

## MARYLAND HIGHWAY SAFETY OFFICE POLICY

Subject: Project Monitoring

Number: 06-MHSO-GM-01

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### Monitoring

According to 49 CFR Part 18.40, MHSO is responsible for managing the operations of grant and grantee-supported activities to assure compliance with applicable federal requirements. Monitoring must cover all program functions or activities. Monitoring is done to track progress of projects in meeting objectives and performance measures, as well as compliance with procedures, laws and regulations, and sound operational practices to fulfill the monitoring and reporting requirements set forth by MHSO and NHTSA.

As a management tool, monitoring can be useful to:

- Identify outstanding projects/activities in a grant
- Best practices to be shared
- Detect and prevent problems
- Identify training or other needed assistance
- Provide data necessary for daily operations, program planning and evaluation

Monitoring requires forms and notes to be completed for documentation. MHSO program managers are trained to be "audit ready," meaning they maintain documentation that supports the basis for their decisions and conclusions. Documentation is placed in the notes section of their grantee's proposals and quarterly reports and other documentation may be placed in the grantee project file as well.

MHSO utilizes the following types of monitoring:

*Informal monitoring* - the regular management and supervisory contact or other actions taken by MHSO project managers or financial personnel in performing their duties that look at the quality of performance and internal controls of a project, as well as reviewing and approving periodic reports and submissions. This type of monitoring is ongoing through the life of the project by the MHSO program manager. Some grantees may require frequent contact with MHSO program managers, while others may not need frequent contact to fulfill the obligations of the grant. Informal, on-going monitoring may come in the form of telephone conversations, face-to-face meetings and/or email or written correspondence. Grantees shall also be monitored via mandatory quarterly progress reports. Grantees are required to submit a quarterly progress report that serves as an activity report and a reimbursement claim.

*Formal monitoring* - an in-depth review of a project, typically in conjunction with a site visit, to review project status, documents and project management and financial records and systems resulting in a written report of the status, strengths and weaknesses and recommendations for improvement.

*Frequency of monitoring* - For grants up to \$150,000, informal monitoring must occur throughout the life of the project but not less than two documented informal monitoring will take place. For any grant over \$150,000, at least two documented informal monitoring visits will take place, plus one formal monitoring site visit will occur.

Informal Monitoring - Informal Monitoring occurs throughout the life of the project and includes regular management and supervisory activities or other actions taken by MHSO program managers in performing their duties. This includes, but is not limited to, the review and approval of quarterly reports which includes programmatic progress

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reports and reimbursement claims and supporting documentation. Any communications between MHSO staff and grant personnel about project activities, funding, reporting and performance, and those that look at the quality of performance and internal controls constitute informal monitoring.

Frequency - Informal Monitoring can be done daily, weekly, or monthly, depending on the project and the level of confidence the program manager has regarding the grant personnel's abilities. Weekly phone calls may be appropriate if there are no or relatively minor problems. More frequent face-to-face meetings may be needed for complex projects or those exhibiting problems. Written correspondence, including emails, should address routine matters, unless problems are encountered.

Review and approval of the grantee's quarterly reports (programmatic reports, reimbursement claim and supporting documentation) are an essential part of the overall project management process. The correlation of project activities with costs is one mechanism to determine if the project is likely to achieve its stated objectives. It is also an important tool to determine and check how requested funds are being used. Simple, straightforward grants may need only reviews of submitted reports and supporting documentation followed by a visit to review accomplishments and procedures, followed by a brief written report. Complex grants or grants that are over the \$150,000 threshold will require more in-depth monitoring.

Finally, the program manager should check on the operation of the project with sufficient frequency to be sure that the work is progressing according to the project activities described in the project agreement and is detailed enough to quickly identify any major problems. Careful monitoring of project activities is the best way to ensure compliance with the project agreement and preventing problems.

Materials Needed - Any item related to the progress and management of the project might be covered in informal monitoring. Although usually limited to the progress of activities, informal monitoring also covers the review and approval of progress reports, reimbursement claims and supporting documentation submitted by the grantee.

Procedures - the program manager should regularly set aside time to communicate with grantee personnel. The program manager should make a list of issues or questions to cover prior to the contact. The program manager should ensure that all issues are covered and that a deadline has been agreed upon to resolve any issues. Documentation of these contacts, such as phone calls, notes or emails, should be documented in the electronic grants system, printed and kept in the official project file.

