

Stewardship & Oversight Agreement & The Recovery Act

**NCDOT Resident Engineer's Workshop
February 9, 2010**

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Purpose

- Agreement on the administration of Federal-aid highway projects.
- Identifies roles and responsibilities.
- NCDOT/FHWA Agreement originally created October 1998.



Why the Need to Revise?

- OIG and GAO raised concerns.
- Agreements with the various States are not consistent.
- Agency faced with increased oversight workload with the passage of SAFETEA-LU.



History

- Previous Agreement implemented 10/29/1998 and revised 11/2/2001
- FHWA S&O Agreement Guidance released May 2006
 - Update S&O's by FY 2009
- FHWA/NCDOT development meetings Nov. 2007 - April 2008
- S&O revitalized and finalized June – August 2009



Basic Terminology

- **Full Oversight Projects**
 - Projects that require FHWA to review and approve actions pertaining to design, plans, specifications, estimates, right-of-way certification statements, contract awards, inspection, and final acceptance of Federal-aid projects on a project by project basis.
- **Delegated Authority Projects**
 - Projects in which the NCDOT ensures compliance with Federal-aid requirements and assumes review and approval actions for FHWA.



Program and Project Responsibilities

- Explains the roles and responsibilities of FHWA and NCDOT on:
 - Full oversight and
 - Delegated authority projects
- Describes actions and approvals where FHWA retains authority
- Defines full oversight vs. delegated authority projects



Program and Project Responsibilities Cont'd

- Includes project responsibilities chart

FHP Project Oversight Responsibilities Chart

Project/Work Type	FHWA	NCDOT Delegated Authority
NHS - Interstate Design -Adding lanes -Adding or modifying an interchange -Projects to be added to the interstate system -Major or unusual structures utilizing innovative design standards, material, or construction methods as defined in FHWA Order 5520.1.	Full oversight through concurrence in award.	N/A
NHS – Interstate Construction		Assumed Oversight Authority
NHS – Non-Interstate Design -Adding lanes -Adding or modifying an Interchange -Projects to be added to the NHS system -Major or unusual structures utilizing innovative design standards, material, or construction methods as defined in FHWA Order 5520.1.	Full oversight up to the approval of the final planning document.	Assumed Oversight Authority from the final planning document to PS&E.



Program and Project Responsibilities Cont'd

- Includes program responsibilities narratives:
 - Bridges and Structures
 - Civil Rights
 - Design and Construction (Maj Proj, ITS, Pavements, Research, etc)
 - Environment
 - Finance
 - Planning/Programming (note functions cannot be delegated)
 - Right of Way
 - Safety



Methods of Oversight

- Addresses processes to be used by NCDOT and Division
 - Program assessments
 - Joint risk assessment
 - Self assessment
 - Sharing best practices
 - Program Reviews
 - Ensure compliance with federal requirements
 - Identify areas for efficiencies & improvements
 - Identify exemplary practices



