

BEST PRACTICES FOR IMPROVING OVERSIGHT OF STATE HIGHWAY SAFETY PROGRAMS

National Highway Traffic Safety Administration

Report Number: MH-2008-046

Date Issued: March 25, 2008



Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Report on Best Practices for Improving Oversight of State Highway Safety Programs
National Highway Traffic Safety Administration
Report No. MH-2008-046

Date: March 25, 2008

From: Rebecca Anne Batts 
Assistant Inspector General
for Highway and Transit Audits

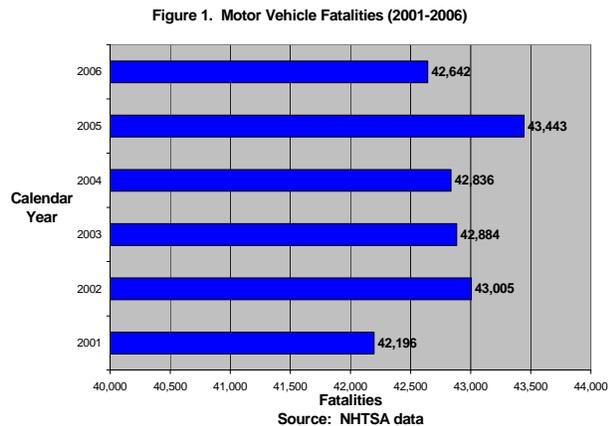
Reply to
Attn. of: JA-40

To: National Highway Traffic Safety Administrator

This report presents the results of the Office of Inspector General's (OIG) audit of the National Highway Traffic Safety Administration's (NHTSA) oversight of state highway safety programs. This audit was required by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).¹ Our audit objective was to evaluate NHTSA's oversight of state highway safety programs and identify best practices.

NHTSA is the lead agency responsible for reducing fatalities, injuries, and economic losses resulting from motor vehicle crashes. In keeping with this mission, NHTSA's fiscal year (FY) 2008 budget provided nearly \$600 million in formula and incentive grants to the states for improving highway safety.

From 2001 through 2006,² the highway fatality rate declined 6.6 percent, from 1.51 deaths to 1.41 deaths per 100 million vehicle miles traveled.³ However, as figure 1 shows, the actual number of fatalities increased by 1 percent, from



¹ Section 2008(d), Pub. L. No. 109-59 (2005).

² Throughout this report, unless otherwise indicated, calendar year data are reported.

³ Fatality rates are computed by dividing the number of fatalities by vehicle miles traveled.

42,196 in 2001 to 42,642 in 2006. NHTSA estimates that motor vehicle crashes cost the United States about \$230 billion annually. Given these statistics, it is crucial that NHTSA provide strong oversight to ensure that limited grant funds are used effectively to maximize highway safety.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards prescribed by the Comptroller General of the United States. Exhibit A contains details on the objective, scope, and methodology we used in conducting this audit.

BACKGROUND

NHTSA provides highway safety formula and incentive grants to state and local governments for conducting highway safety programs, including the promotion of seat belt use, the discouragement of alcohol-impaired driving, and a variety of other issues. States allocate the grant funds to the government agencies (both state and local) and nonprofit organizations that implement behavioral highway safety programs. The grants provide funds to identify highway safety problems and to implement safety programs. Because Federal regulations hold each state responsible for developing individual performance measures, NHTSA cannot mandate that states adopt any specific performance measure.

Each state must submit to NHTSA an annual performance plan and a highway safety plan that establish the state's safety goals and performance measures and identify the projects and activities designed to help achieve the safety goals.⁴ Using the performance measures identified in the annual performance plan, states are required to submit end-of-year performance reports to NHTSA describing their progress in meeting safety goals. NHTSA conducts annual program reviews of states' safety performance plans and highway safety plans to assess whether each state has identified measurable safety goals, programmed grant funding for safety programs and projects, and made progress in attaining stated performance goals.

In addition to annual program reviews, SAFETEA-LU requires that NHTSA conduct triennial management reviews of each state's highway safety program.⁵ Based on the management reviews, NHTSA recommends improvements for the management and oversight of Federal grant funds. A management review focuses on a state's organization and staffing, financial management, and program management practices. NHTSA conducted its first triennial management reviews in FY 2005. It also conducts special management reviews when a state

⁴ 23 C.F.R. § 1200.10 (2007).

