



Meeting the Oversight Requirements of SAFETEA-LU

Proposed AASHTO Offerings

- AASHTO proposes 6 offerings to help States meet SAFETEA-LU **project oversight** requirements in the areas of:
 - Project delivery systems of the States.
 - Financial Integrity, including financial management systems, estimating project costs, awarding contracts, and reducing project costs.
- These AASHTO offerings represent project oversight best practices of high performing private and public sector organizations engaged in managing large, complex infrastructure projects, including
 - Department of Transportation
 - Department of Energy
 - Corps of Engineers
 - Department of Defense



A Proactive Approach

- Work with FHWA to establish accreditation programs that would be implemented by AASHTO and would meet the oversight requirements of SAFETEA-LU for Financial Management Systems and Project Delivery
 - Initial accreditation to assist states meet the requirements of SAFETEA-LU
 - Annual surveillance reviews to ensure ongoing compliance
- Establish a set of four services that could be applied to projects to meet oversight requirements on an on demand basis



The Accreditation Program

- Develop standards that ensure compliance with SAFETEA-LU requirements collaboratively with all stakeholders
- AASHTO's role
 - Lead the standards development process
 - Serve as a resource for states who need assistance preparing for accreditation
 - Perform accreditation reviews and annual surveillance reviews
 - Maintain an accreditation database that can be used by DOT to meet its responsibilities under SAFETEA-LU



AASHTO Offerings...

Elements of a Financial Management Systems Review

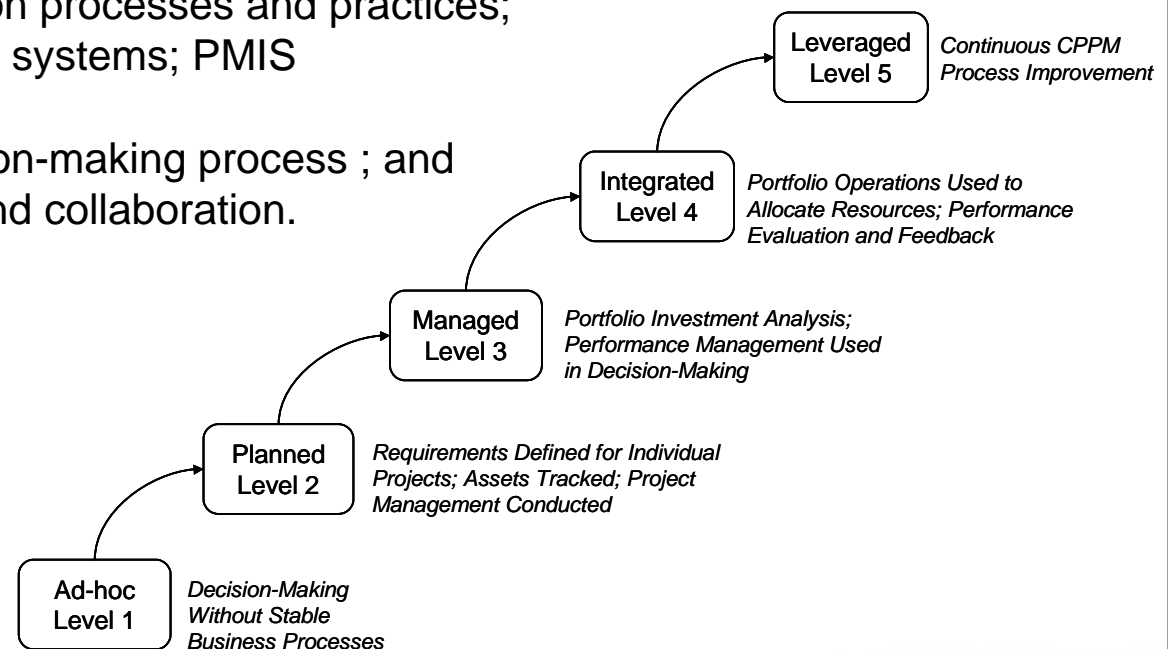
- Review of integrated financial management system and evidence of an ongoing financial systems improvement planning process and periodic reviews of financial system capabilities.
- Financial management system components that comply with uniform accounting concepts and standards promulgated by GASB.
- Project controls system.
- Earned value management system.
- Change control process and authorization levels.
- Roles and responsibilities and organizational structure.



