



## UCI Tri-Annual Meeting

DOT – OIG Audit & Action Plan

Local Government Training (Partnership with TTA)

November 17, 2011

**Russ Dudley**

Local Assistance Division

# UCI Tri-Annual Meeting

## US DOT Audit and VDOT Action Plan

### History of LAP Audits

- FHWA National Process Review (2006)
- Virginia Baseline Survey of Federal-aid LAP Program (2007)
- Joint Process Review of Local Government Administered Federal-aid Projects (FHWA) - 2008
- Local Government Aid Internal Audit – 2009
- USDOT OIG ARRA Review – Feb 2010
- Performance Audit of Significant Operations of VDOT – August 2010
- FHWA ARRA National Review Team Visits – 2010/11
- GAO Review – Feb 2011

# UCI Tri-Annual Meeting US DOT Audit and VDOT Action Plan

Most recent: US DOT OIG Audit

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*Office of Inspector General*  
***Audit Report***

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**FEDERAL HIGHWAY ADMINISTRATION'S  
OVERSIGHT OF FEDERAL-AID AND  
RECOVERY ACT PROJECTS ADMINISTERED  
BY LOCAL PUBLIC AGENCIES  
NEEDS STRENGTHENING**

*Federal Highway Administration*

*Report Number: MH-2011-146*

*Date Issued: July 15, 2011*



The logo for the Virginia Department of Transportation (VDOT), consisting of the letters 'VDOT' in a bold, white, sans-serif font on a blue background.

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## US DOT Audit and VDOT Action Plan

### Objectives of Audit:

- “... to assess the effectiveness of FHWA’s process to improve state oversight of LPA projects.”
- “... to determine whether FHWA has taken actions to reduce risks identified with locally administered projects.”

### Reviewed:

1. The extent of LPA compliance with federal requirements.
2. The effectiveness of FHWA’s actions in ensuring that states have adequate LPA oversight programs.

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Where did they look and who did they include?



- 59 Projects
- 29 Localities
- Four States
- FHWA – Divisions
- FHWA - HQ

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## Extent of LPA compliance with federal requirements?

- “LPAs HAD A HIGH LEVEL OF NONCOMPLIANCE WITH FEDERAL REQUIREMENTS”
- “Most prevalent were shortcomings related to construction management requirements”
- 12 “project activities” were reviewed; 7 with highest levels of noncompliance:

Change orders & claims (79% - 42)	Project bidding, contractor selection, unbalanced bid analysis (73% - 30)
Utility Agreements / reimbursements (67% - 3)	Consultant selection & billing (63% - 24 )
CN pay items / progress payments (49% - 45)	Project Reporting / Tracking (44% - 39)
QA procedures** (39% - 44)	

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## US DOT Audit and VDOT Action Plan

**“Unsupported Costs”** - constant theme in audit report.

- Insufficient engineering calculations demonstrating measurement of quantities invoiced
- Lack of documentation to substantiate work hours associated with change orders
- No evidence of documented cost analysis to support change orders
- Inadequate field diaries to substantiate work hours, equipment, & materials

**\$5 M of unsupported project costs in 33 of 59 projects reviewed.**

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## US DOT Audit and VDOT Action Plan

### Findings specific to FHWA:

**“Division offices do not assess the adequacy of state LPA oversight programs fully and uniformly, limiting ability to make meaningful comparisons between states ...”**

**“FHWA HQ does not accurately report the status of states’ LPA oversight programs because state assessments are not based on objective criteria and do not sufficiently focus on whether states administer federally funded projects in compliance with federal requirements.”**

**“FHWA HQ does not independently assess or enforce corrective action plans that are needed to improve states’ oversight of LPAs”**

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***“Due to similarities in the approach to LPA oversight in other states, the extent of noncompliance and unsupported costs found suggest the potential for broader vulnerabilities ... in other parts of the country”***

**What does this mean to us???**

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## US DOT Audit and VDOT Action Plan

