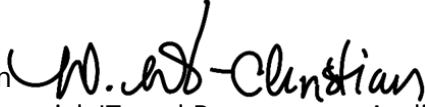




Memorandum

Date: March 11, 2026

Subject: INFORMATION: Audit Announcement | FHWA's Oversight of Puerto Rico's Federal Highway Formula Fund Expenditures | Project No. 25F3010F000 Federal Highway Administration

From: Dormayne "Dory" Dillard-Christian 
Assistant Inspector General for Financial, IT, and Procurement Audits

To: Federal Highway Administrator

The Federal Highway Administration (FHWA) annually provides Federal highway formula funds¹ to States and territories across the Nation. These funds are intended to support enhancements to highway safety, congestion relief, and freight mobility—including construction of new highways and roadway capacity projects, as well as improvements to existing highways and bridges. The funds must generally be obligated within 3 years after the fiscal year of authorization and are subject to statutory requirements governing eligible uses.²

Between fiscal years 2022 and 2026, the Infrastructure Investment and Jobs Act of 2021 (IIJA) provided the Puerto Rico Highway Program approximately \$901 million in Federal highway formula funds.³ Of this total, \$713.8 million (79 percent) was provided through fiscal year 2025. However, an independent public accounting firm's single audit reports from fiscal years 2022, 2023, and 2024 identified multiple, repeated issues with the Puerto Rico Highway and Transportation Authority's management of Federal highway formula funds.⁴ Specifically, the firm identified lack of support and data inaccuracies associated with fund expenditures in the Authority's financial statements.

Given these previously identified issues and the magnitude of formula funding Puerto Rico receives from FHWA, we are initiating this audit. Our objective will be

¹ Formula funds are noncompetitive Federal funds distributed to eligible recipients based on a formula set by Congress.

² 23 U.S. Code § 165.

³ Public Law Number 117-58, § 11126 (2021). The Puerto Rico Highways and Transportation Authority has jurisdictional and maintenance responsibilities for highways and bridges within the Commonwealth of Puerto Rico.

⁴ The single audit reports are available at <https://www.fac.gov/>.

to assess FHWA's oversight of Puerto Rico's expenditures of Federal highway formula funds.

We plan to begin the audit later this month and will contact your audit liaison to schedule an entrance conference. We will conduct our work at DOT Headquarters and the FHWA regional office in San Juan, Puerto Rico.

If you have any questions, please contact me or Jill Cottonaro, Program Director.

cc: DOT Audit Liaison, M-1
FHWA Audit Liaison, HCFB-32