

Management Review Guidelines

PURPOSE

The National Highway Traffic Safety Administration (NHTSA) has developed these guidelines for conducting Management Reviews in response to findings in the April 2003 GAO report entitled, *Better Guidance Could Improve Oversight of State Highway Safety Programs*. NHTSA has developed the guidelines needed to respond to a critical finding that recommended, "NHTSA provide more specific guidance to its regional offices on when it is appropriate to use management reviews and improvement plans to assist States with their highway safety programs." Following are guidelines that outline the process for conducting a Management Review.

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

A management review shall be scheduled and conducted at least every three years.

AUTHORITY

23 USC Chapter 4 §402 - Highway Safety Programs

23 USC Chapter 4 §412 – Agency Accountability

49 CFR § 18 - Uniform Administrative Requirements for Grants and
Cooperative Agreements to State and Local Governments

23 CFR § 1200 - Uniform Procedures for State Highway Safety Programs

SCOPE

Absent extenuating circumstances, the review period will cover the current fiscal year and the previous two fiscal years. The document review protocols and selection criteria for vouchers and project files will be detailed in the MR report.

DEFINITIONS

Management Review (MR) - A review of a State Highway Safety Office's (SHSO's) systems and programs and operational practices 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.

Finding - A determination that one or more areas of review is in non-compliance with Federal and/or State laws, regulations, rules, and/or federal written policy and/or guidelines.

Required Action - A specific corrective action based on Federal and/or State laws, regulations, rules, and/or federal written policy and/or guidelines which must be implemented by the State to resolve a non-compliance issue (Finding). The status of the open Required Actions will be documented in the Corrective Action Plan (CAP).

Corrective Action Plan (CAP) - A document developed jointly between NHTSA and the SHSO that identifies actions to address findings set forth in the Management Review Final Report, tasks to complete the actions, target dates for completion of each task, and a status element for indicating progress of each required action based upon periodic reporting by the State.

Management Consideration - A determination that one or more areas of review may be in need of additional progress or improvement, and if improved, have the potential to enhance the overall efficiency and/or effectiveness of the State's highway safety program.

Recommended Action - Recommended approach based on a management consideration which has the potential to enhance program efficiency and effectiveness. Since recommendations by definition **do not** concern non-compliance issues but rather fall into the good business practice realm, the State would not be obligated to implement the proposed remedy.

Recommended Action Tracking Form (RATF) - A document developed by NHTSA with input from the SHSO that identifies actions to address management considerations set forth in the Management Review Final Report, tasks (by State and NHTSA) to complete the actions, target dates for completion of each task, and status element for indicating progress of each recommended action based upon semi-annual follow-up with the SHSO from NHTSA. The NHTSA Regional Office will track all recommended actions of the MR Final Report.

Commendation – recognition of strong effort(s), best practices and/or exemplary performance.

High Risk Grantee - A grantee or sub-grantee determined by the awarding agency to 1) have a history of unsatisfactory performance, or 2) be financially unstable, or 3) have a management system which does not meet the management standards set forth in 49CFR §18:12, or 4) not conform to terms and conditions of previous awards, or 5) be otherwise not responsible.

Consistency Review Team (CRT) - A NHTSA team created to conduct reviews of draft MR reports to insure consistency and compliance with the MR guidelines and templates, as well as with the policies, rules and regulations related to the Federally funded highway safety program.

PROCESS

Regional Office Actions

1. The Regional Office (RO) will establish a long-range schedule for Management Reviews and notify SHSO's of the schedule in writing.
2. Select review team and team leader. The team leader shall be from the Region responsible for providing management oversight to the state under review.
3. SHSO's will be given at least 60 days advance notice prior to initiation of on-site Management Review.
4. Negotiate with the SHSO the dates for the on-site visit portion of the review. For the initial site visit, a maximum of five days should be scheduled including travel time. If additional on-site time is needed, another visit will be scheduled.
5. Project File Review
Project file selection will include three fiscal years and will not include any fiscal year covered in the previous MR. Selection will be based on the following three criteria and without intentional bias to include or exclude certain items in the population:
 - Value. A sufficient number of older and higher funded projects will be selected.
 - Relative risk. Older (multi-year), larger, complex projects will be selected
 - Representative. Besides value and risk considerations, the sample will provide breadth and coverage over the many types of grant programs.
6. Gather all preliminary data available in the RO.
7. Formally notify the SHSO in writing regarding specifics of the upcoming Management Review, and provide a copy of the Management Review Elements. The confirmation letter provides details on the RO team, a general schedule of

work and the Review Elements, and also lists materials and documents the SHSO will need to provide the RO prior to the on-site review.

