



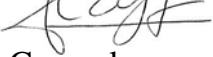
# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION**: Audit Announcement –  
FHWA’s Oversight of Preliminary Engineering  
on Highway Projects  
Federal Highway Administration  
Project No. 14M3007M000

Date: August 19, 2014

From: Thomas E. Yatsco   
Assistant Inspector General  
for Surface Transportation Audits

Reply to  
Attn. of: JA-30

To: Federal Highway Administrator

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.<sup>1</sup> 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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<sup>1</sup> 23 United States Code § 102(b).