



Governors Highway Safety Association

Monitoring Advisory May 2017

Governors Highway Safety Association
444 N. Capitol Street, NW, Suite 722
Washington, DC 20001
<http://www.ghsa.org/>

Table of Contents

Topic	Page Number
Chapter 1. Introduction	
A. History and Purpose of the Advisory	4
Table 1. Definitions	6
B. GHSA 2006 Monitoring Survey Results	6
i. How Were the Survey Results Categorized?	6
Table 2. State Practices, Themes and Highlights	7
ii. Why Do States Monitor?	9
Table 3. Key Reasons for Monitoring	9
iii. What Are the Most Common Monitoring Practices?	9
C. Federal Regulations and NHTSA Management Reviews	10
Table 4. NHTSA Management Review Monitoring/Subrecipient Risk Checklist	11
D. Monitoring Process and Flow Chart	13
i. Monitoring Process	13
Table 5. Monitoring Stages	13
ii. Flowcharts	14
Figure 1. Monitoring Process and Phone/Email/Desk Review	14
Figure 2. Onsite Monitoring	15
Chapter 2. Monitoring Policy and Procedures	
A. Purpose and Risk Assessment	16
i. Purpose	16
ii. Pre-Award Risk Assessment	16
B. Basic Components of a Monitoring Policy	16
i. Grant Monitoring Definition	17
ii. Types of Grant Monitoring Conducted by the SHSO	17
iii. Criteria for Determining the Level and Frequency of Onsite Monitoring	17
Table 6. State of Texas Monitoring Criteria – Risk Factors	18
iv. Assignment Protocols for SHSO Staff	18
v. Training Needs/Professional Development for Staff and Subrecipients	18
vi. Advance Preparation Procedures for Onsite Monitoring	18
vii. Onsite Monitoring Performance Review	19
Table 7. Source Documents Reviewed During Onsite Monitoring	19
viii. Onsite Monitoring Results Documentation	21
ix. Subrecipient Notification of Onsite Monitoring Results	22
x. Non-Compliance Resolution	22
xi. Review and Closeout of Monitoring File	22
xii. Other Uses for Monitoring Results	23
C. Fraud Prevention	23
i. Special Attention for High Risk Grants and Activities	23
ii. Recognition of Risk Factors for Personnel Services Grants	23
iii. Incorporation of Prevention Strategies into the SHSO Policies and Monitoring Practices	23
iv. Utilization of Federal and Other Training Resources	24
Chapter 3. Monitoring Practices	
A. When do States Complete Onsite Monitoring?	25
Table 8. Sample Monitoring Calendar Based on the Federal Grant Year	25

B. How Do States Monitor?	26
C. Who Does the Monitoring?	26
<u>Table 9. SHSO Monitoring Staff Assignments</u>	27
D. Sample Monitoring Forms	27
<u>Table 10. Common Monitoring Forms</u>	28
E. Electronic Systems	28
F. Resources for States	30
<u>Table 11. Web Site Resources</u>	30
G. Acknowledgements	31
Attachments	
<u>Attachment A: SAMPLE Onsite Monitoring Report Instructions and Report Form</u>	32
<u>Attachment B: SAMPLE Notification Letter of Onsite Monitoring and Preparation Instructions</u>	38
<u>Attachment C: SAMPLE Notification Letters of Onsite Monitoring Results</u>	40
Appendices	
Appendix A. State Monitoring Survey	ON-LINE
Appendix B. Tabulation of Responses to GHSA Survey Questions	ON-LINE
Appendix C. Policies and Procedures Samples	ON-LINE
Appendix D. Monitoring Form Samples	ON-LINE
Appendix E. SHSO In-House Preparation Samples	ON-LINE
Appendix F. Miscellaneous SHSO Forms, Checklists and Practices	ON-LINE
Appendix G. SHSO Pre-Award Risk Assessment Forms	ON-LINE

Chapter 1. INTRODUCTION

A. History and Purpose of the Advisory

The Governors Highway Safety Association (GHSA) represents agencies in each of the States and Territories responsible for developing and managing statewide and local highway safety programs designed to reduce the human and economic consequences of crashes, injuries and fatalities experienced by the nation's road users. To accomplish this mission, each of the agencies is responsible for managing and monitoring their State's highway safety grant program. In 2006 the GHSA responded to requests from many States to develop a Monitoring Advisory to serve as a helpful resource and reference. Use of the Advisory is not mandatory; States may adopt all or any part of this information at their discretion.

The Advisory is limited to the description of a basic grant monitoring program. States may want to develop more specific procedures for special circumstances, such as, law enforcement grants. States should have a separate procedure for conducting in-depth financial reviews or audits which may be triggered by unsatisfactory results discovered during basic monitoring.

This project became possible because the majority of State Highway Safety Offices (SHSO) responded to a GHSA survey soliciting their response to a series of questions and requesting samples of their monitoring policies and forms. Their participation will assist all States to review and enhance their monitoring practices. Further, special thanks are given to California's Governors Highway Safety Representative (GR), Chris Murphy, who initially identified to the GHSA Board of Directors the need and importance of providing the States with a simple, user-friendly Advisory on monitoring best practices.

Since 2002, GHSA has implemented a series of initiatives to assist its members in managing highway safety grant programs. First, a "template" to standardize the federally required Annual Reports was created. Second, GHSA developed Highway Safety Planning and Programming Administrative Guidelines that describe a process for setting performance goals and selecting performance measures. Third, Guidelines for Developing Highway Safety Performance Plans were designed to provide consistency among the State plans. Now the latest addition to the series is the GHSA Monitoring Advisory. The GHSA survey found that many States are currently in the midst of developing or revising their monitoring policy and procedures so the timing for this project is ideal.

The Advisory should not be considered a "model" but rather a collection of traditional and new ideas from a number of States who have created comprehensive policies and procedures, developed handy checklists, designed unique forms, launched electronic systems and more. A sample onsite monitoring report form and sample subrecipient notification letters developed from those provided by the States are included in the Advisory as attachments. To keep the narrative portion of the Advisory at an easy-to-read size, Appendices have been used to provide a wealth of sample State monitoring policies and forms. The Appendices are available on-line at the GHSA website only for ease of viewing and downloading. Several States have designed other unique forms for related purposes which may be useful to others and are also in the Appendices. For the 2015 revision, a new Appendix G was added to provide sample forms which address the new pre-award risk assessment process required by the Uniform Guidance. In May 2017 clarification of the link between risk assessment and monitoring was added.

Caveat: *This Advisory is designed to serve as a resource and give States a building block to enhance or revise their monitoring practices. For training purposes, the Advisory can assist less experienced SHSO employees and may also serve as a resource for more seasoned staff.*

Target Audience

The Advisory is designed to be used by the person(s) in the SHSO responsible for the oversight and implementation of the highway safety grant monitoring program. The information can be used, however, by almost anyone interested in learning more about monitoring best practices. Some States may decide

to include a portion of the Advisory in their grant management manual or training material for subrecipients.

Good Practice Samples

The Advisory contains textboxes that highlight “Good Practices.” These notations provide examples of unique strategies and various components of recommended monitoring policy and practices used by some States.

Caveats

Caveats are set apart from the standard text to make sure readers notice them. These provide additional explanatory materials and/or exceptions to the standard procedures.

Updates

States may be in the midst of developing or revising monitoring policy and procedures and establishing electronic grant management systems. Please notify GHSA with this information so that the Advisory can be updated periodically.

Getting Started

In March 2006, the GHSA created the Monitoring Advisory by collecting information on how the States currently conduct their grant monitoring activities. The GHSA followed an ambitious work plan supported by the GHSA Board of Directors. Initially, the National Highway Traffic Safety Administration (NHTSA) monitoring regulations, NHTSA Management Review material, GHSA Executive Seminar training modules and information from the States were reviewed to develop a State survey. The California Governor’s Highway Safety Office provided GHSA with a number of monitoring policies and forms they had recently collected from several States. The forms were reviewed to obtain an overall sense of the current State practices. This information became the basis for the GHSA survey. The survey results and accompanying materials submitted by the States were then used to create the Advisory.

The first draft of the Advisory was shared with the GHSA Board of Directors for review and comment. After incorporating their comments, the Advisory was forwarded to the NHTSA Office of Regional Operations and Program Delivery (headquarters and Regional offices) for review. The majority of the NHTSA comments were included in a final draft of the Advisory provided to the members for comment and discussion at the annual GHSA Business Meeting. Their constructive and valuable feedback was incorporated into the final Advisory and formatted for publication and web site posting.

In 2012, an update of the Advisory was completed. Member States submitted revised information and documents for inclusion. All web links were updated. The survey of GHSA members regarding their monitoring practices was NOT conducted again in 2012. In August 2012, the Advisory was amended to include a new subsection: Prevention of Fraud and Misuse of Federal Funds. This information is based upon a NHTSA webinar which provided information on recently discovered cases of subrecipient fraud and advice for preventing such occurrences. In November 2015, the Advisory was updated and references to the OMB Uniform Guidance at 2 CFR Part 200 including pre-award risk assessments effective with FY2016 grants was added. As in 2012, the survey of GHSA members was not redone however the States were asked to update information and forms within the Advisory. The only revision in May 2017 is to emphasize the link between risk assessment and project monitoring.

Potential uses and benefits of the Advisory include:

- Strengthen current monitoring practices
- Ensure subrecipient compliance with State and Federal requirements
- Improve or enhance monitoring policy and procedures
- Replicate strategies adopted by other States with similar demographics
- Create or revise current monitoring forms
- Use all or portions of the Advisory for training current or new highway safety grant coordinators and subrecipients

- Identify resource States to learn more about their monitoring practices

The following terms are used consistently throughout the Advisory.

TABLE 1. DEFINITIONS

Subrecipient	The agency or non-profit organization which has been issued a highway safety grant. Also referred to as a project.
Onsite Monitoring	A pre-scheduled, periodic monitoring visit conducted onsite by the SHSO with a subrecipient and their staff using a prescribed policy and specific form to record the monitoring results. Equipment, financial and other records are reviewed. Subrecipients are selected for onsite monitoring based upon the SHSO's established criteria.
Ongoing Monitoring	Activities which occur throughout the grant period each time a subrecipient and the SHSO communicate about the project activity. Continuous monitoring activities include: telephone interviews, desk reviews, meetings, conferences, e-mails, financial claims and progress report reviews. Ongoing monitoring can occur daily, weekly, or monthly and should extend for the length of the grant. Some States use a specific form to document ongoing monitoring.
Program Coordinator	SHSO staff member assigned to the development and oversight of a highway safety grant project. May also be referred to as a grant or program manager.

B. GHSA 2006 Monitoring Survey Results

i. How Were the Survey Results Categorized?

