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# V. Grant Administration and Management

This chapter contains information regarding the overall administration and management of the Highway Safety Office (HSO) traffic safety grant program in accordance with the National Highway Traffic Safety Administration’s (NHTSA) regulations and guidance.

## A. Overview

This section provides an overview of the program and grant administrative processes and responsibilities associated with managing HSO grants.

[NOTE: The grant administration processes described in this and subsequent chapters are those used by the Alaska Highway Safety Office. The information in this and related chapters may need to be modified to align with the HSO process actually used by your State.]

[NOTE: Some States may not allow non-profit organizations to obtain grants.]

This chapter contains sections on a wide range of procedures, most of which are administrative in nature, for specific methods involved in the administration and management of the State’s traffic safety program.

Some of the sections contained in this chapter pertain to subrecipients, some only to the specific staff within the HSO, and some to all involved in the traffic safety program.

The term “grant” or “grant agreement” may also be referred to as a “project agreement” as defined in 23 CFR Part 1300.3.

## B. Grant Management

This section describes the responsibilities within the HSO associated with managing traffic safety grants.

The HSO employee responsible for the day-to-day oversight of a grant is called the *[insert position title]*. The *[insert position title]* is responsible for tasks associated within their program area(s) of responsibility (for example, impaired driving) including final grant agreement preparation, execution, and administration. Failure to perform these tasks correctly can result in significant grant management and payment problems.

The *[insert position title]* will monitor and evaluate the subrecipient’s performance and will expedite invoice processing without unnecessary delays.

The *[insert position title]* will not:

* Impose any task upon the subrecipient or permit any substitute activity not specifically provided for in the grant agreement
* Give direction to the subrecipient or to employees of the subrecipient, except as provided in this document
* Approve expenses for activities that do not meet performance specifications contained in the grant agreement
* Authorize expenditure of funds except in accordance with the specific terms of the grant agreement
* Offer advice to the subrecipient that may adversely affect performance, compromise HSO’s rights, or provide the basis of a claim against the HSO that may affect any pending or future determination of fault or negligence
* Authorize or agree to any change in the grant agreement, standard provisions, certifications, project period, delivery schedule, maximum amount eligible for reimbursement, or other terms and conditions of the grant agreement, unless such change is specifically authorized in the grant agreement
* Allow “supplanting” now defined as the general costs of government in [2 CFR Part 200.444](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=09bc58bd9aa3b3cf502f2260acc24c49&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1444) (e.g. replacing routine and/or existing State or local expenditures with the use of Federal grant funds and/or using Federal grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State, local, or Federally-recognized Indian tribal governments. See Section K. Supplanting.)
* Promise that a future grant or extension of a grant for another year is approved prior to the HSO approval.

## C. Submission of Claims

This section explains the requirements and procedures associated with the submission of a subrecipient invoice.

[NOTE: The procedures described below may differ in the State and should be revised to specifically include the State’s accounting requirements.]

i. Conditions

Reimbursement of costs under a final grant (project) agreement is contingent upon the following conditions:

* The availability of appropriated funds
* Actual costs having been incurred (services provided, hours worked, etc.) in accordance with the approved project budget
* Compliance with the cost principles established by NHTSA and the Office of Management and Budget (OMB) Uniform Guidance

Non-State agency subrecipients use an HSO provided Grantee Reimbursement Claim form (referred to as “claim) to “bill” the HSO for costs incurred under the terms of grant agreements. State agency subrecipients use and execute a *[insert form title]* form to submit costs for reimbursement.

ii. Payment Procedures

The HSO has established the following payment procedures for subrecipients.

* Subrecipients shall submit claims to the HSO on a monthly basis or as provided in accordance with the terms of their grant agreement.
* Subrecipients shall include a brief progress report with all claims in order to provide sufficient background information for verification of the accuracy and appropriateness of program charges (See also Chapter IV. Grant Selection and Execution, Section F. Reporting Requirements).
* Subrecipients shall submit separate claims for expenditures under each Federal program funding area that they are seeking reimbursement.
* All claims for goods received or services performed on or prior to *[insert date]* of the grant year must be received by the HSO no later than *[insert date]*.
* Claims for goods received or services performed between *[insert date]* and *[insert date]* of the grant year must be received by the HSO no later than *[insert date]*.
* Subrecipients must submit their final claim within 45 days of the end of the grant period if the grant time period is not based on the Federal fiscal year.
* Claims received after the above cutoff dates shall not be reimbursed. Subrecipients are responsible for informing their accounting office of the above invoice submission deadlines.

**iii. Documentation**

The HSO requires the subrecipient to submit and maintain complete financial and programmatic documentation of all claims in the form of source documents to support the amounts claimed. The HSO requires that the subrecipient submit the source documents with their claim (unless instructed otherwise) including time sheets, receipts, and other records of costs incurred. Such records, and other records reasonably considered as pertinent to program regulations or the grant agreement, are required to be maintained at [2 CFR Part 200.333](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=sp2.1.200.d&r=SUBPART&ty=HTML#se2.1.200_1333) and forward and must be retained for a period of three years after submittal of the final claim to the HSO.

### iv. Reimbursement Policy

* The HSO requires all agreements to include a “maximum amount eligible for reimbursement.” This maximum amount is the grant reimbursable amount and is the HSO’s share of the estimated grant cost. The budget can specify that each line item is not to be exceeded, or the budget can specify that each line item is an estimate and that the actual cost will be paid but not to exceed the maximum amount approved in the grant agreement. (A line item in the budget is the authorization for funds to be expended on that item.)
* Grants do not allow payment of any profit to the subrecipient. If the HSO or a subrecipient subcontracts with a commercial (for profit) firm, the fee becomes an actual cost and is eligible for reimbursement if all other payment criteria meet the terms of the agreement.

### v. Advances

Capital advances are not allowed. Reimbursement will be made only for costs incurred during the grant period. The incurrence of cost depends on the accounting system used.

When cost is incurred, if:

1. an **accrual** accounting system is used, then cost is incurred when a recorded liability exists. (Examples include invoices, bills of lading, vouchers of individual travel performed, and cash receipts of expenses incurred. Advances for anticipated costs are prohibited.)

2. a **cash** accounting system is used, then cost is incurred when a cash disbursement has been made.

The HSO will review all proposed and submitted costs to determine that they are necessary, reasonable, and in compliance with applicable cost principles. The *[insert division title]* division is available to assist HSO in the analysis if requested to do so.

## D. Public Information and Education (PI&E)

This section describes the HSO policy regarding the purchase and use of public information and education (PI&E) materials by subrecipients in a traffic safety grant agreement.

On May 18, 2016, NHTSA issued a revised guidance memorandum entitled, “Use of NHTSA Highway Safety Grant Funds for Certain Purchases” which supersedes two prior documents issued in 2016. Following is a summary of the major provisions. All costs charged to NHTSA highway safety grants must support data-driven State traffic safety goals, be reasonable, within the scope of the grant, address a highway safety problem and help to meet performance measures.

### i. Promotional Items Prohibited

No promotional items or memorabilia are allowable costs under Federal grants (see also “advertising” below). Use of NHTSA grant funds to purchase promotional items or memorabilia is prohibited and could result in the requirement to repay funds.

An unallowable promotional item is an item whose purpose is to be used as an incentive or to increase goodwill (such as, to police officers to maintain partnerships). Any item that is distributed as a giveaway, except Safety Items as described below, is not allowable.

States and State subrecipients may use State funds or privately collected funds or donations to purchase promotional items, subject to applicable State laws and policies.

ii. Educational Materials

The purpose of educational materials is to convey substantive information about highway safety and is an allowable expense. To be considered educational, distributed material must provide substantial information and educational content to the public (not merely a slogan) and have the **sole purpose** of conveying that information. Paper, pamphlets, flash drives and CD-ROMs that contain educational materials are allowable because their purpose is to contain and convey educational information. If a recipient or subrecipient chooses to provide educational content on a flash drive or CD-ROM, that device must be an economical method of conveying the information.

Examples of allowable educational materials are:

* Traffic safety-themed coloring book given to children at a school event, state fair, etc.
* A pamphlet including statistical information such as “X number of people lose their lives every year when not wearing a seat belt” and safety tips distributed at a state fair.
* A flash drive containing information about the dangers of texting and driving (i.e., statistics, ideas to prevent texting while driving).
* A folder containing information about child passenger safety (i.e., statistics car seat/ booster seat laws, proper car seat installation and use, danger of leaving children unattended in hot or cold cars, etc.) and relevant safety tips provided to parents at a car seat inspection station.
* A CD-ROM or flash drive containing training/conference materials given to attendees at a highway safety conference hosted by the recipient/subrecipient.

The content of all newly developed PI&E materials to be purchased with Federal funds must be submitted to the HSO for written approval prior to final production.

Reproduction of NHTSA or other Federal government endorsed material already approved is permissible without HSO approval. The cost of the items must still, however, be included in the grant agreement budget.