⁵ Prior to implementing its management reviews in FY 2005, NHTSA performed similar triennial reviews, known as "460-1" reviews. This review process started in 1970 and was revised in 1980 and 1989. In 1996, with the change to a performance-based process, the 460-1 review became an optional service provided upon a state's request.

demonstrates substandard performance and lack of progress in meeting performance goals for seatbelt or alcohol-impaired driving programs.

RESULTS IN BRIEF

NHTSA has developed detailed guidelines and procedures for oversight reviews of state highway safety programs. Although NHTSA's management reviews assessed the program elements required by its guidance, we identified weaknesses in NHTSA's annual program reviews that made it difficult for NHTSA to comprehensively assess whether states were on course to meet their safety goals. Specifically, NHTSA's program reviews did not sufficiently (1) ensure that states consistently measured performance, (2) assess states' reporting of performance trends, and (3) analyze states' long-term progress in meeting safety goals.

NHTSA's annual program reviews did not sufficiently assess states' safety performance. To ensure that states use grant funds wisely, NHTSA must determine which safety programs are most effective in enhancing highway safety. NHTSA regularly updates a guide⁶ for states that provides science-based traffic safety countermeasures. However, NHTSA's annual program reviews could not effectively monitor states' safety performance because state performance plans and reports did not provide comprehensive data and analysis. As a result, NHTSA did not:

- Ensure that states consistently measured performance. Over 56 percent of the performance measures we reviewed in state performance plans either did not match those in corresponding performance reports or had targets that were not measurable. For example, a state's performance plan measured the number of alcohol-related fatal crashes but its corresponding performance report measured the alcohol-impaired fatality rate. The lack of consistent measures made it difficult for NHTSA to monitor the state's progress in reaching its goal.
- Assess states' reporting of performance trends. States provided trend data for performance measures, but did not project current trend lines to upcoming target milestones. For example, one state set a goal to reduce the percentage increase in fatalities by 2008. The state reported fatality trend data through 2004, but did not project the trend line through 2008 to show whether it could meet the goal. Our analysis showed that the state was not on track to meet its goal. Without trend projections, NHTSA's ability to assess states' performance was limited.

⁶ *Countermeasures That Work: A Highway Safety Countermeasure Guide for State Highway Safety Offices.*

- Analyze states' overall progress in meeting safety goals. NHTSA's program review letters to the states commented on 1-year changes in overall fatalities, alcohol-related fatalities, and seatbelt use. By focusing on 1-year changes and excluding longer range trends, NHTSA missed an opportunity to comprehensively evaluate long-term performance progress.

It is essential that states provide NHTSA with comprehensive data and analysis in order for NHTSA to assess states' progress in meeting safety goals. Although states have the autonomy to formulate performance measures and plans tailored to their specific needs, NHTSA must ensure that state performance is effectively reported.

NHTSA should adopt best practices to improve its grant oversight. NHTSA must ensure that Federal grant funds are targeted to programs and projects that are most likely to improve highway safety. We identified opportunities for NHTSA to better measure the results of its grant programs and enhance the accountability for grant funds. Specifically, NHTSA should:

- *Encourage states to adopt consistent performance measures.* NHTSA, in collaboration with the Governors Highway Safety Association (GHSA), identified a set of measures to foster uniformity in planning and measuring performance, but states have not consistently adopted them. With consistent performance measures, NHTSA could better monitor states' progress in implementing federally funded highway safety programs.
- *Enhance accountability for Federal grant funds.* Each year, NHTSA awards approximately \$600 million in grants to the states for highway safety programs. NHTSA works with the states to provide grant management and oversight, and its management reviews have resulted in recommendations that states correct identified deficiencies in monitoring grantees. However, stronger internal control reviews and sample testing of grant expenditures by the states are needed to protect Federal grant funds.
- *Electronically track recommendations to states.* NHTSA's regional offices tracked the states' implementation of its recommendations through corrective action plans, but their efforts were limited by the manual method used to track the recommendations. A nationwide electronic tracking system would allow NHTSA to more efficiently share findings and recommendations with other regional offices, follow up on unresolved recommendations, and enhance quality control through automatic reminders of target action dates, custom management reports, and periodic status updates.