Prior to developing the survey in 2006, the NHTSA Management Review guidelines were scanned to ensure that all essential aspects of the monitoring program would be addressed. In February 2006, a survey consisting of 14 questions was distributed to the States requesting information about their grant monitoring procedures, forms and systems (See Appendix A. State Monitoring Survey). The States were also asked to submit copies of the following forms:

- Written grant monitoring policy and procedures
- Standard monitoring report form used for recording the results of onsite monitoring
- Checklist to guide staff when conducting onsite monitoring
- Sample letters or forms used to communicate onsite monitoring results to the subrecipient
- Standard form to record the results of other types of monitoring

Forty-four (44) States returned the completed survey. Thirty-two (32) States submitted sample policies and procedures, monitoring forms and other items. The results were then tabulated using the following process:

- Categorized surveys by State and reviewed data to capture best practices, forms and innovative monitoring methods
- Created a data collection worksheet identifying all of the States, survey responses, sample forms submitted and all comments from the States
- Analyzed the numeric results from the worksheet
- Developed a table displaying the numeric results and other responses to survey questions

Caveat: *The large variety of samples provided in the Advisory are not models, but are included for the States to use as a reference in devising policies, procedures and forms to best fit their own needs and requirements.*

(See Appendix B. Tabulation of Responses to GHSA Survey Questions)

- Analyzed comments from the States and prepared the following table to capture unique practices, themes and highlights

TABLE 2. STATE PRACTICES, THEMES AND HIGHLIGHTS

Alabama	A subrecipient Administrative Manual was created from the Federal guidelines. The manual is published as a guide for subrecipients and serves as the primary tool for grant monitoring staff to determine program compliance. 2015: The State is in the process of developing a new monitoring tool that is very detailed and extensive. The Uniform Guidance changes will be incorporated. Consultants were used to help construct it. The SHSO has recently decentralized monitoring duties - all program staff are now required to monitor their own programs.
Arizona	The State has created a Project Monitoring Guide that differentiates between onsite, in-house, telephonic and desk reviews of awarded projects by Project Coordinators based on project size and/or the award of capital outlay. Onsite and/or in-house monitoring includes a review and discussion of all issues related to assure the effective administration of the contracted project.
Connecticut	Equipment grants over an established amount are monitored onsite and by other means during the life of the equipment. Grants with personnel expenditures require submission of progress reports at a pre-determined schedule.
Illinois	The Illinois Department of Transportation, Division of Traffic Safety conducts quarterly onsite visits to ensure that project activities are on schedule, to provide assistance as needed and to observe the conduct and adequacy of the project.
Indiana	The law enforcement liaisons (LELs) are required to conduct a site visit with each grantee in their region at least once per fiscal year. During each site visit, the LEL must follow the monitoring form and submit it to the Traffic Safety division. In addition to the annual site visit, the LELs visit the grantees in their region on an "as needed" basis if monitoring uncovers areas of concern. LELs are required to monitor grantees designated as a "red" risk level at least twice each fiscal year. Following each blitz/monthly enforcement period, the LELs are required to review the Operation Pull Over online database to verify that agencies within their region have reported (not later than 10 days after each enforcement period) and grant requirements are met.
Indiana	Program Managers conduct a year end grant file review of all grant files prior to closing for the year. Each file is reviewed to ensure that it contains the original grant and award letter, any grant amendments and corresponding amendment letter, all claim vouchers and payment slips, backup documentation for all enforcement periods worked, monitoring forms and any other relevant information. The Program Manager runs a year-end program report from the Operation Pull Over online database to include in the file. The Program Manager evaluates the quality of the grantee's work, performance and reporting and rates them as a red, yellow or green grantee. The rating determines the amount of monitoring a grantee will receive in the next FY. Red-rated subrecipients will receive at least two onsite monitoring reviews by the LEL.
Iowa	During one program year, enforcement agency grants are monitored once if funded up to \$9,999; twice for grants up to \$34,999, three times for grants up to \$149,999 and four times for grants of \$150,000+. Non-enforcement grants are monitored once per year if funded up to \$75,000, twice if up to \$174,999, and three times for \$175,000+.

Maine	Program Coordinators are responsible for monitoring subrecipients via a standardized onsite, telephone or desk-review process using a monitoring form. Subrecipient performance results are used as factors in determining future awards. Equipment obtained through a grant is monitored throughout the equipment's useful life.
Michigan	The State establishes the onsite monitoring visit schedule using a tiered, risk-based system. The criteria are grouped by the level of priority for monitoring.
Minnesota	All projects are desk monitored for each invoice. A list of onsite monitoring visits is established each year; new and large grants are more likely to be monitored and grants monitored in the prior year are less likely to be monitored. Past performance reviews of monitoring results are used as a factor for future grant awards.
Mississippi	Written policy and procedures are in place for ongoing, onsite, compliance and quarterly performance monitoring. Program managers are required to monitor subrecipients a minimum of once a year. Written policy and procedures on findings and resolution of findings are documented and filed with each grant. An equipment inventory database is in place and each piece of equipment purchased with grant funds is tracked and monitored. 2015: The SHSO is currently in the process of updating their monitoring policy.
Missouri	There are standard procedures for onsite, telephone and desk-review monitoring. NHTSA provided monitoring training to the entire staff.
New Mexico	The NHTSA Project Review Checklist is used annually to review and close each grant file.
North Carolina	The State has created a number of related forms including: Orientation Information Checklist, Notification of Site Visit, Equipment Inventory Record, Customer Contact Report, Project Management Review and more.
Ohio	A "Grantee On Notice" policy has been adopted which could result in modification of the grant agreement including a reduction of funding or cancellation.
Oregon	Subrecipients are provided with training annually in grant and financial management. The SHSO requires onsite monitoring for all subrecipients including those outside of Federal funding. This eliminates confusion for subrecipients who receive Federal and non-Federal money as well as for SHSO staff.
South Dakota	The SHSO has established an excellent working relationship and strong partnerships with all subrecipients to meet their needs. They believe that this strategy is unique in small rural states with limited resources. Ongoing strategies include risk assessment prior to granting access to online grant application systems, desk monitoring of each request for reimbursement from subrecipients, monitoring of matching fund sources and amounts, and onsite visits. Implementation of a very thorough online system of error checking and business rules beginning in FFY2016 will enhance ongoing efforts the SHSO has made.
Tennessee	A variety of sample monitoring forms and letters are used. The SHSO provides an annual refresher course prior to the beginning of the onsite monitoring season. There is also an orientation workshop provided to new Program Managers which is scheduled as needed. Title VI Assessment – Approximately 5 years ago, the SHSO partnered with the Tennessee Department of Transportation (TDOT) Civil Rights Division to assist with the distribution and collection of annual Title VI assessments. The SHSO Program Managers provide the assessment to all agencies prior to the

	onsite monitoring visit, collect them during the visit and submit them to the TDOT Civil Rights-Title VI division. The State has an electronic form that is used by Program Managers when conducting onsite visits. They envision the future possibility of a monitoring app that could be utilized by smart phones. This could allow push button ease along with the capability of taking pictures of documents, equipment, etc.
Texas	This large State utilizes the department's Austin-based staff and traffic safety specialists located in the TxDOT district offices to oversee grants including monitoring. Onsite monitoring for new subrecipients must be completed within the first quarter. Monitoring for projects extending beyond the first year must be conducted by the end of the third quarter of the fiscal year. The State's Traffic Safety Grant Manual is on-line.
West Virginia	Each subrecipient is provided a quarterly report of their status toward reaching stated goals and objectives. Grantees are monitored onsite at least 3 times yearly, however, weekly contact is made with all subrecipients via telephone/email. The SHSO holds a Roundtable 2-3 times each year which all subrecipients and SHSO staff attend. The SHSO works mainly with long-time subrecipients including eight regional programs and nine local and State government grants. 2015: The SHSO is currently in the process of updating their monitoring forms.

ii. Why Do States Monitor?

The NHTSA Program Management Training course highlights several important reasons for monitoring:

TABLE 3. KEY REASONS FOR MONITORING

- ✓ **Track progress and achievement of project objectives, performance measures and compliance with procedures, laws and regulation**
- ✓ **Serve as an ongoing management tool for project control and to detect fraud**
- ✓ **Determine if grant modifications or revisions are needed**
- ✓ **Investigate adverse audit findings**
- ✓ **Provide opportunity to share information about the State's traffic safety initiatives and campaigns**
- ✓ **Offer technical assistance to the subrecipient on accomplishing the goals and objectives of the project**

Source: NHTSA TSI Program Management Training course and NHTSA guidance

Monitoring is a sound management practice to assure compliance with project objectives and generally accepted accounting principles which assures that the SHSO is receiving the "biggest bang for its buck". The SHSO expends considerable time and funds to annually develop the Highway Safety Plan goals, objectives and strategies. Monitoring assures that the selected strategies are fully implemented as planned in order to achieve the best possible results. If a project fails to achieve the anticipated positive impact, one of the first things to consider should be the monitoring results to determine if a poor strategy or poor strategy execution was a factor. Based on the answer, the SHSO should then identify what should be done differently the next time to assure future project success.

iii. What Are the Most Common Monitoring Practices?

According to the GHSA survey, the review of periodic progress reports submitted by subrecipients is the most commonly used monitoring practice by the States followed closely by telephone, e-mail and onsite monitoring. Subrecipient visits are conducted by just over 50 percent of the States. The level of available

resources is a determining factor in the depth of a State's monitoring program. Some States operate with reduced staffing levels, especially minimum allocation States, and do not have sufficient staff resources to conduct all of the most common monitoring practices. States with higher resource levels typically conduct not only onsite monitoring visits for every subrecipient but also perform ongoing monitoring practices as well.

The survey found that almost all responding States have a:

- Written selection procedure for onsite monitoring
- Standard frequency for onsite monitoring
- Standard monitoring report form and checklist
- Procedure for communicating monitoring results with subrecipients
- Policy to use monitoring results from previous years as a basis for making future grant awards

Many States provided samples of their monitoring policies and forms. Several approaches are being used which vary in format, length and comprehensiveness. For purposes of this Advisory the goal was to select a limited number of sample policies and practices which best illustrate the basic components of a monitoring policy presented later in the Advisory. Samples of selected best practice policies and procedures have been compiled (See Appendix C. Policies and Procedures Samples) along with samples of monitoring and miscellaneous forms, checklists and other practices (See Appendix D. Monitoring Form Samples). Some of these samples are also mentioned in the Advisory to illustrate specific points. The following samples have been compiled using the best practices of several States:

- Attachment A. Sample Onsite Monitoring Report Instructions and Report Form
- Attachment B. Sample Notification Letter of Onsite Monitoring and Preparation Instructions
- Attachment C. Sample Notification Letters of Onsite Monitoring Results (No corrective action needed and Corrective action needed)

Some States have developed supplementary procedures and forms to assist their staff in preparing for the monitoring task which are quite useful for training purposes (See Appendix E. SHSO In-House Preparation Samples). For more detailed information on the survey results and monitoring practices, refer to the Appendices.

C. Federal Regulations and NHTSA Management Reviews

NHTSA Regulations

The Federal regulations cited by NHTSA for the monitoring requirement is 49 CFR Part 18.40 prior to FY2016 and [2 CFR Part 200.331 \(d\)](#) for FY2016 and forward. States shall monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes; in compliance with Federal statutes, regulations and the terms and conditions of the sub award; and that sub award performance goals are achieved. Monitoring must cover each program, function or activity.

