

Memorandum




U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Subject: **INFORMATION:** Audit Announcement -
FHWA's Oversight of High Dollar ARRA
Highway Projects
Project Number 10U3008M000

Date: January 20, 2010

From: Joseph W. Comé 
Assistant Inspector General
for Surface and Maritime Program Audits

Reply to JA-40
Attn. of:

To: Federal Highway Administrator

The American Recovery and Reinvestment Act of 2009 (ARRA)¹ provided \$27.5 billion to the Federal Highway Administration (FHWA) for ARRA highway infrastructure investments, and required FHWA to ensure that states receiving ARRA funds adhere to all Federal-aid highway program requirements. The failure to do so could adversely impact project costs, quality, and construction schedules. The risks are greater for higher dollar value projects, as these projects have additional requirements. For example, highway projects with estimated costs of \$25 million or more are required to carry out value engineering analysis, which is designed to increase quality and minimize costs. Accordingly, our audit objective will be to determine whether FHWA's oversight of selected higher dollar value ARRA projects has resulted in project compliance with key Federal-aid highway requirements for cost, quality, and construction schedule.

We plan to begin the audit on or before January 29, 2010. We will conduct the audit at FHWA Headquarters and Division Offices and selected state transportation departments, and will contact your audit liaison to schedule an entrance conference. If I can answer any questions or be of further assistance, please contact me at (202) 366-5630 or David Pouliott, Program Director, at (202) 366-1844.

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

¹ Pub. L. No. 111-5 (2009).