AASHTO Offerings...

Elements of a Project Delivery Review

- Linkage between the Agency's transportation strategy and the program and project objectives;
- Program and PM policies and procedures (including project cost estimating);
- Organizational structures and program governance;
- Agency's understanding of value and risk associated with ongoing/proposed projects & operations;
- Process of allocating capital and human resources across projects;
- Project procurement and acquisition processes and practices;
- Performance oversight and control systems; PMIS
- Financial management systems
- Continuous improvement in decision-making process ; and
- Agency's leadership, teamwork, and collaboration.



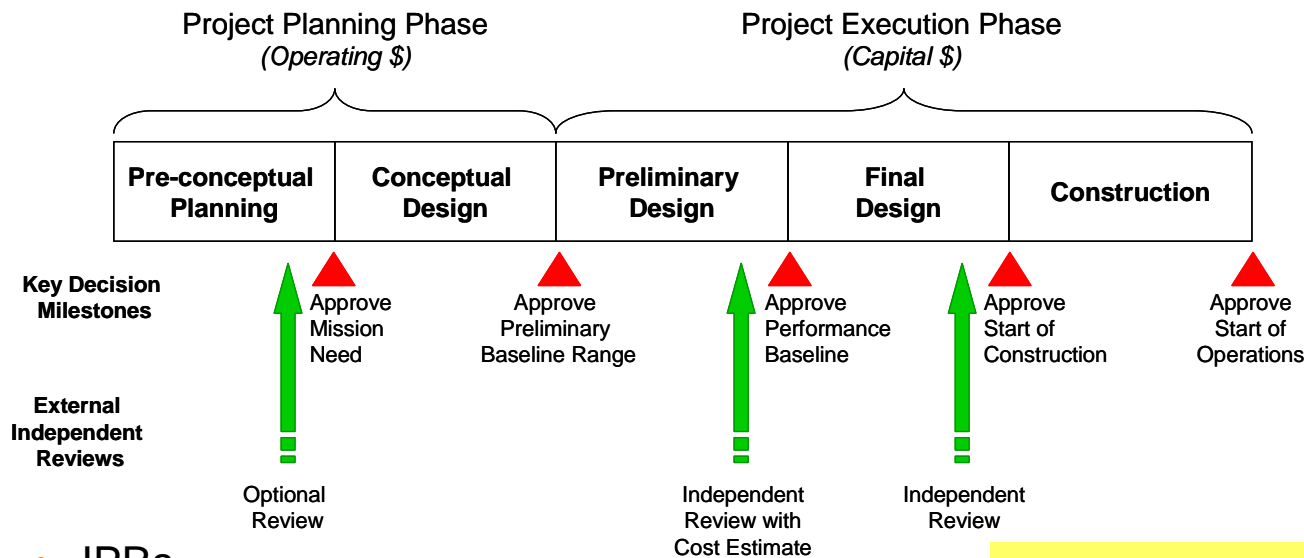
AASHTO Project Specific Offerings

- Methodologies based upon proven industry best practices
- Services that address specific project needs and are available to States on an as needed basis
 - Independent Reviews of Projects
 - Assessments of Project Team Capabilities and Capacity
 - Evaluations of Specific PMPs & Financial Plans
 - Assessments of Project and Program Risk



AASHTO Project Specific Offerings...

Independent Project Reviews



Functional areas typically covered by an IPR include:

- Project justification/mission need;
- Technical scope;
- Cost and schedule;
- Risk management;
- Life cycle economic analysis;
- Procurement strategies;
- Project management; and
- Environment, safety, & health

• IPRs

- Determine validity and credibility of project.
- Conclude whether the project can be delivered within the cost, scope, and schedule; or whether alternative solutions would be better.

