Module 7: Monitoring

Estimated time for module: 3 hours

Module Objectives

- Define monitoring
- Describe benefits of monitoring
- Discuss types of monitoring
- Review State monitoring process
- Discuss risk factors
- Describe NHTSA's monitoring activities

Contents

Introduction 1
Module Objectives 2
Definition of Monitoring 4
Why Monitor? 4
Benefits of Monitoring 9
State Monitoring of Subrecipients 10
Types of Monitoring 11
Develop Monitoring Plan 12
Steps for State Monitoring 13
Monitoring Preparation and Review 17
Risk Factors 22
Documentation of Monitoring Results 22
Federal Monitoring 25
NHTSA Project File/Voucher Review Elements 29
Other NHTSA Monitoring Activities 31
Single Audit 32
Management Reviews 33
Management Review Focus Areas 34
Common NHTSA Monitoring Areas of Non-Compliance 35

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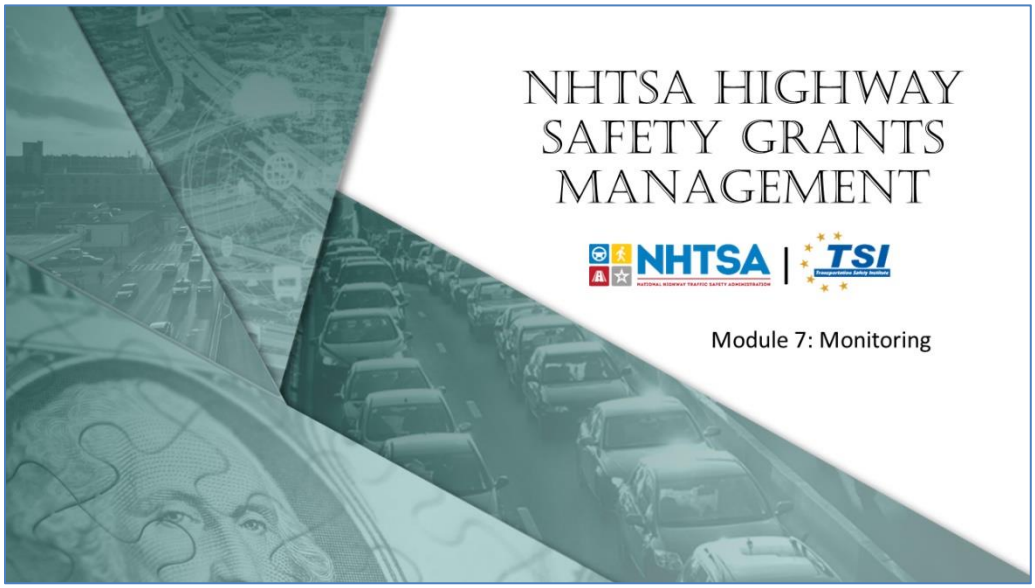
Introduction



Slide 1.

Module 7: Monitoring

Module Objectives

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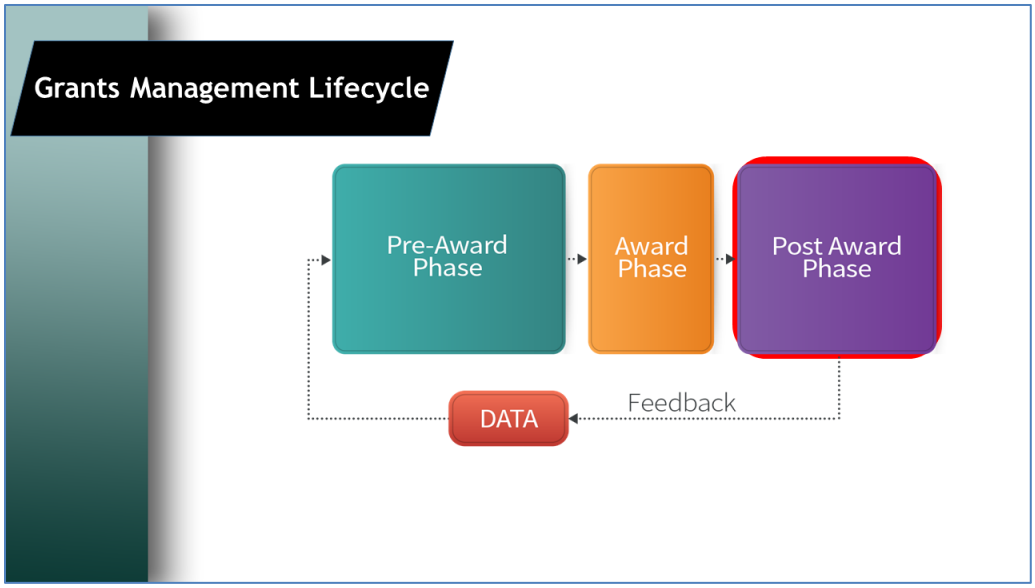

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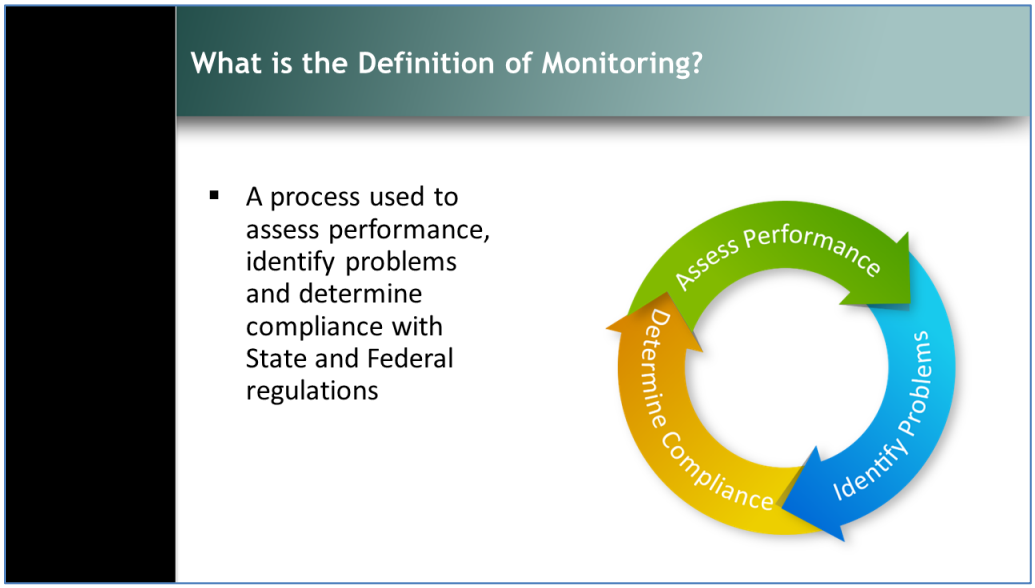
Project monitoring is part of the post award stage in the Grants Management Lifecycle.

Definition of Monitoring



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Why Monitor?

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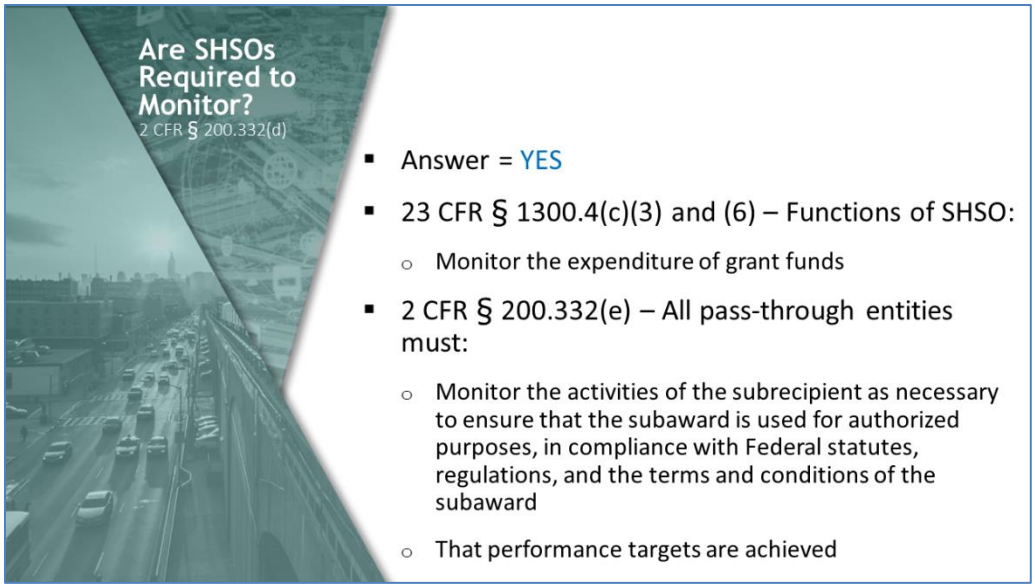

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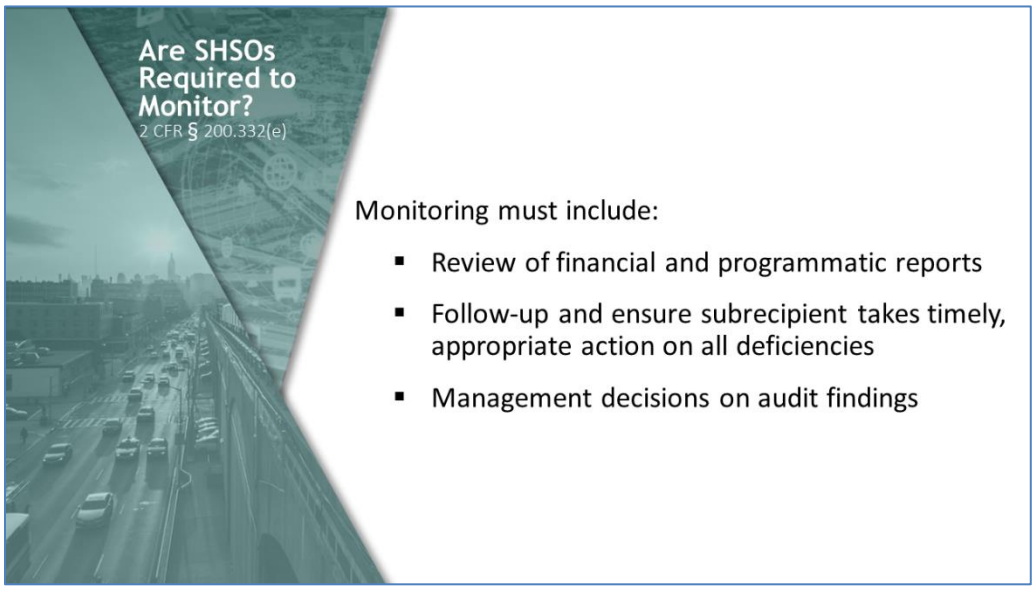