Pre-Award Risk Assessment

Beginning with FY2016 grants, the SHSO, as a pass-through entity, is required to conduct a risk evaluation for each subrecipient (not contractors) receiving NHTSA funds prior to making the grant award to the subrecipient. The SHSO shall evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the sub award *for purposes of determining the appropriate subrecipient monitoring*. The SHSO shall develop, implement and document the outcome of a risk assessment process containing the four factors listed in the OMB Uniform Guidance at [2 CFR Part 200.331 \(d\)](#):

- (1) The subrecipient's prior experience with the same or similar sub awards;

- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of 2 CFR Part 200.331(b), and the extent to which the same or similar sub award has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

To document the completion of the pre-award risk assessment, SHSOs have developed forms and procedures. The forms and process are developed to meet the State’s policy as well. Montana shared their forms with a number of States who either used the form or modified it. The Alabama form is also used for their Department of Justice grants. Iowa incorporated their risk assessment tool into their Program Selection Guidelines. Other States have developed a form to also meet their monitoring policy. See Appendix G. SHSO Pre-Award Risk Assessment Forms.

If a subrecipient of the SHSO passes on Federal grant funds via a sub award, the subrecipient has the same obligation as a pass-through entity for all requirements of 2 CFR Part 200.331 including conducting a pre-award risk assessment of their sub recipient. The SHSO shall consider imposing specific sub award conditions upon a subrecipient if appropriate as described in 2 CFR Part 200.207 Specific conditions.

NHTSA Management Review Guidelines

The NHTSA Management Review process provides for triennial (every three years) Management Reviews of every State Highway Safety Office (SHSO). Multiple aspects of SHSOs operations are examined including monitoring. A Management Review of the State’s monitoring policy and practices may include:

- Determining if the State has a monitoring policy and procedures
- Verifying or testing the State’s system through grant file reviews of selected projects
- Establishing whether the State takes corrective action when compliance issues are identified

The following table is a list of questions the SHSO may anticipate during a NHTSA Management Review.

TABLE 4. NHTSA MANAGEMENT REVIEW MONITORING/SUBRECIPIENT RISK CHECKLIST

	<u>Section II. Program Management F. MONITORING/SUBRECIPIENT RISK EVALUATION (FY16 and beyond)</u>
✓	<u>Is there evidence that the SHSO evaluates each subrecipient’s risk of noncompliance to determine appropriate subrecipient monitoring in accordance with 2 CFR Part 331 (b)?</u>
✓	<u>Is there a procedure that discusses how to conduct the risk evaluation and apply results?</u>
✓	<u>Is there evidence that results of risk evaluations are used to determine the level and type of subrecipient monitoring?</u> <u>The following tools should be considered: Training and technical assistance on program-related matters; Onsite reviews of the subrecipient’s program operations; and, Audit services as described in 2 CFR Part 200.425</u>
	<u>Section II. Program Management G. MONITORING</u>
✓	Does the SHSO’s monitoring cover each program, function, or activity?
✓	Does the SHSO monitor the activities of subrecipients to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance targets are achieved? <ul style="list-style-type: none"> • Review of financial and program reports required by the SHSO • Follow-up to ensure that the subrecipient takes timely and appropriate action on all

	deficiencies detected through audits, onsite reviews and other means.
✓	<p>Does the State have a monitoring policy and procedure?</p> <ul style="list-style-type: none"> • Does the policy include onsite monitoring? • Review of internal controls of subrecipients? • Monitoring of the subrecipients' processes and procedures for scheduling, approval, tracking, accounting, and supervision of overtime to ensure there are adequate checks, balances, and safeguards? • Monitoring of subrecipients' progress in achieving goals/targets, objectives, and performance measures? • Is the monitoring policy, including frequency of onsite monitoring, consistently adhered to by SHSO staff? If not, what are the reasons? • Do the policies and procedures address the protocol to use when possible fraud or misuse of funds is detected? To which agency is the issued referred?
✓	Who are the SHSO staff and title(s) responsible for project/program monitoring and review?
✓	How are the monitoring responsibilities assigned (by program area, geographically, fiscal and audit expertise, identified skills)? Is the manner cost effective/efficient/adequate/taking advantage of expertise and skills?
✓	What criteria are used to select projects to be monitored and the frequency of monitoring (dollar amount, equipment purchases, risk factors, complexity, geographic location etc.)?
✓	Is there a system for preparation and filing of the monitoring reports including follow-up of findings and recommendations? If so, what is the system?
✓	How does the SHSO use project monitoring to improve/enhance its program management process?
✓	Does the SHSO have an effective method for suspending/terminating projects and recovering funds when serious problems are not corrected and was the system ever used? If funds were recovered, were SHSO procedures followed?
✓	<p>Does the SHSO have policies and procedures to reasonably ensure that the SHSO and the subrecipient:</p> <ul style="list-style-type: none"> a. Programs achieve their intended results; b. Programs and resources are protected from waste, fraud and mismanagement; d. Law and regulations are followed; and e. Reliable and timely information is obtained, maintained, reported and used for decision making.

NHTSA Project Review Checklist Form

The NHTSA Management Review Guidelines provide Regional offices with a form, [NHTSA Project File Review Checklist Form](#), to summarize major issues identified during their examination of selected grant files as part of the overall Management Review. A few States are also utilizing this form either to record grant monitoring results or to review and close out grant files at the end of the fiscal year which appears to be the intended purpose.

Caveat: States should also determine whether any State government regulations or State laws exist that impose monitoring requirements upon State agencies which administer Federal grants.

SHSO Internal Management Review

SHSO management should establish a periodic process to verify that their Monitoring Policy is fully and consistently implemented. Some States use the NHTSA Project File Review Checklist Form to randomly select and review individual grant files for policy compliance including monitoring requirements. To provide a third-party peer perspective some States periodically obtain the services of representatives from other SHSOs, experienced SHSO administrators or GHSA, to conduct such a review which may address other programs within the SHSO in addition to the monitoring activity. This peer-based review can be helpful in preparing for a NHTSA Management Review and can result in improvement of policies and procedures and correction of any issues identified.

D. Monitoring Process and Flow Chart

i. Monitoring Process

The monitoring process used by individual States varies depending upon staff resources and available time. Based upon information from the NHTSA Management Review Guidelines and best practices used by some States, following are the initial steps for developing a SHSO monitoring process.

- Step 1. Identify an individual in the SHSO responsible for program monitoring and review.
- Step 2. Determine the staff assignments, frequency and factors to be used in selecting grants to be monitored onsite such as dollar amount, priority programs, large equipment purchases, etc.
- Step 3. Establish a system for preparation and filing of the monitoring reports documenting the results and follow-up of any findings and recommendations.
- Step 4. Design an effective method for suspending or terminating work and recovering funds on State-funded projects and subrecipients identified as problematic.

Monitoring actually begins during the grant proposal review process. Potential subrecipients who fail to meet submission deadlines, submit inaccurate or incomplete documents or display substandard communication are of concern. These factors are seriously considered when the SHSO is determining whether to approve a grant and may cause the grant application to be denied. Mitigating circumstances such as a critical need for the grant activity or the willingness of the SHSO to provide additional training or oversight may result in the grant being approved subject to special conditions. In those cases the need for earlier and more intensive monitoring of the grant activity is essential. Monitoring is an ongoing process which affects every stage of a grant project.

TABLE 5. MONITORING STAGES

Problem ID	Where does the proposal fit within the State's problem identification and program planning goals? What is the quality of the grant proposal's structure, contents, requirements and reporting?
Project Development	How will goals be evaluated? What is the relationship of the activities to the problem identification, targets and objectives contained in the SHSO's Highway Safety Plan (HSP)? Is there an evaluation plan?
Implementation	Is the project started on time? Is quality and timely project data being collected for management and evaluation purposes? How adequate is the fiscal management of the project? What mid-course adjustments need to be made as a result of State monitoring oversight?
Project close-out	Are the project results identified and verified through monitoring?
Evaluation	Is there a process to examine and judge the worth, quality, and significance of the project? How well is the project achieving objectives and activities? Has the value of the activities of the project been measured?

Source: Adapted from the NHTSA TSI Program Management Course Monitoring Module

ii. Flowcharts

Monitoring Process Flowcharts have been compiled to assist in visualizing the major steps of the SHSO monitoring program. The flowcharts include an illustration of the overall monitoring process as well as the three most common types of monitoring: Phone/Email, Desk Review and Onsite Monitoring Visit. More detailed information regarding the components of a monitoring policy and monitoring practices are contained within the next sections of the Advisory.