We made four recommendations that focused on the actions NHTSA needs to take now to more effectively manage its grant funds to maximize highway safety. Our full recommendations are listed on page 8.

In its March 6, 2008, written comments to our draft report, NHTSA concurred with our four recommendations. NHTSA also provided an action plan to address each of the recommendations. NHTSA's comments and our response are fully discussed on pages 9 and 10. NHTSA's written comments to our recommendations are included in an appendix to this report.

FINDINGS

NHTSA Complied With Management Review Guidance, but Did Not Sufficiently Assess States' Safety Performance

In April 2003, the Government Accountability Office (GAO) recommended that NHTSA develop guidance on using management reviews to assist states with highway safety programs.⁷ In response to this recommendation, NHTSA developed detailed oversight guidance for conducting management reviews and special management reviews of states' highway safety programs. We verified that NHTSA implemented the requirements prescribed by its management review guidance and made constructive recommendations to states for improving grant administration, financial accountability, and performance management. NHTSA also addressed problems in the seatbelt and alcohol-impaired driving programs. Exhibit B provides examples of NHTSA's recommendations to the states.

Although NHTSA complied with its guidelines for management reviews, its annual program reviews did not effectively monitor states' safety performance because state performance plans and reports did not provide comprehensive data and analysis. Specifically, NHTSA did not:

- *Ensure that states consistently measured performance.* States did not effectively match performance measures identified in performance plans with those in annual performance reports, as required.⁸ We found that over 56 percent (183 of 326) of the performance plan measures we reviewed for 22 judgmentally selected states did not match measures in annual reports or had targets that were not measurable.

For example, for one state's performance plan, none of the 12 measures we reviewed carried over to its annual report and 9 measures had no

⁷ GAO Report No. GAO-03-474, "Highway Safety – Better Guidance Could Improve Oversight of State Highway Safety Programs," April 21, 2003.

⁸ 23 C.F.R. §1200.33 requires that states submit to NHTSA annual performance reports that describe their progress in meeting safety goals by using performance measures identified in the annual performance plan.

measurable targets. Another state's plan measured the actual number of alcohol-impaired driving fatal crashes, but its annual report measured the alcohol-impaired driving fatality rate per 100 million vehicle miles traveled. A third state's plan did not include a performance measure for reducing the number of motorcycle fatalities. This state's annual report included a general measure for reducing motorcycle fatalities but the measure did not identify a specific target. Measuring performance in this area is crucial as motorcycle fatalities have increased annually for several years, from 2,897 in 2000 to 4,810 in 2006.

The measures that states use in performance plans and annual reports must be comparable for NHTSA to effectively analyze performance progress. Effective analysis would allow NHTSA and the states to adjust funding toward safety programs that have proven to be effective.

- *Assess states' reporting of performance trends.* State performance plans and progress reports provided trend data for several performance measures, but 20 of 22 judgmentally selected states did not project trend data to upcoming target milestones to demonstrate whether the states are on track to meet goals. For example, one state set a goal to limit the percentage increase in fatalities to less than the percentage increase in vehicle miles traveled and population in 2008. In its annual report, the state provided trend data on fatalities through 2004, the latest year for which data were available, but did not project the trend line through 2008 to show whether it could meet the stated goal. Our analysis found that the state was not on track to meet its goal.

Another state set a goal of no more than 70 fatalities in 2008. In its annual report, the state provided trend data on fatalities through 2004, but did not project the trend line through 2008. The trend line showed that fatalities steadily increased in excess of 80 fatalities during the years 2000 through 2004, an indication that the state was not on track to meet its 2008 goal of a maximum of 70 fatalities. Our analysis shows that a trend projection would be an effective tool to show states' progress toward meeting their safety goals.

- *Analyze states' overall progress in meeting safety goals.* NHTSA's program review letters did not discuss the overall progress that states made toward meeting safety goals. The letters provided analysis of selected performance trends that focused primarily on 1-year increases or 1-year decreases in overall fatalities, alcohol-related fatalities, and seatbelt usage. NHTSA could provide more effective guidance to the states if the letters used long-term trend information to comprehensively evaluate, measure, and report on whether states are on track to achieve their safety goals.