Methods of Oversight Cont'd

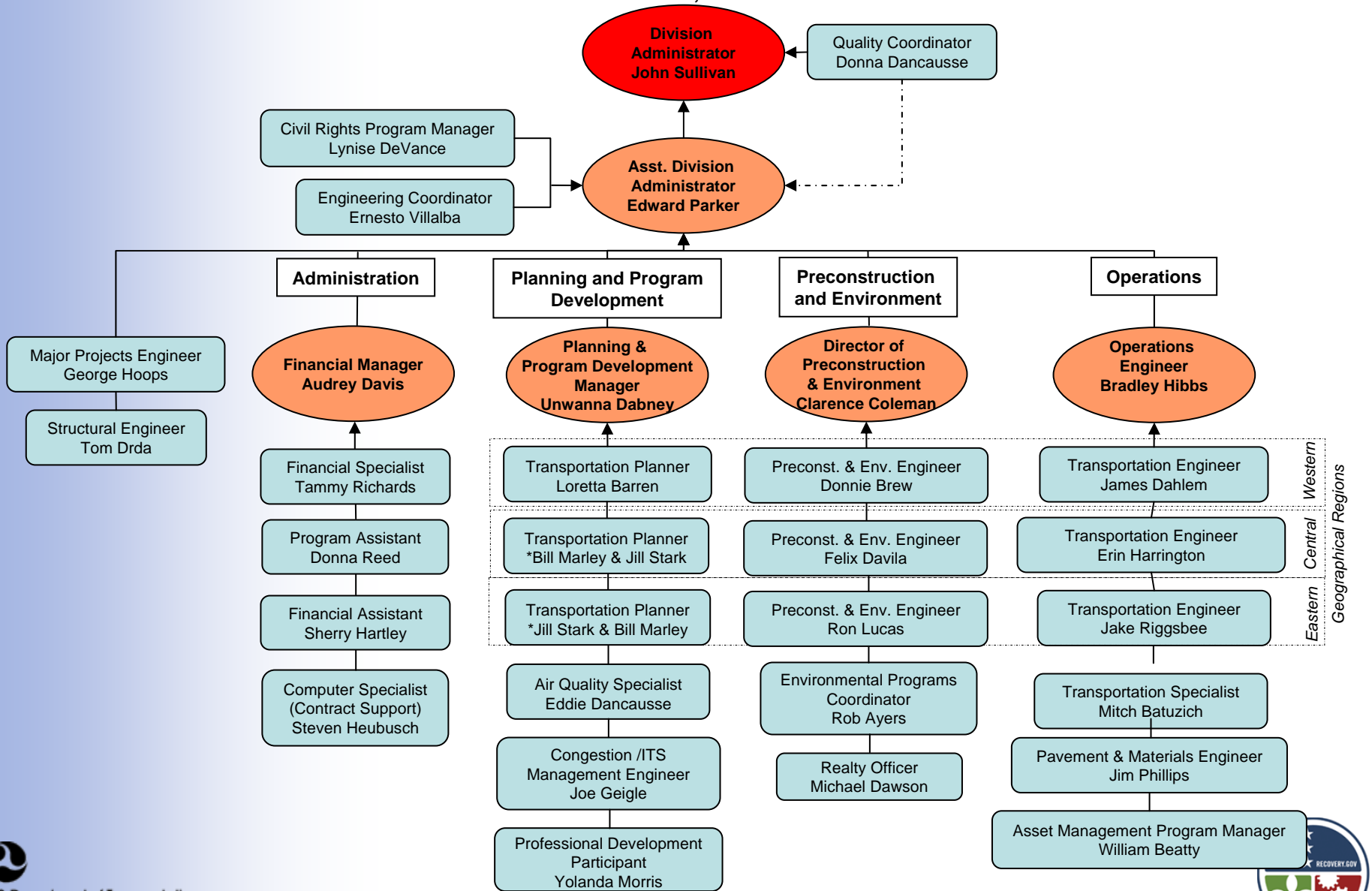
- - Program Management
 - Daily Stewardship
 - Routine program approval actions
 - Technical Assistance
 - Participate on Joint Committees/Teams
 - Promote new program initiatives and concepts



FHWA North Carolina Division Organization Chart

(Shows Official Position Title)