Figure 1. Monitoring Process - Phone/Email and Desk Review

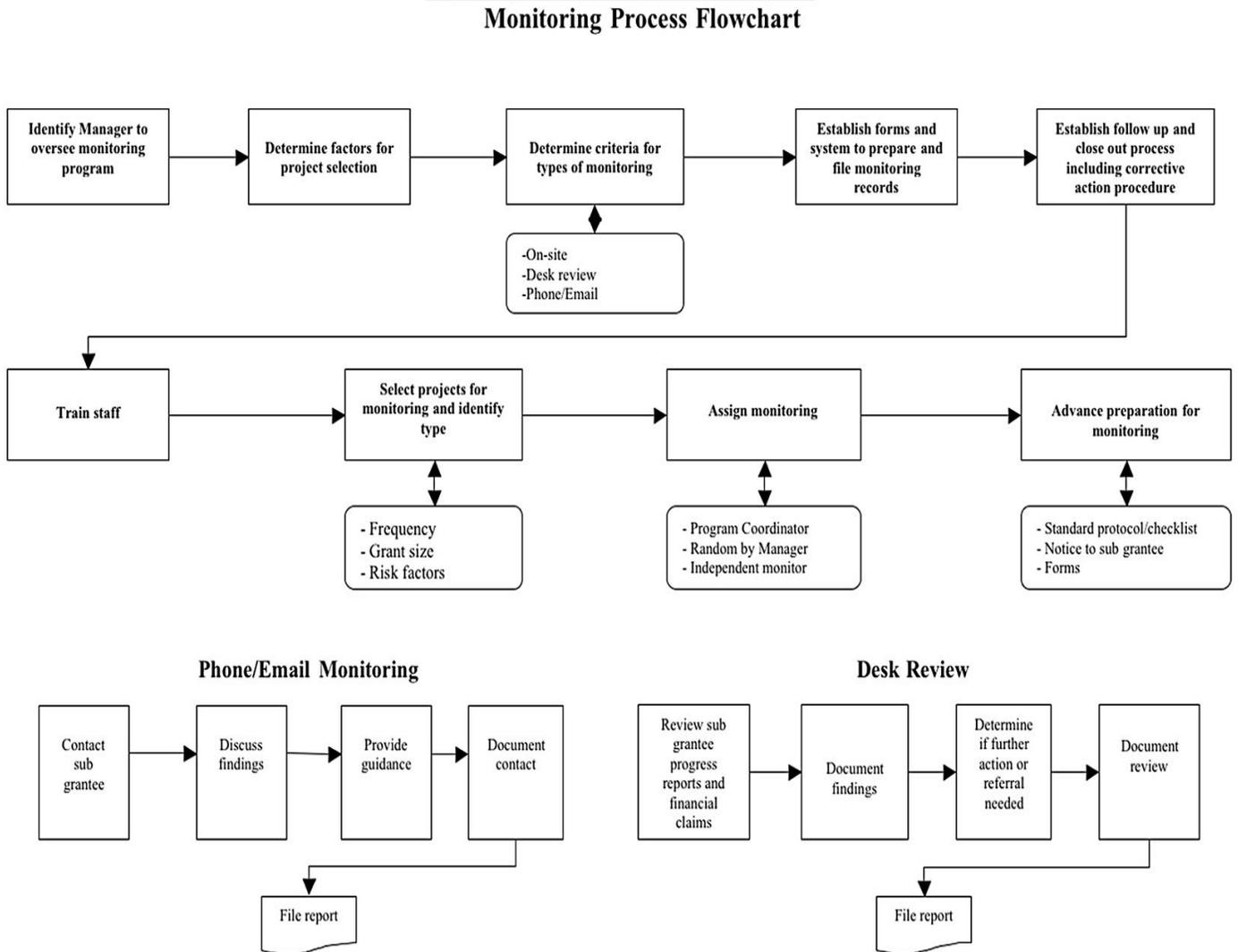
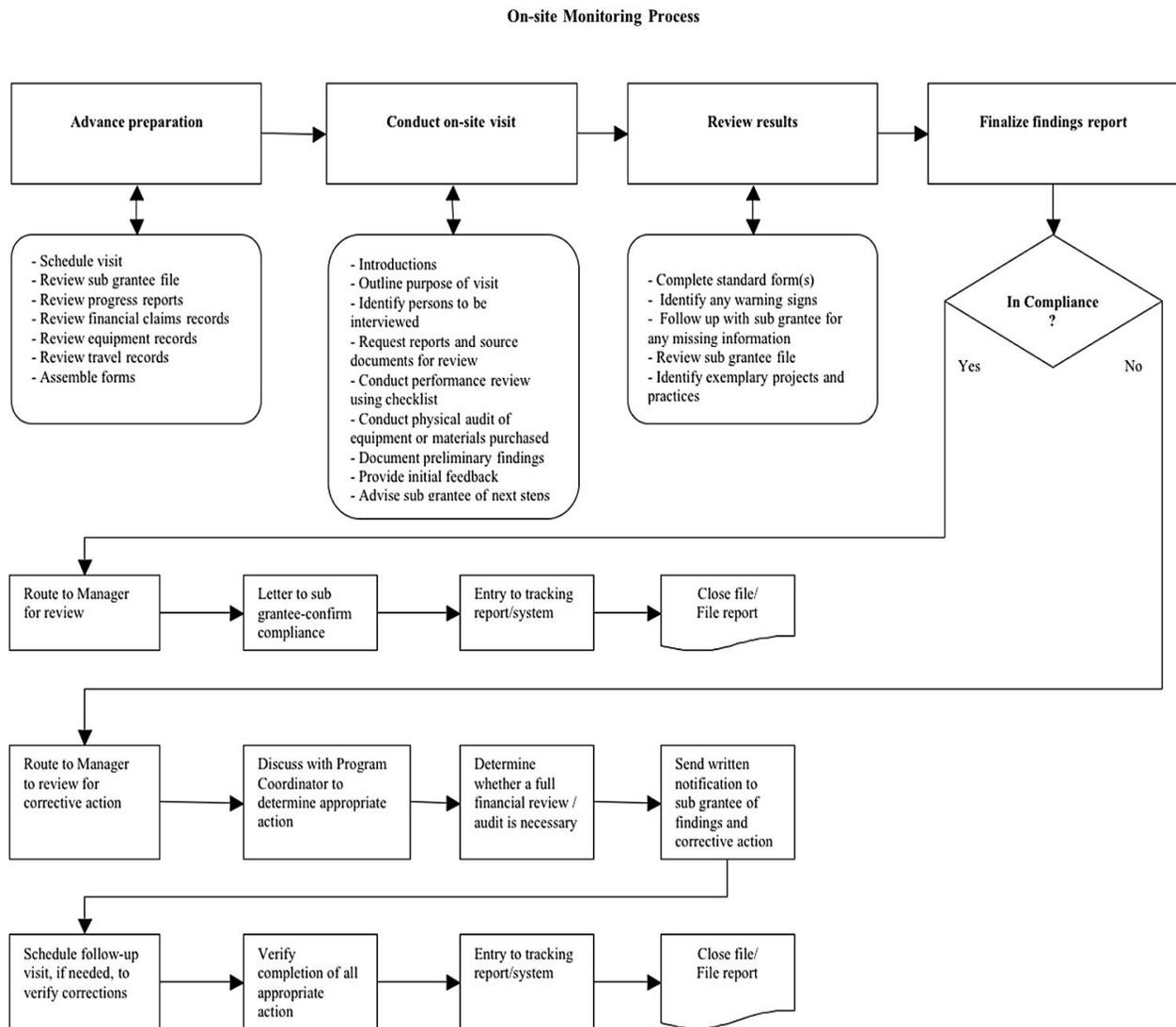


Figure 2. Onsite Monitoring Process



Chapter 2. MONITORING POLICY AND PROCEDURES

A. Purpose and Risk Assessment Requirement

i. Purpose

The purpose of the SHSO Policies and Procedures Manual (often referred to as the P&P Manual) is to equip the SHSO staff with a strong foundation to uniformly and effectively oversee the administration of Federal highway safety grant funds. The monitoring policy is one of many contained in a P&P Manual and typically would not be viewed in isolation as monitoring is dependent upon a variety of related policies for effective grant administration and compliance with Federal requirements. Several samples of selected State Monitoring Policies have been collected for reference and review (See Appendix C. Policy and Procedures Samples). States should review these samples to determine the format and information content which best meets their needs. A Monitoring Policy should address the following:

- Ensure State and Federal program and fiscal compliance as reflected in the grant contract
- Detect and identify problems such as lack of performance, any change in project direction or fraud
- Assure goals and objectives are being achieved
- Provide complete forms for project review and documentation
- Identify exemplary projects and best practices

ii. Pre-Award Risk Assessment

For FY2016 grants and forward, the outcome of the 2 CFR Part 200.331(b) required pre-award risk assessment for each subrecipient must be used **for purposes of determining the level and type of subrecipient monitoring**. There must be evidence of their use to make monitoring decisions including provisions in the SHSO Policy and Procedures Manual. Depending upon the SHSO's (pass-through entity) assessment of risk posed by the subrecipient, the following monitoring tools may be useful to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- Providing subrecipients with training and technical assistance on program-related matters
- Performing on-site reviews of the subrecipient's program operations
- Arranging for agreed-upon-procedures engagements as described in 2 CFR Part 200.425 Audit services

Pass-through entity monitoring of the subrecipient shall include:

- Reviewing financial and performance reports required by the pass-through entity
- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means
- Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by 2 CFR Part 200.521 Management decision

B. Basic Components of a Monitoring Policy

Based upon the monitoring policy and procedures submitted by the States and a review of the NHTSA regulations, following is a summary of the basic components of a Monitoring Policy. States may include additional requirements. For suggested language regarding each component, reference should be made to the sample State Monitoring Policies (See Appendix C. Policies and Procedures Samples).

Caveat: *A solid foundation for a monitoring policy identifies the person responsible, frequency and timing of monitoring, reporting requirements and follow-up.*

i. Definition of "Grant Monitoring"

- Explanation of NHTSA/State monitoring guidelines
- Outline of the background, purpose, policy and an overview of monitoring principles
- Identification of key grant management principles
- Description of the State's monitoring process
- Identification of monitoring as a SHSO management tool for project control and to ensure compliance with Federal regulations

Good Practice: Desk Review – Ongoing process

1. Desk reviews may be conducted at any time - daily, weekly, or monthly - depending on the type of project and the level of confidence the program coordinator has in the subrecipient based on recent history

2. Weekly phone calls may be appropriate if there appear to be problems or for new subrecipients

3. Written correspondence, including e-mails, should address more routine matters

4. The Desk Review may include approval of reimbursement claims and review of supporting documents and should be documented in writing and placed in the file

ii. Types of Grant Monitoring Conducted by the SHSO

- Distinction between ongoing and onsite monitoring practices
- List of the types of ongoing monitoring conducted (phone interview, financial claim/progress reports reviews, e-mail, direct observation of activities, such as, meetings, training workshops, press conferences or other media events)
- Description of specific monitoring practices (mid-year review, interim reports, monthly claim packets and other desk review practices)
- Criteria for financial and unique operational monitoring (i.e. law enforcement grants)

iii. Criteria for Determining the Level and Frequency of Onsite Monitoring

- Description of the selection process for identifying grants to be monitored onsite – (All subrecipients must be treated fairly; be watchful for lengthy relationships between subrecipients and the program coordinator which might imply or result in favored treatment)
- Grant selection processes:
 - ⇒ Periodic frequency (monthly, quarterly, annual)
 - ⇒ Grant size (i.e. all grants exceeding "X" \$ amount receive an onsite monitoring visit annually; all grants less than "X" \$ amount are subject only to desk review)
 - ⇒ SHSO Risk assessment:
 - ✓ Results of federally required pre-award risk assessment (FY2016 forward)
 - ✓ Amount of grant award
 - ✓ Size and complexity of project
 - ✓ Equipment purchase with a value over a specified amount
 - ✓ New subrecipient
 - ✓ Personnel costs (**high risk factor**)
 - ✓ Potential program income
 - ✓ Past performance history
 - ✓ Program coordinator request
 - ⇒ Receipt by SHSO of adverse audit findings or other adverse information
 - ⇒ A stated combination of frequency and risk factors

The following table illustrates risk factors utilized by the State of Texas.

