

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.)

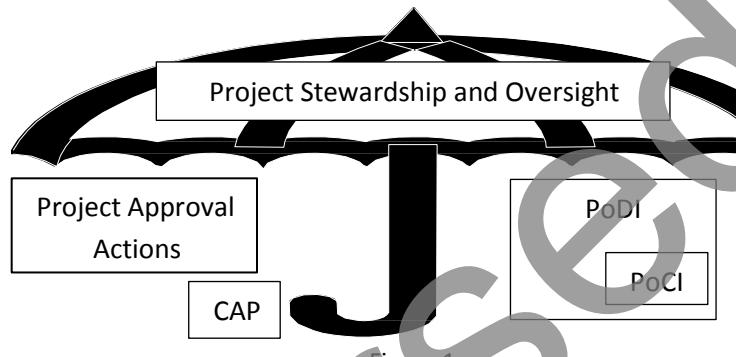


Figure 1

Compliance Assessment Program

The purpose of the 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 to 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 FHWA'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 Office (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. 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 FHWA 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 tolerable uncertainty
- 10% Margin of Error – the amount of tolerable error
- 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 a State has pulled from letting 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 FHWA-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 FHWA-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 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 (internal FHWA site) as reviews are completed. The results will be evaluated and summary reports will be provided each year to FHWA 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 FHWA-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 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, the Division 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 1 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 FHWA 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. Demo projects – population filtered for projects that are earmarked
7. Project type – population filtered for projects with specific project types
8. Functional system classification – population filtered for projects with specific functional classifications

Divisions that elect to filter their population will coordinate with the PMI Team to identify the filtered population, sample size, and randomly sampled 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
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