**iii. Equipment**

Equipment is eligible for Federal reimbursement as a direct expense chargeable to a specific project agreement provided the equipment is needed to perform that project. The project must be based upon identification of a specific safety problem. **No project may be created solely to purchase equipment**. Items intended for distribution to the public are not equipment as that term is used under Federal grant law. Safety items for public distribution are treated differently, see below. The key distinguishing factor is that equipment must be needed to carry out work under the grant and are kept for use by the program. An example is a reflective safety vest for use by an employee conducting a roadside survey at night and retained by the program. Other examples are provided in the NHTSA Memorandum.

**iv. Safety Items for Public Distribution**

The purchase of items for public distribution using Federal funds does not fall within the definition of equipment. Such purchases are allowable if they can be justified by compelling safety benefits. Child restraints, bicycle helmets and other similar items whose **sole purpose** is to improve highway safety are allowable for distribution to members of the public **provided** the items are specifically identified in a project agreement **and** based on problem ID. The project may not be limited to distribution of the items but **must also** contain specific performance criteria justifying the safety benefit. NHTSA will interpret “sole purpose” strictly when evaluating such purchases. The SHSO should consult with their Regional Administrator if there are questions about applying the guidance for these items.

**v. Recognition Awards**

NHTSA highway safety grant funds may be used to purchase awards, where appropriate, under a formalized program that recognizes superior performance or exceptional contributions to the purposes served by the NHTSA grant. An appropriate award may be a certificate, plaque, coin, or medal, if it is given under a limited, formalized recognition program. An example is a plaque given by the SHSO to a police department at the annual highway safety conference for specific outstanding enforcement efforts. Other examples are provided in the NHTSA Memorandum.

**vi.** **Advertising**

The Uniform Guidelines for the Section 402 program provide that “the State should enlist the support of a variety of media, including mass media, to improve public awareness and knowledge and to support enforcement efforts about seat belts, air bags, and child safety seats.”

The limited purchase of media time or space (television and radio ads, ads for social media, banners and posters) for traffic safety grant-funded PI&E campaigns to reach a large audience is permitted and must be specifically approved by the HSO and be included in the HSO Highway Safety Plan (HSP). Examples of allowable advertising materials are provided in the NHTSA Memorandum.

Federally-funded public service announcements or video materials intended for television or cable television must be closed captioned.

Subrecipients that obtain grant funds to support paid advertising are subject to the same requirements as the HSO and must provide the required Federal reporting information in their progress reports to the HSO. See Chapter II. Planning, Section O. Advertising, for guidance on the specific Federal requirements pertaining to paid advertising.

Federal funds are to be used only for certain specified **advertising** and **public relations** costs. *See* 2 C.F.R. § 200.421.

The only allowable **advertising** costs are for:

* Recruitment of personnel required for performance of a Federal award;
* Procurement of goods and services for the performance of a Federal award;
* Disposal of scrap or surplus materials acquired in the performance of a Federal award except when reimbursed for disposal costs at a predetermined amount; or
* Program outreach and other specific purposes necessary to meet the requirements of the award.

The only allowable **public relations** costs are for:

* Costs specifically required for the Federal award;
* Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Federal award; or
* Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.

The Uniform Guidance *excludes* all other advertising and public relations costs, and *specifically excludes* “costs of **promotional items** and **memorabilia**, including models, gifts, and souvenirs”. See [2 CFR Part 200.421(e)(3)](http://www.ecfr.gov/cgi-bin/text-idx?SID=0c9d5a5257cae89b7f5d4bfd7d5771d9&mc=true&node=se2.1.200_1421&rgn=div8). Federal grant funds are *never* available to cover the costs of **promotional items** and **memorabilia**. The Uniform Guidance has other provisions that may apply to certain items that fall with the above categories. Certain educational items may be subject to the provision on [Conference Costs](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=0c9d5a5257cae89b7f5d4bfd7d5771d9&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1432). [Subpart E](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=0c9d5a5257cae89b7f5d4bfd7d5771d9&mc=true&n=pt2.1.200&r=PART&ty=HTML#sp2.1.200.e) onCost Principles of the Uniform Guidance should be consulted to determine if there are any additional provisions that pertain to a particular item or use of that item.

### vii. Sports Marketing

When considering communications, public information and paid media expenditures that involve attendance at sporting and entertainment events that charge admission, specific tests must be applied in order to ensure compliance, see [2 CFR Part 200.438](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1438). This section states that such costs (i.e. tickets to shows or sports events) are unallowable. The tests that should be applied and additional useful guidance has been provided in the NHTSA Guidelines for Sports Marketing January 22, 2011 which is posted on the GHSA web site in the Members Only section. The HSO must also determine whether any State or local regulations concerning the purchase and acceptance of tickets to entertainment-related events may apply.

## E. Procurement of Goods and Services - Contracts

*This section clarifies State and Federal restrictions on the procurement of goods and services.*

***[NOTE: The procedures described below may differ in the State and should be revised to specifically include the applicable State’s contracting requirements.]***

The HSO shall follow the State and Department procurement rules and regulations for the purchase of goods and services for the direct use and benefit of HSO operations, see [2 CFR Part 300.317](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1317). Questions regarding the procurement rules should be directed to the *[insert office name]*. Such contracts must include the subrecipient certifications and assurances required of other subrecipients. [2 CFR Part 1201.317](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&ty=HTML&h=L&r=PART&n=pt2.1.1201#se2.1.1201_1317) provides that subrecipients shall follow policies and procedures allowed by the States for procurements under a Federal award. All other non-Federal entities will follow [2 CFR Part 200.318-200.326](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1318).

The HSO shall monitor periodically the State’s and all subrecipient contracts and professional service agreements to verify compliance with the established State procurement procedures.

**i. State Contracts**

* The Department establishes contracts for goods and services for use by all State agencies. Department procurement offices and contracting offices establish contracts for goods and services used specifically by the Department.
* Establishment of these contracts has two primary goals. The first is to facilitate the purchasing process. A procurement officer may purchase according to the terms of the contract without additionally seeking determinations for single source or limited competition. This provides a significant savings in time to process.
* The second goal is to secure good pricing through the leverage of the State's purchasing power. Even though it is occasionally possible to secure pricing on spot purchases which is better than the contract pricing, use of the contracts is mandatory unless specifically stated otherwise. Goods and services for which mandatory term contracts have been issued must be purchased only from the contract vendor. The contractors have provided prices over the entire period of the contract in exchange for the State's offer to place all of our orders with them. The Department must abide by the terms of the contract.
* There is no monetary limit on purchasing from contract awards unless specifically noted in the contract.
* If commodities or services are being purchased on the open market on a continuing basis, it should be brought to the attention of the appropriate Procurement section or the appropriate Contracts section for consideration of the establishment of a contract award.

**ii. Department Procurement Procedures**

**[NOTE: Reference should be added to the State’s specific administrative codes and manuals pertaining to procurement.]**

HSO procurement actions shall be accomplished in compliance with the State Procurement Code; the State Administrative Code; the State Administrative Manual; the Department's Delegation of Authority; and the Department's policies and procedures relating to procurement and contracting.

## F. Food/Beverage Costs

This section clarifies State and Federal restrictions on the purchase of food and beverages.

i. HSO and Subrecipient Purchases – Federal Requirements

In addition to the Department restrictions, Federal traffic safety grant regulations only allow the reimbursement of meeting and conference costs including meals, transportation, rental of meeting facilities and other incidental costs when the training supports objectives of the State’s highway safety program. This requirement applies to the HSO and subrecipients. See NHTSA Highway Safety Grant Funding Guidance, Part III, C. Training. Records must be maintained to document the primary purpose of the meeting and should include the persons in attendance. Unallowable training costs include an individual’s salary while pursuing training (except when the salary is already supported with highway safety funds under an approved project) and overtime for police officers attending drug recognition expert (DRE) training, see NHTSA Highway Safety Grant Funding Guidance, Part IV, C. Unallowable Training Costs.

The HSO meeting and conference documentation or a subrecipient’s progress report shall include a statement describing the date, location, number of attendees, the food and beverage items to be purchased and a description of the meeting purpose.

Costs of alcoholic beverages are unallowable. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable, see NHTSA Highway Safety Grant Funding Guidance, Part III, D and Part IV, D. Program Administration. For additional information, refer to [2 CFR Part 200.423 Alcoholic beverages](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1423) and [2 CFR Part 200.438 Entertainment.](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1438)

See also Section D. Public Information and Education (PI&E), iii. Sports Marketing and Chapter VI. Fiscal Procedures, Section E. Allowable Costs.

ii. HSO Purchases – State Requirements

[NOTE: The HSO’s and State’s specific policy on the purchase of food and beverages should be added here.]

