WTSC Grants Management Manual

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I. Introduction

A. Background and Purpose

The purpose of this Manual is to establish consistent program and project management procedures for WTSC staff and grant subrecipients to guide the administration of the State's traffic safety program in compliance with U.S. DOT, NHTSA regulations. Best practices requires that the State highway safety office (WTSC) have in place a current Manual which documents standard operating procedures and the management of the traffic safety program. The Manual contains a written record of approved current administrative and financial procedures. It serves as a guide to assist staff and administrators in performing their assigned functions.

This Manual does not, however, specifically address all regulations which must be followed. References to other Federal and State manuals and policies are necessary.

This Manual is intended for use by WTSC personnel, other state and local government agencies, and anyone interested in the procedures which are followed by the WTSC

B. Updating Manual

The WTSC reviews the contents of the Manual an annual basis to ensure that the procedures remain current and accurate. Program and regulatory revisions received from State and Federal sources shall be made and distributed immediately upon receipt of notification.

The WTSC Administrative Services Section is assigned the responsibility of updating the Manual, including the Table of Contents and Appendices, on at least a quarterly basis. Revisions requiring immediate attention may be initiated at any time. The Manual is accessible on the WTSC web site as well as on the shared drive on WTSC's internal network. WTSC staff are notified by email when the manual is updated.

C. Reference to State Department Policies and Procedures

The WTSC Policies and Procedures Manual contains rules and regulations pertinent Washington's traffic safety program. These policies should be reviewed periodically and serve as a guide to assist WTSC staff in performing their assigned functions. Please see the WTSC Policies and Procedures Manual for additional guidelines.

D. Federal Laws and Regulations

The U. S. Congress authorizes traffic safety funds to be appropriated to the U.S. DOT, NHTSA. NHTSA apportions and distributes these funds to the States. NHTSA apportions and provides a limitation on obligations that indicates the amount of funds available for each State. The States liquidate these funds through the annual State Highway Safety Plan (HSP) which is subject to NHTSA review and approval.

Federal regulations govern the daily administration of traffic safety grants at the State level. Administrators of traffic safety grants shall be familiar with and follow each cited title and rule to effectively design and manage programs. Thorough knowledge of these regulations will reduce a majority of grant questions before they become problems.

i. Highway Safety Act of 1966

The State traffic safety program operates under the provisions of the Federal Highway Safety Act of 1966, 23 USC 402, et seq., specifically 402(b)(1)

The corresponding regulation contained in the Code of Federal Regulations (CFR), 23 CFR Part 1200.10 - 15 requires the State's Highway Safety Plan (HSP) to have certain features before it is approved. These features are contained in a number of Federal regulations and guidelines (See Appendix A. Federal Regulations, Documents and Guidelines).

The Federal Highway Safety Act of 1966 makes the State's Governor responsible for preparing and administering a statewide traffic safety program designed to reduce traffic crashes and the resulting injuries, fatalities and property damage. The Governor has named the Director of the WTSC to act as his or her representative for the State's traffic safety program. The WTSC is an autonomous state agency as established by RCW 43.59.

ii. U.S. DOT Common Rule

The U.S. DOT Common Rule is contained in Title 49 CRF, Part 18, and is titled "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments."

The Common Rule was developed to establish "consistency and uniformity among Federal agencies in the implementation and management of grants and cooperative agreements with State, local, and federally recognized Indian tribal governments" (Office of Management and Budget [OMB] Circular A-102 [revised], 8/29/1997).

The Common Rule supersedes OMB Circular A-102 of 1981. The Common Rule applies to Federal grant recipients (such as the State) and the sub-recipients of federally assisted grants (such as municipalities receiving traffic safety grants from the WTSC).

iii. Lobbying Restrictions

Lobbying restrictions are contained in two Federal laws. The Anti-Lobbying Act, 18 U.S.C., Part 1913, prohibits the use of Federal funds for "grassroots" lobbying campaigns that encourage third parties, members of special interest groups or the general public to contact members of Congress; of a State or local legislature; or an official of any government in support of or in opposition to a legislative, policy or appropriations matter. It applies to activities both before and after the introduction of legislation. These prohibitions apply to all DOT funds, including NHTSA funds awarded to States under grants, cooperative agreements and contracts. These prohibitions apply to State officials whose salaries are supported, in whole or in part, by NHTSA funds and to recipients of NHTSA funds awarded under contracts, grants cooperative agreements and sub awards.

The Transportation Equity Act for the 21st Century (TEA-21), which is unchanged by SAFETEA-LU and the most recent reauthorization Moving Ahead for Progress in the 21st Century Act (MAP-21), prohibits the use of NHTSA funds for "any activity specifically designed to urge a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body". These restrictions do not apply to State officials engaged in State-sanctioned communications with their legislatures, even if their salaries are supported, in whole or in part, with NHTSA funds. Any direct communications between State executive officials and State or local legislators properly are governed by the laws, regulations and customary practices in the State.

State and local officials and legislative bodies are authorized to invite Federal officials to testify before legislative bodies on pending legislation. Such invitations should be documented in writing.

These restrictions apply to subrecipients as well. Subrecipient certifications must include a prohibition from using federal grant funds in violation of the lobbying restrictions. If any funds other than federal funds have been paid for by lobbying, the provisions of the federal Lobbying Disclosure Act of 1995, as amended (2 U.S.C. Part 1601) must be followed. For additional federal guidance, see NHTSA Guidance on Lobbying Restrictions.

