



NHTSA

Report No. ST2022033
July 20, 2022

NHTSA Has Mitigated Risks and Ensured Compliance With Requirements for Highway Safety Grants



NHTSA Has Mitigated Risks and Ensured Compliance With Requirements for Highway Safety Grants

Self-Initiated

National Highway Traffic Safety Administration | ST2022033 | July 20, 2022

What We Looked At

To help combat highway fatalities, the Fixing America's Surface Transportation Act (FAST Act) of 2015 authorized over \$2.7 billion in highway safety grant funds for fiscal years 2016 through 2020. The National Highway Traffic Safety Administration (NHTSA) awarded these safety grants to States, which distributed them to a network of sub-grantees, then monitored the funds' use for each State Highway Safety Office. Due to the significant amount of grant funding authorized by the FAST Act and the importance of NHTSA's oversight, we initiated this audit as a follow up to our 2014 recommendations to help the Agency improve oversight controls for safety grants. Specifically, we reviewed NHTSA's actions to improve controls over (1) mitigation of deficiencies identified by the Agency's triennial management reviews of States, (2) monitoring States' compliance with Federal grant requirements, (3) States' timeliness in expending grant funds, and (4) developing and implementing an electronic database to identify and monitor recurrent or systemic grant oversight findings.

What We Found

NHTSA implemented our 2014 recommendations to improve the Agency's oversight of highway safety grants. Specifically, NHTSA worked with States to mitigate deficiencies and revised its grant oversight policies and procedures to require documentation of States' corrective actions and management approval for closing actions. The Agency also implemented updated monitoring procedures and a risk assessment process for improving States' compliance with Federal grant requirements and for monitoring the timeliness of States' expenditure of highway safety grant funds. Finally, NHTSA is evaluating options to replace its grant information system.

Our Recommendations

We made no recommendations.

Contents

Memorandum	1
Results in Brief	3
Background	4
NHTSA Worked With States To Mitigate Deficiencies Identified in Triennial Management Reviews	5
NHTSA Updated and Implemented Monitoring Procedures To Improve Compliance With Federal Grant Requirements	6
NHTSA Monitored the Timeliness of States' Expenditure of Highway Safety Grant Funds	9
NHTSA Is Evaluating Options To Replace Its Grant Information System	10
Conclusion	10
Actions Required	11
Exhibit A. Scope and Methodology	12
Exhibit B. Organizations Visited or Contacted	15
Exhibit C. List of Acronyms	16
Exhibit D. NHTSA Actions in Response to OIG's 2014 Recommendations	17
Exhibit E. Major Contributors to This Report	18
Appendix. Agency Comments	19



Memorandum

Date: July 20, 2022

Subject: INFORMATION: NHTSA Has Mitigated Risks and Ensured Compliance With Requirements for Highway Safety Grants | Report No. ST2022033

From: David Pouliott 
Assistant Inspector General for Surface Transportation Audits

To: National Highway Traffic Safety Administrator

While fatalities due to motor vehicle crashes had been decreasing in recent years, the National Highway Traffic Safety Administration (NHTSA) estimates that over 42,000¹ people died in crashes in 2021—the highest number since 2005. To help combat these fatalities, the Fixing America’s Surface Transportation Act of 2015 (FAST Act)² authorized over \$2.7 billion in highway safety grant funds for fiscal years 2016 through 2020.

NHTSA awards highway safety grants to the 50 States, the District of Columbia, U.S. territories, and the Bureau of Indian Affairs.³ States distribute highway safety grant funds to a national network of sub-grantees, including local law enforcement agencies, municipalities, universities, health care organizations, and other local institutions. NHTSA monitors States’ and sub-grantees’ use of these grant funds by conducting triennial management reviews⁴ and other periodic monitoring and oversight activities for each State Highway Safety Office.

In August 2014, we reported⁵ that while NHTSA grantees generally met Federal grant requirements, the Agency lacked strategies for addressing delayed expenditures of grant funds and targeting higher risk grantees. We also reported that NHTSA did not sufficiently track grantee deficiencies identified in triennial

¹ NHTSA Traffic Safety Facts, *Early Estimates of Motor Vehicle Traffic Fatalities and Fatality Rate by Sub-Categories in 2021*.