## G. Property Management

This section outlines the HSO and subrecipient’s property management responsibilities for equipment purchased with a traffic safety grant administered by the HSO.

i. Federal and State Requirements and Thresholds

Federal requirements regarding the use, management and disposition of grant-funded equipment are found in 23 CFR §1200.31, and specify that the State and their subrecipientsmanage and dispose of equipment acquired under 23 USC Chapter 4 in accordance with State laws and procedures.Additional guidance from NHTSA can be found on the GHSA web site in the Members Only section, Management Review Materials/Equipment Management in a NHTSA Q& A dated July 2009.

State laws and procedures pertaining to property management are found in the *[insert State handbook]*, which establishes requirements that all Departments and agencies must follow regarding the management of State property. *[Insert reference to any specific section from State regulations which establishes State property management requirements for property of a certain monetary value and/or of a certain property type if different from the Federal requirements.]*

The HSO staff will ensure compliance with all applicable Federal and Department policies *[insert reference to Department policy, if any].*

For equipment with a useful life of more than one year and an acquisition cost of $5,000 or more, see Chapter IV. Grant Selection and Execution, Section E. NHTSA Equipment Purchase Approval of $5,000 or More.

ii. Subrecipient Property Management Systems

Subrecipients must establish and administer a system to procure, control, protect, preserve, use, maintain, and dispose of property furnished to them by the HSO or purchased through a grant, sub grant, or other agreement in accordance with their own property management procedures, provided that the procedures are not in conflict with the standards contained in this section or Federal property management standards procedures specified in [2 CFR Part 200.313 Equipment](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1313).

Any property purchased, regardless of the unit cost, must be specifically authorized in the grant agreement. Equipment and other property acquired under a grant agreement for use in highway safety projects shall be used and kept in operation for highway safety purposes.

State Agencies: Property management standards described in the *[insert document name]* will be used in accounting for equipment purchased under the agreement.

Local Agencies and Other Non-State Subrecipients: Standards for property management described in [2 CFR Part 200.313 Equipment](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1313) will be used in accounting for equipment purchased under a grant agreement. The Applicant Agency shall seek disposition instructions from the HSO prior to disposing of any item of equipment purchased. The subrecipient may follow their own existing property management standards if they exceed the Federal requirements.

### iii. Subrecipient Property Records Requirements

The subrecipient property management requirements include, but are not limited to, the maintenance of accurate property records. Such records will include:

* A description of the property
* Manufacturer’s serial number, model number, Federal stock number, national stock number, or other identification number
* Inventory number
* Source of funding for the property (including the FAIN-Federal Award Identification Number or grant or agreement number)
* Indication of with whom title is vested (generally vests with the subrecipient)
* Acquisition date
* Percentage (at the end of the budget year) of Federal participation in the cost
* Location, use, and condition of the property and the date the information was reported
* Unit acquisition cost (total cost from all funding sources)
* Ultimate disposition date in accordance with [2 CFR Part 200.313(e)](http://www.ecfr.gov/cgi-bin/text-idx?SID=84a50e219e89668c56ed58cbed1b8880&mc=true&node=se2.1.200_1313&rgn=div8) (including date of disposal and sales price or the method used to determine current fair market value).

iv. Subrecipient Inventory

Subrecipients will maintain an inventory control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Subrecipients will provide a copy of their inventory policies and procedures to the *[insert position title]*. Subrecipients will institute adequate maintenance procedures to keep the property in good condition.

v. HSO Inventory

The HSO will use a centralized electronic inventory control system to identify and track all grant-funded equipment or other property classified as “controlled property” items listing all essential information required by the applicable property management guidelines. The HSO, as part of its oversight responsibility, must systematically monitor all subrecipients with grant-funded equipment and/or property meeting the State-defined criteria of “controlled property” to ensure that subrecipients are in compliance with State and Federal property management requirements. The HSO’s oversight must continue until final disposition of the equipment including after the subrecipient’s grant is closed.

The *[insert position title]* is responsible for maintenance of the HSO equipment tracking system. An HSO equipment update form *[insert form title and number]* will be sent to applicable subrecipients twice a year - when grant agreements are sent out and with the second quarterly progress report reminder.

When the completed equipment update forms are returned, the HSO reviews them to verify that:

* The necessary information has been entered
* The forms are signed
* The property is in operating condition
* The property is being used for traffic safety activities.

The *[insert position title]* physically verifies the existence and traffic-safety use of each item. This verification is typically completed during onsite monitoring visits. For closed grants, once every two years the HSO mails a certification form to each prior subrecipient which lists all previously acquired equipment which has not been disposed. The form must be completed and returned to the HSO for review and recording in their tracking system until final disposition. Failure to respond shall require the HSO to make contact with the agency to obtain the required information.

If required by State law, the *[insert position title]* will conduct an annual physical inventory and issue a report to the HSO *[insert position title].* 2 CFR Part 200.313(d)(2) requires a physical inventory of the property be taken and the results reconciled with the property records at least once every two years.

### vi. Tagging

It is recommended that equipment and controlled assets purchased in whole or in part with traffic safety funds, be tagged by the subrecipient to indicate the item was acquired with traffic safety funds. Traffic safety subrecipients would be responsible for developing tagging procedures using their own tags. In addition, for cross-reference audit purposes, the tag number is to be noted on the invoice for each piece of equipment and controlled asset item.

### vii. Disposition

Equipment shall be used by the subrecipient in the program or project for which it was acquired as long as needed including after the project or program is no longer supported by Federal funds. Prior written approval must be received from the NHTSA Regional Office by the HSO for the disposition of equipment with a useful life of one year and a value of $5,000 or more unless the equipment has exceeded its useful life as determined under State law and procedures. See [2 CFR Part 200.313(e)](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1313) for Federal requirements.

Upon completion or termination of a traffic safety grant or sub grant, or if it is determined by the HSO that equipment is no longer needed for the purpose for which it was acquired, the equipment may, at the option of the HSO, become the property of the HSO. Permission for any other disposition must be obtained from HSO before any action can be taken regarding the equipment. Other possible disposition actions include, but are not limited to:

* Transfer from Federal inventory to State inventory
* Declaration of inoperability and relegation to salvage or sale at auction
* Declaration that equipment is damaged beyond repair or salvage
* Sale at auction and return of proceeds to HSO for reconciliation with Federal funding

The NHTSA Regional Office may authorize to transfer the title to equipment acquired under 23 USC Chapter 4 to the Federal government or to a third party when the third party is eligible under Federal statute. Any such transfer is required to comply with the conditions of 23 CFR §1200.31 (e). This part also contains instructions for Federally-owned equipment provided to a State or subrecipient.

A Depreciation Guide for the estimated useful life of typical traffic safety equipment has been developed by the HSO and is available to subrecipients. A sample is available from Idaho (Office of Highway Safety’s [Idaho Grant Procedure Manual page 14](http://apps.itd.idaho.gov/apps/ohs/Grants/2017-2019_Grant_Manual.pdf)). The Louisiana Highway Safety Commission guidance and [Texas DOT Policy Manual page 184](http://onlinemanuals.txdot.gov/txdotmanuals/tfc/tfc.pdf) give more general guidance for calculating useful life.

See also Chapter IV. Grant Selection and Execution, Section E. NHTSA Equipment Purchase Approval of $5,000 or More.

## H. Subrecipient Travel

This section provides the requirements for reimbursement of approved subrecipient travel expenses.

i. Subrecipient Travel Expenses

[2 CFR Part 200.474](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=84a50e219e89668c56ed58cbed1b8880&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1474) allows travel costs to be reimbursed if considered reasonable and otherwise allowable to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. Reimbursement for out-of-state travel expenses by subrecipients requires prior approval of the HSO. To request approval for out-of-state travel, a subrecipient must:

1. Ensure that the grant agreement includes a provision for the travel and that there are sufficient funds to cover the cost of the trip.
2. If the trip was not included in the grant agreement, submit a written request using the Subrecipient Travel Approval Request Form *[insert form name* for approval to the HSO. The request must include:
* Purpose of the trip
* Trip dates
* Location
* Registration fee (if applicable)
* Persons involved and the relationship of the individuals to the particular trip
* Estimated cost and whether additional funds are needed (travel, per diem, fees, etc.)
* Benefit to the grant.

To qualify for approval and reimbursement, the travel must be:

* **Necessary** to assist in the completion of project and program goals and objectives
* **Specific** to the purpose of the grant (for example, an anti-impaired driving conference for a community alcohol project)
* **Appropriate** to the position and responsibility of the individual or individuals traveling (for example, project director to attend a community project seminar)
* **Of direct benefit** to the State, with such benefit unavailable through other means (for example, travel for a national, one-of-a-kind event).

