in progress.

The stewardship and oversight agreement between the Florida Division and Florida DOT states that the two entities will jointly develop stewardship and oversight indicators, but they have not done so. According to FHWA guidance,³⁷ parties to such agreements should jointly establish specific indicators for managing and improving program delivery and FHWA's processes. However, rather than develop joint stewardship and oversight indicators, Division officials told us, they use Florida DOT's existing performance measures. They also told us that the requirement for such indicators had been included in the stewardship and oversight agreement in error and that FHWA guidance states that using them is optional. Nevertheless, the guidance highlights the benefits of such indicators, which can be used to assess the effectiveness of Agency involvement—such as by comparing projects that FHWA has identified for greater oversight to the projects delegated to the States.

As discussed above, FHWA Divisions prepare and submit risk-based project oversight plans to the Stewardship and Oversight Team through an internal website. According to Agency officials, they use the submissions to help ensure consistency and compliance with the risk-based project involvement approach. In 2017, FHWA completed an internal review that identified trends and data quality issues in the information the Divisions had reported on its internal website.³⁸

³⁶ FHWA, *Implementation of FHWA's Risk Management Program*, May 2016; FHWA, *Summary Report Risk-based Stewardship and Oversight Feedback Based on 52+ Division Interviews*, August 2016; FHWA, *Projects of Division Interest*, November 2017; FHWA, *Division Approaches to Risk-based Program Oversight*, January 2018; and FHWA, *Project Involvement Review Summary*, April 2019.

³⁷ *Federal-Aid Highway Program Stewardship and Oversight Guidance: Documenting State Assumption of Federal-Aid Oversight and FHWA Program Oversight Measures*, March 2014.

³⁸ FHWA, *Projects of Division Interest*, November 2017. For example, the report found that the most common areas of involvement related to construction inspection and contract administration, and about a third of the closed-out project oversight plans did not describe the results of FHWA's involvement.

However, the review was not part of a routine process for evaluating the quality of the submitted information so that it could be used to monitor the Agency's risk-based project involvement approach effectively. Similarly, while FHWA's guidance for risk-based project involvement requires Divisions to document their procedures, the Agency does not have a process for ensuring those procedures are adequate.

Conducting effective monitoring and relying on systematic evaluations will allow FHWA to ensure that it remains focused on elevated risks. Otherwise, the Agency will not be able to effectively determine whether its risk-based project involvement is achieving its goal—to improve projects and make efficient use of its limited resources.

Conclusion

FHWA's risk-based oversight framework guides its oversight approach and project-level involvement and is key to the Agency's ability to direct its limited resources to carry out its mission. While our review focused on transportation projects in Florida, our results highlight opportunities for FHWA to establish a more robust process for project involvement, Agency-wide, by strengthening its guidance for assessing and documenting risks and developing risk-based project oversight plans. Indeed, more complete documentation of FHWA's risk-assessment process and involvement is critical for ensuring accountability. Otherwise, Agency management cannot be reasonably certain that the Divisions have addressed issues and challenges or applied a consistent oversight approach to ensure both compliance with Federal requirements and the successful delivery of projects.

Recommendations

To improve FHWA's risk-based project involvement, we recommend that the Federal Highway Administrator:

1. Update and implement FHWA's guidance for risk-based project involvement to clarify the requirements for its project risk-assessment process, including expectations for conducting and documenting the risk assessment and criteria to guide the reevaluation of project risks.
2. Identify and notify Divisions about sources of information that can inform the project risk-assessment process, such as the quarterly reports required by the grant agreement for the Florida International University project.