² Pub. L. No. 114-94

³ For the purposes of this report, we refer to this group of grantees collectively as States.

⁴ Triennial management reviews assess a State’s organization and staffing, financial management, and program management practices in administering the highway safety program.

⁵ *Enhanced Monitoring Tools Are Needed To Improve NHTSA’s Oversight of Highway Safety Grants* (OIG Report No. MH2014088), August 21, 2014. OIG reports are available on our website: <https://www.oig.dot.gov/>.

management reviews or have sufficient tools to identify and mitigate systemic nationwide issues.

Due to the significant amount of annual grant funding authorized by the FAST Act and the importance of NHTSA's oversight of this large investment, we initiated this audit as a follow up to our 2014 audit. Our audit objective was to assess the extent to which NHTSA's oversight policies and procedures for highway safety grant programs mitigated risks and ensured grantees' compliance with requirements for Federal grant awards. Specifically, we reviewed NHTSA's actions in response to our 2014 recommendations to help improve the Agency's controls over (1) mitigation of deficiencies identified by the Agency's triennial management reviews of States, (2) monitoring States' compliance with Federal grant requirements, (3) States' timeliness in expending grant funds, and (4) developing and implementing an electronic database to identify and monitor recurrent or systemic grant oversight findings.

We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology. Exhibit B lists the organizations we visited or contacted, and exhibit C lists the acronyms used in this report. Exhibit D presents the four recommendations from our 2014 audit and NHTSA's actions in response. All four recommendations are closed.

We appreciate the courtesies and cooperation of Department of Transportation (DOT) representatives during this audit. If you have any questions concerning this audit, please contact me or Kerry R. Barras, Program Director.

cc: The Secretary
DOT Audit Liaison, M-1
NHTSA Audit Liaison, NPO-330

Results in Brief

NHTSA worked with States to mitigate deficiencies identified in triennial management reviews.

In response to our 2014 audit recommendation, NHTSA revised its grant oversight policies and procedures to require documentation of State corrective actions and management approval for closing the actions. Specifically, we found that NHTSA revised its oversight procedures, tools, and training to provide guidelines to its regional office staff on how to work with State Highway Safety Offices to track and mitigate State deficiencies identified during triennial management reviews. For the 3-year period ending in fiscal year 2020, NHTSA issued 92 required actions nationwide to mitigate States' deficiencies and improve compliance with grant requirements. NHTSA and State officials also developed corrective action plans to address these deficiencies. We evaluated NHTSA's implementation of its procedures through random sample testing of 57 of the required actions included in corrective action plans for 22 States. The Agency had followed its procedures and provided adequate justification for closing 52 required actions—a 91 percent completion rate. NHTSA kept the other five required actions open, pending States' action on agreed upon mitigation steps and completion dates.

NHTSA updated and implemented monitoring procedures to improve compliance with Federal grant requirements.

Our 2014 audit also recommended that NHTSA revise its guidance for grant monitoring plans to include a risk assessment approach. We found that NHTSA developed standard operating procedures for conducting annual risk assessments that require regional offices to identify factors that could impact States' ability to meet statutory, regulatory, and other requirements; implement effective internal controls; achieve financial stability; and deploy efficient management systems. The Agency's procedures require use of these assessment results to identify needs for enhanced monitoring and oversight of States' compliance with Federal grant requirements. We validated NHTSA's implementation of these procedures in one randomly selected State, New Hampshire, through random sample testing of 99 of 463 NHTSA grant oversight files for grantees' reimbursement claims reviewed through various regional office monitoring activities for fiscal years 2016 through 2020. NHTSA complied with its monitoring guidelines for all 99 claims.

NHTSA monitored the timeliness of States' expenditure of highway safety grant funds.