For travel to be considered for approval, the grant must include the following:

|  |
| --- |
| **Table 9. Requirements** **for Approval of Travel Under a Grant** |
| **Requirement** | **Explanation** |
| Sufficient travel funds | The grant budget should contain funds for travel. A line item for out-of-state travel or specific trips is not required. However, an indication of specific trips is recommended when known at the time of grant negotiation and approval. |
| Sufficient funds in “other direct cost” category of budget to cover registration fee, if required | If the conference or out-of-state event requires a registration fee, sufficient funds will need to be budgeted and included in the “other direct cost” category in the approved budget. |
| Provisions for out-of-state travel | The grant must contain a provision that allows for out-of-state travel upon HSO approval and requires this approval prior to travel and reimbursement. (See example following this table.) |

Travel to attend in-state meetings or training not included in the approved grant agreement requires the subrecipient to submit a request for prior written authorization for attendance from the HSO. Subrecipients are eligible for per diem reimbursement of in-state travel costs at the rate of *[provide link to a frequently updated source of this information]* per day.

Out of state per diem rates shall be reimbursed either in accordance with the subrecipient’s published out of state travel rates, or, the U.S. GSA schedule available online at [GSA Domestic Per Diem Rates](http://www.gsa.gov/portal/category/21287), whichever is applicable. Upon receiving a travel request in writing, the HSO will send a written response (e-mail or correspondence) approving or denying the trip, with an explanation, to the subrecipient.

To request travel reimbursement, the subrecipient must include:

* The cost of the trip in the applicable claim
* A receipt for any registration fee paid (if registration fee includes certain meals, then those meals should not be claimed again for reimbursement), airfare, lodging, rental car or any other significant costs
* A justification of any unusual costs
* If the activity was an exceptional or unique meeting, conference, etc., a brief trip report (the length and content will be determined by the type of trip involved)

**ii. Costs of Advisory Councils**

[2 CFR Part 200.422](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1422) states that costs incurred by advisory councils or committees are unallowable unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards. In a publication entitled, “State Questions from the April 2015 Webinar on the OMB Uniform Guidance” dated August 20, 2015, NHTSA stated it will use this authority to authorize use of an advisory council or committee (which includes task forces and advisory boards) subject to certain conditions and limitations. States shall obtain authorization from the Regional Administrator before vouchering for costs of an advisory council under an approved highway safety plan.

NHTSA will authorize an advisory council if it:

 • Supports the State’s highway safety program;

 • Is an eligible use of the specific grant funds used (e.g., if an advisory council is paid for using Section 154 or 164 grant funds, the task force must be limited to addressing alcohol-impaired driving countermeasures); and

 • Is allocable (e.g. if an advisory council is used for both grant purposes and other purposes, the costs must be apportioned accordingly), see 2 CFR Part 200.405.

Even if an advisory council is authorized by the Regional Administrator, the following costs are not allowable:

 • All costs, if the advisory council is required to qualify for the grant by which it is funded (e.g., the costs of a task force required to qualify for a Section 405 grant may not be reimbursed using Section 405 funds, but may be eligible for funding using other NHTSA grant funds;

 • General costs of government, see 2 CFR Part 200.444;

 • Travel—and associated costs such as mileage, meals, lodging expenses—for members of an advisory committee who are not SHSO employees (2 CFR Part 200.474 provides that certain travel costs are allowable, but only for employees of a recipient);

 • Conference and training costs—including associated lodging, registration, travel, and meals—of Advisory Council members;

 • Unreasonable costs (e.g., costs in excess of normal market value or costs inconsistent with typical purchasing policies of the SHSO), see 2 CFR Part 200.404; and

 • Costs that are otherwise unallowable under the Uniform Guidance Cost Principles or under Federal or State statutes, regulations and procedures, see 2 CFR Part 200.403.

## I. Indirect Costs

*This section describes the requirements for allowing the expenditure of Federal grant funds to support indirect costs.*

Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.

Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) or IDCR is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. Guidelines and illustrations of indirect cost proposals are provided in a brochure published by the Department of Health and Human Services entitled “A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government.” A copy of this brochure may be obtained from the Superintendent of Documents, U.S. Government Printing Office.

Effective with FY 2016, Uniform Guidance issued by the Office of Management and Budget (OMB) became effective for NHTSA funded highway safety grants. Several prior OMB circulars were consolidated into the Uniform Guidance.

NHTSA has issued written answers to questions regarding implementation of the Uniform Guidance [2 CFR Part 200.331(a)(4)](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1331) including IDCRs on March 5, 2015, June 2015 and August 20, 2015. The guidance provides specific rule interpretations as they pertain to IDCRs and should be frequently referenced.

A subrecipient that does **not** have, or ever had, a federally established IDCR may either negotiate a rate with the HSO or elect to charge a de minimus rate of 10 percent of “modified total direct costs” as defined in the Uniform Guidance, i.e. the de minimus rate is only applied to the first $25,000 of each of the subrecipient’s subawards or subcontracts (maximum of $2,500 indirect cost reimbursement). *The HSO may not force or entice the subrecipient to accept a lower rate*. If a subrecipient has a federally negotiated IDCR and requests that rate, the HSO must pay that rate and may not request or require the subrecipient to offer a lower or zero IDCR. if a non-Federal agency or a subrecipient voluntarily chooses to waive indirect costs or charge less than the full ICR, this can be allowed.

[Appendix III to Part 200](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#ap2.1.200_1521.iii) provides additional guidance on indirect (F&A) cost rates for Institutions of Higher Education (IHEs) e.g. Universities and should be consulted for complete information which apply only to IHEs. Universities are allowed to apply the indirect cost rate to a broader range of costs as specifically identified in the regulation and referred to as “modified total direct costs”. The modified total direct costs, referred to as “facilities and administration (F&A) costs” may include all salaries and wages, fringe benefits, materials and supplies, services, travel, and sub grants and subcontracts up to the first $25,000 of each sub grant or subcontract (regardless of the period covered by the sub grant or subcontract). In addition, unless a new rate has been negotiated, there is a 26% rate cap applied to modified total direct costs for Off-Campus - All Programs (non-research related work such as surveys, etc.).

[Appendix IV to Part 200](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#ap2.1.200_1521.iv) provides additional guidance on IDCRs for non-profit organizations and should be consulted for special requirements.

[Appendix VII to Part 200](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#ap2.1.200_1521.vii) provides additional guidance on IDCRs for State and Local Governments and Indian Tribes and should be consulted for special requirements.

According to NHTSA, the requirement that the HSO must use a federally negotiated IDCR applies to **sub awards**; it does not apply to **contracts.** The HSO must use State policies and procedures when procuring property and services via contract. Refer to the NHTSA IDCR June 2015 guidance for additional information regarding sub awards vs. contracts. The Uniform Guidance is a Federal regulation on the use of Federal funds; its requirements cannot be changed by a State statute.

The NHTSA Regional Office may be consulted for assistance in verifying federally approved indirect cost rates for subrecipients. The HSO shall require that subrecipients approved by the HSO to receive indirect costs annually provide a current approval letter from the cognizant Federal agency stating the negotiated IDCR. Federally approved IDCRs are good for the specified time period. An application can be made for a one-time extension of a current negotiated IDCR for a period of up to four years, 2 CFR Part 200.414(g). The HSO shall establish annually a list of all subrecipients approved to charge indirect costs pursuant to a Federal approval letter and track the list to determine that all required letters are maintained with the HSO files. The HSO shall ensure that claims received from subrecipients which include indirect costs are determined to be charged accurately.

Some subrecipients may request reimbursement only for direct costs, choosing not to negotiate an IDCR or use the de minimus rate. Indirect costs are not readily assignable to the cost objectives specifically benefited. They are incurred for a common or joint purpose benefiting more than one cost objective. Care must be taken to make sure that the indirect costs (now being reported as direct costs) are not part of a central services take down. And the costs must be allocable. Test: Would the activity still exist, and thereby result in the same costs being incurred, if the grant were terminated?

Note: the general costs of government are unallowable. The same costs may not be reported as both indirect and direct. The HSO must be consistent and treat the costs the same way as other State agencies - either as direct or indirect.

If a State/local governmental subrecipient is considering changing to direct cost federal funding, care must be taken to avoid the substitution of Federal funding for a general cost of government.

MATCHING REQUIREMENTS: A HSO may use State funds to pay the IDCR and those funds will count toward the 20 percent State share requirements. If State law permits, a subrecipient may use any allowable cost, including indirect costs, for match if the HSO requires cost sharing for a sub award.

STATE SUBRECIPIENTS: A State agency may be paid the State’s negotiated rate obtained from a cognizant Federal agency as evidenced by a letter on file. A State agency subrecipient may receive Interagency Services (indirect costs) in lieu of determining the actual indirect costs of the service. Reimbursement is limited to a standard 10 percent and only for direct salary and wage costs excluding overtime, shift premiums and fringe benefits, see [2 CFR Part 200.417](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1417).