NHTSA issued revised guidelines to its regional offices to improve and standardize its program reviews, beginning with the FY 2007 reviews. Specifically, regional offices are to verify that states: (1) specify performance measures for each grant program, (2) link measures in the performance plan directly to the annual performance report, and (3) develop interim measures to indicate project or program success. These improvements in the program reviews should help NHTSA and the states make prudent decisions on funding safety programs.

NHTSA Should Adopt Best Practices To Improve Its Oversight of State Highway Safety Programs.

Through our observations of NHTSA's programs and through discussion with officials from other Federal agencies, we identified opportunities for NHTSA to enhance the accountability over grant funds provided to the states and to better measure the results of its grant programs. Specifically, NHTSA can:

- *Encourage states to adopt a uniform set of performance measures.* NHTSA and GHSA designed a set of measures to foster uniformity in planning and measuring performance. These measures cover the number and rate of overall fatalities and injuries, alcohol-related fatalities, and use of seatbelts. However, the 22 states we reviewed collectively adopted only 52 percent of the suggested measures in their performance plans and only 73 percent of the measures in their performance reports. By coordinating with state and local governments to establish common performance measures, NHTSA can ensure that it receives the information it needs to oversee state performance. NHTSA could enhance comparability among states, better track the states' progress in implementing the highway safety programs funded by Federal grants, and target limited grant funds to safety programs that result in measurable success.
- *Enhance protections against potential fraud.* To improve accountability over approximately \$600 million in annual formula and incentive highway safety grant funds, NHTSA and the states must improve their oversight to prevent and detect fraud, waste, and abuse. In accordance with Federal regulations, states must monitor grantees' program performance to ensure compliance with Federal requirements. NHTSA conducts project monitoring and management reviews to ensure that grant funds are used for eligible program and project activities, and its oversight includes limited testing of grantee expenditures. NHTSA has made recommendations for states to correct deficiencies in monitoring grantees.

During the past 5 years, at least three OIG investigations of false claims for overtime and embezzlement of grant funds resulted in convictions or

administrative action. For example, an OIG investigation found that four police officers submitted false documents to receive payment for work not performed. Two other investigations resulted in convictions for embezzlement from highway safety grants that resulted in \$119,000 in recoveries. In our opinion, highway safety grant programs would be less vulnerable to fraud, waste, and abuse if NHTSA ensured that states comprehensively reviewed sub-grantee internal controls and conducted sample tests of grant expenditures.

- *Implement a system to electronically track NHTSA's recommendations to states.* NHTSA's regional offices monitor states' implementation of management review recommendations through corrective action plans agreed upon by the regional offices and the states, but its efforts were limited by the manual method used to track the recommendations.

NHTSA could improve its oversight by implementing a nationwide electronic tracking system. By using the system to monitor state corrective action plans, NHTSA's regional offices could: (1) efficiently share recommendations with other regional offices to identify solutions for states with similar issues, (2) improve accounting for the disposition of recommendations to ensure follow-up for unresolved items during subsequent reviews, and (3) enhance quality control through automatic reminders of target action dates and the development of custom management reports and periodic status updates.

RECOMMENDATIONS

We recommend that NHTSA:

1. Promote the development and adoption of consistent performance measures.
2. Provide guidance to the states to ensure that state performance reports include projected trend lines to allow a determination of whether the state is on track to meet highway safety goals.
3. Encourage states to conduct comprehensive on-site reviews of grantee internal controls over grant expenditures, substantive testing of grant expenditures, or other procedures designed to prevent and detect fraud, waste, and abuse.
4. Implement an electronic tracking system for monitoring the disposition of oversight recommendations to the states in order to efficiently share finding information, follow-up on unresolved recommendations, and enhance quality control.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its March 6, 2008, written comments to our draft report, NHTSA concurred with our four recommendations and provided an action plan to address each of the recommendations. In its response, NHTSA also requested that we clarify some areas in our report. We incorporated NHTSA's suggested changes, as appropriate. NHTSA's written comments to our recommendations are included as an appendix to this report.