Additionally, our 2014 report recommended that NHTSA develop and implement a national strategy to address delays in States' use of grant funds to promote

more timely expenditures and measure/monitor States' progress. In June 2015, the Agency implemented standard operating procedures that require NHTSA to monitor States' grant fund balances and periodically report funding liquidation rates to State Highway Safety Offices, and to periodically follow up through triennial management reviews, voucher reviews, and annual reconciliation of grant funds. We verified that NHTSA's monitoring activities resulted in timely programming and expenditures of highway safety grant funds. According to NHTSA grant information as of February 18, 2022, States had timely expended 99.6 percent of grant awards for fiscal years 2016 through 2018, and 92.3 percent and 71.6 percent of awards for fiscal years 2019 and 2020, respectively. Moreover, NHTSA had de-obligated over \$6 million in unexpended grant funds. States have until the end of fiscal year 2024 to expend remaining FAST Act grant funds.

NHTSA is evaluating options to replace its grant information system.

Finally, our 2014 audit recommended that NHTSA develop and implement an electronic database, with guidance to regional offices, for identifying and monitoring recurrent or systemic grant oversight findings. In 2016, NHTSA hired a vendor to develop an information system with modules to manage grant applications and related documents such as risk assessments, monitoring plans, and project file reviews. In 2020, NHTSA halted development on the modules and stopped using them as a result of performance concerns. The modules remain offline, and the Agency is using its legacy systems instead. NHTSA is working with the Office of the Secretary of Transportation (OST) and a contractor to evaluate options for a new information system with no firm timeline for completion.

During our audit, we focused on NHTSA's implementation of its oversight policies and procedures for highway safety grant programs. Using this internal control approach, we did not identify areas for improvement, and consequently, are not making recommendations in this report.

Background

The FAST Act's authorization for fiscal years 2016 through 2020 included \$1.3 billion for highway safety programs' formula grants. It also included \$1.4 billion for national priority safety program incentive grants for initiatives such as occupant protection, traffic safety information system improvements, impaired driving countermeasures, motorcyclist safety, and others. More recently, the Infrastructure Investment and Jobs Act⁶ authorized over \$1.8 billion in

⁶ Pub. L. No. 117-58 (2021)

additional Highway Safety Programs formula funding for fiscal years 2022 through 2026.

NHTSA's Office of Regional Operations and Program Delivery, which consists of the Office of Grants Management and Operations and 10 regional offices, is responsible for monitoring States' and sub-grantees' use of these grant funds. NHTSA's oversight includes triennial management reviews and other periodic monitoring activities such as voucher reviews, grant project file reviews, and onsite reviews of State Highway Safety Offices.

In each triennial management review, a NHTSA team assesses a State's organization and staffing, financial management, and program management practices in administering the highway safety program. Based on the results of these reviews, the NHTSA team works with State officials to develop corrective action plans to mitigate identified deficiencies.

In January 2014, the Office of Management and Budget (OMB) issued regulations,⁷ known as the Uniform Guidance, that synthesize guidelines in several earlier OMB regulatory circulars and set requirements for management for Federal awards. In December 2014, DOT issued regulations adopting OMB's requirements.⁸ Our 2014 report did not cover these changes since it focused on grants issued between fiscal years 2006 and 2012.

NHTSA Worked With States To Mitigate Deficiencies Identified in Triennial Management Reviews

NHTSA followed its updated policies and procedures for tracking States' mitigation of deficiencies the Agency identifies during triennial management reviews. In 2014, we recommended that NHTSA revise its grant oversight policies and procedures to require documentation of States' corrective actions and management approval for closing the actions. In response, NHTSA revised its oversight procedures and training to provide guidelines to regional staff on how to work with State Highway Safety Offices to track and mitigate State deficiencies. In 2021, NHTSA developed an enhanced tracking tool for monitoring the status of these deficiencies.

⁷ 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

⁸ 2 C.F.R. Part 1201

NHTSA worked with the States to develop corrective action plans to mitigate deficiencies identified during its triennial management reviews, including those related to Uniform Guidance requirements. For example, one State had not met Federal procurement requirements and another had not met indirect cost requirements. For the 3-year period ending in fiscal year 2020, NHTSA issued 92 required actions to the 50 States, District of Columbia, and Puerto Rico⁹ to (1) improve compliance with grant requirements and (2) correct deficiencies identified such as non-compliance with laws, regulations, and policies; ineligible or unallowable costs; insufficient documentation and monitoring; untimely submissions of reimbursement vouchers; untimely payments; risk exposure to program weaknesses; and staff vacancies.