8. Examine the SHSO supplied documentation.

MANAGEMENT REVIEW (approximately 5 days)

SHSO Entrance Conference

1. Conduct an on-site entrance conference with appropriate SHSO personnel which may include the Governor's Representative (GR), and/or Coordinator (administrator).
2. A representative of the Federal Highway Administration (FHWA) may also be invited.
3. Define the process to be followed. Discuss the estimated time to complete the Management Review (see the Timeline in brief section of this guideline)
4. Provide comments on purpose, authority, review elements and answer questions.
5. Request a key state contact person for the review.
6. Schedule a time on the last day of the on-site review for an Exit Conference with appropriate SHSO staff.

Implementation

1. Conduct Management Review following the Management Review Elements.
2. Secure copies of all additional required documents.
3. Conduct interviews with relevant SHSO staff and subgrantee personnel.
4. Accurately document all interviews and data collection.
5. As potential finding(s) are identified, provide the appropriate state representative an opportunity to address the issue.
6. Conduct team meetings during evenings for update on progress and issues.
7. Discuss status of review with Regional Administrator prior to Exit Conference to ensure agreement regarding presentation of issues, and decision made as to whether RA's presence and participation is necessary at Exit Conference.

8. Develop an informal summary/overview to use as discussion notes during the Exit Conference.
9. Determine if additional on-site visit(s) may be necessary.

Exit Conference

1. Conduct an exit conference with appropriate SHSO personnel who may include the Governor's Representative (GR), and/or Coordinator (administrator).
2. A representative of FHWA may also be invited.
3. Define and discuss the terms Findings, Management Considerations, Required Actions, Recommended Actions, and Commendations to ensure clear understanding of this terminology.
4. Present and discuss preliminary Findings, Management Considerations, Required Actions, Recommended Actions, and Commendations, emphasizing that they are **preliminary** in nature because documents are still being examined and information refined during post-interview period.
5. Advise state that additional information may be requested at a later date as the RO begins to develop the draft report.
6. Point out that some items discussed during Exit Conference may ultimately be resolved while other items may be added based on further review. Emphasize that any new items will be discussed with state to ensure validity prior to inclusion in the Draft Report.
7. Emphasize that the Required Actions will be included in the Final Report, and open required actions will be addressed through a Corrective Action Plan (CAP) jointly developed by NHTSA and the state.
8. Get initial feedback from SHSO Management.
9. Discuss the estimated length of time to complete the Management Review. Remind everyone that the target goal for issuing the draft MR Report is 45 days. Point out, however, the time period from the on-site visit until the transmission of the Draft Report will ultimately depend upon the findings.

Draft Report

1. Prepare a draft report based on the notes taken and documents gathered during the review process. All review notes are maintained in file. The report headings and format will follow the prescribed model.

2. Draft Report should address all elements reviewed; including Findings, Management Considerations, Required Actions, Recommended Actions, as well as any Commendations noting strengths of the program and examples of best practices.
3. A draft report will be transmitted to the CRT and the ROPD MR Coordinator. The CRT will transmit its comments and recommendations to the Region within five business days of receipt of the draft report.
4. A draft report will be transmitted to appropriate SHSO personnel within 45 days of the exit conference. The SHSO will review the report and respond to not only technical inaccuracies, but also any disagreements with the MR Findings, Required Actions, Management Considerations, and Recommended Actions.
5. The SHSO will also list in the draft MR response the Recommended Action(s) which have been accepted for implementation and the target date for completion. This response will be due within 45 days of receipt of the draft. In particular, additional supporting documents may be provided by the State.
6. In those cases where the SHSO does not accept a Recommended Action for implementation, the rationale would be stated concisely in writing and forwarded to the RO. The RO would document the response and deem the recommended actions “closed” or “open” for the record.
7. The RO may track Recommended Actions apart from a Corrective Action Plan and would be subject to semi-annual follow-up with the SHSO. Since recommended Actions by definition **do not** concern non-compliance issues but rather fall into the good business practice realm, the State would not be obligated to implement the proposed remedy.
8. Recommended Actions accepted for implementation and those rejected would be included in the final MR unless additional information renders a recommended action invalid. Recommended Actions considered closed would be so noted.
9. The SHSO may request that the SHSO’s written response to the MR draft be discussed verbally at a follow up meeting with the Regional Office to attempt to resolve any identified inaccuracies or areas of disagreement.

Draft - Final Report

(Note: If a State does not respond within 45 days or responds that they do not have any comments, the Region may eliminate the Draft-Final Report step and issue the Final Report.)