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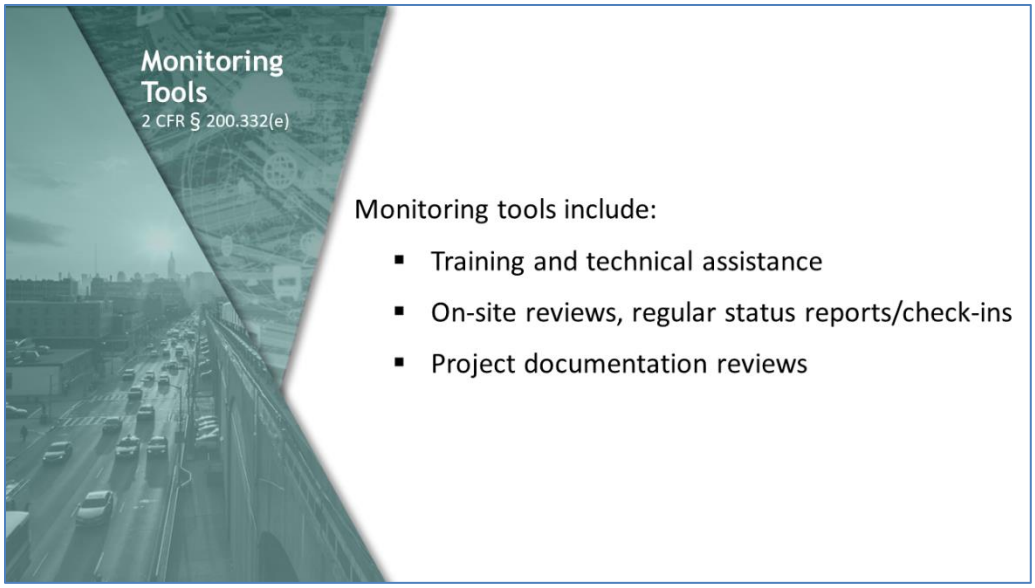

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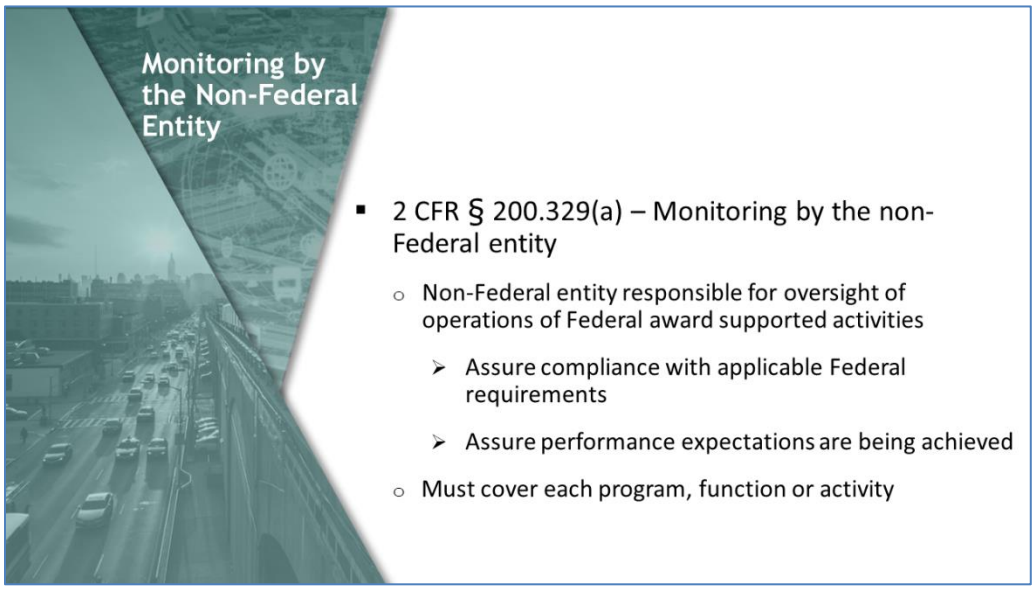

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Monitoring Requirements

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Activity Item

Question: Are State Highway Safety Offices required to monitor Federally funded highway safety projects?

- **Answer: Yes.**

Website Resource

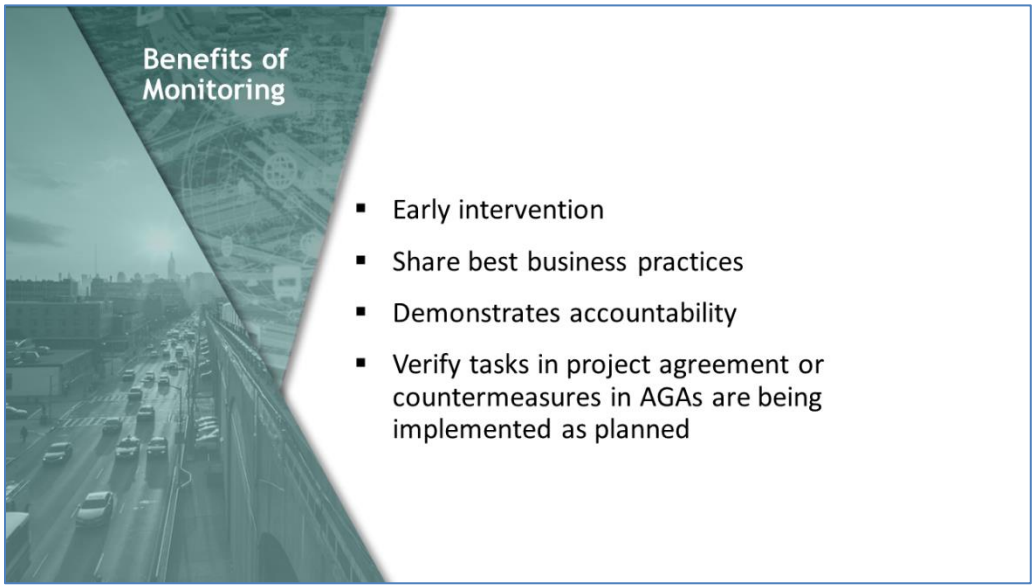
RESOURCES: 23 CFR § 1300.4(c)(3) and (6) – Functions of SHSO

2 CFR § 200.332(e) – Requirements for pass-through entities

2 CFR § 200.329(a) – Monitoring by the non-Federal entity

NOTE: Be sure to check your documentation sources – e.g., timesheets, citations.

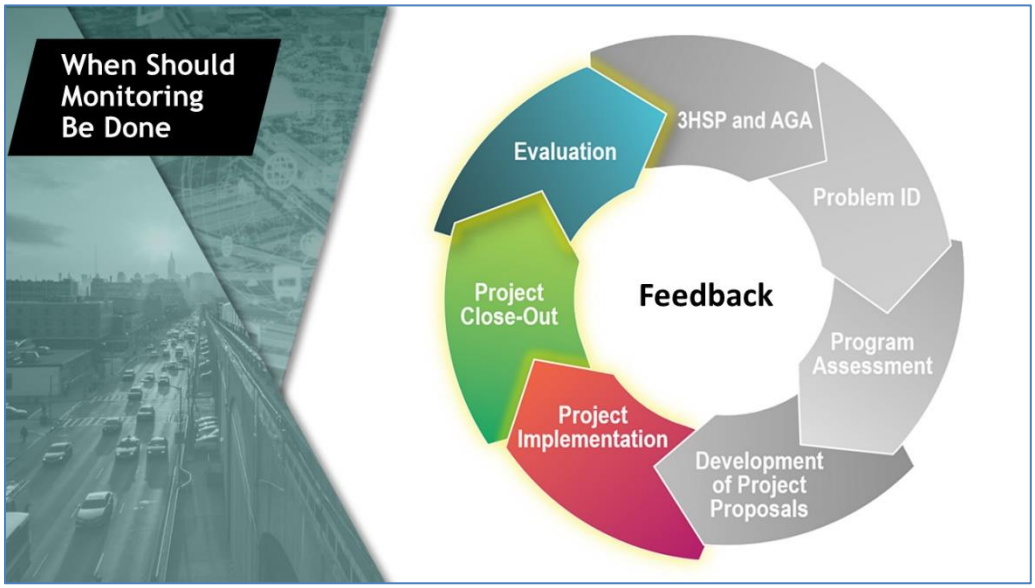
Benefits of Monitoring



Slide 10.

- Early intervention – detects problems before they become non-compliance issues
- Share best business practices – Can share best practices in any areas that could use improvement
- Demonstrates accountability
- Verify tasks in project agreement or countermeasures in Annual Grant Applications (AGA) are being implemented as planned

State Monitoring of Subrecipients



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Monitoring determines status of the project. It helps the Project Director and SHSO measure the progress of a project.

Monitoring helps identify the successes of a project and detect problems.

Monitoring determines the need for refinement and fine-tuning of projects. Monitoring allows project personnel to assess whether the activities of the project are achieving the best possible results, and to make any necessary changes.