We evaluated the corrective action plans for 22 States through random sample testing of 57 of the 92 required actions that NHTSA had designed to mitigate deficiencies it identified.¹⁰ We found that NHTSA had justification for closing 52 of the 57 required actions—a 91 percent completion rate. For example, NHTSA closed one required action based on documented evidence the State repaid the Agency for grant funds used for several types of unallowable costs.

As of March 15, 2022, five required actions remained open. NHTSA agreed with the States' mitigation steps and target completion dates,¹¹ but the States had additional steps to take. For example, regarding one required action, NHTSA closed four tasks, but informed the State that two others would remain open pending the State's action. According to NHTSA officials, the Agency would confirm the State's actions during the next triennial management review scheduled for fiscal year 2022.

NHTSA Updated and Implemented Monitoring Procedures To Improve Compliance With Federal Grant Requirements

In 2014, we recommended that NHTSA revise its guidance for grant monitoring plans to include a risk assessment approach. In response, in 2014 NHTSA developed standard operating procedures for conducting annual risk

⁹ We did not evaluate required actions for the Bureau of Indian Affairs or the U.S. territories of American Samoa, Guam, Commonwealth of the Northern Mariana Islands, and U.S. Virgin Islands.

¹⁰ See exhibit A for details on our sampling methodology.

¹¹ These target dates ranged from September 30, 2021 through September 30, 2022.

assessments and developing monitoring plans for each State Highway Safety Office.

These standard operating procedures require each regional office to conduct an annual risk assessment that identifies factors that could diminish States' abilities to comply with Federal grant requirements, implement effective internal controls achieve financial stability, and set up efficient management systems. NHTSA's regional offices use risk assessment results to identify needs for enhanced monitoring and oversight of States' compliance with grant requirements with four oversight tools—the triennial management review, voucher review, grant project file review, and State Highway Safety Office monitoring review.

To determine the degree to which NHTSA implemented its operating procedures, we analyzed a randomly selected State, New Hampshire,¹² for a more in-depth review. Through a random sample, we tested 99 of 463 NHTSA grant oversight files for reimbursement claims¹³ from New Hampshire grantees. NHTSA had selected these claims for review as part of its 2018 triennial review of New Hampshire that covered fiscal years 2016 through 2018 and other monitoring reviews of the State during fiscal years 2016 through 2020. The Agency complied with its internal controls in monitoring all 99 claims and verified that associated grant funds were sufficiently accounted for, regardless of project type or size.

Our sample of 99 reimbursement claims equaled over \$5.2 million¹⁴ (28 percent) of a total of \$18.4 million in grants that NHTSA awarded to New Hampshire during fiscal years 2016 through 2020. Of the 99 files, 30 were for reimbursement claims that NHTSA evaluated during triennial management reviews, 60 were for claims the Agency evaluated during voucher reviews, 6 during project file reviews, and 3 during State Highway Safety Office monitoring reviews. See table 1 for details on the claims in our sample.

We also validated that all 99 grant reimbursement claims paid by NHTSA were legitimate claims from grantees. To validate these claims, we analyzed NHTSA and State documentation to verify that costs were related to the purpose of the grant and that claim amounts were supported by vouchers, invoices, and other documentation.

¹² New Hampshire is located in NHTSA Region 1.

¹³ States that receive highway safety grants incur the costs of their projects and then submit claims to NHTSA requesting reimbursement of those costs.

¹⁴ Our sample evaluation included over \$2.2 million for reimbursement claims that NHTSA evaluated during triennial management reviews, over \$544,000 during voucher reviews, over \$1.58 million during project file reviews, and over \$875,000 during State Highway Safety Office observations.

Table 1. NHTSA’s Oversight of 99 Reimbursement Claims From New Hampshire Grantees During Fiscal Years 2016 Through 2020

Type of Reimbursement Claim	Triennial Management Reviews	Voucher Reviews	Project File Reviews	State Highway Safety Office Monitoring Reviews
Education, Media, and Technical Assistance	14	15	2	0
Equipment	5	6	1	0
Law Enforcement	7	33	3	3
Salary ^a	1	6	0	0
Traffic Records Systems	3	0	0	0
Total	30	60	6	3

^a Salaries included funding for State and local analysts, consultants, police officers, prosecutors, paralegals, and other positions.