State officials and subrecipients may engage in advocacy activities as distinguished from lobbying. Such advocacy may include but not limited to: holding periodic briefings for elected officials, developing general materials about legislation such as fact sheets, sharing research reports with legislative staff, giving testimony upon request (unless prohibited by State restrictions) and involving elected officials in programs, meetings and press events.

iv. Internal Management Controls

The WTSC shall have policies and procedures to reasonably ensure that: (a) programs achieve their intended results; (b) resources are consistent with agency mission; (c) programs and resources are protected from waste, fraud and mismanagement; (d) laws and regulations are followed; and (e) reliable and timely information is obtained, maintained, reported and used for decision making.

v. Other Applicable Office of Management and Budget Circulars

Federal OMB circulars are frequently used as reference materials in administering grants. A list of OMB circulars applicable to the WTSC traffic safety program is available (See Appendix B. OMB Circulars).

vi. Documents Available on the Internet

Most of the referenced Federal regulations and other cited procedural documents are available in the NHTSA Highway Safety Grants Management Resources which is available on the Internet.

E. State Laws and Regulations

The laws and regulations of Washington govern the State's traffic safety program. On the State level, the Governor authorizes the state's traffic safety program. RCW 43.59.020 authorizes the Governor to enter into grants and contracts to carry out a duty or activity that is part of the program.

II. Planning

A. Overview and Eligible Fund Uses

Each Federal fiscal year (October 1 – September 30) the WTSC develops an HSP to qualify for Federal highway safety funding. The HSP is prepared and submitted by the WTSC. After final approvals, the WTSC forwards the HSP to the National Highway Traffic Safety Administration (NHTSA) for approval. Federal approval of the HSP is in the form of a letter acknowledging that the State's submission of the performance plan, highway safety plan, certificates and assurances and cost summary complies with all Federal requirements. The HSP is due on July 1 annually and is submitted to NHTSA by email to NHTSAGrants@dot.gov. The NHTSA Regional Office has access to the plan from the email site as does the Federal Highway Administration (FHWA). Significant changes pertaining to the HSP were made in interim Federal regulations as a result of the passage of the transportation reauthorization bill signed into law on July 6, 2012. The reauthorizing law is called "Moving Ahead for Progress in the 21st Century" Act and is referred to as MAP-21. A consolidated application process for the Section 402 program and six National Priority Safety Programs, codified into a single section as the Section 405 program, was established effective with the fiscal year 2014 application year.

At the beginning of the HSP development process, the WTSC considers a number of factors and documents in determining project priorities and areas of emphasis. These include:

- Federal legislation and regulations
- State statutes
- Federal priorities as established under MAP-21
- The Washington Strategic Highway safety Plan, called "Target Zero"
- Annual Washington State Collision Summary

Other influences can be Federal and State legislative bodies, community-based organizations, local and national interest groups, State and local traffic safety non-profit organizations, and local governments. Projects can be proposed directly by members of any of these organizations, or WTSC staff may submit proposals on their behalf.

From time to time, Congress designates or earmarks Federal highway safety funds for specific purposes and uses. Projects developed in response to these earmarked funds must be data driven as well, with the earmarked funds dedicated to the areas of the State with the greatest threat to traffic safety.

Uniform Guidelines promulgated by the U.S. DOT Secretary list the eligible program uses:

- Speeding
- Occupant protection
- Alcohol or drug impaired driving
- Motorcycle, bike and pedestrian safety
- Aggressive, fatigued and distracted driving
- Driver performance
- Traffic records
- School bus safety and emergency medical services (EMS).

B. Highway Safety Plan Development Process and Calendar

The HSP is required by the U.S. Department of Transportation (U.S. DOT), NHTSA regulations. The federal regulations outline the required contents of the HSP: planning process, performance plan,

strategies and projects, performance report, program cost summary, certifications and assurances, Teen Traffic Safety Program and Section 405 grant application.

The HSP describes the processes used to identify the State's traffic safety problems, establish performance measures and propose the projects and activities the State plans to implement to reach its performance targets. Performance measures for each target track progress from a baseline toward meeting the target by the specified date.

The HSP development process consists of a number of stages:

- Problem identification
- Planning to select and prioritize targets and countermeasure strategies
- Announcement of Available Grant Funds (Proposal Solicitation)
- Review, negotiation, scoring, and approval of proposals
- Identification of performance measures
- Development of funding priorities, the Program Cost Summary and list of projects
- Contract Negotiation
- Project Execution

The HSP is produced annually and is developed through discussions and meetings coordinated by the WTSC. The WTSC utilizes a multi-agency Technical Advisory Committee (TAC) to review the proposed investment plan developed by staff. Prior to meeting with the TAC, the WTSC holds a series of internal review meetings to develop an initial investment plan. These initial meetings allow for the review of prior year comments on prior activities (by Federal, State and local partners), the assignment of staff to draft the HSP program areas, and the development of an initial investment plan. Once the TAC has reviewed the investment plan and made any changes, the plan is presented to the Traffic Safety Commissioners for final approval in April. Regional NHTSA and divisional FHWA representatives are invited to participate in any of the meetings during the planning process.

i. NHTSA Review, Approval and Appeal Procedures

Beginning with MAP-21 in FY2014, the WTSC is required to submit the HSP electronically to NHTSA no later than **July** 1 preceding the fiscal year to which the HSP applies. The deadline is **FIRM.** NHTSA must approve or disapprove the HSP within 60 days after receipt. NHTSA may need to request additional information from the WTSC regarding the contents of the HSP to determine whether the statutory requirements have been met. To ensure that the HSP is approved or disapproved within the 60 days, the WTSC must respond promptly to any requests from NHTSA.