3. Update and issue a procedure within the Florida Division for conducting and documenting complete project risk assessments in accordance with FHWA's national guidance.
4. Update and implement FHWA's guidance for risk-based project involvement to clarify how the link between elevated risks and associated oversight activities, changes to oversight actions, and the results of its risk-based involvement should be documented in project oversight plans.
5. Develop and implement guidance for documenting, in risk-based project oversight plans and associated materials, the scope of FHWA's risk-based involvement, such as through the use of checklists or standardized forms.
6. Develop and implement guidance that establishes criteria for the content of risk-based project oversight plans to maintain consistency and avoid creating multiple redundant plans. Include examples of complete project oversight plans that can be used as a reference, and clarify the role and purpose of the oversight plan for major projects.
7. Update and issue a procedure within the Florida Division for documenting complete risk-based project oversight plans in accordance with FHWA's national guidance.
8. Develop and implement a process to routinely monitor the implementation and evaluate the effectiveness of FHWA's risk-based project involvement.

Agency Comments and OIG Response

We provided FHWA with our draft report on February 26, 2020, and received its formal response on April 9, 2020. FHWA's response is included in its entirety as an appendix to this report. The Agency also provided technical comments, which we have incorporated where appropriate. FHWA concurred with recommendations 1, 2, 3, 4, 7, and 8 as written and provided appropriate actions and completion dates. Accordingly, we consider these recommendations resolved but open pending completion of planned actions.

FHWA partially concurred with recommendations 5 and 6, stating that the Agency would "update" its existing guidance rather than develop new guidance on documenting scope and maintaining consistency in its risk-based project oversight plans. While we found that the Agency lacked substantive guidance in those areas, we agree that FHWA's alternative actions will meet the intent of our recommendations. Therefore, we consider recommendations 5 and 6 resolved but open pending completion of planned actions.

Actions Required

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

Exhibit A. Scope and Methodology

We conducted this performance audit between October 2018 and February 2020, in accordance with generally accepted Government auditing standards as prescribed by the Comptroller General of the United States. 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 FHWA's oversight of transportation projects in Florida—from the Agency's initial involvement through construction—with a focus on the FIU and I-4 projects. Specifically, we evaluated FHWA's guidance and the Florida Division's processes for (1) assessing project risks, (2) developing and executing risk-based project oversight plans, and (3) evaluating the impact of risk-based project involvement.

To conduct our work, we reviewed Federal laws, regulations, policies, procedures, and other guidance to understand the requirements and process for FHWA's risk-based project involvement. We also reviewed prior OIG and GAO audit reports, internal FHWA reviews, and relevant training materials from FHWA's National Highway Institute. In addition, we interviewed officials at FHWA Headquarters, the Florida Division, Florida DOT, and the American Association of State Highway and Transportation Officials.

We analyzed the content and design of FHWA's guidance and processes for risk-based project involvement to evaluate its adherence to GAO's Internal Control Standards and risk-management guidelines—including FHWA's *Risk Management Process User Manual*, OMB Circular No. A-123, and the ISO standard for risk management. We also analyzed FHWA's Agency-wide and Division-specific guidance to evaluate how they work together and the extent to which they clearly communicate the requirements and expectations for staff to effectively carry out risk-based project involvement activities.

To assess FHWA's implementation of its risk-based project involvement guidance and processes, we reviewed a sample of projects that covered all the geographic regions assigned to different staff in the Florida Division. We selected a stratified random sample of 9 projects, in addition to the FIU and I-4 projects, for a total of 11 from the universe of 129 Florida projects that FHWA designated for risk-based project involvement between calendar years 2013 and 2018. We tested the accuracy and completeness of the data in the FHWA-provided universe by comparing them with information from other data sources, including FHWA's Fiscal Management Information System, and public information on TIGER and major projects. While we found minor discrepancies in the accuracy of the

provided material, we determined that the data were sufficiently reliable for the purposes of this audit. We also contracted with the Corps of Engineers to provide technical support and review aspects of the FIU and I-4 projects, including risk-management activities associated with bridge design and construction.