Source: OIG analysis of NHTSA data for fiscal years 2016 through 2020

For context on the size and types of reimbursement claims that NHTSA reviewed:

- One claim resulted in the Agency’s payment of over \$1.1 million for the purchase of intoxilyzer equipment¹⁵ in fiscal year 2017.
- One reimbursement paid a fiscal year 2016 claim for approximately \$11,000 from a local police department to enforce impaired driving laws.
- Another reimbursement paid a fiscal year 2020 claim for approximately \$1,600 from a police department for distracted driving law enforcement.

In 2021, NHTSA updated its standard operating procedures with improved guidelines for risk assessments and monitoring plans. Based on the reasonable assurance we developed from our assessment of NHTSA’s oversight controls for monitoring highway safety grants and our validation of reimbursement claims in New Hampshire, we did not have cause to conduct similar sample testing for other States.

¹⁵ An intoxilyzer is a NHTSA-approved device that law enforcement uses to measure breath alcohol levels.

NHTSA Monitored the Timeliness of States' Expenditure of Highway Safety Grant Funds

In 2014, we recommended that NHTSA implement a national strategy to address delays in States' use of grant funds to promote timely expenditures and monitor States' progress. In June 2015, NHTSA implemented standard operating procedures that require monitoring of States' grant fund balances, periodic reporting to States of funding liquidation rates, and follow up through triennial management reviews, voucher reviews, and annual fund reconciliations.

Federal law¹⁶ requires that grant funds remain available for obligation 3 years after the last day of the fiscal year the funds are authorized. Federal regulations¹⁷ require NHTSA to notify States of unexpended funds no later than 180 days prior to the end of availability (year 4). The regulations require the Agency to de-obligate all unexpended balances that have not been committed to a specific project for year 5.

NHTSA's updated grant monitoring activities resulted in timely programming and expenditures of highway safety grant funds. According to Agency grant information as of February 18, 2022,¹⁸ States had timely expended 99.6 percent of grant awards for fiscal years 2016 through 2018, and 92.3 percent and 71.6 percent of awards for fiscal years 2019 and 2020, respectively (see table 2 for details). NHTSA had de-obligated over \$6 million in unexpended grant funds. States have until the end of fiscal year 2024 to expend remaining funds.

¹⁶ 23 U.S.C. § 118(b)

¹⁷ 23 C.F.R. § 1200.41(b)

¹⁸ Our analysis of highway safety grants included those grants funded for fiscal years 2016 through 2020 by highway safety programs (23 U.S.C. § 402), national priority safety programs (23 U.S.C. § 405), and the Agency's program to prohibit racial profiling (the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, Pub. L. No. 109-59, Title I, § 1906 (2005), as amended by the FAST Act).

Table 2. Amounts and Percent of Grant Funds Expended by States During Fiscal Years 2016 Through 2020 (in millions) as of February 18, 2022

Fiscal Year	2016	2017	2018	2019	2020
Amount awarded	\$493.5	\$511.9	\$526.9	\$537.7	\$552.9
Amount expended	\$493.5	\$511.9	\$520.5	\$496.2	\$395.8
Percent expended	100	100	98.8	92.3	71.6
Expenditure deadline	9/30/2021	9/30/2021	9/30/2022	9/30/2023	9/30/2024

Source: OIG analysis of NHTSA data

NHTSA Is Evaluating Options To Replace Its Grant Information System

In 2014, we recommended that NHTSA develop and implement an electronic database for identifying and monitoring systemic grant oversight findings. In 2016, NHTSA hired a vendor to develop an information system with modules to manage grant applications and related documents such as risk assessments, monitoring plans, and project file reviews. In 2020, NHTSA halted development on the modules and stopped using them as a result of performance concerns. As of March 15, 2022, the modules remained offline and NHTSA was using its legacy systems for grant awards, management and oversight documentation, and State grant voucher claims. In collaboration with OST, the Agency is evaluating options for a new information system though it has not developed a timeline for completion. NHTSA is also working with a contractor to develop technical system requirements for Agency processes and identify overall needs before system development.

