

## FY2007 MANAGEMENT REVIEW SUMMARY

### Introduction

The Management Review (MR) process and publication of this summary comply with Section 2008 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (codified at 23 U.S.C. Section 402). An MR is a regular, recurring assessment of a State Highway Safety Office's (SHSO's) systems, programs, and operational processes for the purpose of improving and strengthening highway safety practices, ensuring efficient and effective administration of programs that save lives, and reducing injuries and property damage. This report provides a summary of the 15 MRs conducted in FY2007 and is the third such report since this process was instituted.

### Background

The Highway Safety Act of 1966 provides that the Secretary of Transportation does not approve any highway safety program that does not:

*"...provide that the Governor of any State shall be responsible for the administration of the program through a State Highway Safety Agency which shall have adequate powers, and be suitably equipped and organized to carry out, to the satisfaction of the Secretary such program."*

The Secretary of Transportation has delegated the authority and responsibility for assuring compliance with this provision to the National Highway Traffic Safety Administration. As stated in 49 CFR§ 18.42 (e) (1),

*"The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and sub-grantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts."*

Section 1200.25 of Title 23, CFR provides that

*"If a review of the Annual Report required under § 1200.33 of this part or if other relevant information indicates little or no progress toward meeting the state goal, the approving Official and State officials will jointly develop an improvement plan. This plan will detail strategies, program activities and funding targets to meet the defined goals."*

In April 2003, the General Accounting Office (GAO; now named the General Accountability Office) issued a report to Congress titled *"Better Guidance Could Improve Oversight of State Highway Safety Programs"* (GAO-03-474), which raised concerns regarding the performance-based approach and oversight of State highway safety programs. In response, the NHTSA Associate Administrator of Regional Operations and Program Delivery (previously referred to as Injury Control, Operations and Resources) issued *"Guidance and Oversight for State Highway Safety Program"* to NHTSA regional Administrators requiring that MRs be conducted in each State once every three years, starting with FY 2005.

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### **Purpose**

In 2005, new surface transportation legislation was passed that replaced the Transportation Equity Act for the 21st Century (TEA-21). To further ensure agency accountability, Section 2008 of SAFETEA-LU (codified at 23 U.S.C. Section 412) requires that:

*“...At least once every 3 years the Secretary shall conduct a review of each State highway safety program. The review shall include a management evaluation of all grant programs funded under this chapter. The Secretary shall provide review-based recommendations on how each State could improve the management and oversight of its grant activities and may provide a management and oversight plan for such grant programs.”*

The Management Review is a review of the SHSO’s systems, programs, and operational processes for the purpose of improving and strengthening highway safety practices to ensure efficient administration and effective planning, programming, and implementation and evaluation of programs. This report summarizes the three programmatic areas that fall within the scope of a management review. They are organization and staffing, program management, and financial management.

### **Organization and Staffing**

- Enabling legislation
- Organizational structure and placement in overall State organization
- Staffing and functions
- Delegations of authority
- Personnel development and training

### **Program Management**

- Planning and programming
- Implementation
- Monitoring and review
- Program strengths

### **Financial Management**

- Overall financial operations
- GTS reimbursement vouchers sent to NHTSA
- Audits
- Matching funds
- 40 percent local benefit
- Planning and administration

- Project equipment
- Time and attendance
- Indirect costs

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**Scope**

This report reflects the results of 15 MRs that were conducted by the NHTSA Regional Offices in FY2007 and covers SHSO documents from fiscal years 2005, 2006, and 2007.

- Region 1 - Connecticut, Massachusetts
- Region 2 - Virgin Islands
- Region 3 - Delaware
- Region 4 - Florida, Mississippi, North Carolina
- Region 5 - Illinois
- Region 6 - New Mexico, Oklahoma
- Region 7 - Kansas
- Region 8 - Colorado, Montana
- Region 9 - Commonwealth of Northern Mariana Islands, Guam
- Region 10 – None

**Outcome**

The NHTSA Regional Administrators concluded that all 12 States, the Virgin Islands, the Commonwealth of Northern Mariana Islands and Guam had compliant management systems. As shown in Table 1, there were 72 commendations in recognition of best practices and exemplary performance along with 92 management considerations and 82 findings. Clearly financial management findings were the most common observation. Corrective Action Plans (CAPs) jointly developed by the region and State were prepared to address findings and management considerations.

