

Payment Integrity Scorecard

Program or Activity

Federal Highway Administration Highway Planning and Construction

Reporting Period

Q3 2026

FY 2025 Overpayment Amount (\$M)*

\$2,023

*Estimate based a sampling time frame starting 10/2023 and ending 9/2024



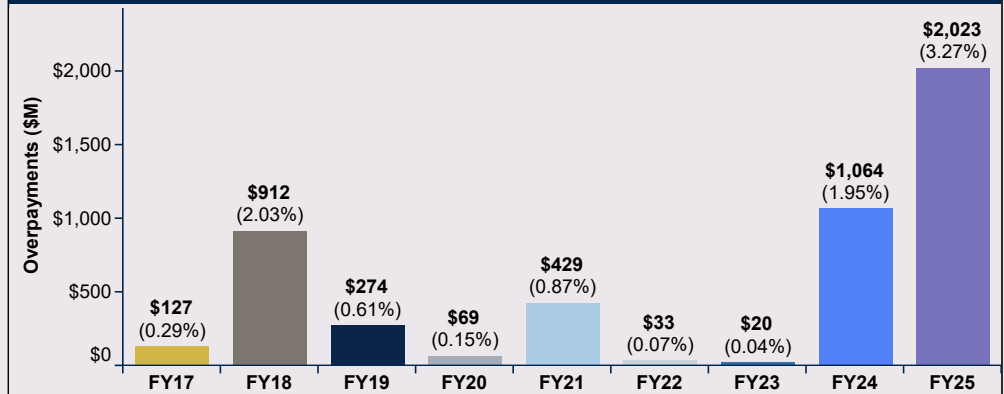
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Federal Highway Administration Highway Planning and Construction

Brief Program Description & summary of overpayment causes and barriers to prevention:

The Federal Highway Administration's (FHWA) Highway Planning and Construction (HPC) program was divided into separate Assistance Listing Numbers (ALNs) to comply with new Executive Orders. For FY26, risk assessments of all HPC programs resulted in two being selected for testing: the Surface Transportation Block Grant (STBG) and the National Highway Performance Program (NHPP). These programs support State and Local Public Agencies with the Nation's highway system, including supplemental funding to repair roads damaged by disasters. Because they are not federally administered, overpayments from recipient errors are outside FHWA control. Due to large funding sizes and historical improper payments, both will continue Phase 2 testing.

Historical Payment Rate and Amount (\$M) (Overpayment as Percentage of Total Outlays)



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

FHWA placed emphasis on ongoing technical assistance to strengthen controls and staff knowledge at the Division Office and recipient levels to improve project documentation, contractual adherence, adherence of federal regulation requirements, invoice verification and/or payment processes. FHWA continued to follow up with Division Offices for updates until corrective actions were completed. For the following quarter, corrective actions consider the observations and remediation recommendations from FY 2025 testing and agency-wide actions aimed to directly address root causes for Improper Payments.

Accomplishments in Reducing Overpayment

Date

1 FHWA improved FY26 PIIA training by focusing on accurate documentation to enhance review efficiency. Additionally, the agency modified the Testing Review Workbook (TRW) template to improve usability and clarify review requirements.

Feb-26

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Goals towards Reducing Overpayments		Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	FHWA will work with grant recipients to improve project documentation and/or payment processes, or address training deficiencies as applicable for each improper payment. The corrective actions described above will address the five programmatic root cause categories of ineligible cost; incorrect federal share; contractual non-compliance; administrative errors; and insufficient documentation.	On-Track	Oct-27	1 Recovery Activity	FHWA will advise grant recipients of requirements to correct future reimbursement requests and recover overpayments.	FHWA collaborated with grant recipients to recover overpayments identified during FY25 testing, excluding two not pursued due to immateriality.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$2,023M	Overpayments that occurred because of a Failure to Access Data/Information Needed.	By statute, the FHWA HPC Program relies on the internal controls and financial systems of State and Local governments to effectively administer program funds.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	FHWA will continue working with recipients to improve project documentation, payment processes through ongoing training to strengthen controls and staff knowledge at the State and recipient levels. Corrective action plan results will not be immediately reflected in the data.

In accordance with Executive Orders 14247 and 14249, the Highway Planning and Construction (HPC) program was restructured into multiple Assistance Listing Numbers (ALNs). To fulfill these new mandates while maintaining a robust oversight framework, the Federal Highway Administration (FHWA) selected its two largest and highest-risk programs for review: the National Highway Performance Program (NHPP) and the Surface Transportation Block Grant (STBG). Additionally, FHWA expanded the FY26 testing sample size to further strengthen program integrity. FHWA remains steadfast in its commitment to the effective stewardship of federal funds. At the federal level, the agency possesses the requisite internal controls, human capital, and information systems to rigorously identify and reduce improper payments.