



U.S. Department
of Transportation

**Federal Highway
Administration**

Michigan Division **Risk Based Project Involvement Guidance**

September 2021



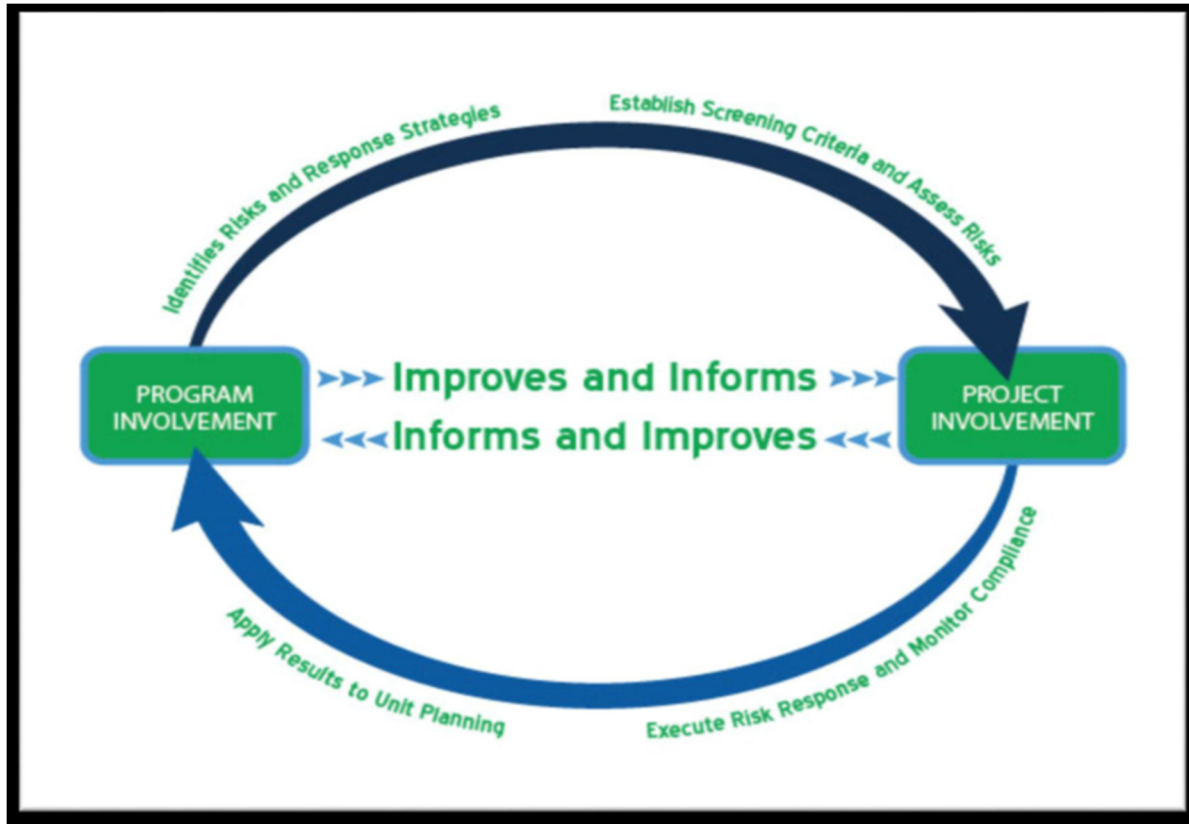
Risk Based Project Involvement Guidance

Background

The FHWA Michigan Division uses a risk-based stewardship and oversight (RBSO) approach to determine how and when the FHWA is involved in programs and projects, while remaining consistent with statutes, regulations, Executive orders, and administrative and financial controls. RBSO integrates risk management into the FHWA performance planning process to identify agency-wide stewardship and oversight (S&O) initiatives. These S&O initiatives span both the national and Division level and include:

- FHWA Division/State S&O Agreements, which document the extent to which a State assumes the responsibilities of FHWA under Title 23 to carry out project responsibilities traditionally handled by FHWA, and describe FHWA oversight activities;
- Required project and program actions administered by FHWA, including project-level actions that FHWA determines cannot, or should not, be assumed by States. This would include review and approval of non-delegated National Environmental Policy Act (NEPA) activities, Planning and Environmental Linkages (PEL's) efforts, Interstate Access Change Requests (IACR's), etc.
- Risk-based project and program involvement, which is a FHWA response to elevated risks or meaningful opportunities to inform and improve programs and meet FHWA objectives. This risk-based involvement includes program and project reviews, situations where FHWA elects to retain a specific project-level decision due to conditions in the State, and instances where FHWA takes on project involvement due to a risk assessment for the particular project; and
- Data-driven compliance assurance checks, through the Compliance Assessment Program (CAP) and the Financial Integrity Review and Evaluation program (FIRE), are used by FHWA to sample projects and inform program compliance.

The figure below illustrates the relationship between program and project involvement, risk management and performance planning. This relationship is useful to consider when planning project activities that respond to project threats or opportunities, and when evaluating the results of those activities.