Monitoring can help the SHSO and the Project Director identify the need to terminate a project when that is the appropriate course of action.

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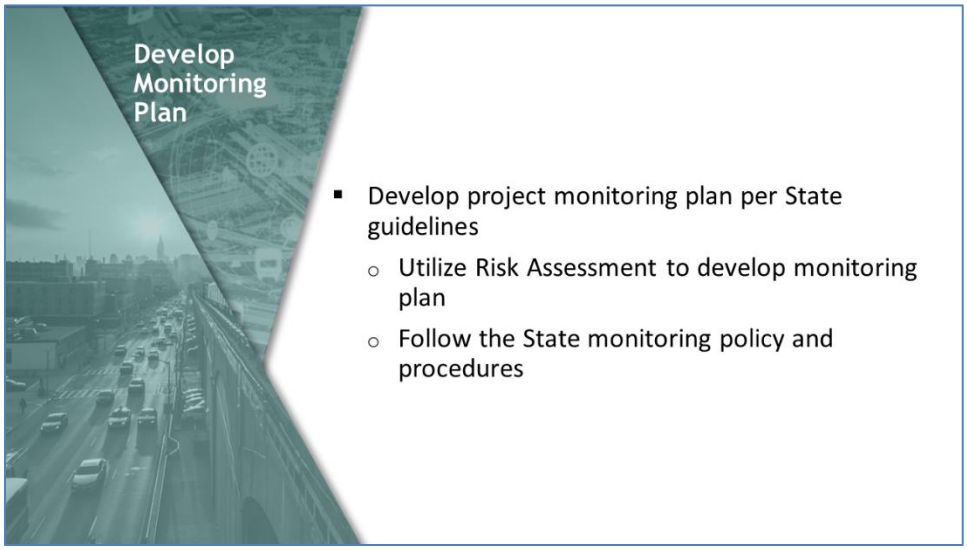
Types of Monitoring

Slide 12.

Subrecipient Oversight – Local Level

- Onsite project monitoring visits – may be scheduled or unscheduled
  - Assess project performance firsthand with project director
  - Verify claimed expenses (if documentation not submitted with claim)
  - Verify existence and condition of property inventory
  - Review in-house documentation
  - Observe project activity (i.e., ride-along, educational fair)
- Use/develop an agenda (a generic template is useful)
- Desk Monitoring of Subrecipient
  - Review monthly sub-award progress vouchers
  - Review monthly and/or quarterly project reports
  - Appropriate email correspondence regarding significant project issues and activities; maintained in the project file
  - If monitoring via Phone / E-mail / Virtually:
    - ✓ Use/develop an agenda (a generic template is useful)
    - ✓ Document:
      - All pertinent communication
      - Issues discussed
      - Other areas for resolution

Develop Monitoring Plan



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Each State is responsible for developing their own risk assessment tool, but the key is for the SHSO to maintain documentation to verify compliance with 23 CFR § 1300.4(c)(3) and 2 CFR § 200.332(b).

NOTE: While the best practice for Pass-through Entities is to evaluate risk prior to making subawards, there is no requirement for Pass-through Entities to perform these assessments before making subawards.

Website Resource

RESOURCES: 23 CFR § 1300.4(c)(3) and 2 CFR §200.332(b)

Activity Item

Discussion: What is your State's monitoring procedure?

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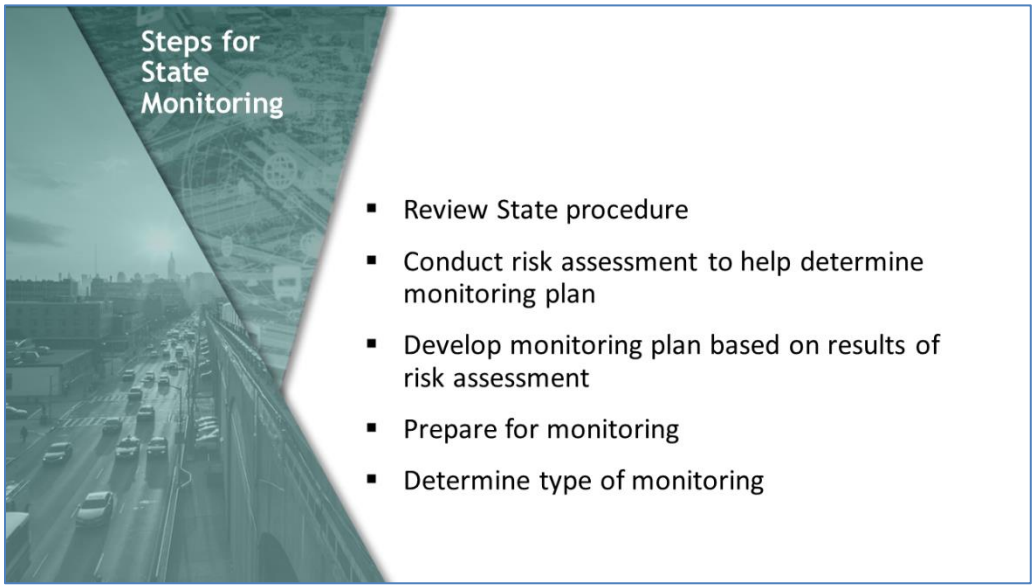
Steps for State Monitoring



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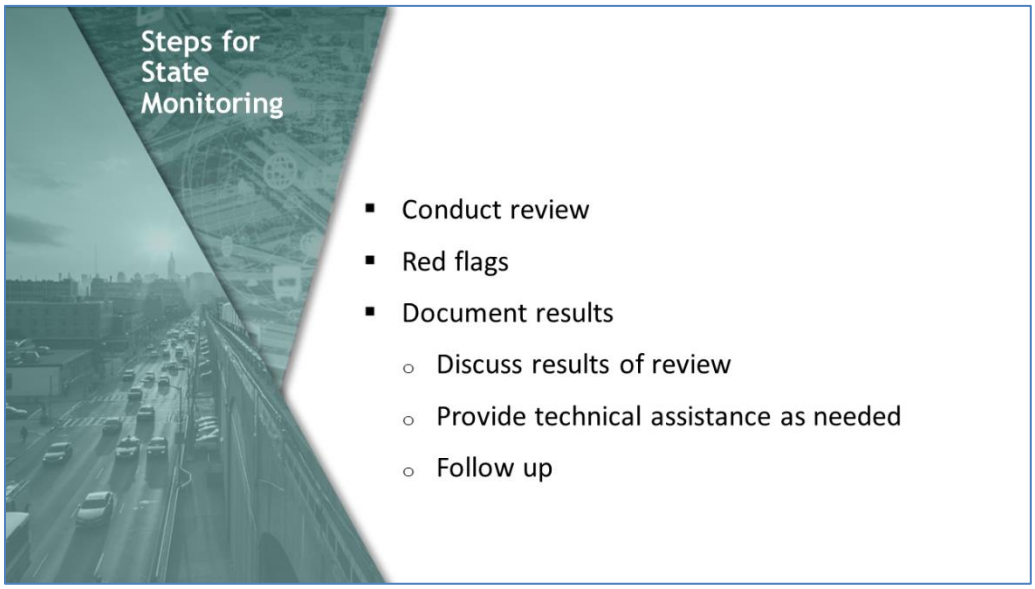
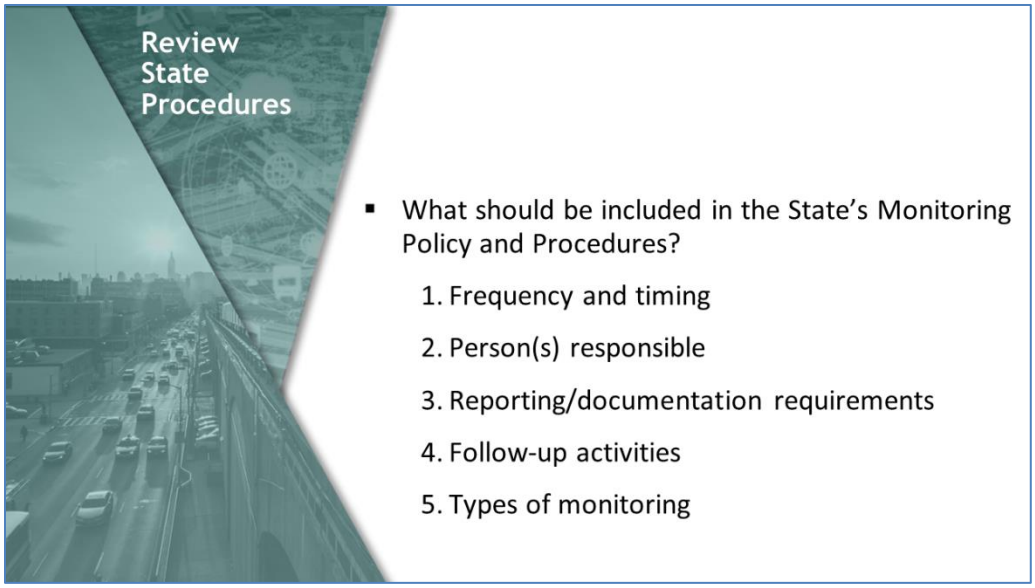


Slide 15.

- Review State Procedure
- Conduct risk assessment to help determine monitoring plan
- Develop monitoring plan based on results of risk assessment
- Prepare for monitoring
- Determine type of monitoring
- Conduct review

- Red flags
- Document results
  - Discuss results of review
  - Provide technical assistance as needed
  - Follow up



Slide 16.

SHSO Monitoring Policy and Procedures should include:

1. Frequency and timing

Minimum requirements are specific in the grant agreement and policies.

Monitoring can occur when visiting the project site or even when together in a meeting. Document the conversation and outcome.

2. Person(s) responsible

Delineation of individual(s), by title, responsible for monitoring phases of the project.