Conclusion

NHTSA implemented our 2014 recommendations to correct issues in its grant fund oversight and its actions demonstrate the Agency's commitment to facilitating the stewardship of future large grant funding appropriations. The Agency's planned updates of its grant information system should foster further

oversight improvements. Given our findings, we are not making any new recommendations.

Agency Comments and OIG Response

We provided NHTSA with our draft report on June 8, 2022, and received its formal response on July 8, 2022. NHTSA's response is included in its entirety as an appendix to this report.

Actions Required

No actions are required.

Exhibit A. Scope and Methodology

This performance audit was conducted between April 2020 and June 2022. We conducted this audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objective was to assess the extent to which NHTSA's oversight policies and procedures for highway safety grant programs mitigated risks and ensured grantees' compliance with requirements for Federal grant awards. Specifically, we reviewed NHTSA's actions in response to our 2014 recommendations to improve Agency controls over (1) mitigation of deficiencies identified by the Agency's triennial management reviews of States; (2) monitoring States' compliance with Federal grant requirements; (3) States' timeliness in expending grant funds; and (4) developing and implementing an electronic database to identify and monitor recurrent or systemic grant oversight findings.

Our audit covered grants authorized by the FAST Act for fiscal years 2016 through 2020. We selected this time period to cover NHTSA's implementation of OMB regulations issued in January 2014 for grants management of Federal awards and NHTSA's own procedures issued in October 2014 which incorporated the OMB requirements. Our random sample analyses of required action mitigation and grant reimbursement claims covered formula highway safety grants¹⁹ and several incentive program grants associated with occupant protection,²⁰ traffic safety information systems improvement,²¹ impaired driving countermeasures,²² motorcyclist safety,²³ and non-motorized vehicle safety.²⁴ Our analysis also included claims associated with alcohol-impaired countermeasures²⁵ and transfer funds for open container²⁶ and repeat offender requirements.²⁷ Our

¹⁹ 23 U.S.C. § 402

²⁰ 23 U.S.C. § 405(b)

²¹ 23 U.S.C. § 405(c)

²² 23 U.S.C. § 405(d)

²³ 23 U.S.C. § 405(f)

²⁴ 23 U.S.C. § 405(h)

²⁵ 23 U.S.C. § 410

²⁶ 23 U.S.C. § 154

²⁷ 23 U.S.C. § 164

random sample analysis did not include two types of incentive grants associated with distracted driving²⁸ and graduated drivers licensing.²⁹

To assess NHTSA's controls over mitigation of deficiencies identified by triennial management reviews, we interviewed NHTSA officials; reviewed Agency policies, procedures, and practices; and verified Agency actions through random sample testing of required actions to mitigate deficiencies. We conducted our audit on a random sample of three separate populations totaling 92 required actions that NHTSA issued to the 50 States, District of Columbia, and Puerto Rico during the 3-year period ending in fiscal year 2020. The first population was a universe of 59 required actions covering fiscal years 2018 through 2020; the second population was a universe of 29 required actions for fiscal year 2020; and the third population was a universe of 4 additional required actions for fiscal year 2020. From each of these populations, we conducted a random sample test that evaluated the corrective action plans for 22 States and a total of 57 of the 92 required actions. The first sample tranche included 32 required actions and the second tranche included 21 required actions. The sizes for these two sample tranches were calculated using a 90 percent confidence interval, a ± 10 percent margin of error, and a 50 percent estimated non-compliance rate. For the third tranche, we reviewed a census of the four required actions associated with triennial reviews completed by NHTSA in fiscal year 2020. We evaluated the status of all 57 sample required actions by reviewing State corrective action plans for the 22 represented States and comparing to NHTSA grant oversight files and State/sub-recipient documentation supporting actions taken to mitigate the deficiencies. We followed up with NHTSA and State officials as necessary to clarify issues and to verify actions taken and planned.