RBPI 3-Step Process

The Michigan Division follows a 3-step process to select and document projects for oversight action. This process is based on FHWA’s Risk-based Project Involvement (RBPI) Guidance issued September 25, 2020 and supersedes the Projects of Division Interest (PoDI) Guidance issued on May 4, 2015.

Step 1: Screening

The first step in the risk-based project identification process is project screening. FHWA Division staff, with project oversight responsibility, will acquire a 5-year plan from each of the MDOT regions, including planned or potential major projects and discretionary grant. Each responsible staff person will discuss the projects with their MDOT counterparts with regard to project risks and delivery methods to determine which projects fall into the categories listed below. Any projects that do, will be selected to move to step 2 of the process.

Discretionary Grants and Financing

All projects funded or financed through discretionary programs or by statutory direction. These include, but are not limited to, sources such as:



- Infrastructure for Rebuilding America (INFRA) Grants (formerly Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) Grants);
- Better Utilizing Investments to Leverage Development, or BUILD Transportation Discretionary Grant Program (formerly Transportation Investment Generating Economic Recovery (TIGER) projects);
- Surface Transportation System Funding Alternatives Program;
- Advanced Transportation and Congestion Management Technologies Deployment programs; or
- Transportation Infrastructure Finance and Innovation Act (TIFIA).

Major Projects

All major projects as defined by 23 U.S.C. 106(h)

Public Private Partnerships

Any project utilizing private financing.

Unusual Bridges and Structures

All projects that meet the criteria described in the [1998 memorandum on Project Oversight Unusual Bridges and Structures](#)

Program Involvement Findings

Any project that aligns with the current top risk(s) identified during program involvement by the Division office.

Interest

Any project with unusual or heightened interest in its development and delivery from organizations or individuals (e.g. congressional members, State officials, local community leaders/organizations).

Significance

Projects that have national or regional significance.

Innovation or unusual features

Projects that include innovative or experimental features or contracting methods (e.g. Special Experimental Project 14, 15, 16) that are new, or nearly so, to the administering agency. For example, projects that include unusual structures, operations, or design elements.



Administration

Projects being delivered by an entity other than the State DOT, with special consideration to how experienced the project owner is with delivering and administering a federally funded project.

Carry-over projects

Any projects selected in previous years that remain active will be brought forward to determine whether they still present significant risk.

Geographical Distribution

Once the initial list of projects moving to Step 2 are assembled, the E&O unit will consider the geographical distribution of projects to ensure adequate statewide oversight coverage.

Step 2: Risk-Based Project Assessment

The second step in the risk-based project involvement identification process is a risk-based assessment. The shortened list of projects produced in step 1 will be reviewed for specific risks, considering both threats and opportunities. Project managers will consider the following risk areas when determining whether to move a project forward for risk-based involvement:

- Project delivery systems (e.g. management, administration, scheduling, experience),
- Financial management considerations (e.g. cost thresholds, cost controls, funding source, a competitive grant award, PPP, TIFIA10, major projects),
- Complexity (e.g. design/construction features, unusual structure, urgency of restoring a critical facility, need for technical expertise, etc.),
- Environmental considerations (e.g. public involvement and interest, significance, impacts, stakeholders involved),
- National or regional significance, (e.g. serves regional/national transportation needs, expected corporate involvement, high-level of interest), and
- Other State-specific considerations (e.g. geographic coverage, State DOT elevated risks).

Next, the following program related risk factors in making risk-based project involvement decisions will be considered:

- Program involvement findings and program risks;
- Consultation with subject-matter experts and technical specialists;
- Availability of resources;
- Consistency with FHWA objectives, risk policies, and risk appetite;
- Consistency with the Division office's S&O objectives;
- Unit performance planning activities;



- Compliance Assessment Program (CAP) review findings or findings from other reviews and/or audits
- Notification of credible concerns (ie. fraud waste or abuse).

A final list of projects selected for Risk Based Involvement is then assembled by the Engineering and Operations Unit.

Project Oversight Assignment

After the RBPI projects are identified, the selected projects will be distributed among the engineering staff for oversight based on location, workload distribution, and specific identified risk. In some cases, a project's oversight may be conducted by a team of staff established to review a specific project or projects. This will occur most often in cases where specific technical expertise would benefit the project risk oversight. Each project, or group of projects, will be assigned a project manager to ensure the S&O plans are developed and followed through.

When a group of projects are selected for review based on review/assessment findings, a determination will be made on the level of review that will be necessary. This could include a full process review or a more abbreviated review.

Step 3: Development of a Project Specific Risk-Based Project Involvement Stewardship and Oversight Plan

The third step in the process is the development of project specific Risk Based Project Involvement Stewardship and Oversight (RBPI S&O) plan for each project selected. The project specific RBPI S&O plan concisely describes the reason(s) for risk-based project oversight based on the assessment in Step 2. The RBPI S&O plan identifies and documents actions that the Division office will undertake to respond to project risks (threats or opportunities), such as project inspections, compliance reviews, opportunities for innovation, technical assistance and guidance, or post-approval reviews (e.g. spot checks or process reviews). The RBPI S&O plan clearly describes the scope of planned oversight activities and the relationship of the risks (threats or opportunities) to these planned activities.