LOCAL and NON-PROFIT SUBRECIPIENTS: Where a local government or non-profit is not a primary recipient of Federal funds, the HSO may negotiate and/or monitor the subrecipient’s indirect cost plan. Each subrecipient must have submitted an IDCR plan for review and acceptance. An annual approval letter approved by a local government containing a certification signed by a government official specifying the year applied is required, see [2 CFR Part 200.331 (a)(4)](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=7287556161fca27c19cd03ba72d43840&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1331) and [Appendix IV for Non-Profit Organizations](http://www.ecfr.gov/cgi-bin/text-idx?SID=3ff791557cbf0f23a3fa13a6ce556cf3&mc=true&node=ap2.1.200_1521.iv&rgn=div9) or [Appendix V for State/Local Governments](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=3ff791557cbf0f23a3fa13a6ce556cf3&mc=true&n=pt2.1.200&r=PART&ty=HTML#ap2.1.200_1521.v). The Appendices provide specific requirements for negotiated IDCRs. The rate proposal and related documentation must be made available for Federal and State and should be maintained annually in the subrecipient’s file. The rate does not have to be federally approved. Non-profit agencies must also provide an annual approval letter containing a certification signed by the Board of Directors, a CPA or an Executive Director and specifying the year applied and the rate.

The level of risk and exposure should be determining factors when determining the required oversight. NOTE: The responsibility does not end after a signed agreement or certificate is placed in the project file. The HSO must periodically review **AND** monitor sub recipient IDCR plans to provide reasonable assurance that the requirements are being followed. This monitoring should ensure that the plan is current and accurately reflects indirect costs. As a good practice, the involved governmental unit should provide a signed certification letter that the IDCR claimed is “true and correct” similar to what a cognizant Federal agency would receive and “approve”.

Negotiating and monitoring an IDCR is a complex and time consuming task. The HSO may (and is encouraged to) use the expertise of their State audit or finance office to review and approve the IDCR plan proposed by a subrecipient.

## J. Program Income

This section defines program income, the applicable restrictions and the accounting method required of subrecipients.

Many traffic safety grants are intended to provide financial start-up for projects so that they can become self-sustaining. Some projects conduct activities that generate income to cover present and future costs. When subrecipients earn money for their services or products, they may be earning what is defined in the Federal regulations as “program income”. Income earned by the subrecipient with respect to the conduct of the grant (e.g. sale of publications, registration fees, service charges, etc.) must be accounted for fully and applied to project purposes or used to reduce costs.

As defined in [2 CFR Part 1201.80](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&ty=HTML&h=L&r=PART&n=pt2.1.1201#se2.1.1201_180), program income means gross income earned by the subrecipient directly generated by a program supported activity or earned only as a result of the grant agreement during the period of time between the effective date and the expiration date of the grant award. Such earnings may include but are not limited to:

* Income from fees for services performed
* Sale of commodities or items fabricated under the grant
* Usage or rental fees from real or personal property (equipment) acquired with grant funds
* Payment of principal and interest on loans made with grant funds

See [2 CFR Part 200.307](http://www.ecfr.gov/cgi-bin/text-idx?SID=c16296aecfef71d582e0634cf6658cf1&node=2:1.1.2.2.1.4.29.8&rgn=div8) for additional guidance regarding the use and restrictions on program income.

NOTE: If program income is applied to the program and then generates other income, that income is not considered program income and is not required to be tracked as outlined in this policy.

Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

The HSO must approve a subrecipient’s request to earn program income. There must be an indication in the HSO HSP project description that the grant will generate program income and the total income earned should be reported by the HSO in the Annual Report (AR). There also must be a clause in the grant agreement which states that the grant will earn program income and the subrecipient will expend the monies to fulfill the objectives of the program area under which it was generated. Recommended language for grants generating program income is as follows:

* All program income earned during the grant period shall be retained by the subrecipient and, in accordance with the grant or other agreement, shall be added to Federal funds committed to the project and be used to further eligible program objectives.
* Program income that remains unexpended after the grant ends shall continue to be committed to the original grant objectives.

Program income may be used to meet cost sharing or matching requirements only upon written approval of the NHTSA Regional Office. And such use shall not increase the commitment of Federal funds.

Subrecipients must record the receipt of program income as a part of the grant project transactions in accordance with the grant agreement. Program income should be recorded on the Report of Program Income Received form *[insert form title]* and submitted with the subrecipient claim form.

Subrecipients must also record and report the expenditure and disbursement of program income revenues as a part of the grant transactions in accordance with the grant agreement. Program income expenditures should be recorded on the Report of Program Income Disbursed form *[insert form title]* and submitted with the subrecipient claim form.

For projects that **accumulate** program income, each claim form must contain information entitled “Program Income.” The following information must be included:

* The amount of program income earned in this period (supported by an entry on the form for reporting program income received),
* The previously accumulated program income by cost category where it was expended (supported by previous entries on the form for reporting program income received),
* The amount of program income previously expended by cost category,
* The amount of program income expended in the current period by cost category (supported by entries on the form for reporting program income disbursed), and,
* The remaining program income balance by cost category, if any.

Donations (monetary or in-kind) are considered program income if the grantee or subrecipient receives funds directly generated by a grant supported activity or earned as a result of the grant agreement during the relevant time period.

## K. Supplanting

This section contains information regarding the Federal regulations prohibiting supplanting prior to FY2016.

The replacement of routine and/or existing State or local expenditures with the use of Federal grant funds for the cost of activities that constitute general expenses required to carry out the overall responsibility of a State or local agency or Federally recognized Indian tribal governments is considered to be supplanting and is not allowable.

The subrecipient shall not use grant funds to supplant State or local funds, or, other resources that would otherwise have been made available for the grant program.

NHTSA no longer uses the term supplanting. However, the Uniform Guidance identifies a similar principle by identifying an unallowable cost as the general costs of government, see [2 CFR Part 200.444](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=09bc58bd9aa3b3cf502f2260acc24c49&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1444)

[NOTE: The following is an optional HSO policy.]

**Subrecipient employees:** If a position created by a grant is filled from within the subrecipient agency, the vacancy created by this action must be filled within (xx) days. If the vacancy is not filled within (xx) days, the subrecipient must cease charging the grant for the new position. Upon filling the vacancy, the subrecipient may resume charging the grant position. The Financial Officer and the Authorizing Official for a subrecipient may not be funded under a grant.

## L. Subrecipient Training

This section describes the HSO recommendations for subrecipient training on highway safety grant management regulations and practices.

[NOTE: The HSO policy on subrecipient training may vary in your State.]

The cornerstone of traffic safety training is the Project Management Course which will be conducted by the HSO at least once each year. The HSO subrecipient Project Directors are strongly recommended to attend the Project Management Course before grant start up and no later than within the first 6 months after program startup annually.

## M. Grant File Maintenance

*This section describes the HSO policy and procedures for maintaining accurate and complete grant agreement files.*

Sound fiscal and program management of the HSO traffic safety program can be verified through the development and maintenance of complete, accurate and accessible files. The HSO must establish a physical project file for every grant or maintain the same information in an electronic file. The contents of the file of record will vary, depending on the type of agreement. The file of record will include any or all of the following:

* Signed Grant Request Form/Project Agreement
* Technical/cost analysis
* Pre-award cost evaluation
* Original signed agreements and any amendments
* Documents referenced in the agreement (official resolutions or proclamations of local governing bodies, letter indicating the delegation of signature authority for various project related reports, etc.)
* Correspondence
* Claims with all supporting documentation
* Progress Reports with all supporting documentation
* Risk Assessment documentation
* Monitoring reports
* Pre-approvals
* Equipment inventory forms
* Project accomplishment reports
* Data collection and trainings conducted
* Indirect cost approval letter
* Match documentation if required of subrecipients
* Other supporting documentation

Each project file will contain the original document or reference to the document that verifies those legal and administrative actions necessary for the award, implementation, monitoring, and evaluation of each project.

**Public access:** All file information is a matter of public record. However, proper file management precludes public access to the files, which may include information of a sensitive nature such as personnel salaries, budget information, and internal correspondence. Access to the file of record will therefore generally be limited to those governmental officials *[insert title]* with responsibility for the submission, operation, and close-out of the projects.

**File retention:** All contract and grant agreement records must be retained 3 years from the date of final payment, until completion of audits, or until pending litigation has been fully resolved, whichever occurs last. A clause to this effect will be included in each traffic safety grant agreement and contract. The term “records” includes: all books, documents, papers, accounting records, and other evidence pertaining to costs incurred and work performed.

The HSO *[insert title]* is responsible for maintenance of the grant filing system in compliance with this policy. Files should be reconciled annually after the fiscal year close out to assure that all required documents are in place. The contents of the file will vary, depending on the type of agreement, but it will be set up in accordance with the following HSO guidelines:

[Insert the coding and organization criteria for assembling grant files in the HSO]

## N. Monitoring

This section describes the HSO monitoring procedures including a corrective action plan and calendar.

### [NOTE: This section should be modified to accurately reflect the current monitoring policy in the State. Reference can be made to the GHSA Monitoring Advisory for assistance.]

