In 2013, the Federal Highway Administration (FHWA) authorized approximately $1.7 billion for preliminary engineering on State highway and bridge projects. Preliminary engineering includes the costs of preparing project plans, specifications, and cost estimates, and conducting related studies. Highway projects using Federal funds for preliminary engineering are generally expected to proceed to the right-of-way or construction phases. For projects that do not proceed within 10 years after funds were first made available, Federal law requires States to reimburse the Highway Trust Fund for Federal funds spent on preliminary engineering. However, FHWA may allow States to extend the preliminary engineering phase. We are initiating this audit to assess whether FHWA has effective processes in place to (1) account for Federal funds used for preliminary engineering on highway projects and (2) ensure States reimburse the Highway Trust Fund for Federal funds spent on preliminary engineering when required by Federal law.

We plan to begin the audit in the first week of September and will contact your audit liaison to schedule an entrance conference. The audit will take place at FHWA Headquarters and other sites as needed. If you have any questions, please contact me at (202) 366-5630, or David Pouliott, Program Director, at (202) 366-1844.

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cc: FHWA Audit Liaison, HAIM-13
    DOT Audit Liaison, M-1

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1 23 United States Code § 102(b).