To assess NHTSA's controls over monitoring States' compliance with Federal grant requirements, we interviewed NHTSA officials; reviewed Agency oversight policies, procedures, and practices; and performed a deeper review of one State, New Hampshire, by testing a stratified random sample of the Agency's various activities to monitor that State's grant reimbursement claims. We randomly selected New Hampshire for testing from a strata of 30 small States that received less than \$40 million in total grant awards for fiscal years 2016 through 2020. We planned to expand testing to more States and strata if conditions for New Hampshire indicated that additional tests were needed. However, as noted in our findings, nothing came to our attention that warranted an increase in sampling. As a result, we did not test additional States from the small strata nor States from the medium strata of total grant awards of more than \$40 million and less than or equal to \$90 million or the large strata of total grant awards of more than \$90 million. To conduct our testing of New Hampshire reimbursement claims, we

²⁸ 23 U.S.C. § 405(e)

²⁹ 23 U.S.C. § 405(g)

developed a three-tier analysis of 99 reimbursement claims that included (1) evaluation of individual transactions from each of the Agency's oversight mechanisms including triennial management reviews, voucher reviews, project file reviews, and State Highway Safety Office monitoring reviews; (2) verification of compliance with requirements for reimbursement claims; and (3) validation of expenditure amounts approved by the State. We confirmed reimbursement claims met requirements by analyzing documentation from NHTSA and/or New Hampshire, as follows. We validated reimbursement claims by analyzing documentation from NHTSA and/or New Hampshire. Specifically, for the 30 reimbursement claims associated with triennial management reviews, we analyzed both NHTSA and New Hampshire documentation for fiscal years 2016 through 2018. For the 60 claims associated with voucher reviews, we analyzed NHTSA documentation for fiscal years 2016 through 2020 and New Hampshire documentation for fiscal years 2019 through 2020. For the six claims associated with project file reviews, we analyzed both NHTSA and New Hampshire documentation for fiscal years 2016 through 2020. For the three claims associated with monitoring reviews, we analyzed both NHTSA and New Hampshire documentation for fiscal years 2016, 2018, and 2020.

To assess NHTSA's controls for monitoring States' timeliness in expending grant funds, we interviewed NHTSA officials and reviewed Agency policies, procedures, and practices. We identified the universe of highway safety formula, incentive, and racial profiling grant funds that NHTSA awarded to the 50 States, District of Columbia, and Puerto Rico during the 5-year period ending in fiscal year 2020. We also evaluated NHTSA grant financial data for this 5-year period to identify obligation, expenditure, and de-obligation amounts by State and fiscal year, and confirmed this information with NHTSA officials. Based on this information, we calculated and verified State expenditure rates and remaining time periods available to the States for expending the remaining available grant funds. We updated this analysis as necessary throughout the audit, with an analysis cutoff date of February 18, 2022.

We also evaluated NHTSA's progress related to replacing highway safety grant information system modules. We interviewed NHTSA program officials on the status of this project and reviewed contract documents, statements of work, and oversight policies.

Exhibit B. Organizations Visited or Contacted

NHTSA Facilities

NHTSA Headquarters

NHTSA Region 1 office, Cambridge, MA

NHTSA Region 2 office, White Plains, NY

NHTSA Region 6 office, Fort Worth, TX

Exhibit C. List of Acronyms

C.F.R.	Code of Federal Regulations
DOT	Department of Transportation
FAST Act	Fixing America's Surface Transportation Act
NHTSA	National Highway Traffic Safety Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary of Transportation
U.S.C.	United States Code

