National Highway Traffic Safety Administration

2011 MANAGEMENT REVIEW SUMMARY

Introduction

This brief summary depicts a portrait of NHTSA Management Review (MR) oversight during fiscal year (FY) 2011. The Moving Ahead for Progress in the 21st Century (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, the NHTSA issued "*Guidance and Oversight for State Highway Safety Programs*," dated April 23, 2004, to NHTSA Regional Administrators that required additional oversight, in the form of an MR, be conducted in each State at least once every three 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 United States 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. These 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
- 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 21 MRs conducted by the NHTSA Regional Offices in FY 2011 and covers SHSO documents from FYs 2009, 2010, and 2011.
Region 1 – Maine, Rhode Island
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 – BIA, Oklahoma
Region 7 – Arkansas, Missouri
Region 8 – North Dakota, Wyoming
Region 9 – American Samoa, Arizona
Region 10 – Alaska, Idaho

Outcome
The NHTSA Regional Administrators concluded that all 21 jurisdictions had management systems that were in compliance. It should be noted that two jurisdictions are on high-risk status and one is on enhanced oversight. As shown in Table 1, there were 44 (2 closed) findings, 99 management considerations, and 35 commendations in recognition of best practices and exemplary performance. Three findings involving two jurisdictions were carried over from the previous MR and readdressed in the current MR’s.

National Highway Traffic Safety Administration
Office of Regional Operations and Program Delivery

Table 1
Summary of Findings, Management Considerations, and Commendations, FY 2011

	FINDINGS	MANAGEMENT CONSIDERATIONS	COMMENDATIONS
Organization and Staffing	1	21	8
Program Management	8	48	18
Financial Management	35	30	9
TOTAL	**44**	**99**	**35**

Table 2
Findings FY 2008, FY 2009, FY 2010, and FY 2011

	(20 MRs) Findings 2008	(20 MRs) Findings 2009	(16 MRs) Findings 2010	(21 MRs) Findings 2011
Organization and Staffing	1	0	2	1
Program Management	13	7	4	8
Financial Management	35	28	29	35
TOTAL	**49**	**35**	**35**	**44 (2 closed)**

Table 3
Management Considerations FY 2008, FY 2009, FY 2010 and FY 2011

	(20 MRs) Management Considerations 2008	(20 MRs) Management Considerations 2009	(16 MRs) Management Considerations 2010	(21 MRs) Management Condsiderations 2011
Organization and Staffing	33	29	20	21
Program Management	46	59	41	48
Financial	36	42	20	30

Management				
TOTAL	**115**	**130**	**81**	**99**

Table 4
Commendations FY 2008, FY 2009, FY 2010, and FY 2011

	(20 MRs) Commendations 2008	**(20 MRs) Commendations 2009**	**(16 MRs) Commendations 2010**	**(21 MRs) Commendations 2011**
Organization and Staffing	20	15	10	8
Program Management	33	30	22	18
Financial Management	16	12	12	9
TOTAL	**69**	**57**	**44**	**35**

In FY 2011:

- 6 States had no findings;
- 1 State accounted for 14 of the 44 findings; and
- 2 jurisdictions had open Corrective Action plans from FY2008.

The most common findings in the 15 remaining jurisdictions are listed below.

- Ineligible or improper use of funds 17 (note: 10 were in one State)
- Equipment - 5
- Single Agency A-133 audits - 4
- Timekeeping - 3
- 40-percent local benefit - 2
- Certifications and assurances - 2

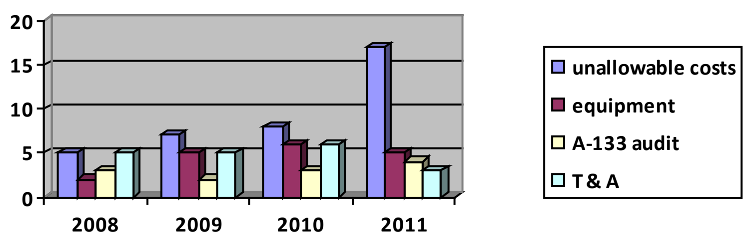
As in previous years, financial management findings were the most common. Although the number of financial findings was the same, with this same subset of States in 2008 and 2011, the areas in which the most prevalent findings were found did change. In FY 2008 planning and administration (5) and indirect cost rate (4) were the top two findings, and in FY 2011, unallowable costs (17) and equipment (5) were the two most prevalent findings.

Over the past 4 years, there has been an increase in the number of findings from unallowable costs. The large jump from 2010 to 2011 was primarily due to ten instances of unallowable costs (encompassing seven different grant funds) in one State. Unallowable costs were most prevalent with Sections 154/164, 410, and 408 grant funds and to a lesser degree with Sections 402, 405, 2010 and 1906 grant funds.

Equipment findings were attributed to inventory issues such as missing information and lack of an equipment inventory procedure.

During the 3- year cycle that encompasses all States and jurisdictions, unallowable costs (32) are clearly the most frequent finding. To better define the problem, NHTSA developed a matrix of unallowable costs from all sources that will be updated annually. NHTSA will analyze the findings and develop a webinar and/or other educational tools to address this issue. The information will also be added to the Management Review and Program Management courses.

Frequency of Common Findings 2008-2011



NHTSA will also explore the development of a Program Management Supplemental e-learning series, that can be linked into the Program Management, Managing Federal Finances, and Management Review courses and placed in the Highway Safety Program Management Resource Guide located on the NHTSA Web. Each session would include one topic.

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 21 States that received the MR in 2011, 9 returned evaluation forms. Although several States indicated some disagreement with management considerations and findings, all 9 States indicated they felt the MR process was beneficial, that they were satisfied with the outcome, and that the MR teams were very professional.