3. Reporting/documentation requirements

Documentation is critical. Types of reports, format (sample forms), due dates, distribution guidelines, site of official file, and ensuring documentation is maintained in the project file.

4. Follow-up activities

Follow-up procedures need to be included in the State Monitoring Plan/Guidelines. The procedures need to outline the steps to follow the issue or problem through its corrective actions until the problem is resolved.

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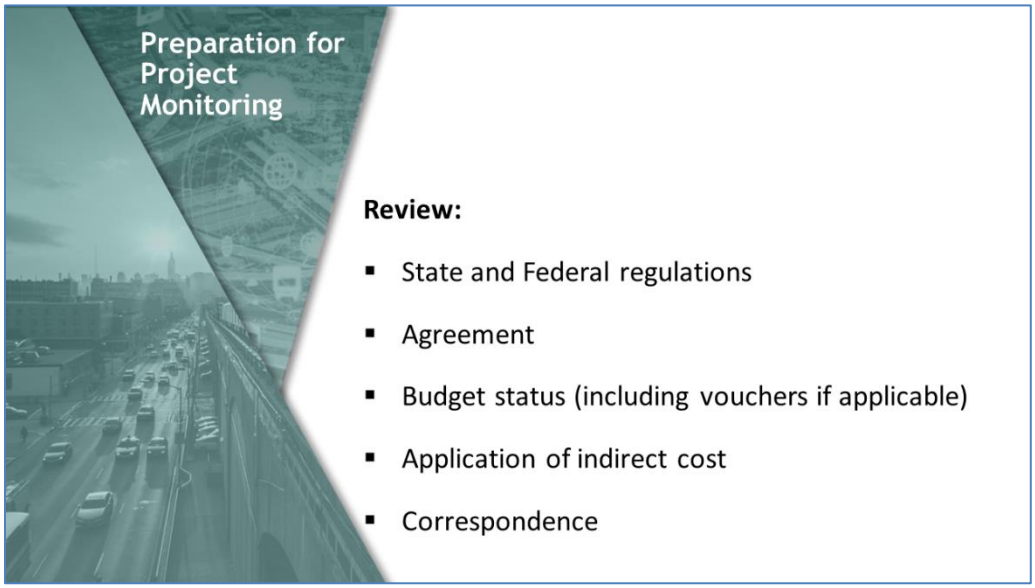
5. Types of monitoring

Review of performance and financial reports, on-site at project location, telephonic/virtual and email.

NOTE: These items are reviewed as part of NHTSA's oversight and monitoring of States.

Monitoring Preparation and Review



Slide 17.

Slide 18.

While preparing for monitoring, the State reviewer will review documents related to the project and list any items requiring follow-up.

In the interest of using time effectively, the reviewer will schedule appointments with project personnel.

In addition, the reviewer informs the project director of the records to be reviewed, persons to be contacted, and any other special requests or requirements.

Prepare an agenda and discussion/review items.

Check to see if there are any unresolved single audits.

Website Resource

RESOURCE: GHSA Monitoring Advisory

Supplemental Materials

SUPPLEMENT: On-site monitoring checklist and report.

Slide 19.

MONITORING PROCESS OUTLINE *(Discussed in detail on following pages)*

1. Examine relationship of project's actual activities to the grant objectives
    a. Does project comply with measurements in grant?
    b. Are objectives being met?
    c. Does project contain identified problem(s) based on statistical analysis or other data gathering techniques?
    d. Determine the extent and quality of record keeping
2. Review dollars spent/unspent. Conduct a financial review by sampling project reimbursement vouchers and determining if backup documentation reconciles to amount claimed
3. Look at procedures for records analysis and secure all documentation and records not previously submitted
4. Inspect equipment and review inventory control system
5. Discuss the project with staff members, observe attitudes, and listen to problems and concerns
6. Note any deficiencies and formulate recommendations for corrective action when appropriate
7. Document the visit in the project file
8. Review activities and milestones

The process of monitoring and review includes an interview in which the State representative and the project director review the activities and milestones of the project.

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- Verify the project's purpose and activities relate to the objectives of the grant.
    - Answer the following questions:
        - Are the project activities on schedule?
        - Have general/special conditions been satisfied?
        - Have necessary reports/claims been submitted?
        - Have any modifications been made?
        - Is the project fully staffed?
        - Has the pre-service/in-service training been provided?
        - Has the necessary equipment been secured?

One of the purposes of this review is to ensure that the project's purpose and activities relate directly to the objectives stated in the grant agreement.

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- Review dollars spent/unspent

Funds: The reviewer and the project director review the project funds that have been spent/unspent to date. Be sure to also review source documentation to ensure that it all matches the spent/unspent to date.

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- Secure all records not yet submitted

An on-site review provides the opportunity for the reviewer to secure all records that have not yet been submitted. If monitoring visit is electronic, ask subrecipient to provide any documents that have not been submitted.

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- Inspect equipment– on-site monitoring affords the opportunity to conduct a physical audit of equipment purchased or material produced. Be sure to follow all State rules and regulations

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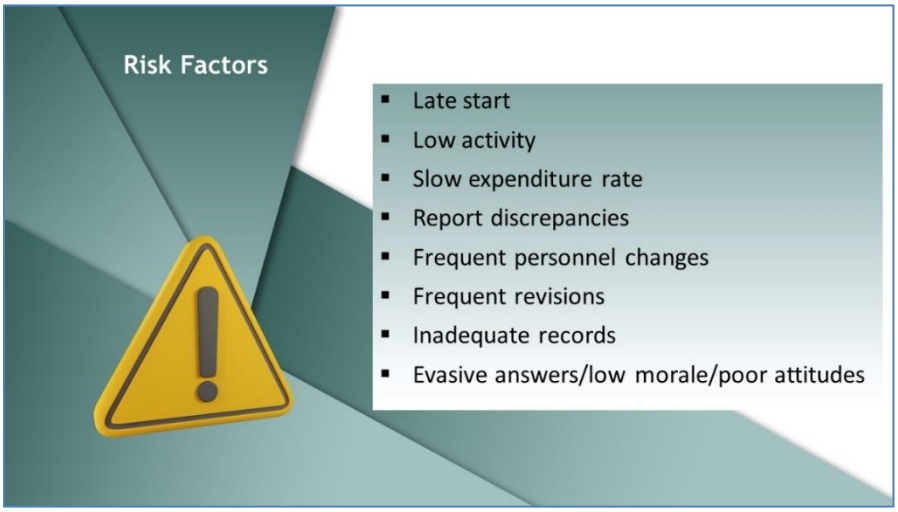
- Discuss the project with the staff – address problem areas where technical assistance and corrective action may be helpful or necessary

The review process encourages the project director to discuss problems or shortcomings of the project so that the State Office can offer technical assistance and can help formulate recommendations for corrective action from experience and from a broader vantage point.

Supplemental Materials

SUPPLEMENT: Monitoring Procedure and Form

Risk Factors



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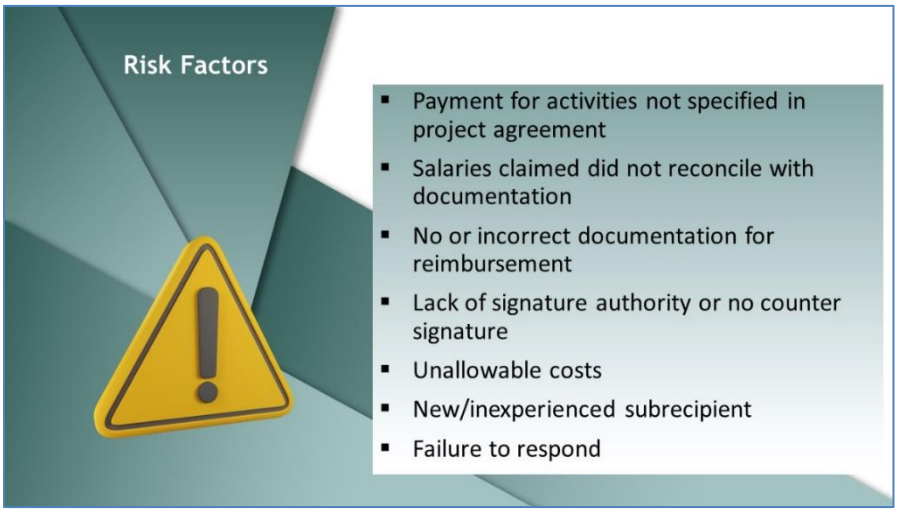

Slide 21.

Remember: Document everything, including the positives, not just the negatives.

Giving kudos when deserved is a good thing!

These factors and the subrecipient risk evaluation/assessment will determine the level of monitoring needed and if serious, whether project modification or termination is warranted.

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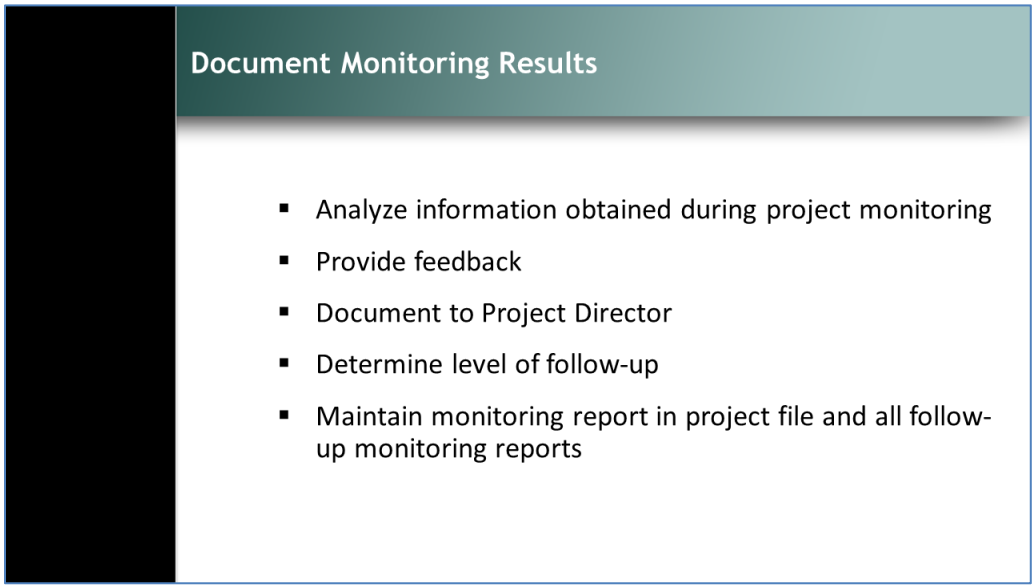
Documentation of Monitoring Results



Slide 22.