### i. Purpose

According to [2 CFR Part 200.328(a)](http://www.ecfr.gov/cgi-bin/text-idx?SID=53e06ff69dcb6de8a22fa89277a33161&mc=true&node=pt2.1.200&rgn=div5#se2.1.200_1328), the HSO is responsible for managing the day-to-day operations of grant and sub grant supported activities. The HSO shall monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes; in compliance with Federal statutes, regulations and the terms and conditions of the sub award; and that sub award performance goals are achieved. Monitoring must cover each program, function or activity.

The outcome of the 2 CFR Part 200.331(b) required risk assessment for each subrecipient shall be used by the HSO for purposes of determining the appropriate subrecipient monitoring including level of risk, type and frequency and possible corrective action or follow up. Depending upon the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in Part 200.425 Audit services.

Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by [2 CFR Part 200.521](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=1b84ecd61d4f9533e826209fd9ec2207&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1521) Management decision.

The HSO shall establish a monitoring policy to establish the required procedures. Monitoring is done to maintain control of a project, detect problems, identify changes or training needed, provide data for planning and evaluation and create an opportunity for the HSO to provide technical assistance when needed, see [2 CFR Part 200.331(d)](http://www.ecfr.gov/cgi-bin/text-idx?SID=53e06ff69dcb6de8a22fa89277a33161&mc=true&node=pt2.1.200&rgn=div5#se2.1.200_1331). It also is a way to encourage accountability on behalf of the subrecipient. Monitoring requires forms to be completed for documentation and maintained in the grant file.The GHSA has provided extensive guidance including sample procedures and forms on their web site under Projects, Resources for States. See [GHSA Monitoring Advisory](http://www.ghsa.org/resources/shso-guidance).

**ii. Types of Monitoring**

The HSO will utilize the following types of monitoring:

* Ongoing contact with the subrecipient through phone calls, meetings, email and correspondence
* Onsite monitoring reviews of project operations, management, and financial systems
* Periodic review of progress reports
* Periodic review and approval of claims

**iii. Major Elements of Monitoring Procedures**

There are several important elements to consider when determining what level of monitoring is appropriate for a specific subrecipient. These elements include:

* Frequency of the monitoring
* Items to cover
* Procedures to follow
* Persons to involve
* Documentation to complete
* Evidence of present or potential problems

Answering the questions of how often, who to involve, and how to monitor depends on the following criteria:

**Table 10. Monitoring Criteria**

|  |  |
| --- | --- |
| **Criteria**  | **Explanation**  |
| The length and complexity of the project | The longer and more complex the project, the more frequent and formal the monitoring should be |
| The capabilities and experience with the subrecipient | Lower capabilities and/or lack of experience with the subrecipient normally require more frequent and formal monitoring |
| Any indications of problems, lack of performance, or change in direction | The more problems and changes, the more frequent and formal monitoring should be |

**iv. Ongoing Monitoring**

Ongoing monitoring occurs every time a *[insert position title]* holds a discussion or communicates with a subrecipient project director through phone calls, meetings, email or correspondence.

* Frequency: Ongoing monitoring can occur daily, weekly, or monthly. Weekly phone calls may be appropriate if there are problems. Monthly status meetings might be needed for complex projects. Some form of ongoing monitoring shall be conducted by the *[insert position title]* with each subrecipient in their program area at least monthly. The HSO *[insert position title]* shall ensure that all required on-going monitoring activity is completed by the *[insert position title]* within the Federal fiscal year in compliance with the HSO policy.
* Problems: If problems are identified, the situation could require a meeting between the subrecipient and the *[insert position title]* or even the scheduling of an onsite monitoring visit (See Sub Section v. Onsite Monitoring, below. Reference should also be made to Section O. Resolution of Monitoring Findings.). The determination of the appropriate action to be taken should be made by the *[insert position title]* and the HSO *[insert position title of manager]*. Any additional monitoring requirements will be documented in the grant file.
* Approach: The *[insert position title]* will rely on regular correspondence and the annual onsite visit to handle routine project issues. The subrecipient’s project director should monitor work under the agreement with sufficient frequency to be sure that the work is progressing according to the plan and to quickly identify any major problems or variances from the plan. Careful monitoring of work is the best method of assuring compliance with the grant and preventing disputes.
* Items: Any item related to the progress and management of the grant should be covered in ongoing monitoring. Although usually limited to the progress of activities, ongoing monitoring should also cover budget issues, problems encountered, procurement procedures, projected changes, etc.
* Procedures: The *[insert position title]* will routinely set aside time to call or meet with subrecipient personnel. The *[insert position title]* should make a list of issues or questions to cover prior to the contact. The *[insert position title]* should ensure that all issues are covered or that a deadline has been agreed upon to resolve any issues. Routine meetings will be specified in the grant agreement as necessary.
* Participants: Ongoing monitoring can involve any grant personnel with management or oversight responsibility for the project. In addition to the *[insert position title]*, this may include a financial officer and any other key project personnel.
* Documentation: Copies of all correspondence are to be kept in the HSO grant file. A note to the file should be provided to document all meetings and discussions using a *[insert form name]* form. This documentation becomes essential during the course of the project in case of changes in the project activities, budget, or personnel. The documentation is also extremely important at the end of the project as it is used to evaluate grant and subrecipient performance.

**v. Onsite Monitoring**

Calls, letters, and occasional meetings are generally not sufficient to adequately monitor a project, particularly those that are more complex. In some cases, a *[insert position title]* will need to go onsite to review project status, documents, and subrecipient management and financial systems. This type of in-depth review is called “onsite monitoring” because the *[insert position title]* must actually go to the location of the project and the offices of the subrecipient to conduct this monitoring. The need for an onsite monitoring may also be identified by the *[insert position title]* during ongoing monitoring activity. Regular and close communication between the program and fiscal HSO staff is encouraged to assist in the early detection of minor and major problems including fraud.

* Frequency: The *[insert position title]* shall conduct at least one onsite monitoring visit per year for subrecipients meeting the following criteria:
* Total cost of the grant agreement exceeds $50,000
	+ Grant agreement includes reimbursement of salaries
	+ Subrecipient has identified a new project director
	+ Subrecipient has a past history of poor performance
	+ A recent ongoing monitoring identified a potential problem

The *[insert position title]* shall identify the list of subrecipients to be monitored each fiscal year using the above criteria and develop a proposed Monitoring Schedule for the review and approval of the HSO [*insert position title of manager]*.

* Items to Review: An onsite monitoring includes an examination of all issues related to the effective and efficient operation of the project. The following, though not all-inclusive, are the most important items to review:
* Progress toward achievement of objectives and performance targets
* Adherence to milestones and action plan
* Resources are consistent with agency mission
* Programs and resources are protected from waste, fraud and mismanagement
* Laws and regulations are followed
* Reliable and timely information is obtained, maintained, reported and used for decision making
* Status of budget
* Accounting records
* Personnel records and time sheets
* Any necessary pre-approvals (such as, equipment or out of state travel)
* Supporting documentation (signature authority letter, verification of costs, invoices, subcontracts, etc.)
* Equipment purchased or leased as part of the project i.e., inventory and inspect to ensure that it is being used for the purpose for which it was bought or leased under the grant agreement
* Advance Preparation: Prior to the onsite monitoring, the *[insert position title]* should:
* Plan each site visit well in advance (preferably three to four weeks)
* Carefully review the grant agreement to determine which activities in the action plan should have been accomplished by the site monitoring date
* Note any special terms or conditions that need monitoring
* Review all correspondence, performance reports, and requests for claim reimbursement submitted prior to the visit
* Set appointments with the subrecipient’s project staff
* Provide to the subrecipient a list of the types of documents to be reviewed, including time sheets, purchase vouchers, and forms
* Note items requiring follow-up from previous monitoring visits or ongoing monitoring
* Review of Source Documents: The *[insert position title]* 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. Examples of source documents to be included are shown in the following table:

**Table 11. Source Documents Reviewed During Onsite Monitoring**

| **Document Type** | **Notes** |
| --- | --- |
| Time sheets | Time sheets, pay records, payroll registers, and possibly personnel (salary rate) records must be reviewed to determine that salary and wage costs are fully supported. Time sheets must account for 100 percent of time, regardless of the amount charged to a grant. 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 eligible. |
| Travel costs | Only travel directly associated with the grant may be reimbursed. This might include, for example, travel to meetings called by the HSO. |
| Claims and payments | Only those costs in the approved budget may be reimbursed. Any discounts must be credited; the discounted amount would be reimbursable. Any payments must be directly attributable to the grant costs. |

In the case of a high volume of documents, a sampling methodology 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 reconcile to the documentation.

Payment of overtime, especially in law enforcement grants, requires special attention by the HSO during monitoring. The subrecipient’s processes and procedures for scheduling, approval, tracking, accounting and supervision of overtime should be examined to ensure that there are in place adequate checks, balances and safeguards to validate all claims. See Section N. Fraud Prevention.