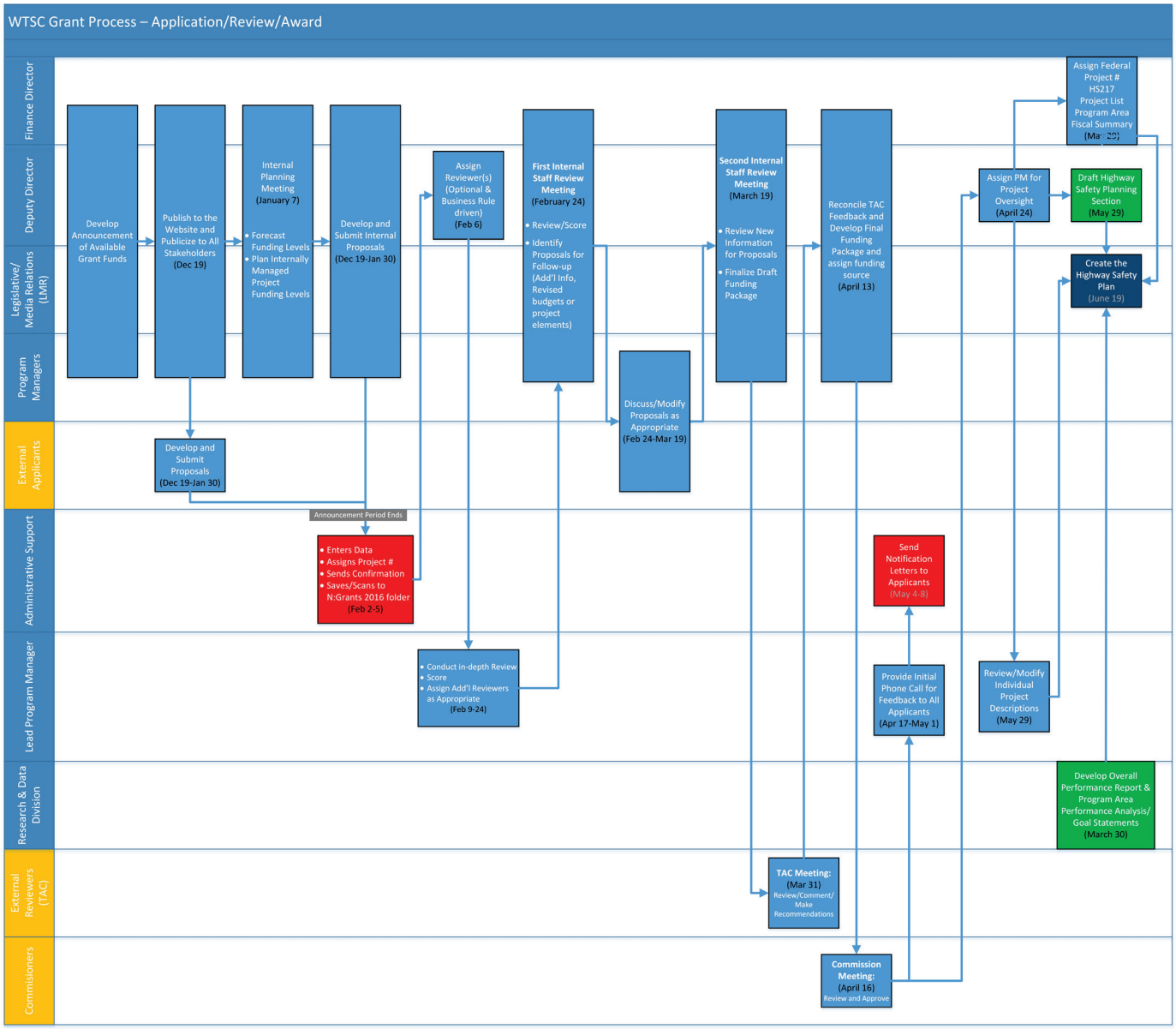
Within 60 days, NHTSA will issue a letter of approval/ disapproval to the Director of the WTSC and may specify conditions. If the HSP is disapproved, the reasons will be specified. The WTSC is then required to resubmit the HSP with the necessary modifications. NHTSA will notify the WTSC within 30 days of receipt of the revised HSP, via a letter, whether the HSP is approved or disapproved. The decision of the Regional Administrator (RA) may be appealed by submitting a letter. The letter will be forwarded by the RA for consideration by the Associate Administrator, Regional Operations and Program Delivery, at NHTSA Headquarters. If the State's plan is not approved, NHTSA shall reduce the Section 402 funds by 20% of the amount that would otherwise be apportioned. The funds can either later be apportioned to the State when the plan is approved, or, if not approved, the funds will be apportioned to the other States.

Beginning in FY2014, the Section 405 grant application was consolidated with the HSP. NHTSA notifies States in writing, and specify any conditions or limitations, of Section 405 grant qualification before the start of the fiscal year of the grant and to notify States of grant award amounts early in the fiscal year.

The decision of the NHTSA Administrator is final – there is no appeal process. Because the calculation depends on the number of States meeting the qualifications, States must respond promptly to NHTSA's requests for additional information. Failure to provide requested information may result in **disqualification** from receiving consideration for Section 405 grants, see 23 CFR §1200.14 (a).

ii. HSP Development Process and Calendar

The following diagram details the process and timeline of the WTSC's Annual Grants Process:



C. Coordination with the State Strategic Highway Safety Plan

The WTSC coordinates closely with the Washington State Department of Transportation (WSDOT) in the development of the SHSP to maximize integration and utilization of data analysis resources and fully represent behaviorial issues and strategies. The WTSC incorporates into the HSP the targets and objectives contained in the SHSP.

Under MAP-21, Washington is required to include in the HSP a description of the efforts to coordinate the HSP, and the outcomes of the coordination, data collection and information systems with the State SHSP. Examples of outcomes might include the joint use of the same databases, common targets in the HSP as derived from the SHSP or the creation of joint teams to collaboratively develop countermeasure strategies.

This information can be provided within the HSP in a number of ways. Some States include a description of their State's SHSP process while highlighting the specific interaction between the SHSP and the HSP planning processes. A link to the State's SHSP can also be included in the HSP. Another method is to include relevant segments of the SHSP within the HSP, such as listing the SHSP emphasis areas or strategies and targets or inserting the relevant SHSP information in the corresponding program section of the HSP.