NHTSA concurred with our recommendations and agreed to take the following actions.

- For recommendation 1, NHTSA initiated a project, in conjunction with GHSA, to develop consensus traffic safety performance measures. The final report is due to NHTSA in August 2008. NHTSA plans to ensure that states incorporate the performance measures into their highway safety plans, starting with the FY 2010 plans. NHTSA also plans to increase its efforts to align states' annual performance reports with the performance measures and projected targets in the highway safety plans.
- For recommendation 2, NHTSA stated that it will encourage states to use trend line projections in highway safety plans, starting with the FY 2010 plans. Currently, NHTSA offers a data analysis course to both Federal and state employees. Offered through the Transportation Safety Institute, the course includes training in the use of trend lines. NHTSA will also ask its data contractors to assist states in trend line development and analysis.
- For recommendation 3, NHTSA stated that it will monitor state grantees and oversee the states' monitoring of sub-grantees, including selective grantee on-site reviews. In February 2008, NHTSA reinforced this process by issuing new regional monitoring guidelines. NHTSA further stated that its focus is on program performance and grant compliance, not financial auditing practices.
- For recommendation 4, NHTSA stated that it will search for a reasonably-priced project management tracking system that will meet its needs. Until it locates an appropriate system, NHTSA will continue to use Microsoft Excel spreadsheets for tracking state-by-state information on findings, management considerations, corrective action plans, and performance enhancement plans. It plans to post the spreadsheets for all states on its Intranet by the end of calendar year 2008. NHTSA believes that the spreadsheets will provide a cost-effective method of sharing findings and enhancing quality control across all its regional offices.

We consider NHTSA's planned actions for our four recommendations to be responsive; and therefore, consider the recommendations resolved. We will, however, continue to monitor the status of NHTSA's implementation of our recommendations, and the recommendations will remain open until NHTSA completes its proposed actions.

We appreciate the courtesies and cooperation of NHTSA representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-5630 or Kerry R. Barras, Program Director, at (817) 978-3318.

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Attachment

EXHIBIT A. OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to evaluate NHTSA's oversight of state highway safety programs and identify best practices. We determined whether NHTSA developed and followed policies and procedures for conducting management reviews and special management reviews. Further, we determined the extent to which NHTSA's annual program reviews addressed states' safety performance measures. We also identified best practices for improving NHTSA's oversight of state highway safety programs.

This performance audit was conducted from May 2006 through December 2007. We conducted our work in accordance with Generally Accepted Government Auditing Standards prescribed by the Comptroller General of the United States. We performed such tests of internal controls as we considered necessary to detect fraud, waste, and abuse. Our review of internal controls included a discussion with NHTSA officials and observations of its procedures for assessing states' controls over grant funds and its sample testing of the reliability and integrity of states' expenditures of grant funds.

To accomplish our audit objective, we:

- interviewed officials from NHTSA Headquarters in Washington, D.C. and NHTSA regional offices in Cambridge, Massachusetts; Baltimore, Maryland; Fort Worth, Texas; and San Francisco, California.
- interviewed the consultant hired by NHTSA regarding efforts to assist the development of NHTSA's oversight procedures and guidelines, train NHTSA's regional office staff on conducting management reviews and special management reviews, and ensure that NHTSA's guidelines were consistently applied.
- interviewed selected state and non-profit organization officials regarding NHTSA's management review process.
- interviewed officials from GAO and the Departments of Education, Health and Human Services, Housing and Urban Development, and Transportation regarding best practices for grant oversight reviews.
- reviewed NHTSA's Management Review Process Resource Manual to identify its policies, procedures, and guidelines for conducting management reviews and special management reviews. This manual documented 20 required elements for management reviews and 6 elements for special management reviews, which we used as criteria for determining NHTSA's compliance with its own policies and procedures.