* Review of Project Status: The *[insert position title]* will review the status of project activities. Examples of evidence of progress toward task completion might include:
* Attendance rosters for training projects or events
* Citations and warnings for enforcement projects
* Newspaper clippings of events for public information activities
* Analyses and reports for data or problem identification projects
* Survey or questionnaire results
* Personnel training records
* Review of Budget Requirements: The *[insert position title]* will review the records for adherence to the budget requirements, including, but not limited to, determining whether:
* Expenditures are on schedule
* Costs are in the approved budget or any subsequent amendment
* Any necessary prior approvals for travel, equipment purchases, or changes have been obtained
* Appropriate procedures have been followed for all expenditures
* Appropriate supporting documentation is available and filed
* Reimbursements are up to date
* Direct Observations: Although not required, onsite monitoring may also include direct observation of activities performed. These might include attendance or participation in a:
* Meeting, workshop or training course
* Press conference or other media event
* Presentation to a school, organization, or civic club
* Task force or committee meeting
* Shift of overtime enforcement
* Documentation: The *[insert position title]* will complete the required onsite HSO monitoring record form *[insert form name].* The *[insert position title]* will sign the form according to the instructions provided and attach copies of all appropriate records and other documents reviewed during the visit. The checklist, with attachments, will be placed in the subrecipient file at the HSO.
* Subrecipient notification-compliance: If no corrective action is necessary, the subrecipient shall be notified of the results of the onsite monitoring by letter. The subrecipient may receive a copy of the Monitoring Form upon request.
* Subrecipient notification-noncompliance: If corrective action is needed, reference should be made to Section O. Resolution of Monitoring Findings. The determination of the appropriate action will be made by the *[insert position title]* and the HSO *[insert position title of manager or administrator]*. Any additional monitoring requirements will be documented in the grant file.

**Table 12. Onsite Monitoring Warning Signs**

|  |  |
| --- | --- |
| Late project start | Frequent personnel changes |
| Low activity level | Revisions to the grant |
| Slow expenditure rate | No records or inconclusive records |
| Late reports | Evasive answers |
| Low morale/poor attitude | Submission of questionable claims or back-up documentation |
| Incorrect claims | Failure to obtain required HSO approvals |

**O. Fraud Prevention**

This section describes the actions which will be taken by the HSO to prevent fraud and the misuse of federal funds by subrecipients receiving federal highway safety grant funds.

Investigations by the federal Office of the Inspector General (OIG) and NHTSA have detected more cases of fraud involving subrecipients receiving federal highway safety grant funds. A comprehensive monitoring program is one of the most effective ways to prevent fraud. Such a program includes the elements outlined in Section N. Monitoring Advisory. Also essential is sufficient management oversight to ensure that the monitoring program is fully implemented. Onsite monitoring of grants which include personnel services is essential. The following information has been compiled to assist the HSO in communicating with subrecipients, implementing safeguards, monitoring and taking action when fraud is detected.

NOTE: Personnel services grants – including law enforcement overtime typically associated with Selective Traffic Enforcement program (STEP) grants and grants containing subcontracts – have been identified as high risk for fraud. Such grants should require strong internal supervision by the subrecipient and extra attention by the HSO.

**i. Special Attention for High Risk Grants and Activities**

* Identify law enforcement and other types of grants which contain claims for personnel services as requiring special attention to detect fraud
* Closely examine and compare personnel log sheets to actual activity documentation (such as date and time worked as recorded on paper tickets and time reports) to ensure that only actual time worked on grant-funded, approved activities is submitted for reimbursement
* Ensure that only approved hourly rates for sub-contractors and vendors are charged to the grant and that legitimate original invoices from sub-contractors and vendors for actual work completed are available for examination

**ii. Recognition of Risk Factors for Personnel Services Grants**

* Lack of communication of specific clear benchmarks, goals and deliverables forenforcement and other contracts
* Lack of training for supervisors and officers to emphasize unique conditions of grant programs
* Lack of supervision of grant procedures during overtime patrols, time and attendance quality checks and use of paper forms

**iii. Incorporation of Prevention Strategies into HSO Policies and Monitoring Practices**

* Provide specific pre-award guidance to subrecipients to explain the federal requirements and discuss the need for their own internal control systems
* Require subrecipients to submit their policy/internal controls to the HSO to certify compliance with generally accepted practices
* Do supervisors sign off on completed work?
* Do officers check in and out of shifts with a supervisor or dispatch?
* Do supervisors conduct reviews and spot checks of officer records?
* Are work schedules prepared in advance?
* Do managers have access to global positioning system (GPS) records or other location records for patrol vehicles?
* Review original documents (not copies) at the subrecipient or third party sub contract level
* Could an officer falsify elements like date and time of the violation?
* Are records retained for review?
* When conducting onsite monitoring, over sample vouchers
* Establish clear performance benchmarks and expectations
* Develop an action plan to follow when possible fraud is detected
* Use State auditors to randomly audit selected subrecipients and to follow up fraud allegations for the HSO
* Document and disseminate information on identified cases of fraud and the consequences to law enforcement officers, project personnel and their departments as a deterrent

**iv. Preventive Oversight for Law Enforcement Agencies**

* Build supervision into the grant project
* Develop and implement an enforcement or project action plan based on the data
* Utilize GPS units on patrol vehicles
* Use log sheets or personal activity reports (PARs) to verify actual hours worked on shifts (see the OIG Information Memo OIG Memo 5-21-12 on STEP Fraud Attachment 4 for a sample blank log sheet to gather the information needed to verify actual hours worked in a shift)
* Providing training including refresher roll call reviews of expectations
* Are officers informed about requirements and expectations?
* Are veteran officers asked to complete refresher training?
* Do managers have adequate training on grant administration?
* Is there any emphasis placed on detecting fraud or conducting periodic reviews?
* Are training records maintained?
* Review the type of ticketing system – automated systems are less likely to be subject to fraudulent activities than hand written paper citations

**v. Utilization of Federal and Other Training Resources**

* Identify and incorporate into HSO procedures the “risk level decision tree” available from NHTSA Regional Offices
* Review and use as the basis for HSO and subrecipient training:
* The OIG Information Memo OIG Memo 5-21-12 on STEP Fraud
* The NHTSA/GHSA 2012 Webinar: Strategies to Prevent Fraud and Misuse of Federal Funds
* HSO best practices such as, the Michigan Grant Management Quarterly Webinar for Subrecipients Fiscal Information and You
* Review and become familiar with the applicable federal regulations: Noncompliance with accepted standards for financial management systems, see [2 CFR Part 200.302](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=d3b1d97c2fcefe8b2a00a200ecf1aa2e&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1302); and, OMB Circular A-123 requirements that programs be protected from waste, fraud and mismanagement

See Chapter V-Grant Administration and Management, Section P. Resolution of Monitoring Findings for recommended actions by the HSO for noncompliance including fraud.

**P. Resolution of Monitoring and Other Findings**

This section describes the action which will be taken by the HSO in response to the findings of subrecipient monitoring.

### i. Minor Findings

The [insert position title] shall notify the subrecipient’s project director in writing upon any initial indication of minor discrepancies or errors in reporting, project implementation, or accounting. Examples of minor discrepancies include:

* Delays in activities that will not adversely affect the timely completion of the grant
* Typographical errors in an invoice that would not affect the amount reimbursed

A written notification of any finding must include the following information:

* A detailed description of the finding
* A description of any actions or options the subrecipient may make in response to the finding
* A date by which the subrecipient should implement the recommended action or advise the HSO of a proposed alternative or both. Under most circumstances, this date should be no more than 30 days after written notification by the HSO.

Copies of this correspondence, including copies of e-mail exchanges, are to be included in the grant file.

### ii. Repeated Incidence/More Serious Findings

Upon a repeated incidence of a minor finding or a more serious error or discrepancy, the *[insert position title]* will request through the *[insert position title of grant manager]* that a notice in writing, entitled “Grantee on Notice”, be sent to the subrecipient with the HSO *[insert position title of manager or administrator]* approval and signature. Examples of more serious errors or discrepancies include:

* Untimely submission or omission of required reports or invoices including required supporting documentation
* Invoice for an unallowable or unapproved item
* Typographical or mathematical error that affects the amount of reimbursement
* Actions taken without prior approval when the grant stipulated prior approval
* Significant delay in achievement of objectives and performance goals
* Sub-par spending level (20 percent or more of the total funds remaining at the end of the previously funded grant year)

In addition to the information required for a minor finding or first notification, the “Grantee on Notice” letter will include any potential ramifications or imposed requirements. These remedies might include temporary delays in reimbursement, modification of the agreement including the reduction of funding or cancellation of the project agreement.