Beginning with grants awarded after FY2014, the performance measures common to the State's HSP and the State Highway Safety Improvement Program (HSIP) (fatalities, fatality rate and serious injuries) are required to be defined identically, as coordinated through the State's SHSP.

D. Identification of State and Local Problems

The purpose of the HSP problem identification and assessment process is to:

- ☐ Understand the scope of the State's traffic crash problem and causation factors
- ☐ Develop effective countermeasures to reduce or eliminate the problems
- ☐ Design evaluation mechanisms to measure changes in problem severity
- ☐ Manage influencing factors by using statistical crash data to highlight a particular problem in order to obtain the necessary support for instituting an effective countermeasure

The problem identification process used by theWTSC includes analysis of traffic safety data from the Fatality Analysis Reporting System (FARS), the statewide collision database, and exposure data including population, Vehicle Miles Traveled (VMT), and other population based figures. The WTSC uses the annual collision summary as well as several fatality summaries provided by the agency's Research and Data Division (RADD). The data analyzed are historical data collected over time through a uniform process. These statistics include the:

- ☐ Statewide collision data - WSDOT
- ☐ Data on average daily traffic counts and vehicle miles traveled - WSDOT
- ☐ Federal Fatality Analysis Reporting System (FARS) - WTSC
- ☐ Vehicle and Driver Information - DOL
- ☐ Census and demographic data - Office of Financial Management (OFM)

The result of the problem identification process is the establishment of the major traffic safety program areas in which Washington focuses its efforts. These priorities are listed in the Target Zero Plan. In addition, the WTSC uses data in grant funding decisions during the annual grants process.

WTSC staff also take into consideration the following factors that may impede effective problem identification:

- ☐ Data access restrictions
- ☐ Inability to link automated
- ☐ Poor data quality
- ☐ Reporting threshold fluctuations (variations among jurisdictions in the minimum damage or crash severity they routinely report)
- ☐ Insufficient data (property damage only, non-reportable crashes, near misses, bicycle crashes, etc.)

F. Key Program Areas, Targets and Strategies

Using the data and information gathered through the problem identification process, the WTSC selects key program areas for emphasis and coordinates the development of priority traffic safety performance targets, performance measures and strategies for each program area using a planning process documented in the HSP.

i. Performance Targets

The WTSC's performance plan is required to list the performance measures and data-driven targets the State plans to implement in the fiscal year. At least one performance measure and performance target that is data driven is required for each program area that enables the WTSC to track progress, from a specific baseline, toward meeting the target.

Selected targets should, whenever reasonable, represent an improvement from the current status rather than a simple maintenance of the current number or rate. For Washington, seat belt use rate may be an exception to this rule given the extraordinarily high use rate in Washington. As a general rule, targets for each program area should be consistent, compatible and provide sufficient coverage of State geographic areas and road users.

For performance targets shared across state agencies, the projects that will be deployed to achieve those targets may be a combination of those projects contained in the WTSC's HSP, WSDOT's HSIP, and other relevant planning documents. If so, it is required that the funds used to carry out the program area strategies from those other sources, including Federal, State, local and private sector funds, be identified in the HSP.

The WTSC utilizes a template for developing clear and concise performance target statements developed by GHSA in conjunction with NHTSA for the Core performance measures. The template includes a sample target statement for the 11 Core performance measures which must be used as a minimum in developing the State's performance measures and targets. They were developed by NHTSA in collaboration with GHSA and others in Traffic Safety Performance Measures for States and Federal Agencies.

The most recent update of the HSP targets occurred in 2015. Within the WTSC, responsibility for development and review of the annual key program areas, targets, measures and strategies is assigned to the Research and Data Division (RADD).

ii. Evidence-Based Countermeasure Strategies

This section of the HSP is organized by program area. Each task or activity is identified in relation to the program-level targets Washington intends to reach by selecting that countermeasure.

The HSP describes one year of Section 402 and Section 405 countermeasure strategies and projects, and, identify funds from other sources, including Federal, State, local and private sector funds that the WTSC plans to use for such projects or to achieve program area performance targets. In addition, the HSP is required to include a description of the projects that make up each program area that will implement the program area strategies.

The HSP provides a description of the process used and participants consulted to develop and select evidence-based countermeasure strategies and projects to address its problems and achieve its performance targets. When aggregated, strategies lead logically to overall statewide performance and are linked to the anticipated success of the countermeasures or strategies selected and funded in the HSP (23 CFR 1200.11(b)). The WTSC includes the SHSP emphasis areas as a reference source within the HSP.

NHTSA's Countermeasures That Work: A Highway Safety Countermeasure Guide for State Highway Safety Offices, Seventh Edition, 2013 is used extensively to guide the WTSCs selection of effective, science-based countermeasures . The agency also utilizes the AASHTO Strategic Highway Safety Plan and associated NCHRP 500 guidebooks covering a variety of countermeasures. The guidebooks contain the recent scientific research and knowledge regarding countermeasures effectiveness. The guides are posted at this web site http://safety.transportation.org which contains other tools developed for the implementation of the plan.

iii. Evidence-Based Traffic Safety Enforcement Program

The HSP includes a description of the evidence-based (data driven) traffic safety enforcement program which will be implemented during the year by the WTSC to prevent traffic violations, crashes, and crash fatalities and injuries in areas most at risk for such incidents. The description provides: (i) an description of the agency's analysis of crashes, crash fatalities, and injuries in areas of highest risk; (ii) deployment of resources based on that analysis; and (iii) continuous follow-up and adjustment of the enforcement plan.

iv. National Mobilizations

The WTSC includes in the HSP a description of the WTSC's planned high visibility enforcement strategies to support national mobilizations (which is referenced in Appendix A, Section 402 Certifications and Assurances).

G. Performance Measures

The performance plan of the HSP includes a performance measure for each target to track progress from a baseline toward meeting the target by the specified date using absolute numbers, percentages or rates. Performance measures are reviewed and updated each year. The purpose of measuring performance is to determine whether programs are working and to what extent.