Exhibit A. Objective, Scope, and Methodology

- accompanied NHTSA teams to observe management reviews in Vermont and Louisiana and special management reviews in Idaho and Arkansas.
- judgmentally selected and reviewed supporting documentation for 11 of 22 management reviews and 6 of 11 special management reviews NHTSA completed as of February 2007 to determine whether NHTSA addressed the required management review and special management review program elements. We selected the reviews completed by NHTSA region 3 (mid-Atlantic) and region 6 (south central) because of their geographic proximity to OIG Headquarters and field offices. We also selected reviews completed by the NHTSA region 9 (western) to provide coverage of western states. We reviewed the reports for 22 judgmentally selected management reviews and 11 judgmentally selected special management reviews to determine whether NHTSA made constructive recommendations for improving safety.
- reviewed supporting documentation for NHTSA program reviews and compared state performance plans and annual performance reports for 22 judgmentally selected states. We selected states that were in the jurisdiction of the NHTSA regions we visited and to provide a cross-section of states that received various amounts of highway safety funding. We assessed the plans and reports for the effectiveness of performance reporting, alignment of performance measures between the performance plans and annual reports, evidence that states projected performance trends to goal milestones, comprehensive evaluation and reporting of state safety performance, and state adoption of GHSA performance measures.
- consulted with our criminal investigative staff to identify cases of grant fraud. We also interviewed NHTSA regional personnel during site visits regarding grantee fraud.

EXHIBIT B. EXAMPLES OF NHTSA'S RECOMMENDATIONS TO THE STATES

NHTSA made constructive recommendations to the states to improve grant administration, program management, financial accountability, and the administration of the seatbelt and alcohol-impaired driving programs. Selected examples of these recommendations follow.

Management Review Recommendations

- Strengthen controls for equipment purchases to ensure proper accounting and inventory. This recommendation was made in 12 of 22 management reviews completed as of February 2007. For example, one grant lacked documentary support for expenditures on five blood alcohol content machines and software valued at approximately \$113,000.
- Improve project monitoring and develop written policies and procedures to ensure sub-grantees' compliance with laws, regulations, and grant agreements. This recommendation was made in 18 of 22 management reviews. For example, 42 percent of grants reviewed for one state had no evidence that the state performed monitoring of the sub-grantees.
- Promptly spend grant funds in the year received. This recommendation was made in 9 of 22 management reviews completed as of February 2007. For example, NHTSA found that one state spent only 25 percent of the funds received, compared to the normal 75 percent spending rate.

Special Management Review Recommendations

- Create an environment conducive for passing a primary seatbelt law by communicating the benefits to the public and to the state legislature.
- Request an assessment of the state's occupant protection program to identify best practices and recommend improvements for increasing seatbelt use.
- Hire a law enforcement liaison to assist in developing local projects and to coordinate with local law enforcement agencies.
- Focus on concentrated enforcement and publicity for alcohol-impaired driving programs, mirror national priorities to curb impaired driving, and actively promote the annual crackdown to ensure that at least 65 percent of the population is covered by sustained enforcement activities.

EXHIBIT C. MAJOR CONTRIBUTORS TO THIS REPORT**THE FOLLOWING INDIVIDUALS CONTRIBUTED TO THIS REPORT.**

<u>Name</u>	<u>Title</u>
Kerry R. Barras	Program Director
Craig A. Owens	Senior Analyst
Alvin B. Schenkelberg	Senior Auditor
Stuart I. Weibel	Senior Auditor
Farrin Tamaddon	Analyst
Harriet E. Lambert	Writer-Editor
Petra Swartzlander	Statistician

APPENDIX. NHTSA COMMENTS**Memorandum**

U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

Subject: Corrective Action to Draft Report
on Best Practices For Improving
Oversight of State Highway
Safety Programs

Date:

From: [Signed on March 6, 2008]
James F. Ports, Jr.
Deputy Administrator
X62775

Reply to Kerry R. Barras
Attn. Office of the Inspector
General
(817)978-3318

To: Rebecca Anne Batts
Assistant Inspector General for
Highway and Transit Audits

Attached are the National Highway Traffic Administration (NHTSA) proposed responses and corrective actions to address the four recommendations in the Office of the Inspector General's recent Audit of the NHTSA's Best Practices For Improving Oversight of State Highway Safety Programs, forwarded to us on February 7, 2008.

NHTSA looks forward to continue working with the States to establish programs that will decrease fatalities and injuries on the Nations roadways.