Exhibit B. Organizations Visited or Contacted

U.S. Department of Transportation

FHWA Florida Division Office, Tallahassee and Orlando, FL

FHWA Headquarters, Washington, DC

Office of the Secretary, Washington, DC

Florida Department of Transportation

Central Office, Tallahassee, FL

District 5 Regional Office, DeLand, FL

Office of Inspector General, Tallahassee, FL

Other Organizations

American Association of State Highway and Transportation Officials,
Washington, DC

Exhibit C. List of Acronyms

BUILD	Better Utilizing Investments to Leverage Development
DOT	Department of Transportation
FHWA	Federal Highway Administration
FIU	Florida International University
GAO	Government Accountability Office
I-4	Interstate 4
ISO	International Organization for Standardization
NTSB	National Transportation Safety Board
OIG	Office of Inspector General
OMB	Office of Management and Budget
PY	Performance Year
SAM	System for Award Management
State DOT	State Department of Transportation
TIGER	Transportation Investment Generating Economic Recovery
U.S.C.	U.S. Code

Exhibit D. Timeline of FHWA's Involvement With the FIU and I-4 Projects

The tables below describe details of FHWA's involvement with the FIU and I-4 projects. Note that while the tables include key activities, they are not a comprehensive account of FHWA activities that are part of its routine monitoring, such as project meetings, or its financial management responsibility, such as Federal-aid billing approvals.

Table D1. FHWA's Involvement With the FIU Project

Date	Risk-Based ^a	Description of Activity
2/25/2014 5/14/2014 5/5/2015	No	Approvals of National Environmental Policy Act documentation
5/20/2014	No	Approval of public interest finding for the use of force account and sole source contracting for portions of the project related to the Informed Traveler Program and Applications
6/5/2014	No	Approval of TIGER funding grant agreement
6/12/2014	Yes	Approval to advertise a request for proposals for portions of the project related to the pedestrian-oriented transit access infrastructure improvements
2/25/2015 12/15/2015	No	Concurrence to use an alternative selection process for portions of the project related to the informed traveler program and applications
4/1/2015	No	Project site visit and tour
11/16/2015	Yes	Concurrence in award of portions of the project related to the pedestrian-oriented transit access infrastructure improvements to Munilla Construction Management
12/8/2015	No	Approval to advertise a request for qualifications for construction engineering and inspection consultant services
1/12/2016 12/11/2017	No	Approval of an amendment to the TIGER funding grant agreement
2/17/2016	Yes	Concurrence in award for portions of the project related to the informed traveler program and applications
2/23/2016	No	Review of project compliance with select Federal requirements as part of broader assessment program

Date	Risk-Based ^a	Description of Activity
3/29/2016	No	Attendance at project groundbreaking ceremony
7/27/2016	Yes	Review of final design plans for roadway infrastructure
9/12/2016	Yes	Concurrence in award for construction engineering and inspection services
10/17/2016– 2/15/2017	Yes	Review and approval of 9 change orders (contract amendments)
11/15/2016	No	Concurrence on eligibility of work items for funding from the Transportation Alternatives Program
2/13/2017 7/21/2017 3/8/2018	No	Review of 3 progress payment invoices
3/7/2017	Yes	Review of final design plans for bridge structure
7/17/2017	No	Review of civil rights compliance as part of a broader statewide program oversight review
7/18/2017	No	Review of temporary traffic control devices as part of broader statewide safety review
2/22/2018	No	Review of temporary pedestrian access accommodations as part of broader statewide review
3/15/2018	No	Response to bridge collapse that occurred at 1:46 pm
8/14/2018	No	Approval to advertise a request for proposals for portions of the project related to the community transit service development enhancements

^a This column is intended to indicate whether or not the activity was identified for risk-based involvement in the FIU's project oversight plan.