Exhibit D. NHTSA Actions in Response to OIG's 2014 Recommendations

Recommendation	NHTSA Actions to Develop and Update Standard Operating Procedures
<p>Revise grant oversight policies and procedures to require documenting State corrective actions and management approval for closing required actions.</p>	<p>October 2014. NHTSA updated its risk assessment and monitoring procedures to incorporate recommendations from risk assessment analyses. NHTSA reviews these procedures annually and most recently updated them in September 2021.</p> <p>October 2021. NHTSA developed an improved spreadsheet to document and track oversight activities, findings, management considerations, and closure of required actions.</p> <p>December 2021. NHTSA implemented a new Quality Management Program that annually reviews all grant oversight policies and procedures to identify potential updates and improvements.</p>
<p>Revise guidance for grant monitoring plans to include a risk assessment approach to help regions identify and focus on highest risk grant programs and grantees.</p>	<p>August 2014. NHTSA implemented procedures to identify and monitor high risk grantee States.</p> <p>October 2014. NHTSA updated the procedures to require annual risk assessments and monitoring plans. NHTSA reviews these procedures annually and most recently updated them in September 2021.</p> <p>September 2017. NHTSA implemented procedures for handling grant fraud.</p> <p>November 2020. NHTSA updated its procedures to clarify which amendments States are allowed to make to Highway Safety Plans.</p> <p>September 2021. NHTSA updated its high risk grantee procedures to require that grantees be checked against a Terrorist Watch List.</p>
<p>Develop and implement a national strategy to address delays in States' use of grant funds to promote more timely expenditures and measure/monitor States' progress.</p>	<p>January 2013. NHTSA published its grant program interim final rule (IFR) under MAP-21. The IFR clarified that grant funds are available for expenditure for 3 years after the last day of the fiscal year of apportionment or allocation.</p> <p>October 2014. NHTSA updated its procedures with responsibilities for monitoring and communication of grant expenditure issues to States.</p> <p>August 2015. NHTSA established annual grant closeout procedures.</p> <p>March 2019. NHTSA updated its grant fund tracking procedures outlining requirements for notifying States with grant balances in the fourth grant year.</p> <p>December 2019. NHTSA updated its grant closeout procedures for closing out expired formula grants with zero balances.</p> <p>February 2020. NHTSA updated its grant fund tracking procedures to include guidelines on pass through entities.</p>
<p>Develop and implement an electronic database to identify and monitor recurrent or systemic grant oversight findings.</p>	<p>September 2016. NHTSA hired a vendor to develop an information system.</p> <p>September 2020. NHTSA halted all development work and ceased using the modules because of performance concerns.</p> <p>March 2022. NHTSA is working with OST and a contractor to evaluate options for a new information system.</p>

Source: OIG

Exhibit E. Major Contributors to This Report

KERRY R. BARRAS

ADAM DUFFY

JAMES LONERGAN

OLEG MICHALOWSKIJ

ALPHONSO MURRAY

CELESTE VERCHOTA

GRACE ENTWISTLE

SUSAN NEILL

GEORGE ZIPF

PROGRAM DIRECTOR

PROJECT MANAGER

SENIOR FINANCIAL ANALYST

SENIOR MANAGEMENT ANALYST

SENIOR AUDITOR

ATTORNEY-ADVISOR

STATISTICIAN

WRITER-EDITOR

SUPERVISORY MATHEMATICAL
STATISTICIAN

Appendix. Agency Comments



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



July 8, 2022

Subject: INFORMATION: Management Response to the Office of Inspector General (OIG) Draft Report titled “NHTSA Has Mitigated Risks and Ensured Compliance With Requirements for Highway Safety Grants”

From: Steven S. Cliff, Ph.D.
Administrator

To: David Pouliott
Assistant Inspector General for Surface Transportation Audits

The National Highway Traffic Safety Administration (NHTSA) remains committed to exemplary administration and oversight of its formula grant program. The Agency administers over \$500 million in grant programs annually to the 50 States, the District of Columbia, Puerto Rico, the U.S. Territories and the Bureau of Indian Affairs. Over the years, NHTSA has made significant improvements to implement effective strategies to address delayed expenditures of grant funds and strengthen its tracking of triennial management reviews. As OIG noted in its draft report, NHTSA’s “actions demonstrate the Agency’s commitment to facilitating the stewardship of future large grant funding appropriations.”

NHTSA will continue to ensure adherence to requirements and adoption of best practices through the implementation, documentation, and tracking of required oversight monitoring activities to ensure states conduct effective highway safety programs.

We appreciate the opportunity to respond to the OIG draft report. Please contact Barbara Sauers, Acting Associate Administrator, Regional Operations and Program Delivery at barbara.sauers@dot.gov with any questions.

1200 New Jersey Avenue SE., Washington, DC 20590

U.S. Department of Transportation
Office of Inspector General

Fraud & Safety Hotline

<https://www.oig.dot.gov/hotline>
hotline@oig.dot.gov
(800) 424-9071

OUR MISSION

OIG enhances DOT's programs and operations by conducting objective investigations and audits on behalf of the American public.



1200 New Jersey Ave SE
Washington, DC 20590
www.oig.dot.gov