In the State's performance plan section of the HSP, each target is accompanied by at least one performance measure that enables the State to track progress from a specific baseline toward meeting the goal (e.g., a goal to "increase seat belt use from XX percent in 20XX to YY percent in 20XX," using a performance measure of "percent of restrained occupants in front outboard seating positions in passenger motor vehicles"). The most recently released State and FARS data is used by WTSC. See 23 CFR Part 1200.11

Core Performance Measures

Beginning with MAP-21, 11 Core performance measures developed by NHTSA in collaboration with GHSA and others, described in Traffic Safety Performance Measures for States and Federal Agencies, (DOT HS

811 025), are required to be used as a minimum in developing Washington's performance measures and targets. There are also three activity measures which must be reported annually. The measures are:

OUTCOME AND BEHAVIOR MEASURES

1. Fatalities (actual-FARS)
2. Number of serious injuries (State crash file)
3. Fatality rate per 100M VMT (FARS, FHWA)
4. Number of unrestrained passenger vehicle occupant fatalities, all seating positions (FARS)
5. Number of fatalities involving driver or motorcycle operator with .08 BAC or above (FARS)
6. Number of speeding-related fatalities (FARS)
7. Number of motorcyclist fatalities (FARS)
8. Number of unhelmeted motorcyclist fatalities (FARS)
9. Number of drivers age 20 or younger involved in fatal crashes (FARS)
10. Number of pedestrian fatalities (FARS)
11. Number of bicyclist fatalities (FARS) (FY15)
12. Percent observed belt use for passenger vehicles – front seat outboard occupants (State survey)

ACTIVITY MEASURES

13. Number of seat belt citations issued during grant-funded enforcement activities (grant activity reports)
14. Number of impaired driving citations issued and arrests made during grant-funded enforcement activities (grant activity reports)
15. Number of speeding citations issued and arrests made during grant-funded enforcement activities (grant activity reports)

Program areas outside of the GHSA-NHTSA Core performance measures may be included if sufficient justification for addressing those issues has been established in the problem identification process and appropriate performance measures have been developed.

Performance measures (and corresponding performance targets) are developed for each program area that receives funding.

NOTE: Beginning with grants awarded after FY2014, the performance measures common to the State's HSP and the State Highway Safety Improvement Program (HSIP) (fatalities, fatality rate and serious injuries) are required to be defined identically, as coordinated through the State's SHSP. The State's annual targets are required to support the longer range SHSP targets.

The characteristics of a good performance measure are that it is:

- ☐ Quantifiable where possible
- ☐ Directly linked to objectives
- ☐ Accurate and clearly defined
- ☐ Understandable
- ☐ Objective
- ☐ Practical

For a more detailed explanation of the measures, see: GHSA/NHTSA Frequently Asked Questions on Performance Measures and Traffic Safety Performance Measures for State and Federal Agencies DOT HA811 025.

The WTSC conducts an annual attitudes survey in conjunction with the Behavioral Risk Factor Surveillance System (BRFSS), which is administered by the Department of Health (DOH). The WTSC

rotates questions every two years. These questions help the state in evaluating media campaigns effectiveness. Conducting the survey is not required in MAP-21.

Model Performance Measures for State Traffic Records Systems is a collection of 61 voluntary model measures to help WTSCs monitor and improve the quality of the data in their traffic records systems. It covers all six traffic records systems: crash, driver, vehicle, roadway, citation/adjudication, and EMS/injury surveillance; and provides basic definitions for the six critical performance attributes: timeliness, accuracy, completeness, uniformity, integration, and accessibility. The measures are intended for use by Federal, State, and local governments to monitor the development and implementation of traffic record data systems, strategic plans, and data improvement grant processes. They have been grouped by performance attributes across the six core State traffic record data systems: crash, vehicle, driver, roadway, citation/adjudication, and emergency medical services (EMS)/injury surveillance. These common performance measures and the attendant guidance on their application are expected to help stakeholders quantify systemic improvements to their traffic records systems. The model performance measures are intended to help States monitor and improve the quality of the data in their traffic record systems. Washington uses several of these measures to develop and track performance targets in the Traffic Records Strategic Plan.

H. Section 405 Application Information-Appendix D

MAP-21 specifies a single application deadline for all highway safety grants including the traditional Section 402 program and incentive grant programs. The National Priority Safety Programs, or incentive grant programs, are codified in a single section, 23 CFR 405 and referred to as Section 405. These programs include: Occupant Protection, State Traffic Safety Information Systems (Traffic Records), Impaired Driving Countermeasures, Motorcyclist Safety and two new grant programs – Distracted Driving and State Graduated Driver Licensing.

The Interim Final Regulations (IFR) issued on January 23, 2013, in the Federal Register (Vol. 78, No. 15) to implement MAP-21 are posted by NHTSA at Part 1200 Uniform Procedures for State Highway Safety Programs. The specific requirements are detailed in the IFR for States who want to make application for any of the Section 405 grant programs in their FY2014 application.

Within the IFR and electronically provided by NHTSA, is a required template (Appendix D) for applying for Section 405 grant programs. As part of the Section 405 application, Washington is required to provide specific information which varies depending on the National Priority Safety Program incentive grant(s) for which the State wishes to receive funding consideration.