Additionally, we have some proposed changes to the text of the report, which is also attached. If you have any questions on this response, please contact Antonyio Johnson, our OIG Liaison at X6-1490.

Attachments



NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION RESPONSE TO OIG DRAFT REPORT

TITLE: Audit of the National Highway Traffic Safety Administration's Best Practices for Improving Oversight of State Highway Safety Programs.

PROJECT NUMBER: 06M3002M000.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION CORRECTIVE ACTIONS

NHTSA provides highway safety formula and incentive grants to States to establish programs that will decrease fatalities and injuries on the Nations roadways. As a requirement of receiving funds, States must submit annual performance and highway safety plans that discuss annual and long term goals, define performance measures and identify projects. At the end of each fiscal year an annual report must be submitted to NHTSA that describes progress toward meeting the annual goals. To assist States with this process, NHTSA reviews and comments on the above documents and conducts monitoring no less than quarterly. In addition, management reviews (MR) that look at organization and staffing, program management and fiscal management are conducted triennially and special management reviews (SMR) are conducted with those States demonstrating below average performance. We do not conduct audits. .

NHTSA generally concurs with the OIG recommendations. However, NHTSA works in an environment where we have been criticized for being over prescriptive, and therefore we work to strike a balance between guidance that ensures compliance with Federal regulations and sound management practices while at the same time allowing States the freedom to identify develop, manage, and evaluate their own traffic programs.

Recommendation 1: Promote the development and adoption of consistent performance measures.

Response: Concur.

Corrective Action 1: NHTSA, in conjunction with the Governors Highway Safety Association, has initiated a project to develop consensus traffic safety performance measures. The final report is due to NHTSA in August of 2008, and then NHTSA will encourage States to incorporate the performance measures into their Highway Safety Plans (HSPs), beginning with the FY 2010 plans. We will

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also redouble our efforts to align States' annual performance reports with the performance measures and projected targets in their HSPs.

Recommendation 2: Provide guidance to States to ensure that State performance reports include projected trend lines to allow a determination of whether the State is on track to meet highways safety goals.

Response: Concur.

Corrective Action 2: While NHTSA has no statutory authority to compel States to use trend line projections, we will encourage States to use trend line projections in HSPs starting with their FY 2010 plans. Currently NHTSA offers to both State and Federal employees a Data Analysis Course (which includes training in the use of trend lines) through the Transportation Safety Institute. NHTSA will also ask its data contractors to assist States in trend line development and analysis.

Recommendation 3: Encourage States to conduct on-site comprehensive reviews of grantee internal controls over grant expenditures, substantive testing of grant expenditures, or other procedures designed to prevent and detect fraud, waste and abuse.

Response: Concur.

Corrective Action 3: NHTSA Regional offices currently monitor State grantees and monitor how States monitor sub-grantees, including selective on-site reviews. This process was just reinforced with the issuance of new Regional Monitoring Guidelines in February 2008. However, the agency focus is on program performance and grant compliance, not financial auditing practices.

Recommendation 4: Implement an electronic tracking system for monitoring the disposition of oversight recommendations to States in order to efficiently share finding information, follow-up on unresolved recommendations and enhance quality control.

Response: Concur

Corrective Action 4: NHTSA is currently researching project management tracking systems and available technologies. We are currently unaware of any reasonably-priced system that will meet the agency's needs, but will continue to explore options. As an interim measure, NHTSA will continue to use excel spreadsheets for tracking State by State information on findings, management considerations, corrective action plans and performance enhancement plans. However, the spreadsheets for all States will be posted on our intranet by the end

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of calendar year 2008, so all employees have access to the information. The Agency feels this is a cost effective way to share MR and SMR findings and enhance quality control across the Nation.

The following page contains a textual version of the figure found in this document. This page was not in the original document but has been added here to accommodate assistive technology.

Best Practices for Improving Oversight of State Highway Safety Programs

Figure 1: Motor Vehicle Fatalities (2001-2006)

The figure is a bar chart showing the number of motor vehicle fatalities by calendar year from 2001 through 2006.

2006	42,642
2005	43,443
2004	42,836
2003	42,884
2002	43,005
2001	42,196

Source: NHTSA data.