1. Based on the information provided and discussions between the State and the RO, any appropriate changes will be made. A draft-final report will be issued by the RO within 10 days of receipt of the State's written response to the MR draft.
2. This draft-final will contain any appropriate, justified and negotiated changes. Based on the State's submission, Findings, Management Considerations, Required Actions and/or Recommended Actions may be added/deleted/changed.
3. The State will be given 20 days to review the draft-final Report and document any agreed upon changes that might have been missed or any remaining areas of disagreement with their explanation. The SHSO response will become part of the final MR report.

Final Report

1. Within 20 days of receipt of the SHSO written response, if any, the MR Final Report will be transmitted officially from the NHTSA Regional Administrator to the State Governor's Representative and the AA of Regional Operations and Program Delivery (ROPD).
2. If there are serious findings such as fraud, waste, abuse, history of unsatisfactory performance, failure to conform to terms and conditions of grant agreements, lack of monitoring, NHTSA must consider the possibility of placing the State on "High Risk", as provided in 49 CFR §18.12. The transmittal letter will be the appropriate means to inform the GR if the State is being placed on High Risk, or if NHTSA is considering placing the State on High Risk pending the implementation of the recommendations and development of the Corrective Action Plan. As provided in 49 CFR §18.12, if a designation of "High Risk" is proposed, the State will be notified in writing of all conditions and the corrective action that needs to be taken, and the time allowed to complete the actions, in order to have the condition removed
3. The SHSO may also appeal the final MR report to the AA for Regional Operations (see below).

Corrective Action Plan (CAP)

1. Following the issuance of the final MR report, the State and RO jointly develop a CAP to describe the strategies required to implement the open required actions and to establish target dates for completion.
2. The CAP includes proposed actions by the State, assistance to be provided by NHTSA, and status of implementation progress.
3. The GR or designee and the Regional Administrator sign the agreed upon CAP.

Follow-up and CAP Closeout

1. The RO monitors the SHSO to ensure CAP required action(s) are accomplished within established timeframes. The status is updated at least every three months. If necessary, the timeframes can be renegotiated.
2. A schedule is negotiated with the SHSO that requires reporting of progress at least every three months.
3. Required actions are closed as they are completed. Closeout of required actions(s) include the following documentation noted in the Status column of the CAP:
 - Action completed
 - Date of Completion
4. The CAP is considered closed when all required actions are completed.
5. The NHTSA Regional Administrator sends a CAP Closeout Letter to the SHSO noting the official closure of the CAP.
6. Findings unresolved by the next MR will be noted in the new MR report. Continued non-compliance will result in enforcement action or high risk designation.
7. The RO retains related documents as evidence that actions were completed.

Recommended Action Tracking Form (RATF)

1. The SHSO and RO jointly develop a RATF.
2. The RATF tracks all recommended actions listed in the MR Final Report.

Follow-up and RATF Closeout

1. At minimum, the RO monitors open recommended actions semi-annually.
2. The RO closes out the RATF prior to the next MR and any unresolved recommended actions may be considered in the next MR. Closeout of recommended action(s) include the following documentation in the Status column of the RATF:
 - Action completed
 - Date of completion
3. If a recommended action remains unresolved, reasons for the inability to implement the recommended action are documented.

Appeals

1. As provided in 23 CFR § 1200.27, a review of any written decision by a Regional Administrator may be obtained by submitting a written appeal of such decision, signed by the Governor's Representative for Highway Safety, to the RA.
2. The appeal will be forwarded promptly to the NHTSA Associate Administrator for Regional Operations and Program Delivery.
3. The decision of the NHTSA Associate Administrator will be transmitted to the Governor's Representative for Highway Safety through the RA.

MR Timeline in Brief

	Days
1. RO provides MR notice and requests documents	0
2. SHSO prepares and submits documents prior to on-site	60
3. RO document review and preparation	concurrent
4. Management Review on-site	5
5. MR draft report prepared and submitted to SHSO (including 5 business days for CRT review)	45
6. SHSO response including factual corrections and omissions	45
7. RO edited draft final report	10
8. SHSO MR official response for inclusion in the final report	20
9. transmittal of final MR report incl. SHSO response	<u>0</u>
TOTAL (target)	205
Estimated elapsed time from exit meeting to final report (approximately 5 months)	140

Note:

- All milestones are targets. Actual time between steps will vary for each MR. The need for more or less time will depend on information available at the time of the on-site and revealed during the review.
- Open, candid and frequent dialog throughout the MR process from preparation to report delivery is necessary to ensure misunderstandings are corrected and complete information is considered.