

## **2012 MANAGEMENT REVIEW SUMMARY**

### **Introduction**

This summary shows NHTSA Management Review (MR) oversight during fiscal year 2012. The Moving Ahead for Progress in the 21st Century Act (MAP-21) was signed into law July 6, 2012, and the NHTSA Interim Final Rule (IFR) was published on January 23, 2013. Given the new statute and implementing regulation, NHTSA intends to revise and update oversight procedures and policies, including the MR summary report.

### **Background**

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). This report raised concerns about the performance-based approach and oversight of State highway safety programs. In response, NHTSA issued *“Guidance and Oversight for State Highway Safety Programs”* on April 23, 2004, to NHTSA Regional Administrators, which required that additional oversight in the form of an MR be conducted in each State at least once every 3 years, starting with FY 2005. The MR process was codified in Section 2008 of SAFETEA – LU and continues under MAP-21, with the exception of highway safety programs of the Virgin Islands, Guam, American Samoa, and the Commonwealth of Northern Mariana Islands, who are relieved of the 3-year requirement and will have an MR conducted as often as the Secretary deems appropriate.

### **Purpose**

The purpose of the MR is to conduct an in-depth review of the State Highway Safety Office (SHSO) systems, programs, and operational processes to improve and strengthen highway safety practices, and serves as a cornerstone to NHTSA’s oversight activities. The list below summarizes three programmatic areas that fall within the scope of the MR.

### **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

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**Financial Management**

- Overall financial operations
- Grants Tracking System reimbursement vouchers sent to NHTSA
- Audits
- Matching funds
- 40 percent local benefit
- Planning and administration
- Project equipment
- Time and attendance
- Indirect costs

Results of the MRs are evaluated annually and used to determine the need for modifications to NHTSA Program Management, Managing Federal Finances, and Management Review classes. Results also provide content for joint priority webinars with GHSA and for discussion at the GHSA Executive Board Meetings.

**Scope**

This report reflects the results of 19 MRs conducted by NHTSA Regional Offices in FY 2012 and covers SHSO documents from FYs 2010, 2011, and 2012.

Region 1 – New Hampshire, Vermont

Region 2 – New York, Pennsylvania

Region 3 – Kentucky, Virginia

Region 4 – Georgia, Tennessee

Region 5 – Indiana, Michigan

Region 6 – Louisiana

Region 7 – Iowa, Nebraska

Region 8 – Nevada, South Dakota

Region 9 – California, Hawaii

Region 10 – Oregon, Washington

**Outcome**

The NHTSA Regional Administrators concluded that all 19 jurisdictions had management systems that were in compliance. As shown in Table 1, there were 22 findings, 59 management considerations, and 35 commendations in recognition of best practices and exemplary performance.

One finding was carried over from the FY 2009 MR and readdressed in the current MR.

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**Table 1**  
**Summary of Findings, Management Considerations, and Commendations, FY 2012**

	<b>FINDINGS</b>	<b>MANAGEMENT CONSIDERATIONS</b>	<b>COMMENDATIONS</b>
Organization and Staffing	0	14	7
Program Management	3	26	21
Financial Management	19	19	7
<b>TOTAL</b>	<b>22</b>	<b>59</b>	<b>35</b>

**Table 2**  
**Findings FY 2009, FY 2010, FY 2011, and FY 2012**

	<b>(20 MRs) Findings 2009</b>	<b>(16 MRs) Findings 2010</b>	<b>(21 MRs) Findings 2011</b>	<b>(19 MRs) Findings 2012</b>
Organization and Staffing	0	2	1	0
Program Management	7	4	8	3
Financial Management	28	29	35	19
<b>TOTAL</b>	<b>35</b>	<b>35</b>	<b>44</b>	<b>22</b>

In FY 2012:

- 11 States had no findings
- 1 jurisdiction had an open Corrective Action Plan from FY2009

The findings in the 8 remaining jurisdictions are listed below.

- Grant agreements (multiple issues) - 5
- Equipment - 3
- Single agency A-133 audits - 3
- Unallowable costs - 3
- Timekeeping - 2
- Indirect cost - 2
- 40 percent local benefit - 1
- Match - 1
- Vouchering - 1
- Inadequate documentation to support claims - 1

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The same subset of jurisdictions (minus Mississippi, which was given an exemption in FY 2012 due to undergoing an extensive Office of Inspector General audit) received an MR in FY 2009. Overall findings decreased from 35 to 22 and the number of States without findings increased from 8 in FY 2009 to 11 in FY 2012. The most prevalent findings in FY 2009 were unallowable costs (7), Planning and Administration (5), and equipment issues (5). Whereas in FY 2012 grant agreement issues (5), equipment (3), unallowable costs (3), and A-133 audits (3) were the most prevalent issues. It is worth noting that unallowable costs have decreased for the first time since being tracked in 2008.

The five grant agreement findings resulted from lack of grant agreements for subgrantees, certifications not included in all subgrantee agreements and inappropriate grant objectives (did not align with statutory funding requirements). Equipment findings resulted from lack of prior approval for purchases over \$5,000 or disposition of equipment, and one instance of not tracking equipment items in accordance with Federal and State regulations. Findings for unallowable expenditures were found for Sections 154 alcohol, 154 and 402 planning and administration, and indirect costs. The three States with A-133 audit findings lacked procedures to ensure all subgrantees met A-133 requirements and/or that follow-up was conducted and issues resolved.

Of the 8 States with findings, 6 received corrective action plans (CAPs). One State resolved the finding before the final MR report was issued, thus did not require a CAP, and one State had complex issues requiring further evaluation and is awaiting a CAP. As of this date 3 of the 6 CAPs are closed.

NHTSA is developing a series of 1-hour Program Management Supplemental e-learning programs that can be linked into the Program Management, Managing Federal Finances, and Management Review courses. Included in FY 2014 is a program on A-133 audits. Regional Offices continue to address all sources of findings during routine monitoring visits, Highway Safety Plan and Annual Report Reviews, and voucher reviews as well during CAP implementation and oversight.

NHTSA continues to meet with Governor's Highway Safety Association (GHSA) annually to discuss MR findings and other emerging oversight and program issues, and to plan educational activities such as webinars. The Associate Administrator for Regional Operations and Program Delivery provides updates at GHSA Executive Board meetings throughout the year on an ongoing basis.

Of the 19 States that received MRs in 2012, 8 States returned evaluation forms. Although several States indicated some disagreement with management considerations and findings, most States indicated they felt the MR process was beneficial, that they were satisfied with the outcome, and that the MR teams were very professional.