It is very critical to document all deficiencies and action-items that need to be addressed. It is also important to note strengths of the project.

- Lack of documentation results in Management Review findings.

Documentation could include equipment inventory, citation count, time sheets, etc., that are maintained at the project site.

Remember to ensure that all documentation gets into the proper files.

Any follow-up steps that are developed to address the problem(s) must be developed by the project director and the State program manager.

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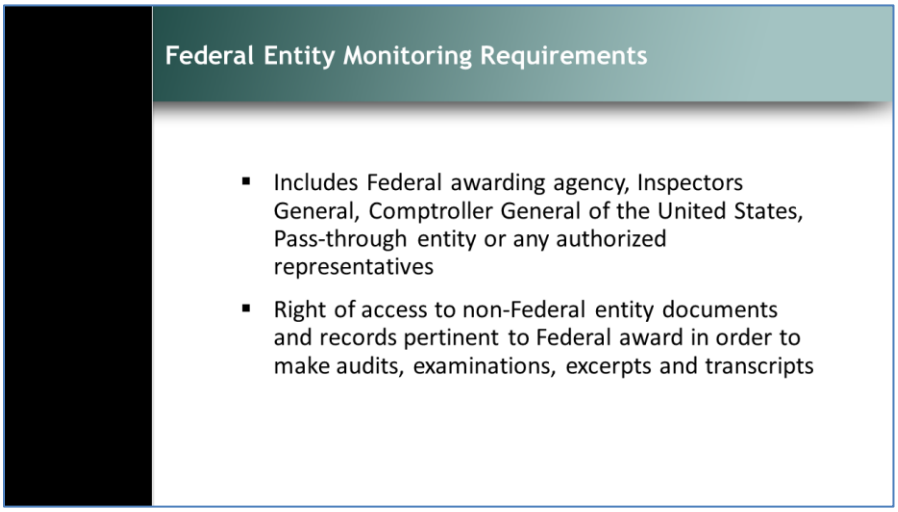
Work Session Document Review

- Review the Troy Police Department's:
  - Budget
  - Voucher
  - Payroll Register
  - Activity Log documents
- Provided on the next few pages

Slide 23.

Federal Monitoring



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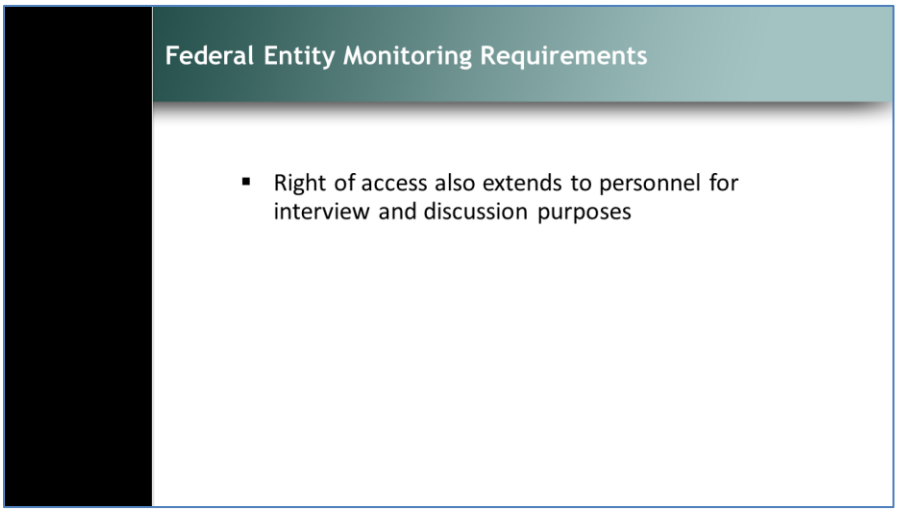


Slide 25.

Federal Entity Monitoring Requirements

2 CFR § 200.337 The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.

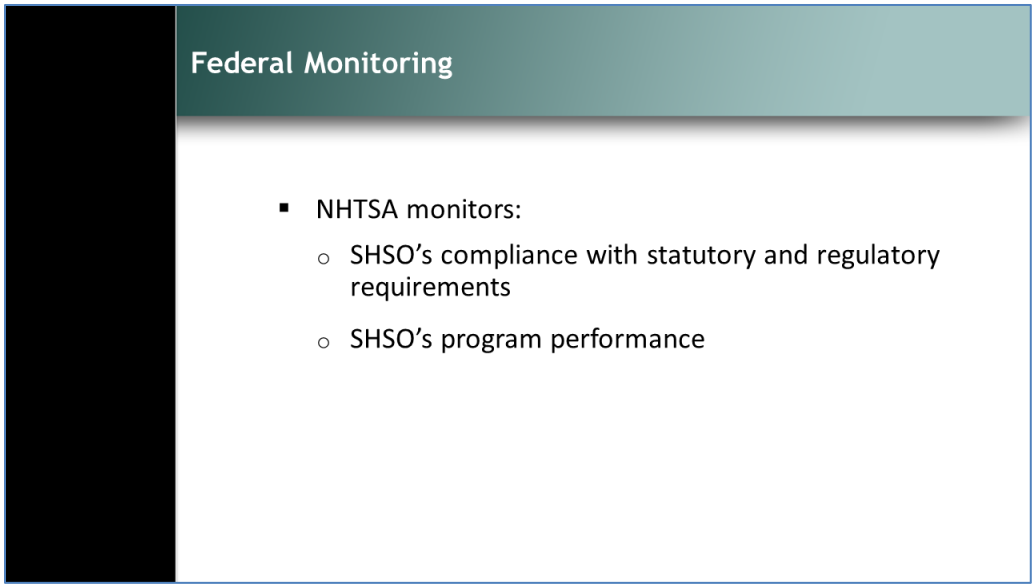
Federal Monitoring

- NHTSA is required to monitor the SHSO
- NHTSA is required to conduct a risk assessment of subgrantees (States and Territories)
- NHTSA conducts annual monitoring
- NHTSA conducts Management Reviews (MR) of States and Territories

Slide 26.

In addition, the following can take place:

- Annual monitoring activities based on NHTSA Risk Assessment and the results of the 3HSP, AGA, and Annual Report reviews:
    - Monthly voucher approvals Project File reviews including at project site
    - On-site reviews of State subrecipient monitoring
    - Corrective Action Plans reviewed quarterly
    - Recommended Action Plans reviewed quarterly
    - Single Audit findings that relate to NHTSA awards to States or their subrecipients
- Management Reviews (MRs) of States and Territories
    - Culmination of annual reviews
    - Assessment of State's program



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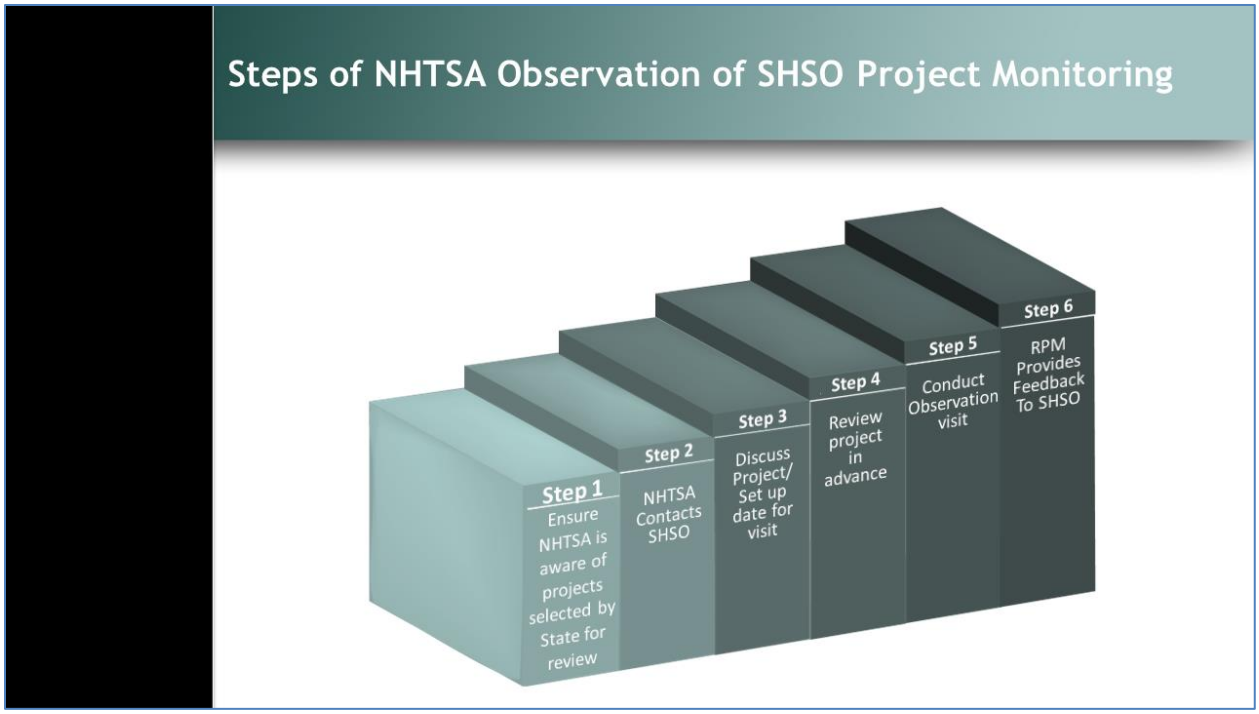
NHTSA's observation of SHSO personnel, monitoring a project.