The RBPI S&O plan will not call for resumption of project approval actions delegated to the State in [Attachment A](#) of the FHWA/MDOT S&O Agreement unless there are elevated risks related to the action(s) and the Division Administrator approves the resumption of the project approval action. The Division Administrator may not delegate this determination within the Division office. When specific S&O risks are identified by the FHWA project manager and concurred with by the E&O manager, documentation regarding the risk will be included in the S&O plan and presented to the Division Leadership Council (DLC). If concurred with, the Division Administrator will sign the S&O plan signifying concurrence.



RBPI S&O plans will be monitored, evaluated, adjusted, and closed throughout the year. Each RBPI S&O plan must be reviewed and updated, at a minimum, once each year by the Project Manager assigned the project to determine if the identified risk(s) remains. Project involvement requires resource planning so updating and closing plans naturally aligns to the Fiscal Year Unit planning cycle.

For projects that are grouped together to review a specific risk, a single S&O plan may be developed that includes reference to all projects. It will be important to ensure the plan is included in the project file for each of the projects reviewed.

Transition from PoDI's to RBPI.

During the initial (2021) project screening and risk assessment process, previously selected Projects of Division Interest (PoDI's) under the 2015 guidance will be screened and assessed along with upcoming 5-year plan projects to determine if they meet the above risk-based selection criteria. Those that do, will require a new project specific Stewardship and Oversight (S&O) plan to be developed that identifies the specific risk and identifies the actions that will be performed and/or documents that will be reviewed. Those that do not, will be required to include project screening and selection documentation in the project file to demonstrate the project no longer meets the requirements for project level oversight.

Close-out of RBPI Projects

Projects may be closed out when they are no longer considered a risk based on the oversight that has occurred to date. Closeout of projects should occur with concurrence of the E&O Manager. The justification for closing out the project will be included in the project specific S&O plan.

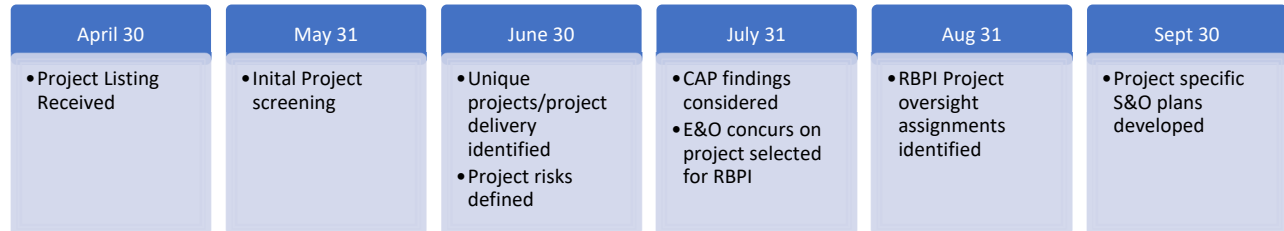
Monitoring and Reporting

Project level involvement will be included as part of FHWA unit planning activities for reporting and tracking progress. In addition, each project will be evaluated annually to determine if it continues to meet the risk-based involvement criteria above. For projects selected in a group to review an identified program risk, the project manager will utilize the process review format document results and/or findings.



RBPI Evaluation Timeline

The RBPI review process will be conducted annually, beginning in April.



By April 30:

- Each Area Engineer receives a listing of projects expected to be funded within the next five years in their Region(s).
- Major Project Engineer develops a list of any potential major projects over the next five years.
- LPA Engineer develops listing of any known, upcoming discretionary grants and awarded discretionary grant* projects.

By May 31:

- Each Area Engineer reviews their list of projects to determine which projects meet the minimum RBPI screening criteria.

By June 30:

- Each Area Engineer will have met with their MDOT Region(s) to discuss unique project delivery/administration methods or other special features in order to finalize list of projects that meet screening criteria and define specific project risk(s).
- LPA Engineer will have met with MDOT LAP to discuss projects with unique project delivery/administration methods or other special features in order to finalize list of projects that meet screening criteria and define specific project risk levels.
- Major Project Engineers will describe any specific risks associated with the major projects that are in their area of responsibility.

By July 31:

- The E&O section will meet to discuss individual project risks and program review/CAP findings.
- The E&O section will concur on individual RBPI project selections and the review/assessment findings for project specific S&O plans.

By August 31:

- Projects will be assigned for oversight for the upcoming performance year by the E&O Manager

By September 30:

- Project specific S&O plans will be developed for review and approval by the E&O manager.



- Project oversight assignments will be recorded in the Division Unit Plan for the upcoming Fiscal Year.

*Project awards for discretionary grant programs may occur at any time during a year, requiring the Division office to assess the discretionary grant project outside of the annual cycle.