### iii. Significant Findings Requiring Immediate Action

In the event there are serious problems or issues identified, the *[insert position title]* will immediately notify the HSO Administrator to determine the appropriate course of action. If serious financial problems or *fraud* are identified, the HSO may request the assistance of another State agency or that a full audit be completed by an outside auditor before taking further action. Consideration should also be given to notifying the Regional Administrator.

Significant findings are to be addressed immediately by a “Grantee on Notice” letter to the subrecipient with the HSO’s *[insert position title of manager]* approval and signature. Significant findings include, for example:

* Work not being performed as written in the grant agreement
* Delays that are likely to significantly impact the successful implementation of the grant
* Indication of fraud or other illegal activity associated with management or implementation of a project
* Continuing delays or omissions in the submission of required documents
* Consistent failure to abide by a provision in the grant agreement.

If fraud is detected, the HSO shall determine whether the State/Local District Attorney, State Auditor General/Inspector General or U.S. DOT Office of the Inspector General (1 800 424-9071 hotline@oig.dot.gov) should be contacted for consultation and the possible initiation of criminal action.

### iv. Resolution of Repeated, More Serious and Significant Findings

Immediate action to correct the problem will be negotiated by the HSO Administrator and the subrecipient, and implemented by the subrecipient. The subrecipient will be required to submit a Corrective Action Plan (CAP) to the HSO which details how and when the identified deficiencies will be addressed and will be signed as appropriate by the parties involved. A date for an onsite follow-up review will be established and corrective action will be monitored by the HSO for compliance.

In addition, the following statement may be included in the CAP:

“The HSO has determined that the subrecipient is a ‘Grantee on Notice’ during Federal fiscal year (XXXX) due to the following reasons: (list applicable reason). Your agency is informed that if similar failures to meet the grant requirements occur in the current fiscal year, the HSO may modify the agreement including the withholding of grant reimbursement, suspension of all or part of the grant, or cancellation of the grant as provided by [2 CFR Part 200.338](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=84a50e219e89668c56ed58cbed1b8880&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1338). The HSO will work with your agency wherever possible to assist your agency in fulfilling the requirements of the grant agreement.”

If the problems or issues cannot or have not been resolved, the following actions may be imposed by the HSO consistent with 2 CFR Part 200.338 as described in [2 CFR Part 200.207](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=d3b1d97c2fcefe8b2a00a200ecf1aa2e&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1207) Specific conditions:

(a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity. Requires the HSO Administrator to provide written notice to the subrecipient’s 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).

(b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(c) Wholly or partly suspend or terminate the Federal award. (A last-resort action to be used only when a subrecipient or any recipient of Federal funds under the grant fails to fulfill the terms and conditions of the grant agreement in a timely and proper manner, refuses to abide by specific terms or conditions, or violates the terms of a Grant Agreement.) Requires the HSO Administrator to provide written notice to the subrecipient’s Project Director at least 30 days before effective date of the cancellation and shall include:

* Effective date of the grant cancellation
* Specific terms and/or conditions violated
* Requirement to forward to the HSO all grant-related materials, whether or not completed

(d) Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency). The enforcement remedies, including suspension and termination, do not preclude the subrecipient from being subject to “Debarment and Suspension” under E.O. 12549 [Executive Order 12549 - Debarment and Suspension](http://www.archives.gov/federal-register/codification/executive-order/12549.html) In addition to this review, the Federal awarding agency must comply with the guidelines on government-wide suspension and debarment in 2 CFR Part 180, and must require non-Federal entities to comply with these provisions. These provisions restrict Federal awards, sub awards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities.

(e) Withhold further Federal awards for the project or program.

(f) Take other remedies that may be legally available.

In taking an enforcement action, the HSO will provide the subrecipient an opportunity for such hearing, appeal, or other administrative proceeding to which the subrecipient is entitled under any statute or regulation applicable to the action involved. See [2 CFR Part 200.341](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=d3b1d97c2fcefe8b2a00a200ecf1aa2e&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1341).

Costs to the non-Federal entity resulting from obligations incurred by the non-Federal entity during a suspension or after termination of a Federal award or sub award are not allowable unless the Federal awarding agency or pass-through entity expressly authorizes them in the notice of suspension or termination or subsequently. However, costs during suspension or after termination are allowable if:

(a) The costs result from obligations which were properly incurred by the non-Federal entity before the effective date of suspension or termination, are not in anticipation of it; and

(b) The costs would be allowable if the Federal award was not suspended or expired normally at the end of the period of performance in which the termination takes effect. See [2 CFR Part 200.342](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=d3b1d97c2fcefe8b2a00a200ecf1aa2e&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_1342).

Equipment purchased with grant funds shall revert to the HSO for disposition. Copies of any action involving suspension or cancellation will also be forwarded to the Regional Administrator of the NHTSA Regional Office.

### v. Removal of “Grantee on Notice” status

A subrecipient designated as a “Grantee on Notice” will remain as such until the HSO has determined through a review that all deficiencies have been corrected. If all deficiencies are found by the HSO to have been corrected, the subrecipient will be removed from “Grantee on Notice” status at the beginning of the next fiscal year. If one or more of the initial reasons for designating the subrecipient as a “Grantee on Notice” is found to still exist any time during the fiscal year, the subrecipient will remain as a “Grantee on Notice”. If a subrecipient is designated as a “Grantee on Notice” for a duration of six months or more during the fiscal year, the HSO will automatically place any requests by the subrecipient for funding in the next fiscal year within the “not to be funded” category.

### Q. Monitoring Calendar

*This section provides a table which illustrates the twelve-month calendar for the HSO monitoring process.*

### Table 13. HSO Monitoring Calendar based on Federal Grant Year

|  |  |  |
| --- | --- | --- |
| **Month** | **Activity** | **Responsible HSO Staff** |
| ***For new fiscal year:***September (or earlier – must be pre award) | * Conduct risk assessment
 | *[insert position title]* with approval of *[insert position title of manager]* |
| October | * Select grants for onsite monitoring based on HSO criteria and issue monitoring schedule
 | *[insert position title]* with approval of *[insert position title of manager]* |
| October – September  | * Complete ongoing monitoring at least once each month for each subrecipient
 | *[insert position title]* |
| November – July | * Conduct onsite monitoring in accordance with monitoring schedule
 | *[insert position title]* |
| November – July | * Periodically track completion of onsite monitoring by *[insert position title]*
* Review completed onsite-monitoring reports
* Generate notification to subrecipients with positive findings
* Determine corrective action if any to resolve negative findings
* Initiate, track and assure completion of corrective action including notification letters
 | *[insert position title of manager]* |
| ***For prior fiscal year*:**October | * Review onsite monitoring schedule to ensure completion of monitoring of all selected grants
* Determine whether any follow up action is necessary, and flag any subrecipient with pending resolution of findings
* Issue a report for the fiscal year on the status of the completion of the HSO onsite monitoring schedule and maintain the report in the HSO file
 | *[insert position title and position title of manager]* |

## R. Appeals

This section describes the process available to proposed grant applicants and subrecipients to appeal certain decisions of the HSO.

A proposed grant applicant or a subrecipient may appeal the following decisions by the HSO:

* Denial of a proposed grant application
* Withholding payment of a claim
* Requiring a refund of grant money
* Suspension or cancellation of a grant or part of a grant

The appellant shall submit, within 15 days after receipt of notification of the decision, a written request for appeal to meet with the HSO *[insert position title]* and other appropriate staff to present any documentation in support of the appellant. Written notice of the decision of the HSO *[insert position title]* will be sent to the applicant or subrecipient within five days of the decision.

If the appellant wishes to make a further appeal, the appellant shall submit, within 15 days after receipt of notification of the HSO *[insert position title]*’s decision, a written request to meet with the *[insert position title of manager outside of the HSO]* to present any documentation in support of the appellant. Written notice of the decision of the *[insert position title of manager outside of the HSO]* will be sent to the subrecipient within five days of the decision.

If the appellant wishes to make an appeal of the *[insert position title of manager outside of the HSO]’s* decision, the appellant shall submit, within 15 days after receipt of notification of the decision, a written request for appeal to the *[insert position title of next higher level manager outside of the HSO]*. The request must contain the reasons for the appeal and must cite the reason or the terms of the grant upon which the appeal is made.

The *[insert position title of next higher level manager outside of the HSO]* will review the request for appeal and, within 15 days after receipt of the request, will advise the appellant of acceptance or rejection of the appeal. If the appeal is rejected as having no merit, the *[insert position title of next higher level manager outside of the HSO]* will inform the applicant of the reason for the rejection. If the appeal is accepted, the *[insert position title of next higher level manager outside of the HSO]* will: (1) find that the appeal has merit and remedy the problem by whatever means within the *[insert position title of next higher level manager outside of the HSO]*’s authority, or, (2) request the appointment of a hearing officer to hear the appeal as provided by the State’s Administrative Procedures Act.

For requirements of applicable Federal regulations for appeals, see also Section P. Resolution of Monitoring Findings.