**TABLE 1  
Summary of findings, management considerations, and commendations**

	<b>FINDINGS</b>	<b>MANAGEMENT CONSIDERATIONS</b>	<b>COMMENDATIONS</b>
Organization and Staffing	2	26	19
Program Management	21	37	37
Financial Management	<b>59</b>	29	16
<b>TOTAL</b>	<b>82</b>	<b>92</b>	<b>72</b>

**Common Issues**

Although each State had its unique combination of findings and management considerations, there were certain issues in each of the three evaluated areas that were more common. These issues are presented by program area.

**Organization and Staffing** – The issues most prevalent under organization and staffing were staffing, training, and policies and procedures.

- **Staffing.** The primary staffing issue was the need to fill current vacancies or increase the size of their current staff. Eight of the 15 States had issues related to staffing. There were no findings.
- **Training:** Training refers to the need to provide training to new employees or to seasoned employees who need additional training to enhance their current job skills. In 7 of the 15 States it was determined that staff training should be conducted. There were no findings.
- **Policies and procedures:** This section involves the need to develop and/or update current policies and procedures and conduct training in their use. Six of the 15 States required either new or updated policies and procedures. There were no findings.

**Program Management** -- The most common issues shared by the States include monitoring, highways safety plan development and problems related to project agreements.

- **Project Agreements** - There were a number of issues related to project agreements. Among them were lack of meaningful goals and objectives, funds awarded without formal project agreements, poor problem identification and missing components in the application. Eleven States had issues with project agreements. There were 5 findings.
- **Monitoring** - States need to comply with 49 CFR 18.40, project monitoring, to ensure sub-grantee compliance with laws, regulations and the provisions of contracts or grant agreements, and to ensure that performance goals are achieved. The primary issues related to monitoring include lack of monitoring guidelines, lack of monitoring that in turn lead to other issues such unallowable costs, and a need to clarify and update monitoring policies in their Policy and Procedure Manual. Nine of the 15 States had monitoring issues. There were findings.
- **Highway Safety Plans** - The common issues that surfaced included better data analysis and subsequent problem identification, limited use of partnerships in developing the statewide plan, and planned activities not supported by projects. There were 4 States that had findings and recommendations related to their highway safety plans. There were 2 findings.

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### Financial Management

**Reimbursement/vouchering:** There was an array of issues related to reimbursement. Included were lack of monthly vouchering by States receiving funding of over \$1M annually, miscoded costs that were reimbursed, insufficient source documentation, expenses incurred outside the current fiscal year, and paid expenditures for goods and services not reflected in the budget. Ten States had issues in this area and there were 21 findings.

- **Property:** This category includes those States that paid for unallowable equipment, did not have good systems to track project equipment to ensure that equipment is being used for its intended purpose, documentation of locations and present conditions, and/or proper dispositions. Nine States had issues in this area and there were 9 findings.
- **Carry-forward:** The primary issues in this area are untimely obligation to grants tracking system and general lack of obligation to projects, both contributing to large carryover amounts. Nine States had issues in this area and there were 4 findings
- **Time and Attendance:** Lack of or insufficient documentation to support distribution of salaries and wages of employees who work on more than one program area were the issues. Eight States had issues in this area and there were 7 findings.

### Discussion

The completion of the FY 2007 MRs marked the end of the first three-year cycle of MRs. With the exception of American Samoa, all jurisdictions had MRs within the three-year time frame. A number of the common issues found the FY2007 MRs are similar to those found in the two previous years, suggesting that there are similarities among States.

The NHTSA regional staff follows up with States individually to assist with making progress in correcting findings and implementing mutually agreed-upon management considerations through CAPS and other technical assistance. There are, however, additional opportunities, to work on common issues, primarily through NHTSA offered traffic safety courses. The common issues are areas that are covered within the NHTSA Program Management, Managing Federal Finances and Data Analysis and Evaluation courses offered through Traffic Safety Institute (TSI). Although we do not know the exact percentage, we do know that a number of State Highway Safety Office employees take one or more of these courses.

- NHTSA will incorporate “points of emphasis” that focus on identified common issues into the TSI courses. This would involve drawing attention to those areas of the curriculum that are reflected in the common issues. These would be updated at the completion of each three year cycle.
- Consider expanding off-site course delivery if travel to TSI appears to inhibit State attendance at trainings. This would allow for easier accessibility to baseline courses and decrease the financial burden on States.