• IPRs are scalable:

- External independent review,
- internal project review,
- Independent cost estimate, and
- Execution readiness review.

Benefits of IPRs:

- Increase accountability
- Review and assess project planning and performance
- Early identification of problems and risks
- Identify best practices to apply to other projects
- Determine appropriate performance measures; comply with GPRA
- Identify and communicate key decision points

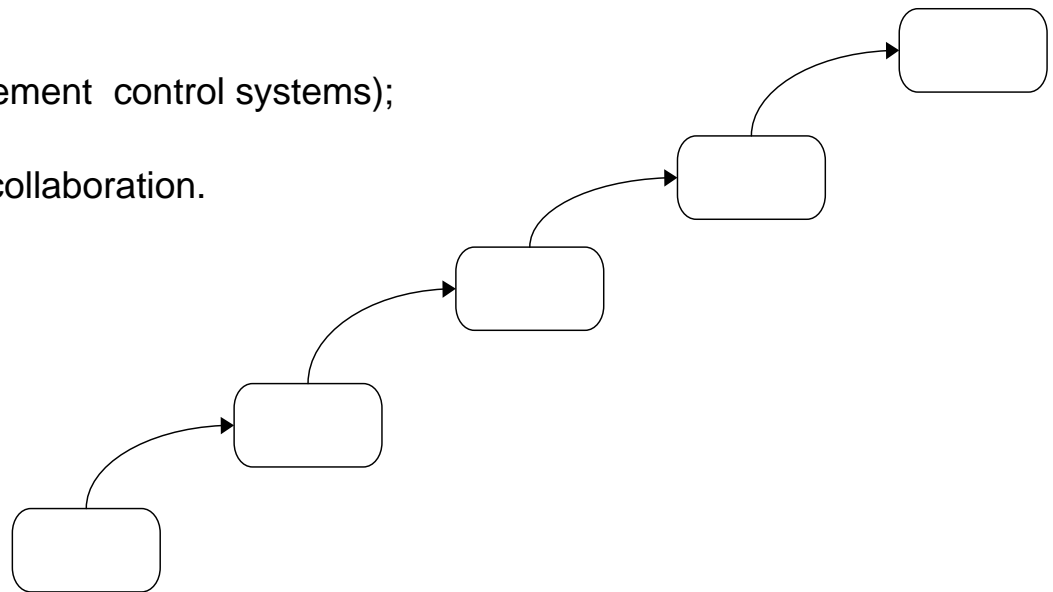
AASHTO Project Specific Offerings...

Assessment of Project Team Capabilities

- Reviews team and individual capabilities, capacities, and competencies needed to effectively and efficiently manage projects.
- Identifies at what level the team is operating.
- Determines gaps in performance and areas that need improvement.
- Areas assessed include:
 - Project management and decision-making processes and business practices;
 - Team structure and culture;
 - Performance management (management control systems);
 - Operational environment; and
 - Project leadership, teamwork, and collaboration.

Benefits of Team Capability Assessments

- Findings identify key strengths and weaknesses
- Help determine which recommendations to implement
- An independent assessment makes it easier to get buy-in from field managers
- Get credit for good things you are doing
- Follow-up assessments can demonstrate improvement



AASHTO Project Specific Offerings...

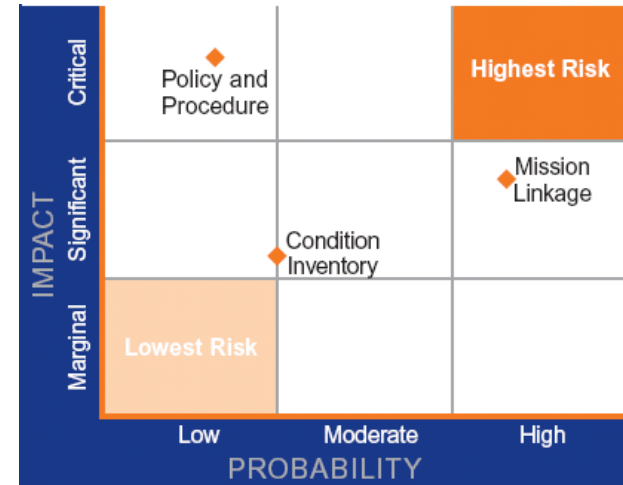
Project Management and Financial Plan Reviews

