

2008 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 20 MRs conducted in FY2008 and is the fourth 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 Government 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 FY2005.

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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 MR 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

Scope

This report reflects the results of 20 MRs that were conducted by the NHTSA Regional Offices in FY2008 and covered SHSO documents from fiscal years 2006, 2007, and 2008.

- Region 1 – Rhode Island, Maine
- Region 2 – New Jersey, Puerto Rico
- Region 3 – District of Columbia, Maryland, West Virginia
- Region 4 – Alabama, South Carolina
- Region 5 – Minnesota, Wisconsin
- Region 6 – Bureau of Indian Affairs (BIA)
- Region 7 – Missouri, Arkansas
- Region 8 – North Dakota, Wyoming
- Region 9 – American Samoa, Arizona
- Region 10 – Alaska, Idaho

Outcome

The NHTSA Regional Administrators concluded that all 16 States, American Samoa, District of Columbia, and Puerto Rico had compliant management systems. Subsequent to the MR, the BIA was put on high-risk status. As shown in Table 1, there were 69 commendations in recognition of best practices and exemplary performance along with 115 management considerations and 49 findings.

Table 1
Summary of Findings, Management Considerations, and Commendations

	FINDINGS	MANAGEMENT CONSIDERATIONS	COMMENDATIONS
Organization and Staffing	1	33	20
Program Management	13	46	33
Financial Management	35	36	16
TOTAL	49	115	69

**Table 2
Findings FY2007 and FY2008**

	FINDINGS 2007	FINDINGS 2008
Organization and Staffing	2	1
Program Management	21	13
Financial Management	59	35
TOTAL	82	49

**Table 3
Management Considerations FY2007 and FY2008**

	Management Considerations 2007	Management Considerations 2008
Organization and Staffing	26	33
Program Management	37	46
Financial Management	29	36
TOTAL	92	115

**Table 4
Commendations FY 2007 and FY 2008**

	Commendations 2007	Commendations 2008
Organization and Staffing	19	20
Program Management	37	33
Financial Management	16	16
TOTAL	72	69

Discussion

The focus of this discussion is on findings as these are compliance issues that must be addressed by the States. With the exception of American Samoa, FY2008 marks the beginning of the second cycle of management reviews. It also marks the first full year of using the negotiated format agreed upon by the Governors Highway Safety Association (GHSA) and NHTSA

It is interesting to note that the number of findings decreased by over 40 percent while management considerations and commendations increased by 25 percent. In all likelihood, the sharp decline in findings can be attributed to several factors; a clearer definition of findings, the institution of the NHTSA consistency review team, and the fact that FY2008 MR States were in their second cycle of management reviews. The following should also be noted:

- 2 States had no findings;
- 4 States had open CAPS from FY2005; and
- 3 States had one finding that was closed before the final report.

As in previous years, financial management findings were the most common type. There were 5 States that had no financial management findings and overall the financial findings dropped from 59 in FY2007 to 35 in FY2008. Of the remaining States and Territories the most common findings are listed below. The balance of the financial findings were singular.

- P&A (5)
- Indirect cost rate (5)
- A-133 single audit (3)
- Ineligible costs (3)
- Program match (3)
- Timely vouchering (3)
- Reimbursement for non-traffic-safety-related activities (2)

Program management findings were the second-most-frequent cause of findings. Program management findings dropped from 21 in FY2007 to 13 in FY2008 with 8 States having no program management findings. Of the remaining States and Territories the most common findings are listed below. The balance of program management findings were singular.

- Monitoring (4)
- Equipment (2)
- Internal control and accountability (2)
- Costs not adequately documented (2)

Action has been taken on planning and administration, indirect cost rate, and equipment issues. The GHSA, with input from NHTSA, developed webinars on all three topics that were conducted with the States. Additionally, NHTSA prepared a question-and-answer sheet on indirect costs and equipment for use by the NHTSA Regions and the States. In keeping with NHTSA policy, States with issues with sub-grantee monitoring will receive

follow-up and technical assistance from their respective NHTSA regional program managers.

In view of actions taken, the only recommendations at this time are to emphasize clear, concise coverage of these issues in Program Management and Management of Federal Finances classes and to have NHTSA continue working with GHSA on issues that most frequently result in findings.