

# FHWA Compliance Assessment Program (CAP) Guidance

## Background

The goal of risk-based project stewardship and oversight is to optimize the successful delivery of programs and projects and help ensure compliance with federal requirements. FHWA Risk-Based Project Stewardship and Oversight involves three main avenues of project involvement: 1) project approval actions, 2) data-driven compliance assurance, i.e., the Compliance Assessment Program (CAP), and 3) risk-based stewardship and oversight involvement in Projects of Division Interest (PoDI), including Projects of Corporate Interest (PoCI) which are a subset of PoDIs (See Figure 1.)

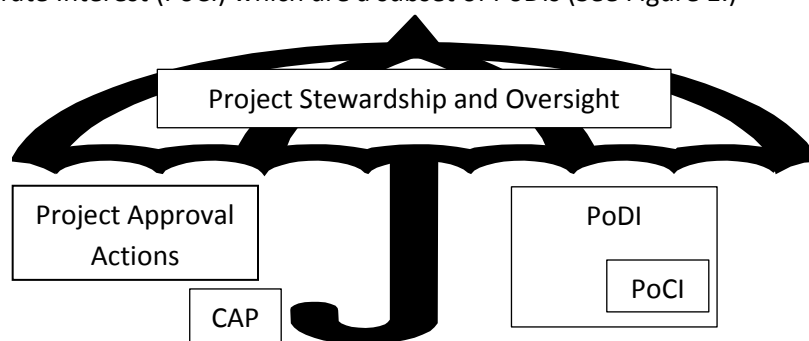


Figure 1.

## Compliance Assessment Program

The purpose of the Compliance Assessment Program (CAP) is to help provide reasonable assurance that Federal-aid highway projects comply with key federal requirements. The CAP helps provide this assurance by assessing a statistically valid sample of projects such that the results inform the FHWA, with an acceptable level of certainty, of the degree of compliance. The approach is objective, defensible, and will inform the development of Corporate and Unit risk assessments with statistically valid information and data. The CAP is one element of project stewardship and oversight and will supplement and strengthen the agency's movement toward being more data-driven and risk-based. The CAP will be implemented on a 3-year cycle that includes both a National-level and a Division-level assessment.

## CAP Implementation

### Project Population

The CAP program will be implemented each year for a pre-determined population of projects. To ensure consistency, the project population will be drawn from the FHWA Financial Management Information System (FMIS) for each Division Office (Division). The population could change from year to year depending on whether it is a National-level or Division-level focus as described below.

## Sample Size

A project sample size will be determined from the project population using the established statistical criteria shown below. These criteria have been selected in consultation with Agency leadership and in consideration of the tradeoff between statistical accuracy and available resources. All criteria fall within acceptable ranges for government program assessment, industry, and academia.

- 90% Confidence Level – the amount of uncertainty you can tolerate
- 10% Margin of Error – the amount of error you can tolerate
- 50% Response Distribution - the expected response to the question

## Randomly Sampled Projects

Projects will be randomly sampled from the project population in an amount equal to the sample size using randomizing software.

## Substitution of Randomly Sampled Projects

If a randomly sampled project is not a good candidate for a CAP review, then the Division may request a randomly sampled substitute project from the Program Management Improvement (PMI) Team. In order to preserve the statistical integrity of the process, it is expected that the issuance of substitute projects will be rare and will not be based only on perceived low risk. Examples of projects that could require a substitution include:

- Projects that should not have been in the project population. For example, projects that were mistakenly authorized for construction.
- Projects that were initially authorized for construction but will not advance. For example, projects that the state has pulled from lettings or will not award.
- Projects that are currently in litigation or under scrutiny by other oversight agencies and where additional project review could interfere with those proceedings.

## Standard CAP Guides

### 1. Core Question Guide

The Core Question Guide includes compliance questions for key regulatory requirements. The guide will be updated annually and questions may change depending upon historical compliance trends or emerging emphasis areas. The Core Question Guide will be required to be used by all Divisions on all randomly sampled projects in each year.

### 2. Corporate Review Guide

A Corporate Review Guide will be developed if FHWA determines that it is necessary to conduct an Agency-level review of current or potential risks or key emphasis areas. The review topic and questions will depend upon the risks or issues being examined, and an Agency-level review may not be necessary each year. The Corporate Review Guide will be required as outlined in the

Guide instructions and may only be applicable to a certain population of projects or a certain group of Divisions depending on the objective of the assessment.

### 3. Technical Review Guides

The Technical Review Guides will be developed by program and technical specialists within FHWA and provided by the Directors of Field Services to the Division for use in the CAP program. Divisions are encouraged to take advantage of the statistical sample of projects and strategically use the Technical Guides to assess known risks or validate perceived risks. The Technical Guides are optional and may be used to supplement the Core Question Guide and the Corporate Review Guide.