June 18, 2009



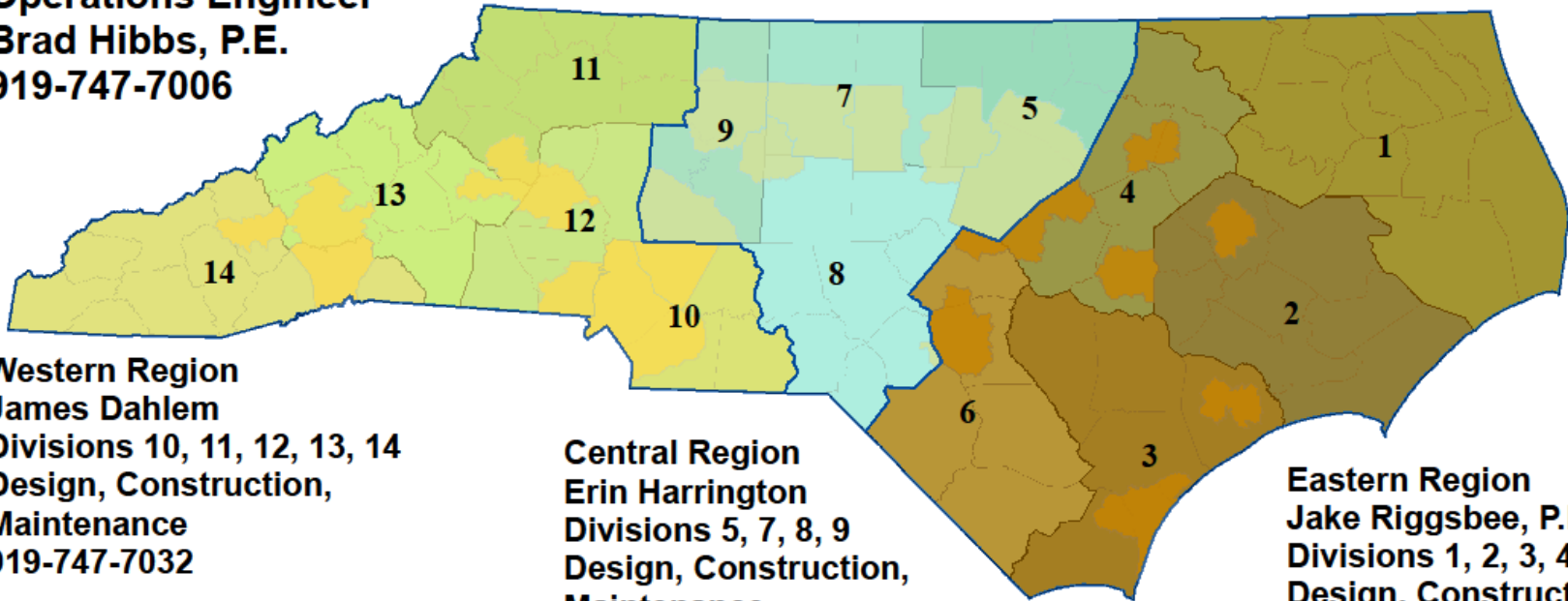
* - Primary Planner for Region



North Carolina Division, Federal Highway Administration
John F. Sullivan III, P.E., Division Administrator
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Major Projects Engineer
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Tom Drda, P.E.
Structural Engineer
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William Beatty
Asset Management
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Changes in Oversight

- NHS – Interstate
 - FHWA full oversight on projects which add lanes, add/modify interchange, new interstate additions, and major/unusual structures
 - Full oversight up to concurrence and award
 - Construction oversight assumed by NCDOT



Changes in Oversight

- NHS – Non-Interstate
 - Type of project criteria is the same as interstate
 - FHWA full oversight up to final planning document
 - NCDOT oversight from final planning document to construction



Changes in Oversight

- Non-NHS
 - NCDOT assumed oversight authority
- Locally Administered Projects
 - NCDOT assumed oversight authority
- Major Projects
 - Full oversight



Implementation

- In effect since August 31, 2009
- Annual Meeting (1st in July 2010)
 - Feedback on changes/deficiencies
 - Identify the types of process and program reviews to conduct based on risks
 - Includes construction oversight/involvement
 - Develop joint performance metrics
 - Create upcoming year work plan





American Recovery and Reinvestment Act of 2009 a.k.a. ARRA



Funding

Current Amount of North Carolina Recovery Act Funds Authorized

Total Available:	\$735,526,684	
Total Authorized:	\$695,031,877	94%
Adjusted:	\$599,765,030	81.5%

- Unobligated funds subject to redistribution on March 2, 2010
- Obligation deadline = September 30, 2010
- Expend deadline = September 30, 2015



FHWA Identified Risks

- Oversight of Local Public Agencies
- Quality of PS&Es
- Contract Administration
- Quality Assurance
- DBE Program
- Eligibility of Costs



Risk Area - Oversight of LPA

- Familiarity with Federal Highway Program
- Adequate staffing to supervise and control work
- Adequate processes and procedures to ensure eligibility of expenses.



Local Public Agencies Update

- 91 LPA ARRA Projects Obligated for total of \$43 million.
- Award and Concurrence of LPA Construction Contracts Nearly Complete
- Construction Oversight is a Risk Area (record keeping, DBE, QC/QA, inspections)



Local Public Agencies Update

- Federal-Aid Workshops Planned for February and March
- LPA Program Document
- NCDOT DBE Compliance Reviews Planned for LPA Projects
- Prepare for Another Round of ARRA Funding?



Risk Area - PS&E Quality

- Preparation, Submission, and approval
 - Quality of cost estimates
 - Quality of schedule estimates
- Authorization



Risk Area - Contract Administration

- Procurement
- Bidding and Award
- Management of contract terms and changes



Risk Area - Quality Assurance

- Construction Quality
 - Workmanship
 - Skills & Knowledge; Monitoring and Inspection; Contract Compliance
 - Staffing
 - Documentation and Record Keeping



Risk Area - Quality Assurance

- Material Quality
 - Inadequate inspection
 - Inadequate verification of contractor testing
 - Substandard material acceptance and construction
 - Fraud and abuse



Risk Area - DBE Program

- High Risk Elements
 - Program Monitoring and Enforcement
 - Difficulty in meeting DBE goals
 - Attempts to avoid good faith efforts
 - Commercial Useful Function