At the end of each program area in the HSP is a combined Program and Budget Summary which includes all projects within the program area and identifies the appropriate funding source within the table.

i. Maintenance of Effort

MAP-21 mandates maintenance of effort (MOE) when States receive Section 405 funding for occupant protection, State traffic safety information systems and impaired driving countermeasures. States are required to maintain aggregate levels of expenditures for all State and local sources at or above the average level in fiscal years 2010 and 2011. "Local sources" means the amount of State funds provided to and spent by locals. MOE must be documented and consistent from year to year. MOE consists of direct State expenditures, State match and indirect costs by the WTSC and other State agencies, such as highway patrol, health, etc. Highway safety programs are defined as eligible for use of MAP-21 funds. There must be like uses only for the MOE required of each program. NHTSA will not examine activities funded solely by local dollars. The same programs were covered under SAFETEA LU (base years 2004-2005). Section 402 was not included. WAIVER: There is a one-time exception allowed for the WTSC to request a waiver which is typically for fiscal and natural disasters. For additional information, see the

NHTSA Highway Safety Grants Management Resources/ MAP-21/Maintenance of Effort, GHSA-NHTSA Update Webinar 1/2014, GHSA Members Only/Webinars and GHSA MOE Advisory.

ii. Planning and Administration (P&A) Costs

No P&A costs are allowed from Section 405 grant funds.

iii. Eligible Uses of Section 405 Funds

The eligible uses of grant funds awarded under Section 405 is dependent upon the specific program for which funds are awarded and shall be limited to the following, see 23 CFR§1200.21 - 26:

Section 405 Program	**Eligible Uses and Limitations**
Occupant Protection (OP) §1200.21 Lower Use States cannot use Section 405 funds for OP Assessments. High Use States can use up to 75% of Section 405(b) funds for Section 402 activities including OP Assessment costs.	☐ High Use States: Up to 75% for any project or activity eligible for funding under 23 USC 402 and 25% for the OP projects below. ☐ Lower Use States – only the following: - High-visibility enforcement mobilizations including paid media that emphasizes publicity for the program and law enforcement - Training OP safety professionals, police, fire and EM personnel, educators and parents concerning all aspects of the use of child restraints and OP - Educating the public on the proper use and installation of child restraints including related equipment and information systems - Providing community CPS services including programs on proper seating positions for children and how to reduce the improper use of child restraints - Establishing and maintaining information systems containing data concerning OP including the collection and administration of CPS and OP surveys, and, - Purchasing and distributing child restraints to low-income families provided not more than 5% of the funds received in a fiscal year are used for such purpose
Traffic Records §1200.22	100% to make quantifiable, measurable progress improvements in the accuracy, completeness, timeliness, uniformity, accessibility or integration of data in a core highway safety database
Impaired Driving (AL) §1200.23 For formula grant States (identified as low, mid or high range) Section 405 funds cannot be used for AL Assessments. See NHTSA Q&A August 2014 on Section 405(d) Use of Funds for drug-impaired driving programs. *Programs specific to alcohol impairment unless using catchall problem ID category.	☐ Low Range State: - High-visibility enforcement (HVE) efforts - *Hiring a full-time or part-time AL coordinator - Court support of HVE efforts, training and education of CJ professionals to assist in handling AL cases, hiring traffic safety resource prosecutors, hiring judicial outreach liaisons and establishing DWI courts - *Alcohol ignition interlock programs - *Improving BAC testing and reporting - Paid and earned media in support of HVE of impaired-driving laws and conducting SFST training, ARIDE training and DRE training for law enforcement, equipment and related expenses used in connection with impaired driving enforcement - *Training on the use of alcohol screening and brief intervention - Developing impaired driving information systems - Costs associated with 24 – 7 sobriety programs - Programs designed to reduce impaired driving based on problem ID (catchall for **any** program that covers impairment from AL or

	drugs provided the State has justification through problem ID)
	☐ Mid-Range State: Any of the programs listed for Low Range States IF advance approval is received from NHTSA
	☐ High Range State: Any of the programs listed for Low Range States IF the proposed uses are described in a statewide AL plan submitted to and approved by NHTSA prior to incurred expenses or vouchers submitted. See §1200.23 penalties for failure to timely provide the AL plan.
Ignition Interlock §1200.23 (4)	☐ For any authorized use described in §1200.23 AL
	☐ For any eligible project or activity under 23 USC 402 including AL Assessments and drug-impaired driving programs
Distracted Driving (DD) §1200.24	☐ At least 50% to educate the public through advertising concerning information about the dangers of texting or using a cell phone while driving, for traffic signs that notify drivers about the DD State law or for law enforcement costs related to DD law enforcement
	☐ Not more than 50% for any eligible project/activity under Sec. 402
Motorcyclist Safety (MC) §1200.25 (Territories not eligible) Note: A State that receives a MC grant may sub allocate funds to a nonprofit organization incorporated in that State to carry out grant activities under this section.	☐ Improvements to MC training curricula
	☐ Improvements in program delivery of motorcycle training to both urban and rural areas including (A) purchase or repair of practice motorcycles; (B) instructional materials; (C) mobile training units; (D) leasing or purchasing facilities for closed-course motorcycle skill training
	☐ Measures designed to increase recruitment or retention of MC training instructors, and,
	☐ Public awareness, PSAs and other outreach programs to enhance driver awareness of motorcyclists
Graduated Driver Licensing (GDL) §1200.26	☐ At least 25% in connection with the State's GDL law to: (i) enforce the GDL process; (ii) provide training for law enforcement and other relevant State agency personnel relating to enforcement of the GDL process; (iii)publish relevant educational materials that pertain to the State's GDL law directly or indirectly; (iv) carry out administrative duties to implement the GDL process; or, (v) carry out a teen traffic safety program described in 23 USC 402 (m)
	☐ Not more than 75% for any eligible project/activity under Sec. 402

I. Funding and the Program Cost Summary- Appendix B

The U. S. Congress authorizes traffic safety funds to be appropriated to the U.S. DOT, NHTSA. NHTSA apportions and distributes these funds to the States. The States obligate these funds through the annual HSP which is subject to NHTSA review. Any earmarked or special purpose funds shall be used only in that particular program area and cannot be transferred to any other program area. When developing the HSP, new revenue estimates for each funding source are obtained annually from the NHTSA Regional office by the WTSC typically in the first quarter of the calendar year for the following fiscal year. This information along with estimated prior year unexpended funds is used to develop the estimated total highway safety funding available for the upcoming fiscal year.