Slide 28.

NHTSA representative or RPM will observe or determine if SHSO monitoring policies and procedures are being followed.

Step 1: Ensure NHTSA is aware of projects selected by State for review

Step 2: NHTSA contacts SHSO

Step 3: Discuss project /setup date for visit

Step 4: Review project in advance

Step 5: Conduct observation visit

Step 6: RPM provides feedback to SHSO

NHTSA does not decide if a State conducts on-site review of subs; 2 CFR 200 provides that on-site monitoring is an option for States. The State's risk assessment should determine what type of monitoring is appropriate. When on-site is identified, NHTSA can conduct a review of this activity.

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NHTSA Project File/Voucher Review Elements

Project File Review Elements

NHTSA will use the AGA to verify these elements:

- Program area, project number, amount expended for each project
- Federal funds obligated
- Amount of funds for local expenditure
- Cumulative total cost to date
- Cumulative Federal funds expended
- Previous amount claimed
- Amount claimed this period
- Match
- Eligible use

Slide 29.

Project File Review Checklist

- Components of the Project File Review Checklist
  - Performance period
  - Funding source
  - Findings
  - Major documents
  - Budget
  - Project management – pre-award and post award
  - Documentation of Local Expenditure Agreement from requested jurisdictions
  - Project equipment
  - Financial monitoring
  - Project evaluation
  - Strengths/weaknesses
  - Management considerations
  - Pass-Through Entity requirements

Slide 30.

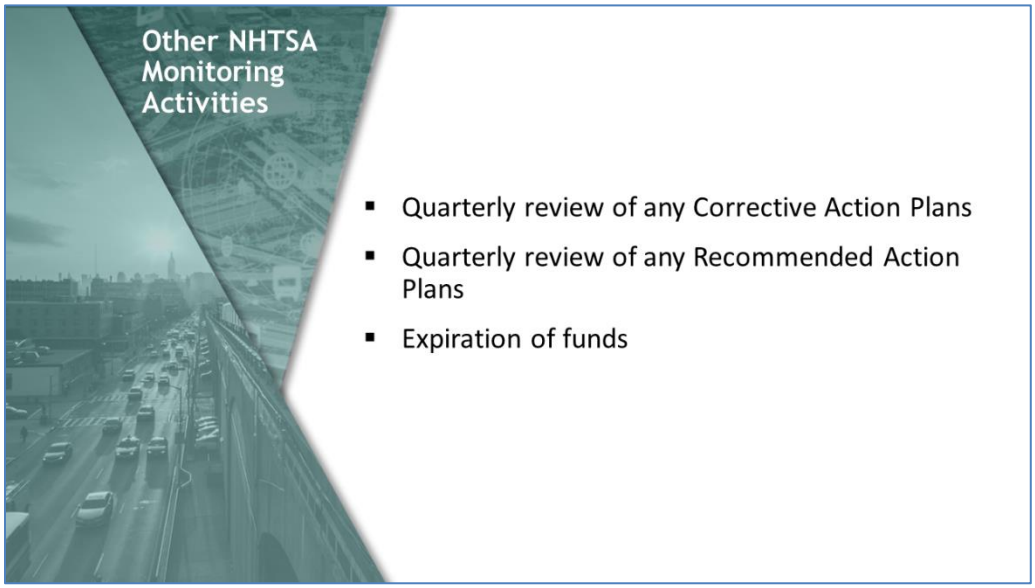
The project file review is a review conducted by the NHTSA Regional Program Manager to ensure all of the required elements exist.

Each Regional Office determines the number and type of project files for review.

Selection is based on a number of factors including, but not limited to results of State risk assessment, dollar value, new subrecipients versus repeat subrecipients.

Any non-compliance issues are addressed through a corrective action plan letter.

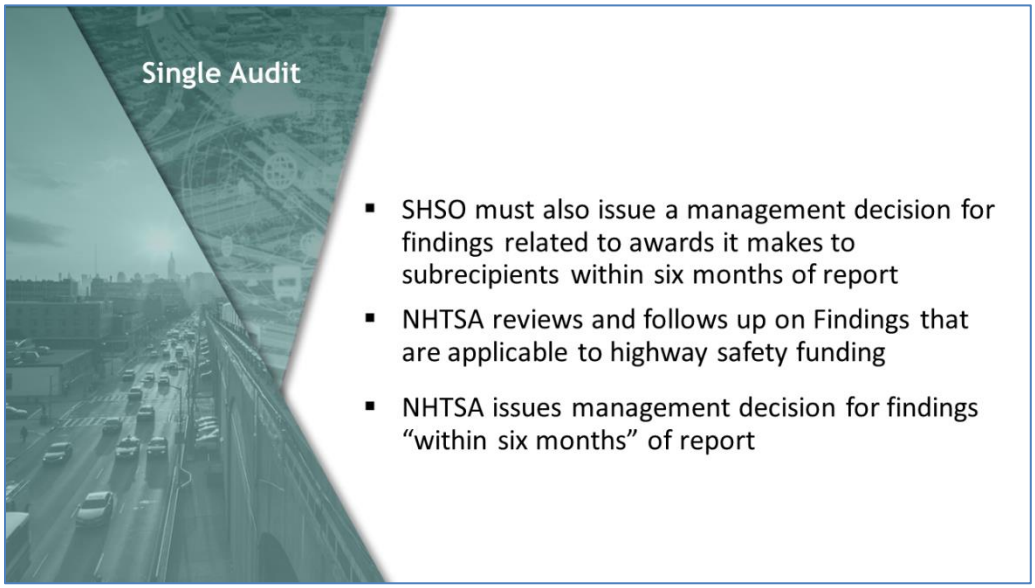
Other NHTSA Monitoring Activities



Slide 31.

- Quarterly review of any Corrective Action Plans
- Quarterly review of any Recommended Action Plans
- Expiration of funds

Single Audit



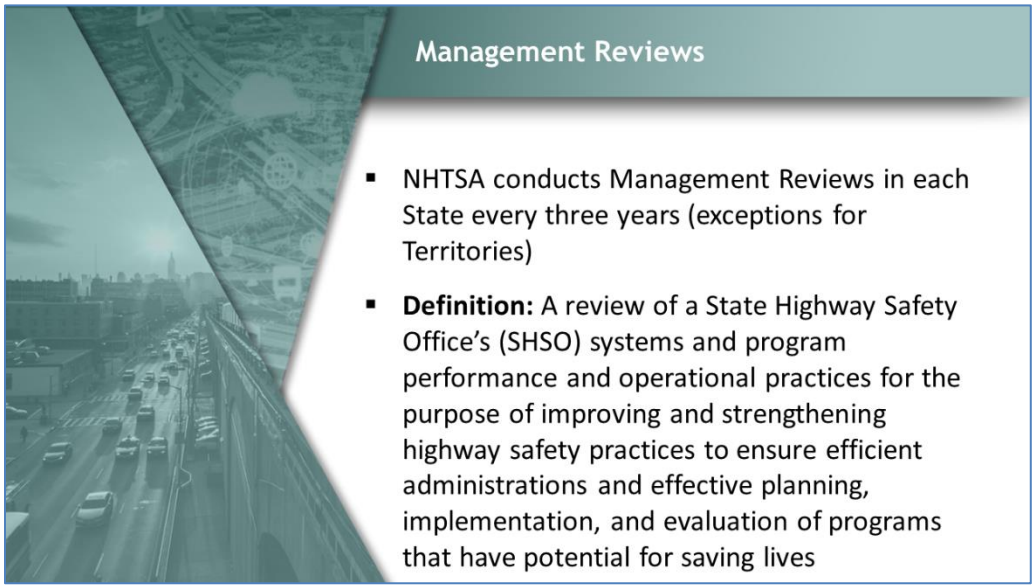
Slide 32.

The SHSO, as a pass-through entity, must issue a management decision for audit findings that relate to Federal awards it makes to subrecipients, within six months of acceptance of the audit report by the Federal Audit Clearinghouse, per 2 CFR § 200.521(d).

NHTSA must review all State single audits with findings involving NHTSA grant funds, including SHSO corrective actions and management decisions.

NHTSA issues a management decision within six months of receipt of the audit, based on the single audit review and discussions with the SHSO.

Management Reviews



Slide 33.

Definition: A review of a State Highway Safety Office's (SHSO's) systems and program performance and operational processes for the purpose of improving and strengthening highway safety practices to ensure efficient administration and effective planning, implementation, and evaluation of programs that have potential for saving lives.

NHTSA Regional Offices are required to conduct a MR in each State every three years; except the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands where reviews of the highway safety programs may be conducted as often as the Secretary determines to be appropriate. This complements other monitoring activities that the Regional Office conducts.

Authority

- 23 USC 402 Highway Safety Programs
- 2 CFR § 200.329 – Monitoring and Reporting Program Performance
- GAO Report – Better Guidance Could Improve Oversight of State Highway Safety Programs, April 2003
- Congressional mandate for renewed NHTSA oversight of State Highway Safety Programs

Management Review Focus Areas

Slide 34.