- **Awareness –**
  - **Ensure that localities are aware of the identified high risk areas and their responsibility to address them.**
    - Audit Report posted on LAD webpage
    - Subject of next LAD Newsletter (Fall)
    - Additional guidance for those providing construction oversight
- **Provide Training\*\* –**
  - **Provide localities with additional training opportunities that specifically target the audit findings.**
    - Supplement the Web-based core curriculum
    - Partnering with TTA to provide additional classroom training
    - Partnering with FHWA for additional materials quality assurance training
- **Assessments –**
  - **Evaluate localities' conformance with VDOT LAP guidelines and requirements regarding the identified high risk areas as part of the compliance program.**

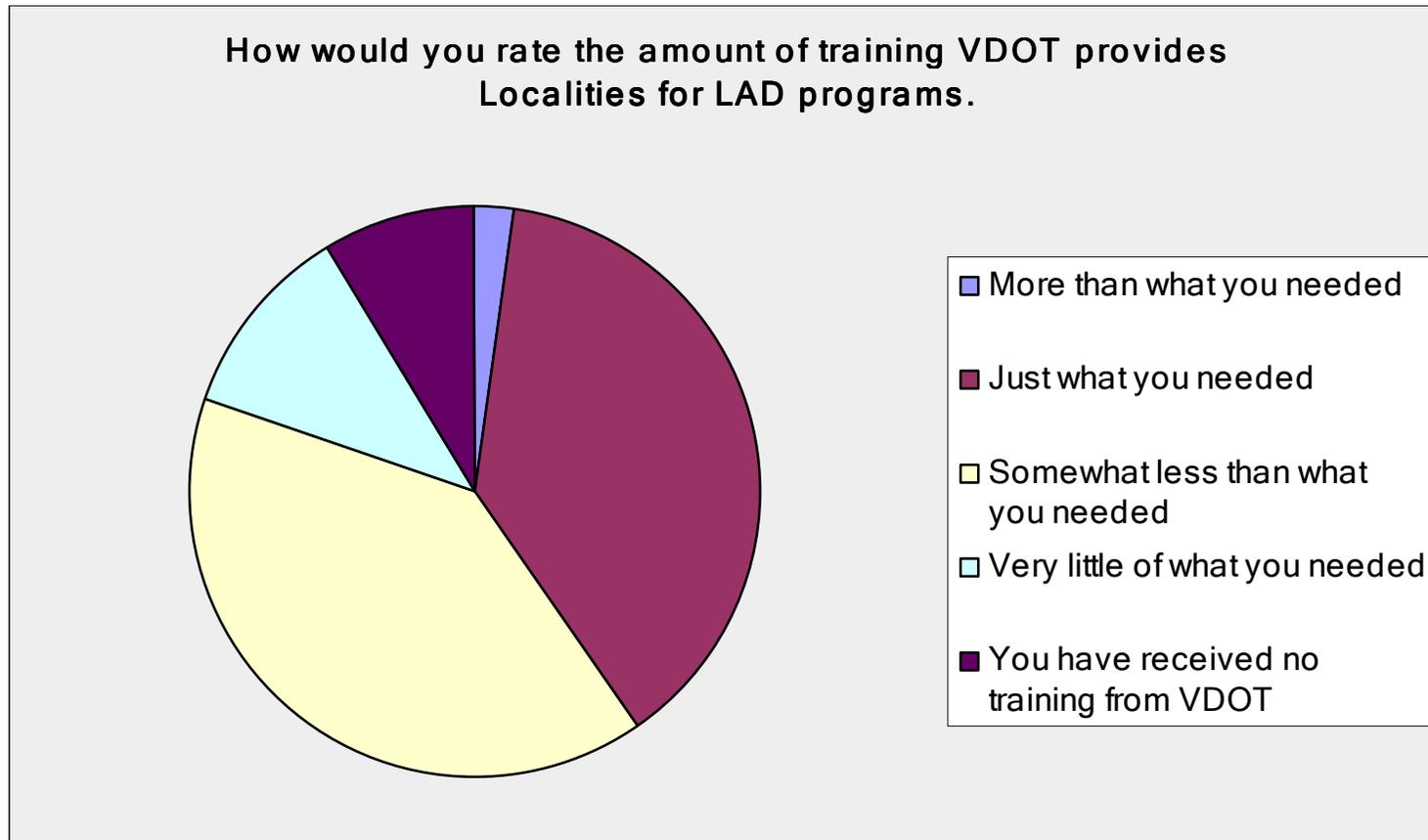
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US DOT Audit and VDOT Action Plan