The WTSC is responsible for annually allocating the estimated amount of revenue by program area for the HSP budget based on the information gathered in the problem identification, performance target and strategy processes to assure the greatest potential impact on Washington's overall goal of eliminating traffic safety related crashes, deaths and injuries.

i. Program Cost Summary Form (HS 217)

The Program Cost Summary Form (HS 217) or its electronic equivalent is required annually. A template and specific instructions for completing the HS 217 or the electronic equivalent is provided in Appendix B of Part 1200 Uniform Procedures for State Highway Safety Programs and is required. The Summary provides Washington's proposed allocations of funds (including carry-forward funds) by program area based on the targets and activities identified in the HSP and the projects and activities. The funding level used is an estimate of available funding for the upcoming fiscal year.

ii. List of Projects

Under MAP-21 for each program area the WTSC is required to include a list of projects and an estimated amount of Federal funds for each project that the State proposes to conduct for the upcoming fiscal year to meet the identified performance targets. All projects identified on the list are described within the HSP.

iii. Changes and Updates to the HS-217

The HS-217 is required to be resubmitted by WTSC to the NHTSA Regional Office within 30 days of any reallocation of funds between program areas or changes including an updated list of projects under each program area. The amended HS-217 and list of projects is subject to the approval of the NHTSA Regional Office, see 23 CFR Part 1200.32.

iv. Planning and Administration Costs

The tasks and related costs for Planning and Administration (P&A) are required to be included in a P&A program area within the HSP. There are definitions of P&A eligible costs, limitations on the federal share of total P&A costs and sources of funds, and, limits on the amount of funds that can be spent on P&A programs. See Chapter IV. Grant Selection and Execution, Section H. Development of Highway Safety Office Internal Grants for additional information.

v. Automated Traffic Enforcement Systems Prohibition

The WTSC may not expend funds apportioned under Section 402 to carry out a program to purchase, operate or maintain an automated traffic enforcement system. The prohibition includes any camera which captures an image of a vehicle for the purposes only of red light and speed enforcement. NOTE: This does not include hand-held radar and other devices operated by law enforcement to make an on-the-scene traffic stop, issue a traffic citation or other enforcement action at the time of the violation. See also Chapter VI. Fiscal Procedures, Section E. Allowable Costs.

vii. Apportionment and Obligation of Federal Funds

The funds distributed are available for expenditure by the State to satisfy the Federal share of expenses under the approved traffic safety program, and shall constitute a contractual obligation of the Federal Government, subject to any conditions or limitations identified in the distributing documentation. Reimbursement of expenses shall be contingent upon the submission of an updated HS Form 217 (or its electronic equivalent) within 30 days after either the beginning of the fiscal year or the date of the written approval required under 23 CFR 1200.14, whichever is later. The updated electronic HS Form 217 shall reflect Washington's allocation of funds made available for expenditure during the fiscal year including known carry forward funds under 23 CFR 1200.15. Vouchers that request reimbursement for projects whose project numbers or amounts claimed do not match the list of projects (submitted by the WTSC) or exceed the estimated amount of Federal funds provided under 23 CFR §1200.11 (e), or exceed the allocation of funds to a program area in the HS Form 217 shall be rejected, in whole or in part, until

an amended list of projects and/or estimated amount of Federal funds and an amended HS Form 217 is submitted to and approved by the NHTSA Regional Office in accordance with 23 CFR §1200.32.

In the event that authorizations exist but no applicable appropriation act has been enacted by Congress by October 1 of a fiscal year the NHTSA Administrator shall, in writing, distribute a part of the funds authorized under 23 USC Chapter 4 contract authority to ensure program continuity and shall specify any conditions or limitations imposed by law on the use of the funds. Upon appropriation of Section 402 funds, the NHTSA Administrator shall, in writing, promptly adjust the obligation limitation and specify any conditions or limitations imposed by law on the use of the funds. See 23 CFR § 1200.15 (b).

Within the WTSC, responsibility for development of the estimated annual HSP budget is assigned to the Deputy Director and Accounting Director. The required HS Form 217 Cost Summary form, list of projects and any necessary revisions are prepared by the Accounting Director for approval by the Director and inclusion in the HSP submitted annually to NHTSA.

J. Benefit to Locals

Washington is required to ensure that at least 40 percent of all (new) Federal funds apportioned under Section 402 for any fiscal year is **expended*** by the political (local) subdivisions of the State, including Indian tribal governments, in carrying out local highway safety programs. These local highway safety programs must be approved by the Governor and operated in accordance with the minimum standards established by the Secretary under Section 402 of the Highway Safety Act. See 23 USC Chapter 4, Section 402(b).

When sub grants are directed to State agencies and local benefit is claimed, the WTSC shall ensure that local benefit source documentation is readily available on site including evidence of an active local voice in the initiation, development and implementation of the programs. See, 23 CFR §1250.3 (c) and §1250.4).

In order to use the salary and benefits of a State employee toward meeting the 40 percent requirement, the State should ensure that the required documentation is in place before any work is carried out and that it evidences that the local government consented and accepted the work of the State employee on its behalf. Refer to the Local Benefit guidance issued by NHTSA on December 1, 2011, for a description of the type of activities that may be considered. See http://www.nhtsa.gov/nhtsa/whatsup/TEA21/GrantMan/HTML/00_Manl_Contents1_01.htmlthe Local Benefit Guidance provided in the NHTSA Highway Safety Grants Management Resources.

With regard to State expenditures, such as State Highway Patrol/Police enforcement or statewide paid media, the State may designate such expenditures as benefiting local government to meet the 40 percent requirement. The WTSC may credit such expenditures only where the political subdivision has had either an active voice, or agreed in advance of implementation to accept the benefits of the program. And, the active voice or pre-agreement must be documented annually in writing from the local government.