TABLE 6. STATE OF TEXAS MONITORING CRITERIA – RISK FACTORS

Criteria	Explanation
The size and complexity of the project	The larger and more complex the project, the more frequent and formal the monitoring should be
The capabilities and experience of the subrecipient, including relevant training attended	Lower capabilities and/or lack of experience of the subrecipient normally requires more frequent and formal monitoring
Any indications of problems, lack of performance, or change in direction	The more problems and changes, the more frequent and formal monitoring should be

iv. Assignment Protocols for SHSO Staff

- Identification of SHSO management responsibility for oversight of the monitoring selection process
- Assignment of staff – who will conduct the monitoring (monitoring assignments may be identified during the grant planning process). Staff typically assigned: planners, program/financial coordinators, regional grant coordinators. Some SHSOs utilize contractual staff.
- Assignment of independent staff to conduct grant monitoring (some States use staff other than the assigned SHSO program coordinator for the grant)
- Identification of the required timeline for completion of monitoring within the grant year
- Determination of whether just program monitoring or both program and more extensive financial monitoring will be conducted during the onsite visit with assistance of fiscal staff
- Establishment of criteria for conducting a full financial audit

v. Training Needs/Professional Development for Staff and Subrecipients

- Identification of training requirements and guidelines for SHSO staff assigned to monitoring
- Establishment of a timeline for training SHSO staff (some States require monitoring training within one year of employment)
- Provision for a mentoring program for experienced staff to accompany and assist newer staff
- Development or request for training resources (presentations, workshops, NHTSA Regional Office staff training)
- Identification and development of training for subrecipients to inform them of the monitoring requirements and how to prepare for monitoring (the Texas SHSO has a monitoring module in their annual grant management training and some States place the information in their subrecipient project director’s manual)

vi. Advance Preparation Procedures for Onsite Monitoring

- Establishment of pre-monitoring preparation activity required to be completed by staff
- Provision of a staff advance preparation checklist (some States also use the checklist as the onsite monitoring review form)
- Determination of the method of notice to the subrecipient of the visit (a copy of the checklist may be sent to the subrecipient prior to the visit to assist them in preparation)

Good Practice: SHSO Staff Preparation Checklist for Onsite Monitoring Visit

- 1. Notify project director of site visit**
- 2. Review project agreement and all related correspondence**
- 3. Review financial claims submitted**
- 4. Determine if any costs for personnel services are being charged to the grant**
- 5. Review equipment purchase records**
- 6. Determine any travel allowed**
- 7. Schedule appointment with key subrecipient staff**
- 8. Provide list of documents to be reviewed onsite (time sheets, purchase orders, invoices, forms and equipment)**
- 9. Assemble required SHSO monitoring forms**

- ✓ Introductions
 - ✓ Outline purpose of visit
 - ✓ Identify persons to be interviewed
 - ✓ Request reports and source documents
 - ✓ Conduct review using SHSO Policy or Checklist
 - ✓ Communicate effectively
 - ✓ Conduct physical audit of equipment or materials purchased
 - ✓ Document findings
 - ✓ Provide initial feedback
 - ✓ Establish next steps
- Description of the specific steps to be completed in the financial review of the subrecipient’s records. The following table identifies the types of source documents which should be reviewed during monitoring.

TABLE 7. SOURCE DOCUMENTS REVIEWED DURING ONSITE MONITORING

Document Type	Information/Items Reviewed
Requests for Reimbursement (Claims/Vouchers)	Include any appropriate outlay detail forms or other supporting documentation. In reviewing these documents, a sampling methodology may be used, either randomly or selectively (such as, every fifth voucher or every other time sheet). The purpose of the financial document review is to ensure that costs claimed reconcile to the documentation.
Time sheets	Time sheets, personnel activity reports (PAR), pay records, payroll registers, and possibly personnel (salary rate) records must be reviewed to determine that salary and wage costs are fully supported. Time sheets must account for 100 percent of time, regardless of the amount charged to a grant. If only a percentage of time is to be reimbursed, then the prorated amount must be accurate.
Fringe benefits	If reimbursable, fringe benefits (such as health insurance, pension plan, etc.) must correspond to the amount or percent eligible.
Travel costs	Only travel directly associated with the grant which benefits the SHSO and is and included in the grant agreement may be reimbursed. This

	might include, for example, travel to meetings called by the SHSO.
Invoices and payments	Only those costs in the approved budget may be reimbursed. Any discounts must be credited; the discounted amount would be reimbursable. Any payments must be directly attributable to the grant costs.

- Establishment of the procedure for review of the grant budget for adherence to requirements, including, but not limited to, determining whether:
 - ✓ Expenditures are on schedule
 - ✓ Costs are in the approved budget or any subsequent amendment
 - ✓ Any necessary prior approvals for travel, equipment purchases, or changes have been obtained
 - ✓ Appropriate procedures have been followed for all expenditures
 - ✓ Appropriate supporting documentation is available and filed
 - ✓ Reimbursements are up to date

- Establishment of a procedure to review the subrecipient’s system to procure, control, protect, preserve, use, maintain, and dispose of property furnished to them by the SHSO or purchased through a grant, or other agreement in accordance with their own property management procedures, provided that the procedures are not in conflict with the SHSO standards or Federal property management standards procedures specified in or Federal property management standards procedures specified in 49 CFR Part 18.36 prior to FY2016 and [2 CFR Part 200.313 Equipment](#) for FY2016 and forward as appropriate. NHTSA requirements regarding the use, management and disposition of grant-funded equipment are found in 23 CFR §1200.31, and require that the State and their subrecipients manage and dispose of equipment acquired under 23 USC Chapter 4 in accordance with State laws and procedures.
 - ✓ Any property purchased, regardless of the unit cost, must be specifically authorized in the grant agreement.
 - ✓ Equipment and other property acquired under a grant agreement for use in highway safety projects shall be used and kept in operation for highway safety purposes.
 - ✓ **State Agencies:** Property management standards described in the “State Property Accounting Manual” must be used in accounting for equipment purchased under this Agreement.
 - ✓ **Local Agencies and Other Non-State Subrecipients:** Standards for property management described in the applicable federal regulations will be used in accounting for equipment purchased under a grant agreement. The SHSO shall document, manage and track equipment acquired with Federal funds in accordance with the **State’s** law and procedures (including frequency) and the Federal regulations. Prior written approval from the NHTSA Regional Office shall be obtained either in the annual HSPP or by a letter for the purchase or disposition by the SHSO or a subrecipient of each equipment item valued at \$5,000 or more (including the cost of any accessories necessary to make the item operational). The subrecipient may follow their own property management standards if they exceed the requirements set out in the applicable Federal regulations.

Good Practice: Onsite Performance Review Checklist

- ✓ Progress toward objectives. Performance targets and performance measures
- ✓ Adherence to project timeline
- ✓ Compliance with any special conditions
- ✓ Timely submission of accurate and complete reports
- ✓ Status and appropriateness of expenditures
- ✓ Accounting records
- ✓ Personnel records and timesheets
- ✓ Personnel changes
- ✓ Necessary pre-approvals
- ✓ Travel approvals
- ✓ Use of subcontractors
- ✓ Program income
- ✓ If agency receives >\$500,000 in federal funds, Single Audit completed?
- ✓ Supporting documentation of training, signature authority, etc.
- ✓ Equipment inventory
- ✓ Promotional materials unallowable
- ✓ Warning signs
- ✓ Noteworthy accomplishments

viii. Onsite Monitoring Results Documentation

- Identification of standard monitoring report forms with instructions and sample completed forms
- Establishment of a procedure for completion of forms
- Guidance for determining when to request assistance from management, senior program coordinators or financial specialists based upon the nature and severity of problems encountered
- Development and oversight of the internal procedure for reviewing completed monitoring reports and the grant file (including management responsibility, timeline, obtaining any missing information, and a process to assure all required follow-up is completed)
- Determination of the notification method to advise the subrecipient of monitoring results (i.e. providing a copy of the report to the subrecipient) including any corrective action
- Identification of the filing procedure for completed forms (i.e. filing of the original copy of all checklists, reports, correspondence, desk monitoring reviews)
- Documentation of exemplary projects and best practices for recognition, training and future planning

Good Practice: Troubleshooting – Warning Signs!

Late project start

Low activity level

Slow expenditure rate

Late reports or discrepancies

Low morale/poor attitude

Incorrect claims

Lack of signature authority

No/incorrect mileage documentation

Frequent personnel changes

Frequent revisions to the grant

No records or inconclusive records

Evasive answers

Submission of questionable invoices or back-up documentation

Failure to obtain required SHSO approvals

Salaries claimed did not reconcile with documents

Payment for activities not specified in the grant

ix. Subrecipient Notification of Onsite Monitoring Results

- Establishment of a follow-up process with the subrecipient and their staff
- Development of several versions (dependent on monitoring results) of standard notification letters and copies of the monitoring report to subrecipients
- Identification of the criteria for citing any discrepancies found and potential actions to be taken for acceptable resolution
- Establishment of a deadline for completion of corrections

x. Non-Compliance Resolution

- Requirement for immediate resolution of non compliance (specific action and timeline depends upon the exact nature of the problem)
- Assurance that any State regulations pertaining to subrecipient non-compliance are also addressed
- Notification to SHSO agency leadership or State political leaders as appropriate
- Determination whether non-compliance should be discussed with the NHTSA Regional Administrator to alert them and seek advice (typically only for major violations as determined by the specific nature and scope of non-compliance including any past history)
- If fraud is detected, determination whether State/Local District Attorney, State Auditor General/Inspector General or U.S. DOT Office of the Inspector General (1 800 424-9071 hotline@oig.dot.gov) should be contacted.
- Establishment of a corrective action plan based upon objective, timely steps for progressive discipline depending upon the severity of the violation (i.e. meeting, withholding partial reimbursement, submission of additional or corrective documentation, training or reassignment of subrecipient personnel, etc.)
- Development of a procedure for suspending or terminating projects and recovering funds and future disbarment from receiving funds when corrective action is not completed and based upon the severity of the violation (fraud, illegal activity, misuse of funds, etc.) See GHSA Policy Manual, Chapter V. Grant Administration and Management, Section P. Resolution of Monitoring Findings.

Good Practice: Corrective Action Plan – Basis for Progressive Discipline	
Repeated incidence of a discrepancy	Cost claims for unallowable item not in the contract
Required reports not submitted	Action taken without prior approval from the SHSO
Delay or not achieving performance measures that impact project completion	Fraud or other illegal activity

xi. Review and Closeout of Monitoring File

- Establishment of an in-house tracking system to assure all aspects of the monitoring process comply with State and Federal requirements (note: some States develop a form, spreadsheet or database to identify and track all monitoring related activity by grant and fiscal year)
- Development of a procedure for management to ensure that all required follow up communication with the subrecipient is completed timely and properly (i.e. corrective action, claims corrections, performance enhancements and sharing of good practices are less likely to actually occur without prompt and persistent follow up and oversight by SHSO management)

xii. Other Uses for Monitoring Results

- Incorporation of corrective action and resolution in training tools for SHSO staff and subrecipients
- Identification of exemplary projects for inclusion in the SHSO Annual Report, GHSA and other award programs and SHSO subrecipient recognition program
- Development of best practice examples for training SHSO staff and subrecipients
- Identification of noteworthy practices for sharing in SHSO newsletter and web site
- Development of future topics for SHSO sponsored conferences and workshops
- Tabulation of subrecipient results on the basis of cost and outcome results and comparison to the results of other subrecipients conducting similar activities to determine relative productivity and value. Such information may be used by the SHSO in making future subrecipient selections.

C. Fraud Prevention

Recent investigations by the federal Office of the Inspector General (OIG) and NHTSA have detected more cases of fraud involving subrecipients receiving Federal highway safety grant funds. As a result, there have been several instances where States have had to recover funds from subrecipients or pay back the Federal funding themselves, sometimes in sizeable amounts. A comprehensive monitoring program is one of the most effective ways to prevent fraud. Such a program includes the elements outlined in this Monitoring Advisory and sufficient management oversight to ensure that the program is fully implemented. On-sight monitoring of grants which include personnel services is essential. The following information has been compiled to assist the SHSO in preventing fraud and the misuse of Federal funds.

