

Memorandum



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Audit Announcement -
FHWA's Stewardship and Oversight
Agreements with States
Project Number 11U3003M000

Date: May 2, 2011

From: Joseph W. Comé 
Assistant Inspector General
for Highway and Transit Audits

Reply to JA-40
Attn. of:

To: Federal Highway Administrator

The American Recovery and Reinvestment Act of 2009 (ARRA)¹ invested \$27.5 billion in the Nation's highway infrastructure, resulting in about 13,000 new projects across the country. The Federal Highway Administration (FHWA) is responsible for overseeing this substantial investment, in addition to the approximately \$40 billion in Federal-aid funds provided to states annually for highway projects. FHWA delegates much of the oversight responsibility for highway projects to states, but it is ultimately accountable for ensuring that projects meet established Federal requirements. In addition, FHWA and states must adhere to new ARRA time frames, accountability, and reporting standards. However, given FHWA's and the states' limited resources, ARRA further challenges their ability to oversee Federal highway projects.

To meet the challenge, FHWA and states use Stewardship and Oversight Agreements (agreements) to define Federal and state oversight roles and responsibilities. As required by Federal law, FHWA's Division Offices have agreements in place with the states, the District of Columbia, and Puerto Rico. FHWA guidance directs Division Offices to update agreements to reflect new risks posed by ARRA. However, the results of our prior ARRA work showed that these agreements were not always updated to reflect changes in Federal requirements.

Accordingly, our objective is to determine whether FHWA provides sufficient guidance and direction to its Division Offices so that Stewardship and Oversight Agreements address Federal requirements and program risks, including those resulting from ARRA.

¹ Pub. L. No. 111-5 (2009).

We plan to begin this audit the week of May 9, 2011, and to conduct the audit at FHWA Headquarters and other locations, as necessary. We will contact your audit liaison to schedule an entrance conference and explain our audit in further detail. If I can answer any questions or be of assistance, please contact me at (202) 366-5630 or David Pouliott, Program Director, at (202) 366-1844.

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cc: Audit Liaison, OST
Audit Liaison, FHWA