Informal monitoring should involve grantee personnel who have administrative or oversight responsibility for the grant. In addition to the project director, this could include a project coordinator, a financial officer, possibly an agency grants manager, and any other key project personnel with knowledge of the operation of the grant and activities. The timely submission of complete and correct reports with required documentation, budget issues, over-runs or under-runs, problems encountered, procurement procedures, projected changes, the need for any amendments, best practices, etc, are all items which can be part of the informal monitoring.

Documentation Required - all monitoring and contact including correspondence should be kept in the MHSO electronic grants system. A brief memo to the project file may be provided to document meetings and discussions resulting from the monitoring. Any situations requiring change and/or follow-up should be noted in the memo or electronic grants system. Also, if there are any follow-up items from a previous report, their disposition, if any, should be noted and explained. Each grantee should maintain a project file containing copies of all the pertinent project

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paperwork. This documentation becomes extremely important during the course of the grant in case of changes in the project activities, budget, or project personnel. The documentation is also extremely important at the end of the grant, since it is used to evaluate the activities and grantee performance.

Formal Monitoring includes Site Visit - Calls, letters, and occasional meetings are not always sufficient to adequately monitor a project, especially complex projects, or those with large dollar amounts obligated. In most cases, the MHSO designated monitoring specialist and program manager will visit the grantee agency to review project status, documents, project management, and financial records and systems. This type of in-depth review is called formal monitoring because monitoring personnel will actually go to the location of the grantee agency office. The formal site visit involves at least one of the grantee personnel, but may involve all project personnel with management or oversight responsibility for the grant, including a financial representative.

Frequency - Depending on the dollar amount and complexity of the grant, the number and types of monitoring may vary. Simple, straight-forward projects may not need full, formal monitoring. Review of reports and supporting documentation in conjunction with a site visit to review accomplishments and procedures followed by a brief written report may suffice. Projects showing evidence of any problems or inappropriate use of funds may need to be visited more than once during the fiscal year. If indicated by administrative problems or suspected inappropriate use of funds, additional monitoring may be necessary. All site visits must be completed within twelve months of the closeout of the grant unless otherwise requested.

Advance Preparation - Prior to the site visit, the MHSO program manager and the monitoring specialist should:

1. Notify the grantee agency in writing and schedule the visit well in advance (three to four weeks)
2. Carefully review the grant proposal and all the documents to become familiar with the activities and scope of work to get a sense for where the project should be in terms of implementation
3. Review the project conditions to become familiar with specific items which might need attention
4. Review the correspondence, project quarterly reports, including the progress reports, reimbursement claims, supporting documentation, project modifications, project activities and objectives, to become familiar with any problems prior to the visit
5. Provide a list of the types of documents to be reviewed, including time sheets, purchase orders, invoices, forms, and equipment
6. Note any items requiring follow-up from previous monitoring site visits

Items for Review - Site visits include all issues related to the effective and efficient operation of the project. The following items, although not all-inclusive, are the most important items to review:

- Progress toward accomplishing activities and meeting objectives
- Timely submission of properly completed and accurate reports, including documentation to substantiate them
- Review of any expenditures for appropriateness to the project and their relationship to the approved expenditures in the executed grant
- Review of invoices to ascertain proper posting and tracking in the accounting system
- Project personnel records and time sheets; proper apportioning of time for part-time and full-time personnel
- Any necessary pre-approvals, such as travel, purchase of equipment or incentive items
- Any other supporting documentation to substantiate expenditures

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- Any equipment purchased or leased as part of the grant (additionally, the program manager will conduct at least a bi-annual inventory and inspection to ensure that the equipment is being used for the purpose(s) for which it was bought or leased pursuant to the project)

Review of Source Documents - During a formal monitoring site visit, the monitoring specialist and the program manager will review source documents and evidence of task completion, depending upon the activities to be conducted and the types of costs involved in the project. Some examples of source documents to be included in the financial review include but should not be limited to:

| Source Documents Reviewed During Site Visit |  |
|---|--|
| Document Type                               | Notes  |
| Reimbursement Claims                        | Include any appropriate outlay detail forms (invoices, etc.) or other supporting documentation. Refer to the MHSO Supporting Documentation List for examples.  |
| Time Sheets/Activity Reports                | Time sheets, pay records, payroll registers, funded position activity logs, and possibly personnel (salary rate) records must be reviewed to determine that salary and wage costs are fully supported. If only a percent of time is to be reimbursed, then the prorated amount must be correct.    |
| Fringe Benefits                             | If reimbursable, fringe benefits (such as health insurance, pension plan, etc.) must correspond to the amount or percent in the executed project budget.   |
| Travel/Training and Conference Costs        | Only travel pre-approved by MHSO and directly associated with the grant where technical information was disseminated may be reimbursed. This might include, for example, travel to meetings called by MHSO.  |
| Contractual Services                        | Contractual agreements, signed by all parties, must clearly outline services.  |
| Invoices and Payments                       | Only those costs in the approved budget may be reimbursed. Any payments must be directly attributable to the project costs. Have procurement procedures been followed, where appropriate? Have any non-reimbursable items such as alcohol, office furniture, etc. been included for reimbursement? |