Caveat: Personnel services grants - including law enforcement overtime and those containing subcontracts - have been identified as at high risk for fraud. Such grants should require strong internal supervision by the subrecipient. Electronic ticketing systems, versus paper, are less likely to allow fraudulent activities to occur undetected.

i. Special Attention for High Risk Grants and Activities

- Identify law enforcement and other types of grants which contain claims for personnel services as requiring special attention to detect fraud
- Closely examine and compare personnel log sheets to actual activity documentation (such as date and time worked as recorded on paper tickets and time reports) to ensure that only actual time worked on grant-funded, approved activities is submitted for reimbursement
- Ensure that only approved hourly rates for sub contractors and vendors are charged to the grant and that legitimate invoices from sub contractors and vendors for actual work completed are available for examination

ii. Recognition of Risk Factors for Personnel Services Grants

- Lack of communication of specific clear benchmarks, goals and deliverables for enforcement and other contracts;
- Lack of training for supervisors and officers to emphasize unique conditions of grant programs;
- Lack of supervision of grant procedures during overtime patrols, time and attendance quality checks and use of paper forms

iii. Incorporation of Prevention Strategies into the SHSO Policies and Monitoring Practices

- Provide specific pre-award guidance to subrecipients– see Section F. Resources for States - to explain the Federal requirements and discuss the need for their own internal control systems
- Require subrecipients to submit their policy/internal controls to the SHSO to certify compliance with generally accepted practices
- Review original documents (not copies) at the subrecipient or third party sub contract level
- When conducting on-sight monitoring, over sample vouchers
- Establish clear performance benchmarks and expectations
- Develop an action plan to follow when possible fraud is detected

- Use State auditors to randomly audit selected subrecipients and to follow up fraud allegations for the SHSO
- Document and disseminate information on identified cases of fraud and the consequences to law enforcement officers, project personnel and their departments as a deterrent

iv. Utilization of Federal and Other Training Resources

- Identify and incorporate into SHSO procedures the “risk level decision tree” available from NHTSA Regional Offices
- Follow the suggested preventive oversight action steps for law enforcement agencies and SHSO management and project staff contained in the NHTSA/GHSA 2012 Webinar: Strategies to Prevent Fraud and Misuse of Federal Funds which can be found on the GHSA Members Only website page.
- Review the OIG Information Memo OIG Memo 5-21-12 on STEP Fraud (see Attachment 4 for a sample blank log sheet to gather the information needed to verify actual hours worked in a shift)
- Review and become familiar with the applicable Federal regulations: Noncompliance with accepted standards for financial management systems, see [2 CFR Part 200.202](#); and, OMB Circular A-123 requirements that programs be protected from waste, fraud and mismanagement.

Chapter 3. MONITORING PRACTICES

A. When Do States Complete Onsite Monitoring?

Many States conduct onsite monitoring of all subrecipients on an annual basis. If not, the SHSO establishes determining factors which must include risk-assessment results. Other factors are grant amount, purchase of large equipment and other periodic time periods (quarterly and biannually).

Many States use their monitoring criteria to also identify the appropriate time to conduct the onsite monitoring. A monitoring schedule or calendar should be established to ensure that the monitoring policy is followed, staff is appropriately guided, deadlines are set and subrecipients are aware of the schedule.

TABLE 8. SAMPLE MONITORING CALENDAR BASED ON THE FEDERAL GRANT YEAR

Month	Activity	Responsible SHSO Staff
<i>For new fiscal year:</i> October	<ul style="list-style-type: none"> Select grants for onsite monitoring based on SHSO criteria <u>including risk-assessment results</u> and issue monitoring schedule Assign SHSO staff to complete monitoring 	SHSO Administrator/Manager
October - September	<ul style="list-style-type: none"> Complete on-going monitoring at least once each month for each subrecipient in program area 	Program Coordinator
November - July	<ul style="list-style-type: none"> Conduct onsite monitoring in accordance with monitoring schedule 	Program Coordinator
November – July	<ul style="list-style-type: none"> Periodically track completion of onsite monitoring by program coordinators Review completed onsite monitoring reports Generate notification to subrecipients with positive findings Determine corrective action if any to resolve negative findings Initiate, track and assure completion of corrective action including notification letters 	SHSO Administrator/Manager
<i>For prior fiscal year:</i> October	<ul style="list-style-type: none"> Review onsite monitoring schedule to ensure completion of monitoring of all selected grants Determine whether any follow up action is necessary, and flag any subrecipient with pending resolution of findings Issue a report for the year on the status of the completion of the onsite monitoring schedule and maintain in SHSO file 	SHSO Administrator/Manager

A major factor for deciding when the monitoring visit should take place for a selected subrecipient is the grant time period itself. Some States routinely do not monitor during the first and last quarter of the grant period to avoid low levels of start-up activity or the approach of the busy end of the grant year, respectively. New subrecipients and those who are developing highly innovative strategies will often receive priority for earlier visits in the first quarter. The timing of planned subrecipient meetings, events

or trainings may be ideal for also conducting an onsite monitoring and can save the SHSO travel dollars and time.

Consideration should be given to using a monitoring visit to a geographically remote area of the State by a program coordinator in the most effective manner to conserve travel time and resources. A single program coordinator can cross program areas to conduct all of the required monitoring visits in that area at the same time with some preparation assistance from the program coordinator assigned to the specific grants.

Another factor may be whether the SHSO is able to conduct mandatory grant management training for all grant project directors and fiscal staff on an annual or periodic basis. If subrecipients can be trained in a collective manner, especially returning subrecipients, the need for early onsite monitoring visits can be reduced.

B. How Do States Monitor?

The States use various methods of monitoring including onsite visits and in-house desk reviews, phone calls, or email with most using some combination.

- The elements of an **onsite monitoring visit** are described within the Basic Components of a Monitoring Policy, page 12.
- **Telephone and email communications** are efficient ways to monitor portions of a subrecipient's progress and allow a program coordinator to stay in contact with a large number of subrecipients. Most States require that the content of phone conversations be documented (recommended) using a standard form and that emails be printed and retained in the subrecipient's file.
- **Desk** reviews are routinely conducted by most States. States typically require all subrecipients to file a written periodic progress report. The review of these reports in the SHSO is then used as a monitoring tool. Some States require that the program coordinator review each progress report and reimbursement claim for accuracy and compliance with program objectives before approving the claim for payment. In addition, some States separately conduct a more elaborate desk review which includes examination of the project agreement, progress report, reimbursement claim, budget expenditures to date and other related documents to determine if the subrecipient is making progress toward meeting the stated goals and objectives. Desk reviews should be documented in writing using a standard form. A desk review may result in a follow-up phone call or email to the subrecipient to obtain additional information or clarification. In some cases, issues discovered in the desk review may cause the program coordinator to request that an onsite monitoring visit or a fiscal audit be scheduled in the near future.
- States may conduct informal visits to observe subrecipient activity by attending training workshops, media events or other functions hosted by the subrecipient. Like a desk review the informal visit may disclose information that suggests the need to schedule a more formal monitoring.

C. Who Does The Monitoring?

There are various staff positions in the SHSO which can be assigned the responsibility for conducting and overseeing monitoring. According to the GHSA survey, the following positions can be involved in monitoring and in the review and oversight of the monitoring program within the SHSO.

TABLE 9. SHSO MONITORING STAFF ASSIGNMENTS

Staff Conducting Monitoring	Staff Overseeing Monitoring Program
Program Monitor	Project Assistant
Project Coordinator	Regional Coordinator
Safety Project Manager	Transportation Highway Safety Management Specialist
Management Analyst	Division Director for Planning and Programs
Law Enforcement Liaison	Area Administrator
Program Manager	Grants Unit Manager
Financial Manager	Planning and Evaluation Manager
District Traffic Safety Specialist	Assistant Director

In most States, the program coordinator assigned to the grant is responsible for completing the onsite monitoring visit, routing their report to a manager for review and notifying the subrecipient of the monitoring results and/or any corrective action that may be appropriate. The program coordinator is usually responsible for monitoring the project throughout the entire grant time period, providing technical assistance as needed and assuring that the contract provisions are being followed. Regular and close communication between the program and fiscal SHSO staff is encouraged to assist in the early detection of minor and major problems including fraud.

Monitoring is required by Federal regulation to be done by all SHSOs regardless of the size of the program. States with a small staff may need to develop alternative solutions to provide the resources needed to conduct monitoring. The SHSO may consider soliciting a grant with a qualified State or local agency or non-profit organization and train their staff to conduct some or all of the monitoring program activity. If the SHSO is located within a larger State department, they may be able to utilize the Department's field staff (districts or regions) or their financial or auditing personnel to assist them with monitoring.

A number of States utilize their law enforcement liaisons (LELs) to monitor or assist with the general oversight of their enforcement grants.

Some SHSOs are organized on a regional basis. Regional coordinators are typically assigned to provide highway safety activity support for a specified geographic area of the State. They may have responsibility for problem identification, grant development and monitoring in their region. The regional concept is usually employed by States with a large geographic area and/or highly populated areas.

Some States use teams to conduct monitoring rather than just a single program coordinator. The team may consist of the program coordinator and a fiscal specialist, another program coordinator or a manager. The manager may be asked to assist if there is a history of poor performance or in the case of a particularly large and/or complex grant project, i.e. State agencies or multiple year projects.

D. Sample Monitoring Forms

Many States use similar monitoring forms while a few others may have a unique or customized approach. A sampling of SHSO monitoring forms, checklists and practices has been collected for reference (See

Appendices D. Monitoring Form Samples, E. SHSO In-House Preparation Samples and F. Miscellaneous SHSO Forms, Checklists and Practices).

The following sample form and notification letters have been compiled by GHSA using the best practices of several States:

- Attachment A. Sample Onsite Monitoring Report Instructions and Report Form
- Attachment B. Sample Notification Letter of Onsite Monitoring and Preparation Instructions
- Attachment C. Sample Notification Letters of Onsite Monitoring Results (No corrective action needed and Corrective action needed)

The most common format used for the onsite monitoring form is the checklist. In some States the onsite monitoring form is also used for other types of monitoring (i.e. telephone, e-mail). The table below provides a brief explanation of the most common monitoring forms.