Local Government Training (Partnership with TTA)

# UCI Tri-Annual Meeting Local Government Training (Partnership with TTA)

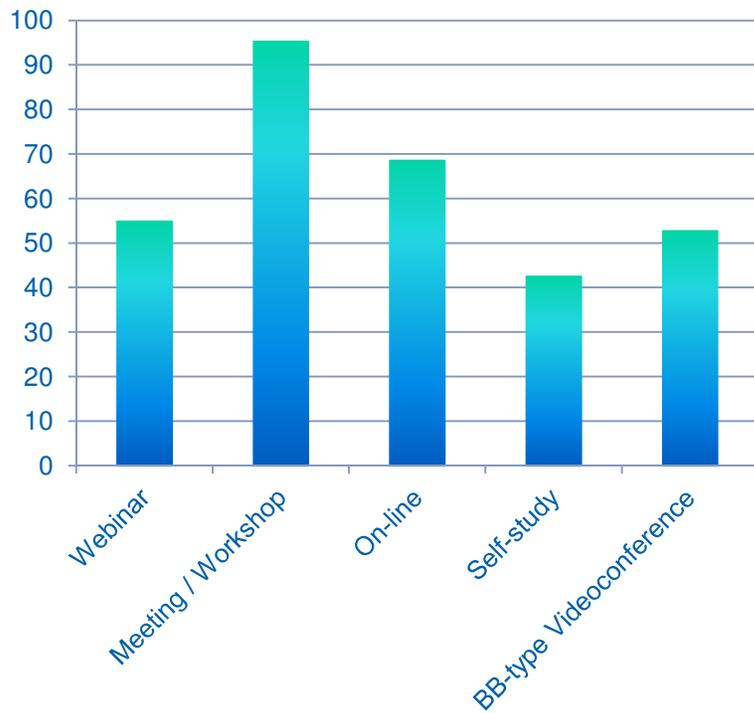
## LAD 18-month Goal: Increased Outreach and Training



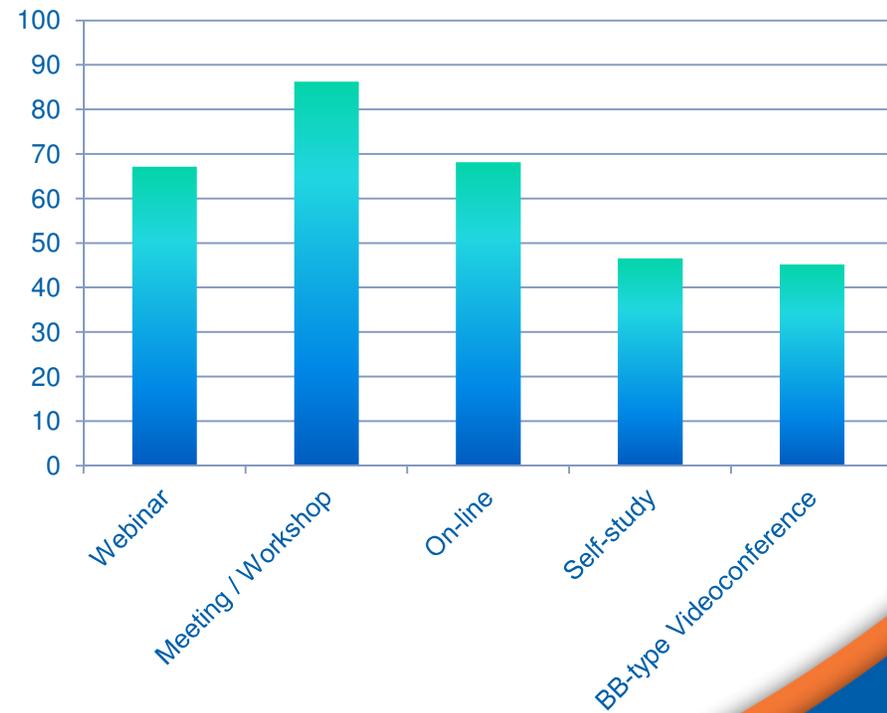
# UCI Tri-Annual Meeting Local Government Training (Partnership with TTA)