Management Reviews

- Enhances Federal/State partnership
- In concert with annual reviews, assesses extent of compliance/non-compliance with Federal program requirements
- Identifies strengths and weaknesses of programs
  - Aspects of program that are exemplary
  - Potential problem areas that must be addressed
- Provides required actions for CAPs
- Provides recommended actions for RAP

Website Resource

Management Review Information

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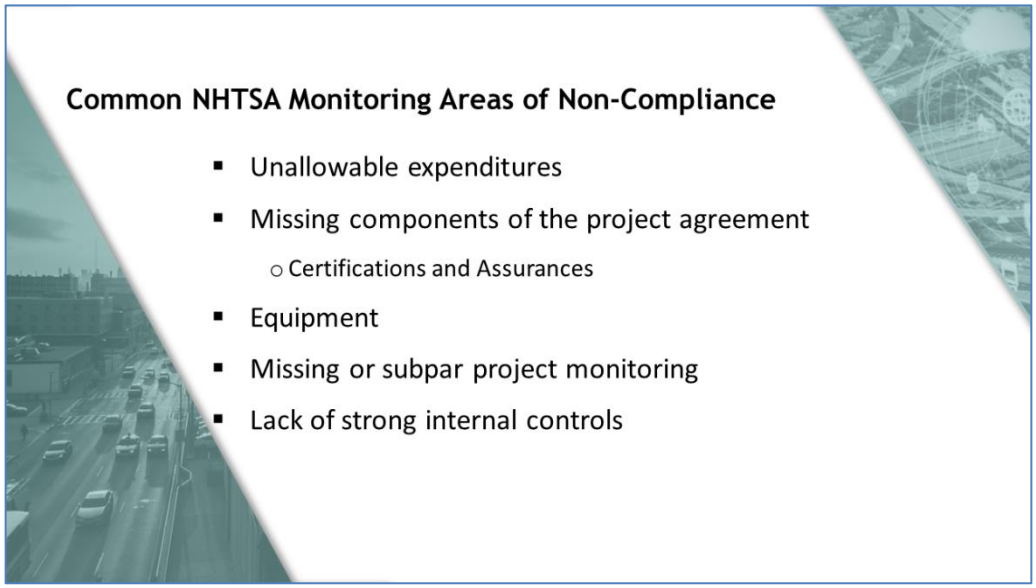
Common NHTSA Monitoring Areas of Non-Compliance



Slide 35.

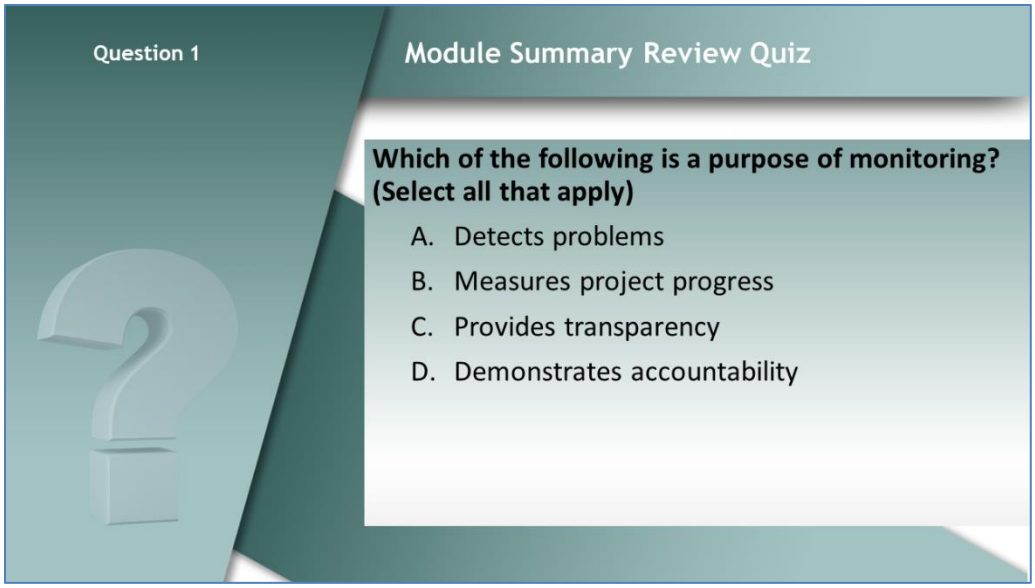
Common Monitoring Areas of non-compliance

- Unallowable expenditures
- Missing components of the project agreement
  - Certifications and assurances (lack of or incomplete)
- Equipment
  - Lacking prior approval from NHTSA Regional Administrator
  - Not following State procedures for tracking equipment or maintaining inventory
- Missing or subpar project monitoring
- Lack of strong internal controls

Common NHTSA Monitoring Areas Program Improvement
Performance measures
Staffing plans
Expanding programs
Training

Slide 36.

Slide 37.


Question 1
Module Summary Review Quiz
Which of the following is a purpose of monitoring? (Select all that apply)
A. Detects problems
B. Measures project progress
C. Provides transparency
D. Demonstrates accountability

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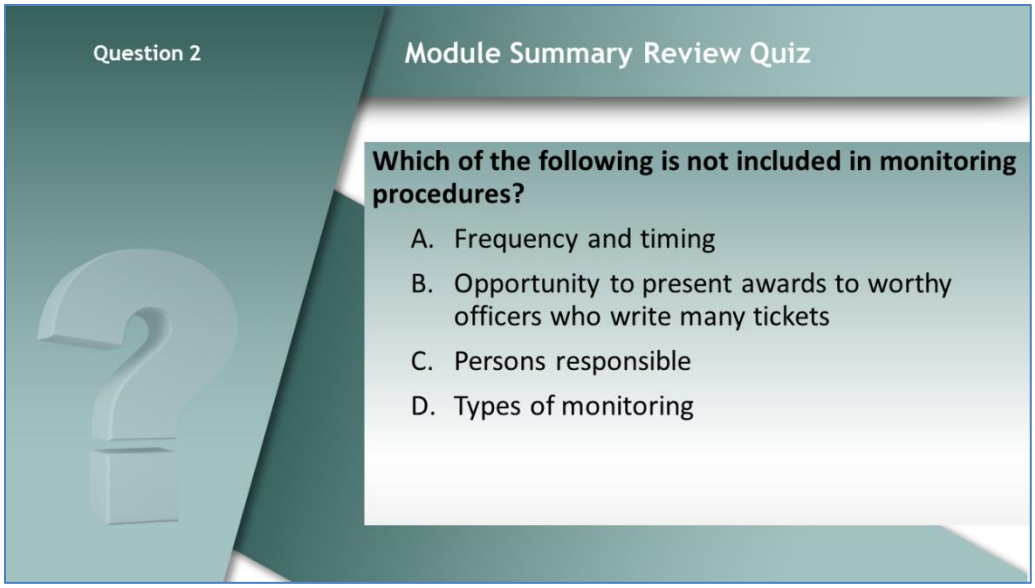
Question 2
Module Summary Review Quiz
Which of the following is not included in monitoring procedures?
A. Frequency and timing
B. Opportunity to present awards to worthy officers who write many tickets
C. Persons responsible
D. Types of monitoring

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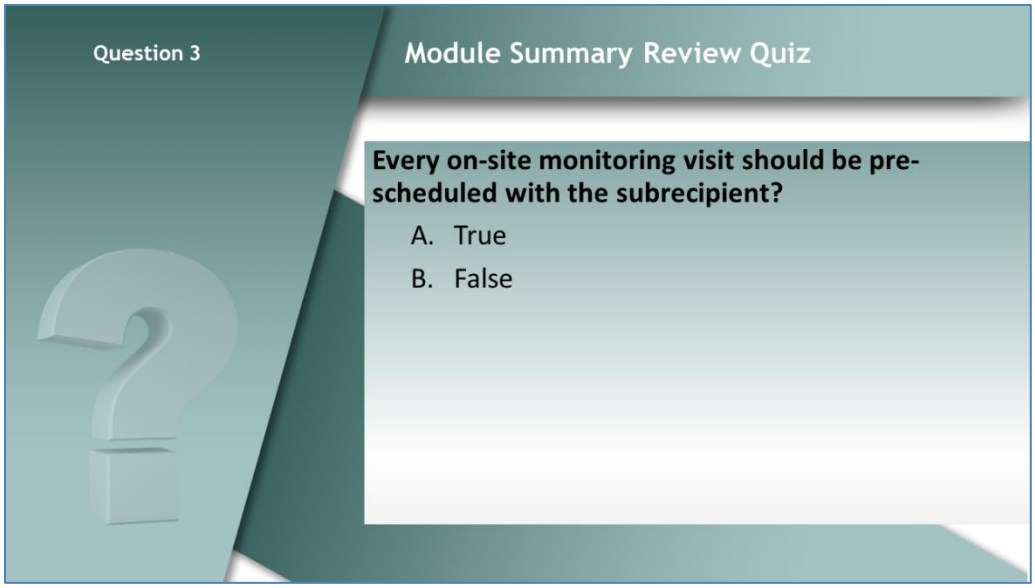
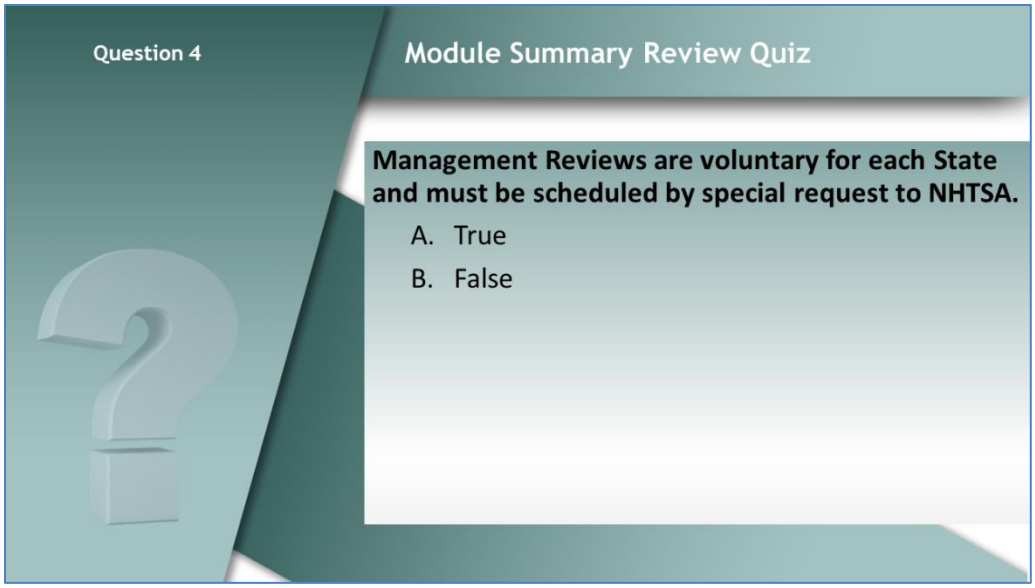
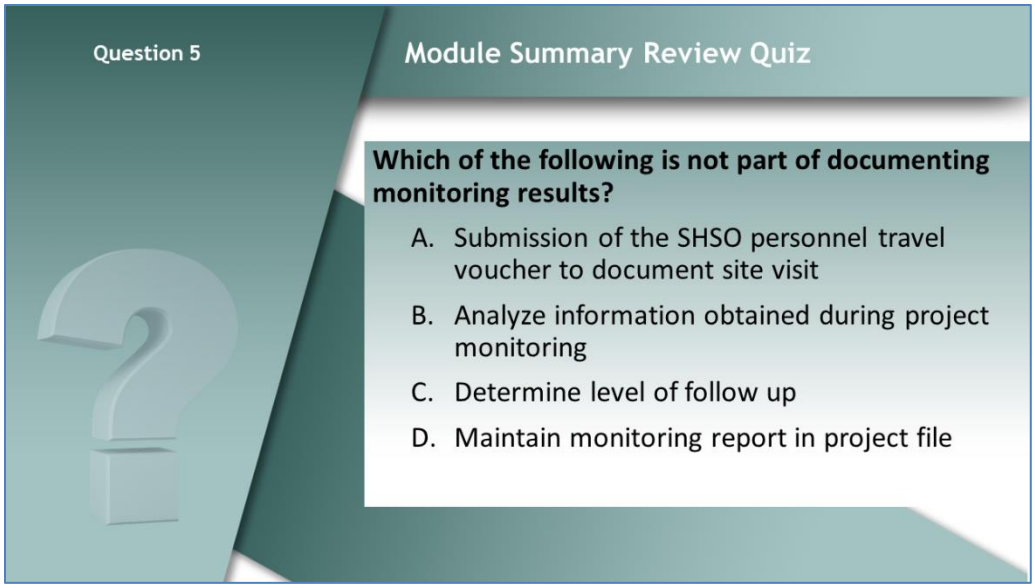