TABLE 10. COMMON MONITORING FORMS

Onsite	<ul style="list-style-type: none"> • Most common form used by States to document results of monitoring • Checklist format most often used • Documents performance review results including project activities, reimbursement claims review, equipment purchases, required approvals, and other information • Usually written onsite and reviewed later by SHSO management before providing a copy to the subrecipient
Telephone	<ul style="list-style-type: none"> • Summary of conference or telephone calls conducted during the course of the project which includes the date and time of the call, the person contacted and the results • Serves as an informational review to determine progress of programmatic/financial activities
In-house preparation checklist	<ul style="list-style-type: none"> • Checklist format most common and easy to use • Sometimes also used for the onsite monitoring form • Serves as a tool for SHSO staff to ensure adequate preparation for the onsite visit • Provides an opportunity to consistently review all program and financial information prior to the site visit
Checklist for onsite monitoring	<ul style="list-style-type: none"> • Contains basic grant information in a standard format • Ensures detailed approach to onsite visits (progress, financial, equipment, timekeeping, approvals, authorization records, etc.) • Includes all items for onsite review • Assures consistent monitoring by all SHSO staff
Corrective action	<ul style="list-style-type: none"> • Often used to record discrepancies, problems or issues encountered • Calls for action, grant revision or a plan to correct problems – (letter or form) • Resolves minor findings efficiently • Sets out a course of progressive discipline to resolve significant negative findings
Checklist for project file review	<ul style="list-style-type: none"> • Used to ensure required documents have been completed and are located in the grant file (progress reports, claims, approvals, monitoring reports, etc.) • Identifies any recommended action to be taken prior to grant file close out

E. Electronic Systems

Connecticut's Governor's Highway Safety Office (CT HSO) has developed an electronic Grant Management System containing on-line access to all of the highway safety applications; reimbursement forms, reports, policies and procedures. This management system allows subrecipients the ability to submit data electronically and, in turn, inputs the information into a database for statewide HSO and NHTSA

Caveat: *Is your State in the midst of developing an electronic system? Please notify the GHSA so this reference list can be updated periodically.*

reporting. This reporting system has increased the efficiency of tracking and monitoring the progress of all the awarded subrecipients. Original signed documents continue to be kept on file. However, the CT HSO is working toward obtaining approval of electronic signatures which will allow for comprehensive electronic reporting. The system is also used to view reports and claims submitted by the subrecipient in preparation for onsite monitoring. Visit the web site at:
<http://www.ct.gov/dot/cwp/view.asp?a=2094&q=432886>

The **Georgia** Governor's Office of Highway Safety (GOHS) has developed an on-line Grants Management System containing all of the subrecipient progress reports and claim forms. GOHS can track and monitor the progress of the grants on-line including claims submission, back-up documentation and progress reports. To learn more visit their web site at: www.gahighwaysafety.org

Michigan's Office of Highway Safety Planning (OHSP) is using their electronic Grants Management System to also collect subrecipient progress reports and cost statements (claims). The reports are printed and collected in a binder for each subrecipient which is reviewed in preparation for onsite monitoring visits. The State is considering future enhancements to the system which would assist staff by collecting all reports related to monitoring in a separate file connected to the grant application. The OHSP periodically runs reports from the system to identify the status of the payment of subrecipient claims. This information is used to respond to subrecipient inquiries as well. For more information, contact Kathy Farnum at 517 241-2528 or e-mail farnumk@michigan.gov.

Mississippi is in the process of developing an on-line Grants Management system that will have the capability for subrecipients to file monthly worksheets, quarterly reports, monitoring reports and year-end reports. Supporting documentation will be faxed, scanned or mailed in to support all monthly claims.

Missouri's Highway Safety Division has established a system for staff to complete monitoring reports on-line using their Highway Safety Grant Management System. A paper copy of the monitoring report is kept in the file. A user name and password is required to access the on-line system. For more information call Bill Whitfield, 800/800-2358 or e-mail william.whitfieldjr@modot.mo.gov. Visit the web at: www.modot.mo.gov/safety/grant/index.htm.

New York's Governor's Traffic Safety Committee (GTSC) implemented an electronic grants management system beginning with FFY2010. Subrecipients prepare and submit applications, progress reports and payment requests on line. GTSC staff review applications, reports and payment requests, and prepare onsite monitoring reports in the system. Existing procedures and forms were adapted for the electronic system. The system allows both GTSC and subrecipients to upload documents and other electronic files to the grant, report and payment files. The GTSC Program Representatives follow up onsite monitoring visits with a letter to subrecipients summarizing the findings and providing recommendations. Reports from the system allow GTSC staff to track grant reporting and payment activity. The GTSC management review grant program forms and documentation annually and update them when required. For more information contact: Chuck DeWeese at (518) 474-0972 or email chuck.deweese@dmv.ny.gov

The **North Dakota** Safety Division has an Electronic Document Management System (EDMS). This system electronically files all project-related documents.

The **Ohio** Office of Criminal Justice Services has an electronic Grants Management System which requires that all subrecipients submit their activity reports and reimbursement claims on-line. Most subrecipients support documentation is either scanned and electronically transmitted or faxed into the office with only a few exceptions. The system is used to view reports and claims submitted by the subrecipient in preparation for the onsite monitoring visit. In addition, the system is used as an element of the quarterly status review of each grant conducted by the grant manager and the planner. The State's law enforcement liaisons (LELs) access the on-line system to identify the status of enforcement subrecipient reporting and then use that information in their onsite informational and training visits (they do not conduct monitoring). For more information call Lori Clarke, 614/466-3250 or e-mail: lclarke@dps.state.oh.us

Texas has created a comprehensive on line Policies and Procedures Manual which includes all required forms and an extensive section on monitoring. The purpose of the Manual is to establish program and project management procedures for subrecipients and grants in support of the State’s Traffic Safety Program. In keeping with the State’s overall move toward electronic documents and forms, this Manual and related forms have been developed so that the appropriate information can be entered and submitted electronically. Visit their web site at: <http://www.txdot.gov/safety/>. The entire June 2011 Manual can be found at the following link: <http://onlinemanuals.txdot.gov/txdotmanuals/tfc/tfc.pdf>

F. Resources for States

The SHSOs should be viewed as the most important and valuable resources for more information about grant monitoring practices and developing new forms or systems. Learning from the experience of other States saves time and money as well as avoiding duplication of effort.

States interested in developing monitoring training for their staff should consider the following resources:

- Georgia Office of Highway Safety – Power Point Presentation (See Appendix F. Miscellaneous SHSO Forms, Checklists and Practices available at the GHSA web site)
- Tennessee Monitoring Refresher Course Agenda (See Appendix F. Miscellaneous SHSO Forms, Checklists and Practices available at the GHSA web site)
- GHSA Executive Seminar – Module on Monitoring
- NHTSA TSI Program Management Course – Module on Monitoring
- NHTSA Management Review Elements – Section II Program Management, subsection D. Monitoring (See the NHTSA website for the latest version at [Management Review Elements](#))
- NHTSA/GHSA 2012 Webinar, Members Only page: Strategies to Prevent Fraud and Misuse of Federal Funds

Listed in the table below are useful web sites. The GHSA web site has a complete directory of all SHSO web sites and other useful links.

TABLE 11. WEB SITE RESOURCES

AGENCY NAME	WEB ADDRESS
U.S. DOT National Highway Traffic Safety Administration/ Highway Safety Grant Management Resources	NHTSA Highway Safety Grant Resources
Governors Highway Safety Association	http://www.ghsa.org/
Texas Traffic Safety Program. The Monitoring Section of their Manual includes these sections: <ul style="list-style-type: none"> ✓ Overview ✓ On-going monitoring ✓ Project onsite monitoring ✓ Fraud prevention ✓ Resolution of findings ✓ Evaluation overview ✓ Project evaluation ✓ Annual report to NHTSA 	Texas Traffic Safety Policy Manual Excerpt on Monitoring

Transportation Safety Institute (TSI) - Training opportunities	http://www.rita.dot.gov/tsi/about/highway_safety
Federal Audit Clearinghouse	https://harvester.census.gov/facweb/
OMB Circulars	www.whitehouse.gov/omb/circulars
OMB Uniform Guidance	2 CFR Part 200.202

G. Acknowledgements

The GHSA has learned and shared the monitoring practices established by the SHSOs. It is evident that many States have taken a proactive approach to monitoring and are supportive of sharing their process with others. Monitoring is critical to the effective and efficient management of a State highway safety program. Each SHSO should have a monitoring policy and assure that a regular monitoring program is being conducted in accordance with that policy.

As with other guidance provided by GHSA, the Advisory will have many potential benefits to the States. As new information is brought to the attention of GHSA, the Advisory will be updated.

A special thank you is given to all of the States who participated in the GHSA survey and in the 2012 and 2015 revision projects which helped to make this resource with revisions possible.

Attachment A: SAMPLE Onsite Monitoring Report Instructions and Report Form

SAMPLE **Onsite Monitoring Report** **Instructions**

1. **Date** - Record the date the onsite monitoring visit was conducted.
2. **Grant Number** - Record the Grant Number. This number should be on the Grant Agreement.
3. **Subrecipient** - Record the name of the subrecipient as it appears on the Grant Agreement.
4. **Grant Title** - Record the name of the project title as it appears on the Grant Agreement.
5. **Site Location** - Record the site location of the onsite monitoring visit. Provide a description and address, if applicable.
EXAMPLE: City Offices, 1111 Grant Street
6. **Participants** - List the name(s) and title(s) of all those who participated in the monitoring visit.
7. **Preparation for visit** – Note whether specific documents were reviewed including the pre-award risk assessment and any pre-visit actions taken.
8. **Purpose of visit** - Check the purpose of the visit. Briefly describe if "Other".
EXAMPLES:
 - *In response to [indicate information received or report deficiencies].*
 - *To review and participate in project's training class or other activities.*
9. **Performance Information** – Note whether required reports and documents were submitted and complete, including appropriate supporting documentation, and whether performance requirements are being met. Explain any "No" answers and any exemplary or special activities or actions, including Best Practices.
10. **Financial Reports and Records** - Identify which financial records were reviewed and indicate what type of sampling was used to choose records. If records were not reviewed, indicate either that this was completed on an earlier visit or schedule a date when this will occur. Copies should be made of documents received and attached to the report. Note whether required Claims/Vouchers and documents were submitted on time, with complete information and including any required supporting documentation.
EXAMPLES:
 - Took randomly selected sample of time sheets.
 - Selected every fifth claim/voucher to track costs.
 - Reviewed citations of every other officer on overtime listing.
11. **Single Audit** – Determine whether a Single Audit is required under the Federal regulations and if yes, obtain additional information regarding the completion of the audit.
12. **Contractual** – Establish if the subrecipient is acquiring contractual services and whether the selection and oversight meets the SHSO requirements.
13. **Personnel** – Determine whether the subrecipient has established sufficient time accounting documentation, received any required approvals and the method for fringe benefit charges.
14. **Program Income** - Establish whether program income will be generated by the grant activity and if yes, the process for accounting, expenditure and reporting.
15. **Educational/Safety Items** - Determine whether the subrecipient is purchasing educational or safety items and if yes, were the appropriate approvals received, material reviewed by the SHSO, and required grant terminology included. Promotional items are an unallowable cost.
16. **Property Management** – Describe any property or equipment purchased with grant funds and the presence, or lack, of a tagging and inventory system. Conduct physical inventory (if required).