## Local Assistance Division Survey Preference for Training Types

**% Prefer to Strongly Prefer  
VDOT Staff**



**% Prefer to Strongly Prefer  
Localities**



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## Local Government Training (Partnership with TTA)

### What's our Plan for Continued Outreach and Training?

- Continue to emphasize Local Government core curriculum on-line training
- Develop short topic-specific on-line modules
- Work more closely with TTA (LTAP) to bring more training to localities

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## Local Government Training (Partnership with TTA)

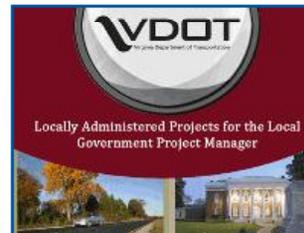
- Continue to emphasize core curriculum on-line
- Addition of new NHI On-line Modules

### Locally Administered Projects Core Curriculum:

- [Brochure](#)



[Introduction to Locally Administered Projects](#)



[Locally Administered Projects for the Project Manager](#)

### Web-based self-paced courses available from NHI

- [Introducing Highway Federal-Aid](#)
- [Introduction to NEPA and Transportation Decision-Making](#)
- [Real Estate Acquisition Under the Uniform Act: An Overview](#)

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## Local Government Training (Partnership with TTA)

**Develop short topic-specific on-line modules**

**- Focus on LAP Manual Chapters**

Locally Administered Projects Manual

<i>Part</i>	<i>Last updated</i>	<i>PDF</i>
Table of contents	Jan.27, 2011	 554 KB
Preface	July 1, 2011	 602 KB
Index	Jan. 27, 2011	 484 KB
<b>Part 1- Program development</b>	n/a	n/a
1. VDOT policy	July 1, 2009	 106 KB
2. Qualifications for federal and state-aid project administration	Jan. 27, 2011	 584 KB
3. Roles and responsibilities	May 31, 2011	 628 KB
4. Resources for local governments	May 31, 2011	 593 KB
5. State-funded projects and special programs	April 29, 2010	 795 KB
6. Certification program (Reserved)	July 1, 2009	 100 KB
7. Assessment/audit program requirements	May 31, 2011	 715 KB
8. Project initiation and authorization	July 29, 2010	 610 KB
9. Project development overview/summary	July 22, 2011	 990 KB
<b>Part 2- Project management</b>	n/a	n/a
10. Project administration and agreements	May 31, 2011	 729 KB
11. Consultant procurement	May 31, 2011	 1.4 MB
12. Project development	Oct. 3, 2011	 1.4 MB
13. Project delivery (construction administration)	April 29, 2011	 2 MB
14. Project close-out	May 31, 2011	 762 KB
<b>Part 3- Standards and practices for locally administered projects</b>	n/a	n/a
15. Environmental requirements	January 2011	 1.3 MB
16. Right of way	May 31, 2011	 1 MB

*Click below for Chapter Overview*



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## Local Government Training (Partnership with TTA)

**Work more closely with TTA to bring more training to localities**

**- Locally Developed Training**

**- NHI Courses – combined VDOT / Local Staff Attendance**

### 2012 Proposed Training

New Project Coordinator Training (October 2011)

*Intro to NEPA; 2 sessions*

Materials QA Overview / Contract Work Orders / Project Documentation; 3 sessions (Feb - April 2012)

*Historic Preservation – Section 106 Compliance*

*NHI - Contract Administration Core Curriculum ; 2 sessions*

*Transportation Construction Quality Assurance*

Intro to R/W for LPAs

*Transportation Project Development*

Federal Aid Abbreviated / LAP Introduction

*LAD Statewide Project Development / Programs Workshop*

# Questions?

If you have any additional questions:  
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