Source: OIG analysis of FHWA information

Table D2. FHWA’s Involvement With the I-4 Project

Date	Risk-Based ^b	Description of Activity
6/13/2000–1/20/2011	No	Approvals of Interstate access documentation, Environmental Impact Statements, and Record of Decisions
12/18/2008–2/9/2015	Yes	Completion of 29 project design reviews
5/7/2013–5/8/2013 5/15/2013	No	Participation in project cost estimate review workshop
9/24/2013 1/3/2014 3/31/2015 7/25/2016 1/19/2017	No	Approvals of reevaluations of National Environmental Policy Act documentation
9/27/2013	No	Approvals of Project Management Plan and Financial Plan
1/10/2014	No	Authorization of project agreement and initial funding
1/10/2014	No	Approval to advertise a request for proposals
10/10/2014	No	Concurrence in award of the project to I-4 Mobility Partners
3/27/2015–9/12/2018	Yes	Completion of 14 construction reviews
6/10/2015–12/6/2018	No	Approval of 17 supplemental agreements (contract amendments)
7/16/2015	No	Authorization of concessionaire payments and advance construction
11/2/2017 2/15/2018 4/18/2018 11/8/2018	Yes	Completion of 4 project site visits

^b This column is intended to indicate whether or not the activity was identified for risk-based involvement in the I-4’s project oversight plan.

Source: OIG analysis of FHWA information

Exhibit E. Major Contributors to This Report

JAYDEEP BORWANKAR	PROGRAM DIRECTOR
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JANE LUSAKA	WRITER-EDITOR

Appendix. Agency Comments



U.S. Department
of Transportation
Federal Highway
Administration

Memorandum

Subject: **INFORMATION:** Management
Response to the Office of Inspector
General (OIG) Draft Report on
FHWA's Oversight of Transportation
Projects in Florida

Date: April 9, 2020

From: Nicole R. Nason
Administrator

In Reply Refer To:
HCFB-30

To: David Pouliott
Assistant Inspector General
for Surface Transportation Audits

The Federal Highway Administration (FHWA) administers over \$40 billion annually in Federal-aid Highway Program funds and other projects administered under Title 23, United States Code, for the construction, preservation, and improvement of the Nation's extensive public road network, and authorizes about 15,000 construction projects each year. FHWA works with its State partners and other recipients to ensure projects are completed successfully. Due to the number and magnitude of projects, FHWA must use a risk-based approach to stewardship and oversight, which our 52 Division Offices have implemented since 2013.

FHWA is committed to improving its risk based stewardship and oversight of the projects it administers. The OIG draft report acknowledges that FHWA has trained staff and provided them with hands-on examples of risk-based stewardship and oversight, and completed multiple internal reviews to monitor the implementation of its risk-based approach. Over the years, we enhanced our risk-based approach to project involvement by improving consistency, systematically considering risk, and using data more effectively. We are continually incorporating Secretarial and Administration priorities, statutes, Executive orders, Office of Management and Budget Circulars, and implementing enterprise risk management.

As the OIG report notes, the issues identified in the Florida Division were based on a limited sample size, and are not indicative of FHWA's oversight in other divisions or at the national level. Due to our monitoring efforts and recent reviews, the FHWA is implementing nationwide improvements to our risk-based approach, including an effort that started a few years ago to revise existing guidance.

Based on our review of the OIG's draft report, FHWA concurs with recommendations 1, 2, 3, 4, 7 and 8 and plans to complete actions to implement the recommendations by December 31, 2021. FHWA partially concurs with recommendations 5 and 6 because

we disagree that we need to “develop and implement guidance.” As noted above, the FHWA has a long history of implementing a risk-based approach to project involvement. We currently are updating our process to ensure that FHWA has a documented, criteria-based approach. Specifically, for recommendation 5, we agree to update and implement guidance for documenting, in risk-based project oversight plans and associated materials, the scope of FHWA’s risk-based involvement, such as using checklists or example templates. For recommendation 6, we agree to, update and implement guidance that establishes criteria for the content of risk-based oversight plans to maintain consistency and avoid creating multiple redundant plans. FHWA plans to include examples of complete project oversight plans that can be used as a reference, and clarify the role and purpose of the oversight plan for major projects. We plan to complete actions to implement recommendations 5 and 6 by December 31, 2021.

We appreciate the opportunity to review the OIG draft report. Please contact Hari Kalla, Associate Administrator for Infrastructure, at 202-366-0370 with any questions.

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