In reviewing these documents, a sampling method may be used, either randomly or selectively (such as, every fifth voucher or every other time sheet). The purpose of the financial document review is to ensure that costs claimed can be reconciled with the approved project budget and the documentation, and are in accordance with eligibility requirements in the NHTSA Grant Management Manual.

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Review of Project Status - The program manager and/or monitoring specialist will review the status of project activities. For example: evidence of progress toward completion of tasks can include:

1. Attendance rosters for training sessions or other events
2. Number of citations and warnings given during enforcement activities
3. Newspaper clippings of events and public information activities
4. Written analyses and reports from data or problem identification
5. Any survey results
6. Equipment (if any), inventory control, personnel training records

Review of Project Expenditures - The project manager and/or monitoring specialist will review all appropriate program and financial documents to determine adherence to project budget, including, but not limited to, determining that:

1. Expenditures are consistent with activities accomplished
2. Expenditures are included in the approved project budget, or as amended
3. Expenditures have necessary MHSO prior approval(e.g. travel, equipment over \$5,000 requiring NHTSA approval)
4. Expenditures resulted from appropriate procurement procedures where necessary and are supported by proper supporting documentation which is maintained in the project file
5. Even though a series of expenditures may have been generally listed in the project proposal, those expenditures are consistent with the federal guidelines as stated in the project conditions, which accompany the project agreement

Documentation - The reviewers will complete all sections of the site visit report, sign it in accordance with the instructions provided, and attach copies of all appropriate records and other documents reviewed during the visit. Any follow-up items and disposition from previous monitoring should be explained. In addition, if the site visit generates any items for follow-up, they should be noted, indicating any immediate changes to be made by the grantee agency. The grantee agency shall receive and retain a copy of the report for their files if the action is over \$500. The original copy, with attachments, will be retained at the MHSO in the grantee project file.

Problems and Issues with Non-compliance:

In the event there are problems or issues identified, the reviewer(s) will immediately notify the MHSO Chief or the Deputy Chief. Immediate action to correct the problem will be negotiated by MHSO and the grantee agency, and implemented by the grantee agency. The problem and resolution will be documented in writing and signed as appropriate by the parties involved. The agreed-upon plan will be referred to as the corrective action plan. A date for follow-up will be established and the corrected action plan will be monitored by the MHSO monitoring specialist for compliance.

If the problems or issues cannot or have not been resolved, the following actions may be imposed by MHSO, consistent with 49CFR – Part 18, Sect. 18.43:

Withhold claim reimbursement – Requires the MHSO Chief or the Deputy Chief to provide written notice thereof to the Project Director detailing the specific problem or issue, the action required to correct the situation; and applicable penalty for failure to make the correction(s).

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1. Suspension of project or part of project – Requires the MHSO Chief or the Deputy Chief to provide written notice to the Project Director at least 10 days before the effective date of the suspension and should include the part or activity in the project which is being suspended and the action to be taken by the grantee agency to remove the suspension.
2. Cancellation of project (a last resort action to be used only when a grantee agency or any recipient of federal funds under the project fails to fulfill the terms and conditions of the negotiated correction action plan or the terms and conditions of the Project Agreement in a timely and proper manner, refuses to abide by specific terms or conditions, or violates the terms of a Project Agreement) - Requires the MHSO Chief or Deputy Chief to provide written notice to the Project Director at least 30 days before effective date of the cancellation and shall include:
  - a) Effective date of the project cancellation
  - b) Specific terms and/or conditions violated
  - c) Requirement to forward to MHSO all project-related materials, whether or not completed
  - d) The Project Agency is entitled to receive reasonable and equitable reimbursement for work satisfactorily completed
  - e) Equipment paid for with project funds shall revert to MHSO for disposition in accordance with 49 CFR Part 18, Sect. 18.32.

Copies of any action involving suspension or cancellation will also be forwarded to the Regional Administrator of the NHTSA Region III Office. The grantee agency has the right to appeal cancellation of the project. The appeal shall be directed to the GR, whose decision is final. The grantee agency may request a meeting with the GR and other appropriate staff to present any documentation in support of the project. Written notice of the final decision will be sent to the grantee agency within five days of the decision.