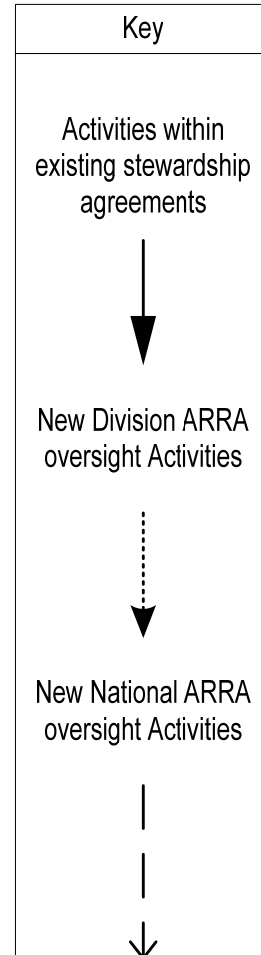
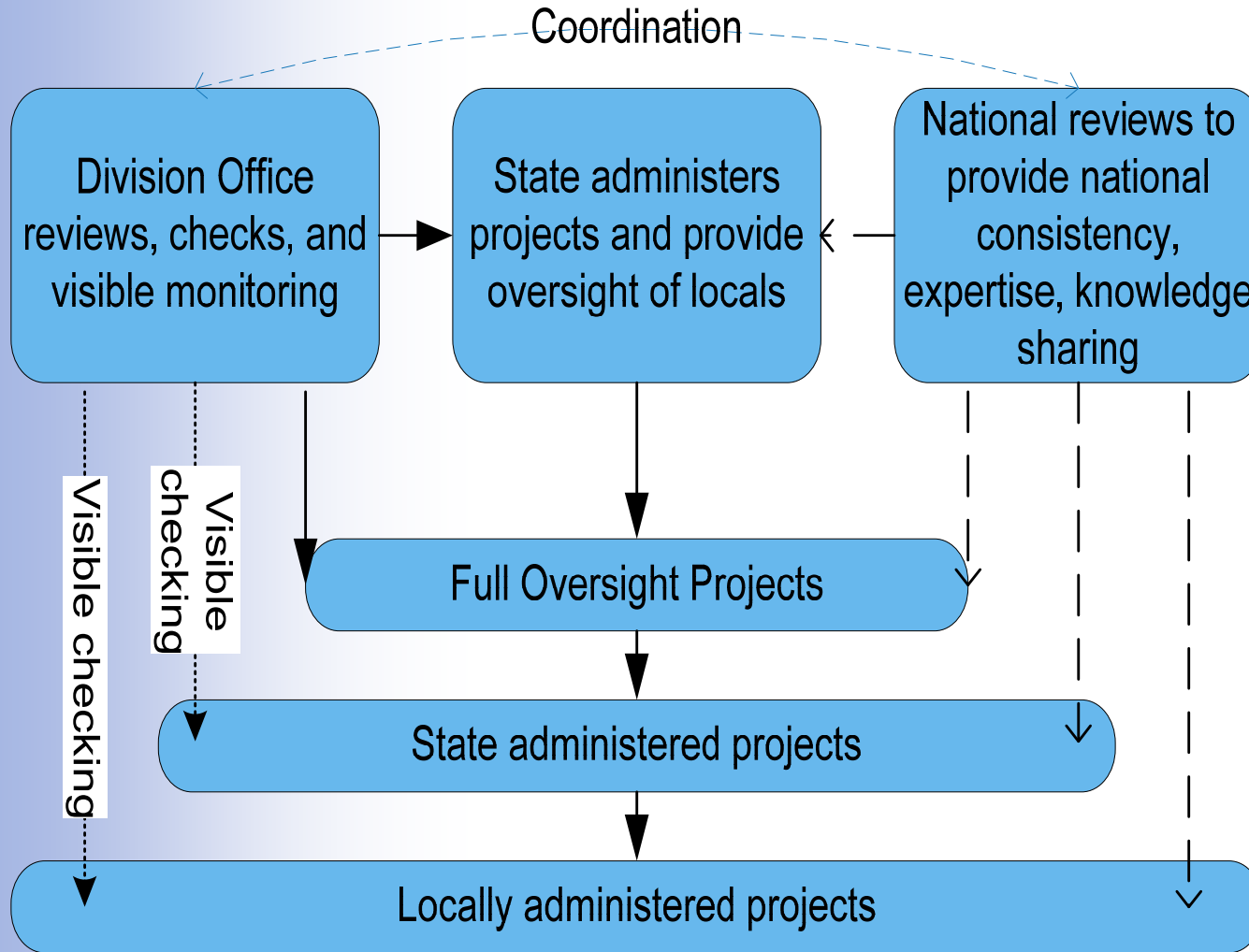


Risk Area - Eligibility of Payments

- Eligibility of work for Federal funding
- Internal controls for billing for Federal funds



Division, State, and National Oversight



ARRA 2?

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