Question 3
Module Summary Review Quiz
Every on-site monitoring visit should be pre-scheduled with the subrecipient?
A. True
B. False

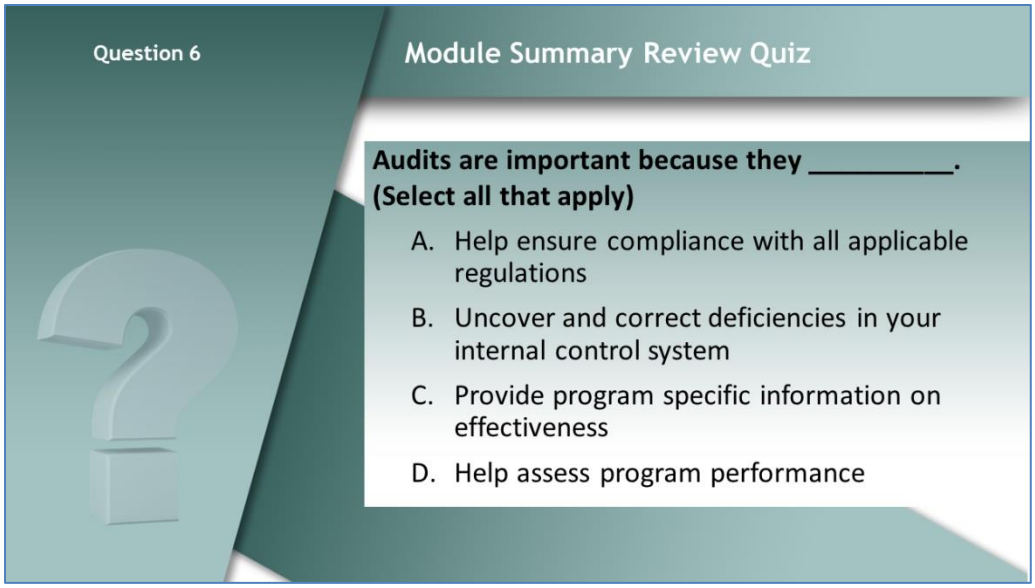
Slide 40.


Question 4
Module Summary Review Quiz
Management Reviews are voluntary for each State and must be scheduled by special request to NHTSA.
A. True
B. False

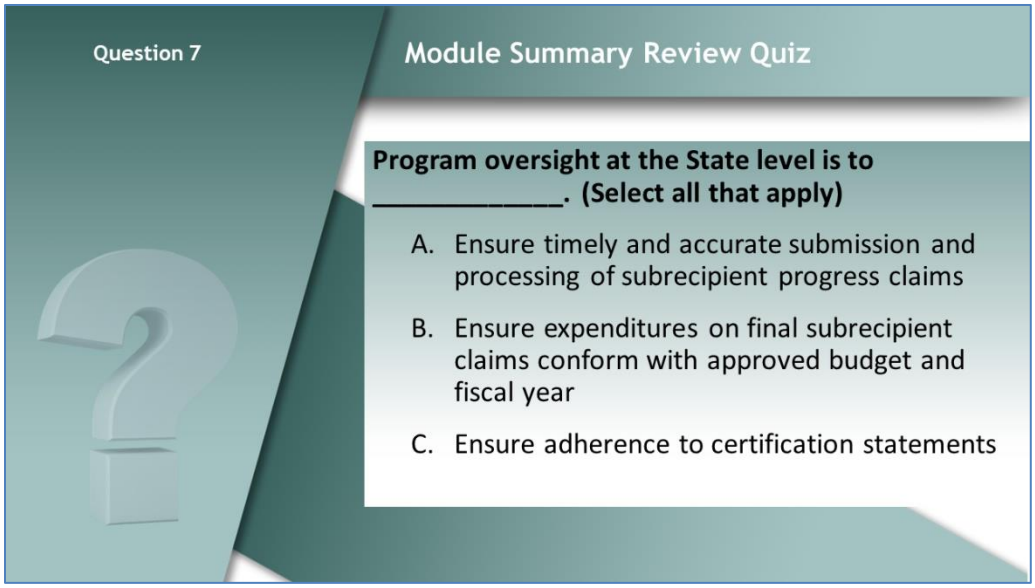
Slide 41.


Question 5
Module Summary Review Quiz
Which of the following is not part of documenting monitoring results?
A. Submission of the SHSO personnel travel voucher to document site visit
B. Analyze information obtained during project monitoring
C. Determine level of follow up
D. Maintain monitoring report in project file

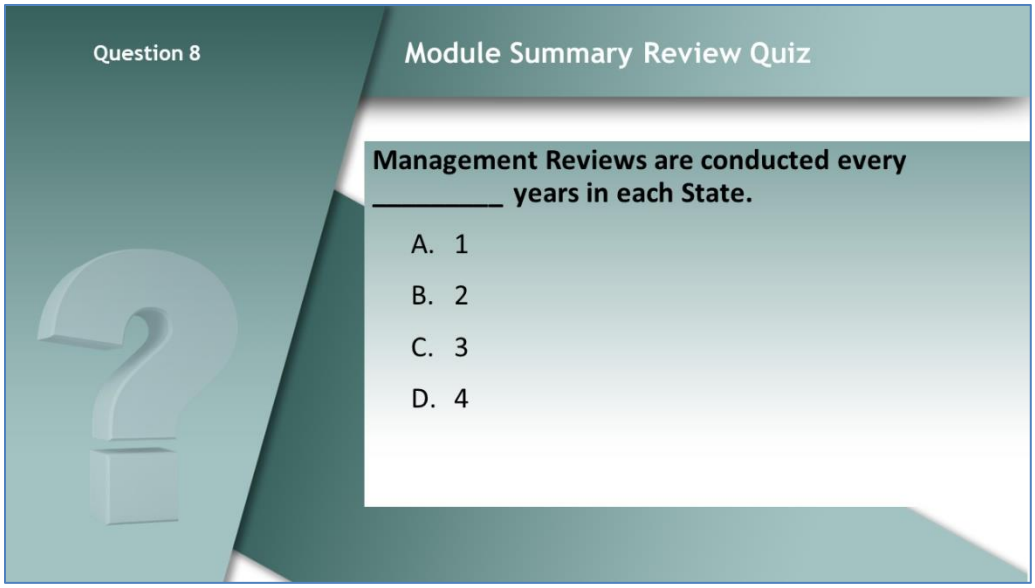
Slide 42.


Question 6
Module Summary Review Quiz
Audits are important because they _____.
(Select all that apply)
A. Help ensure compliance with all applicable regulations
B. Uncover and correct deficiencies in your internal control system
C. Provide program specific information on effectiveness
D. Help assess program performance

Slide 43.


Question 7
Module Summary Review Quiz
Program oversight at the State level is to _____. (Select all that apply)
A. Ensure timely and accurate submission and processing of subrecipient progress claims
B. Ensure expenditures on final subrecipient claims conform with approved budget and fiscal year
C. Ensure adherence to certification statements

Slide 44.


Question 8
Module Summary Review Quiz
Management Reviews are conducted every _____ years in each State.
A. 1
B. 2
C. 3
D. 4

Slide 45.