17. **Training** - Determine whether any training required by the grant conditions has been completed and when it was completed or will be completed. Establish whether any additional training assistance is needed.
18. **Travel** – Establish whether travel was approved in the grant and if yes, was the required approval received, how are travel expenses documented and is supporting documentation on file.
19. **Evaluation** – Indicate whether the subrecipient is completing any required evaluation activity or has encountered any obstacles
20. **Participation** – Were all appropriate programmatic and fiscal parties present at the visit? If not, explain why not.
21. **Grant Status** – Note the status of grant progress including grant activities, funding expenditures and self sufficiency achievements.
22. **Corrective Action:** Indicate whether any corrective action is needed. If minor, briefly describe the action, designate who is responsible, and provide a date for completion. If significant, describe the problem in detail and forward the report to the Grant Supervisor for review and determination of SHSO corrective action plan before sharing the report with the subrecipient.
23. **Comments:** Summarize compliance with any special grant conditions and provide any further comments. **NOTE:** Use additional sheets as needed to record all information.
24. **Signatures** – The SHSO staff person completing the onsite monitoring should sign and date the form. If the review was completed by more than one person, both persons should sign and date the form.
25. **Reviewed by** – When reviewed by an appropriate SHSO at the next level above the person doing the onsite monitoring, the reviewer should add their signature and title.
26. **Form Distribution:** Provide the original of the form to the Grant File and one copy to the subrecipient. One copy should be retained in the working file (optional).

SAMPLE
Onsite Monitoring Report
Form Content

NOTE: Following is the **information** suggested to be included in an onsite monitoring report form. The information should be formatted into an actual form (printed or electronic) with sufficient space added for providing the requested responses. In most instances a standard Yes [], No [], Not Applicable [] response area should be added to each item as well as a line or space for completing narrative information. See Item 9 below as an example.

1. Date:

2. Grant number:

3. Subrecipient name:

4. Grant title:

5. Location of site visit:

6. Participant(s) name and title:

7. Preparation for monitoring:

- a. Pre-award risk assessment results reviewed?
- b. Grant agreement reviewed?
- c. Progress Reports reviewed?
- d. Claim/Voucher requests reviewed?
- e. Grant correspondence reviewed?

8. Purpose of Monitoring (check those applicable):

- a. Routine monitoring as directed
- b. Response to identified problems. Explain:
- c. Other: Explain:

9. Performance Information:

- a. Are all reports complete and submitted as required? [] YES [] NO [] N/A
If NO, explain:
- b. Provide the following information for **each** Grant Objective: (repeat this section multiple times to accommodate the average number of objectives contained in a grant)
 - 1. Circle One: Completed, In Progress, Scheduled to begin, Will not complete because:
 - 2. Circle One: Support documentation – Attached, Will be submitted, Attached to Progress Report
 - 3. Comments:
- c. Were any unique or special activities or actions identified? [] YES [] NO [] N/A
If YES, explain:
- d. Were any special accomplishments identified? [] YES [] NO [] N/A
If YES, explain:

- e. Has any overrun or underrun in expenditures been documented with appropriate explanation? [] YES [] NO [] N/A

If YES, explain:

10. Financial Reports and Records:

- a. Are Claims/Vouchers submitted on time, correct, and accompanied by documentation for expenditures? If NO, explain:
- b. Are reported costs consistent with the amount approved in the grant? If NO, explain:
- c. Are costs reported to the SHSO consistent with the amounts entered in the subrecipient's general ledger or other appropriate records? If NO, explain:
- d. Were costs reported in the budget period in which they were incurred? If NO, explain:
- e. Describe the controls in place to prevent expenditures in excess of approved grant amounts?
- f. Is match being tracked as it occurs (if applicable)? If NO, explain:
- g. Attach samples of financial records reviewed onsite. Describe the sampling method used to choose records for review.

11. Single Audit Compliance:

Will the subrecipient agency receive \$500,000 or more for awards prior to FY2016 and \$750,000 or more for FY2016 and forward) of Federal financial assistance in the current fiscal year? If YES:

- Has the subrecipient been audited or will they be audited when the grant period ends?
- Does/will the audit contain the Single Audit Act provision portion?
- Indicate the name of the auditor and the period covered or to be covered.
- Indicate whether the SHSO has received a copy of the audit or when a copy will be submitted.

12. Contractual:

- a. Describe the method to document individual contractor's time and rate on the grant project.
- b. Describe the method the subrecipient used to select a contractor.
- c. Describe the procedure used to assure adequate oversight of contractors.

13. Personnel:

- a. Are methods in place to appropriately account for the time of subrecipient employees based on the type of Federal award including those who work on other activities in addition to this grant? If NO, explain:
- b. Describe the time accounting system used (obtain a copy of form used):
- c. Are time sheets completed for all personnel working on the grant and signed by a supervisor and are the originals available for examination? If NO, explain:
- d. Describe the method for determining charges for fringe benefits.

14. Program Income:

- a. Will/has this grant generated program income?
- b. If yes, are the funds reported and are the funds expended only to further the objectives of the program area under which the grant was funded?

15. Educational/Safety Items - Determine whether the subrecipient is purchasing permitted educational or safety items and if yes, were the appropriate approvals received, material reviewed by the SHSO, and required grant terminology included. Promotional items are an unallowable cost.

16. Property Management:

- a. Has property or equipment been purchased with grant funds? If YES:
 - What was purchased?
 - Was the property or equipment in the approved grant budget
 - Did the subrecipient submit the required equipment record form to the SHSO (if required)
 - Does the subrecipient have a system in place to tag, control, protect, preserve, use, maintain and inventory (annually) the property?
 - Is the property or equipment being used for the designated highway safety purpose?
- b. If property or equipment has a value of \$5,000 or more and a useful life of at least one year (amount may vary depending on other State requirements), was written NHTSA and SHSO purchase approval received before the purchase was made and before disposition? If NO, explain:
- c. Was a physical inventory of any property conducted? If YES, describe.

17. Training:

- a. Is training a required condition of the grant? If YES,
 - When was the training conducted and by whom?
 - If not yet conducted, when will the training be completed (specific dates)?
- b. If there any training assistance that the SHSO can provide?

18. Travel:

- a. Was travel included in the grant?
- b. Was prior approval for out of state travel obtained from the SHSO (if required)? If NO, explain:
- c. What is the method for determining and documenting travel, lodging and subsistence costs? If applicable, obtain a copy of the subrecipient's travel policy.
- d. Is the required supporting documentation for travel expenses on file? If NO, explain:

19. Evaluation:

- a. How is the subrecipient evaluating the effectiveness of the grant activity?
- b. Has the subrecipient experienced any obstacles in achieving the grant objectives? If YES, explain:
- c. Will all of the grant activities be completed by the end of the grant year? If NO, explain:

20. Participation:

Did everyone who should have participated in the onsite visit take part? If NO, explain:

21. Grant Status:

- a. Was the project implemented on schedule? If NO, explain:
- b. Were all procedures relating to grant management followed and documented? If NO, explain:
- c. Is the project fully staffed with qualified, trained personnel? If NO, explain:
- d. Are grant revisions required? If YES, explain:
- e. Will all funds be expended by the end of the grant year? If NO, explain:

Attachment B: SAMPLE Notification Letter of Onsite Monitoring and Preparation Instructions
 (Adapted from North Carolina)

SAMPLE
Notification Letter of Onsite Monitoring and Preparation Instructions

To: _____

From: _____, Program Coordinator

Date: _____

Grant Number: _____

An onsite monitoring visit has been scheduled as follows:	
Date:	Time:
Type of Review: <input type="checkbox"/> Routine <input type="checkbox"/> Problem* <input type="checkbox"/> Other	
Nature of problem*:	

The purpose of the monitoring visit is to determine compliance with State and Federal highway safety grant regulations and to assure the completion of your grant in an efficient and effective manner. Limited resources and Federal performance expectations require that our office closely monitor the progress of each grant throughout the year to ensure that they are executed as proposed and that the funds are expended as planned.

In order to expedite this visit, please have documentation ready for the following checked items:

Equipment Purchased

- Invoices for property or equipment purchased, showing the description, date and amount (showing discounts, if any) of items purchased.
- Invoices for services procured or documentation for equipment disposed
- In-house purchasing procedures
- _____

Financial Information

- Copies of claim/voucher requests
- Contracts for services
- Accounting of any program income and documentation on how the program income was utilized
- Copy of the last Single Audit, if required, to include the name and telephone number of the auditing firm that conducted the audit, and evidence of any corrective actions taken (if applicable)
- _____

Educational Materials/Safety Items Purchased

- Brochures, materials or safety items produced or procured with grant funding
- Reports or publications produced as part of the grant
- _____
- _____

Personnel

- Original time sheets, activity records, pay records and/or payroll registers to verify time worked for employees paid with grant funds
- Salary rate records to verify wages paid including copies of subcontracts, if any
- Fringe benefits detail to verify amount or percent eligible
- Job description for project funded employees
- _____

Training

- Certificate of completion for required training
- Certificate of completion for law enforcement training i.e. Standardized Field Sobriety Training (SFST)
- _____
- _____

Travel

- Invoices for travel-related expenses
- In-house travel policy and procedures

Additional Information Not Specified Above:

- -----
- -----
- -----
- -----
- -----
- -----

Please direct any questions regarding the scheduling of the monitoring visit or the requested materials to the program coordinator listed above by calling _____ or emailing _____.

Attachment C. SAMPLE Notification Letters of Onsite Monitoring Results

SAMPLE
Notification Letters of Onsite Monitoring Results

NOTE: Following is the **information** suggested to be included in onsite monitoring notification letters. The information should be formatted into an actual letter on the SHSO letterhead for signature.

1. No corrective action needed:

SUBJECT: Grant Number _____, (Title)

An onsite monitoring review of the subject grant was conducted by our office on _____. Based upon the results of this review, the grant appears to be in compliance with State and Federal requirements.

We appreciate the assistance of your staff during the monitoring visit as they made every effort to provide access to the requested documentation and information.

Attached is a copy of the Monitoring Report for your file. If you have any questions regarding this action, please do not hesitate to contact me at _____.

Thank you for your continued efforts to improve highway safety in our State.

2. Corrective action needed:

SUBJECT: Grant Number _____, (Title)

An onsite monitoring review of the subject grant was conducted by our office on _____. Based upon the results of the review, the following deficiencies were identified. Corrective action is required as soon as possible (or insert date) in order for your grant to be in compliance with State and Federal requirements.

(Identify each problem including a citation to the applicable State or Federal law/regulation, the corrective action needed and deadline for completion)

The SHSO will work with your agency wherever possible to assist you in fulfilling the requirements. Failure to meet grant agreement Terms and Conditions, performance and reporting requirements, etc. may result in modification of the agency's agreement including the reduction of funding, cancellation of the grant or initiation of other remedies as deemed necessary.

Your agency is required to prepare a written response which will detail how the identified deficiencies will be corrected. The response must be submitted to the SHSO within 30 days after receiving this letter. Failure to respond within the timeframe indicated may result in cancellation of the agreement and may also impact funding of future grants with our agency.

If you have any questions or concerns regarding the above information, please contact, [Name] at [contact information].