## **CAP Review Reporting**

Divisions will conduct CAP reviews for projects that have been randomly sampled from the applicable project population. Divisions may conduct these reviews in any order that they determine appropriate; however, they should attempt to conduct reviews throughout the course of the year such that there is steady progress toward completion of all required reviews by the end of the performance year.

Divisions will directly validate the answers to each CAP question with source documentation. It is not necessary to retain copies of source documents in individual project files; however, source documentation supporting CAP responses must be readily available at either the Division office or State DOT office(s) and produced if needed for audits or quality assurance reviews.

The responses and information from the Core Question Guide and the Corporate Review Guide (as applicable) will be entered into the CAP SharePoint Site (<http://our.dot.gov/office/fhwa.dfs/cap/default.aspx>) as reviews are completed. The results will be evaluated and summary reports will be provided each year to Agency and Division leadership. The results will be used to inform strategic and unit planning, corporate and unit risk assessment, and stewardship and oversight initiatives. Similarly, Divisions are encouraged to evaluate the results from the Technical Guides to inform unit planning, risk assessment, and stewardship and oversight initiatives.

## **CAP Review Cycle**

The CAP project populations will be adjusted on a 3-year cycle for a National-level assessment in the first year and more targeted Division-level assessments in the subsequent two years. This 3-year cycle allows time between National-level assessments to implement response strategies for compliance findings, and gives flexibility to Divisions to focus on specific areas of concern. It also allows the Corporate Review Guide to be used on the National population during the first year or on a more targeted population during the superseding years.

### **3-Year Cycle**

Year 1: National-level Assessment (PY15)

Year 2: Division-level Assessment (PY16)

Year 3: Division-level Assessment (PY17)

### **National-level Assessment**

The National-level assessment will be conducted in PY 2015 in order to validate compliance with core regulatory requirements and to assess key Agency-wide emphasis areas as necessary.

#### *Project Population:*

The project population for the National-level assessment will include all projects authorized for construction or advance construction within the last 12 months and will generally be pulled from FMIS on April 1<sup>st</sup> of each year. Table 1 shows CAP sample size with respect to project population using the established criteria.

### **Division-level Assessment**

The Division-level assessment will be conducted in Years 2 and Year 3 to validate compliance with core regulatory requirements and to focus on specific Division area of concern. The Division will have the option to filter its project population to provide this focus. If there is a corporate concern in a particular risk area, a Division might be required to sample a specific project population as part of their assessment. For example, in a State that has an elevated risk related to locally administered projects, Divisions might be required to sample a population of locally administered projects and use a specific Corporate Review Guide. Other Divisions would have the flexibility to filter their project population at their discretion.

#### *Project Population:*

The project population for the Division-level assessment will include all projects authorized for construction or advance construction within the last 12 months and will generally be pulled from FMIS on April 1st of each year. Table 1 shows CAP sample size with respect to project population using the established criteria.

#### *Filtered Population (optional):*

Unless there is a specific Agency concern that requires a specific population, Divisions will have the option to filter the project population using any combination of these standard FMIS fields:

1. Project location – population targeted to projects in specific counties
2. Total cost – population filtered for projects in a specific range of total cost
3. State-administered projects – population filtered for projects that are State administered
4. Locally-administered projects – population filtered for projects that are locally administered
5. Project improvement type – population filtered for projects with specific improvement types
6. Emergency relief – population filtered for emergency relief projects

Divisions that elect to filter their population will coordinate with the PMI Team to identify the filtered population, sample size, and randomly sampled projects. The combination of FMIS criteria must not reduce the sample size to less than 30 projects.

**Sample Size Criteria:**

Confidence Level	90%
Margin of Error	10%
Response Distribution	50%

**Table 1: CAP Sample Size for Project Population Range**

Project Population			Sample Size
1	to	30	census
31	to	53	30
54	to	56	31
57	to	59	32
60	to	63	33
64	to	67	34
68	to	71	35
72	to	75	36
76	to	80	37
81	to	85	38
86	to	90	39
91	to	96	40
97	to	102	41
103	to	109	42
110	to	116	43
117	to	124	44
125	to	132	45
133	to	141	46
142	to	151	47
152	to	162	48
163	to	175	49
176	to	188	50
189	to	204	51
205	to	221	52
222	to	241	53
242	to	263	54
264	to	289	55
290	to	320	56
321	to	357	57
358	to	400	58
401	to	454	59

<b>Project Population</b>			<b>Sample Size</b>
455	to	523	60
524	to	612	61
613	to	732	62
733	to	905	63
906	to	1172	64
1173	to	1641	65
1642	to	2684	66
2685	to	6991	67
6992	to	up	68