- Project Management Plan Reviews.
 - Assess whether existing PMPs and execution plans are capable of reducing risk of project failure. Reviews determine if PMP:
 - Reflects and supports the way the project is being managed (in terms of procedures and processes to provide timely information regarding scope, cost, schedule, and quality);
 - Provides a clear delineation of project roles and responsibilities of all project stakeholders;
 - Is consistent with the other project documents; and
 - Provides a framework for the long-term management to successfully complete the multiple elements of the project, including scope, cost, schedule, quality, risk, communication, procurement, and human resources.
- Financial Plan Reviews. Using FHWA guidance, these reviews will evaluate project costs, schedule, and risk assessment and contingency.
 - Assess total project cost and overall project schedule
 - Ensure total project cost and project completion date incorporate all activities necessary to successfully complete project and commission the highway infrastructure asset(s) to users
 - Assess whether project funding profile is consistent with resource-loaded schedule
 - Review critical path schedule and assess whether critical path is reasonably defined and whether schedule is integrated and reflects reasonable schedule durations
 - Summarize detailed basis for cost estimate (all direct and indirect costs) and schedule duration;
 - Assess method of estimation and strengths/weaknesses of cost and schedule estimates for each WBS element;
 - Identify and assess key cost and schedule assumptions and evaluate the reasonableness of these assumptions as related to the quality of the cost and schedule estimates for each WBS
 - Assess cost and schedule contingency
 - Employ risk analysis techniques. Assess and analyze variables causing variation and their impacts.
 - Develop probability distributions for cost components. Determine minimum, most likely, and high costs

AASHTO Project Specific Offerings...

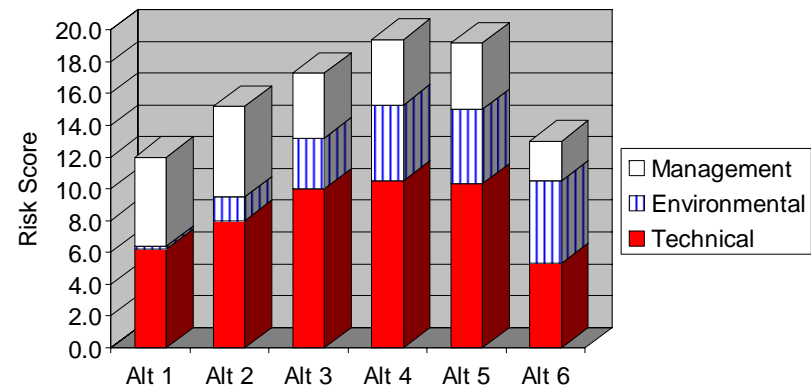
Assessments of Program and Project Risk

- Risk is the possibility of a project not meeting its intended purpose. It is a function of the probability of an event occurring and the associated impact.
- Assess risk at program and project levels to
 - Clearly identify areas where performance may prevent an agency from meeting its goals through examination of
 - Underlying sub-functions or project influences
 - Processes and procedures, and
 - Characteristics of a program or project alternatives
 - Provide basis for senior agency decision makers to assess and develop future courses of action
- Provides basis for taking future actions, establishing priorities, & allocating resources.
- Focuses on service delivery.



Benefits of Risk Assessments

- Early identification of risks and problems
- Independent assessment of organizational vulnerabilities
- Identification of strengths and weaknesses
- Improvement in management accountability
- Source for planning the next steps in management improvement



The Goal

Meet the requirements of SAFETEA-LU in an efficient way that assists a State with the delivery of high quality cost-effective projects to the public.



Additional Information

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