***NOTE:** The WTSC is required not only to obligate 40 percent of the Section 402 funds to the benefit of locals but must also ensure that the required percentage of funds is actually expended to the benefit of locals. This requires the WTSC to periodically monitor local grant expenditure rates during the fiscal year. Each voucher entered into the Federal Grant Tracking System (GTS) shall provide the dollar amount of Federal funds for each program area which was allocated to local benefit at least at mid-year (by March 31) and with the final voucher at fiscal year closeout. If at March 31 the percentage of local benefit reported appears to be significantly low, further research should be done to determine the cause including slow vouchering by subrecipients or an insufficient number or dollar amount of local sub grants. See 23 CFR Part 1200.23 (a) (3).

K. Transfer Funds

Section 402 funds are used by the WTSC to support projects and activities identified in the HSP as encompassing a major highway safety problem in the State and for which effective countermeasures have been identified. In addition to Section 402 funds, the State may be eligible to receive funds from other Federal transfer program sources. The specific available programs typically change with each Federal reauthorization of the highway safety program. The most recent reauthorization is commonly referred to as MAP-21 (Moving Ahead for Progress in the 21st Century Act). The reauthorization is effective until October 1, 2014. The prior reauthorization was referred to as SAFTEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act - A Legacy for Users) which expired in 2012.

An annual determination is made by the U.S. DOT FHWA regarding the State's inability to enact or enforce specified State traffic safety laws or policies to address a program area as prescribed by the U.S. Congress in the current reauthorization. Information regarding the State's laws and policies is requested by the U.S. DOT to determine the State's eligibility. The State is notified annually through FHWA's Advance Notice of Apportionments (July 1) and FHWA's Final Notice of Apportionments (October 1). Two and one-half percent (2.5) of Federal-aid funds apportioned for the National Highway Performance Plan (NHPP) and Surface Transportation Program (STP) (23 U.S.C. § 104(b) (1) and 23 U.S.C. § 104(b) (2)) are reserved, applied separately for each program, until the State certifies how it will use the reserved funds. The State DOT and the WTSC Administrator determine the division of transfer funds and notify the U.S. DOT by letter, known as the "split letter", due 60 days after the funds have been transferred.

The WTSC is required to update the HSP, and may also include the funds in the HS-217, to indicate how it intends to use its split of penalty transfer funds, if any, from Section 154 and 164. Alternatively, the WTSC may plan ahead knowing that there will be transfer funds in October and include a program plan for these funds in the HSP submission prior to that date.

The Federal P&A share shall not exceed 50 percent of total P&A costs, except for select States using the sliding scale for match (See NHTSA Order 462-6C Matching Rates for State and Community Highway Safety Program). No match is required for penalty transfer funds (Section 154 or 164 funds) when repurposed for Section 402 programs), for U.S. Territories (23 U.S.C. 120(i)), or for federally recognized Indian Tribal governments (23 CFR 1252) under the Indian highway safety program. Up to **13** percent of the new Section 154 or 164 funds may be designated for P&A purposes. However such funds may only be expended for P&A activities which support alcohol-impaired driving projects funded by Section 154 or 164 funds.

For behavior related activities, the use of Section 154 and 164 funds is limited to supporting alcohol impaired driving projects and shall **not** be used to support drug-impairment related projects. States may also use funds for paid media to support alcohol-impaired driving countermeasures or for purchase of equipment and training of officers for enforcement of DWI/DUI/related laws. States may not use penalty transfer funds for general law enforcement, training or equipment purchases.

The most current information regarding the requirements and limitations of the transfer fund programs can be found online in the NHTSA Highway Safety Grants Management Resources.

L. Paid Media

The NHTSA "Guidance for States Using Section 402 Funds for Purchasing Advertising for Highway Safe Guidance for States Using Section 402 Funds for Purchasing Advertising for Highway Safety Messages was updated in May 2013 to provide information to States using Section 402 funds and other highway safety funds to purchase advertising for highway safety messages. The WTSC has had the authority to use funds to purchase advertising in a variety of mediums including television and radio, cinema, internet, print, outdoor (billboard space) and sports marketing for highway safety messages. While the

TEA-21 reporting requirement was not continued in SAFETEA-LU, States are still required to report on the purchase of media with Federal funds and its effectiveness in their Annual Report. This guidance helps those interested in purchasing advertising by implementing a strategic communications approach to promote traffic safety. NHTSA advocates the use of a sustained high visibility enforcement model that focuses on strategically deploying enforcement and communications resources at targeted times and locations throughout the year based on State problem identification. The objective is to influence and sustain year-round behavioral change while getting higher returns on investment and further improvements in traffic safety.

The WTSC includes in the annual HSP information describing the following aspects of paid media:

(a.) what program/policy the paid media is supporting;
(b.) how the paid media will be implemented to support an operational enforcement program whether it be a periodic crackdown/mobilization or an on-going saturation or roving patrol;
(c.) the amount allocated for paid media; and
(d.) the measures that will be used to assess message recognition and penetration of target audience.

NHTSA has advised that **all promotional (incentive) items** (such as, trinkets, key chains, t-shirts, hats, mugs and bumper stickers) are **not** allowed to be federally funded. Television public service announcements and advertising created with the aid of Federal funds must contain closed-captioning of the verbal content. See NHTSA Highway Safety Grant Funding Policy Section E. Public Communications.

The WTSC obligates funds used for Paid Media in the program area code **PM.** See also Chapter V. Grant Administration and Management, Section D. Public Information and Education (PI&E).

Sports Marketing: In conjunction with the purchase of paid media, attendance at sporting and entertainment events that charge admission may occur which could be deemed an unallowable cost. See Chapter V, Section D (iii). Public Information and Education (PI&E) for guidance on applicable tests for such expenditures and examples of possible circumstances and their appropriate resolution.

M. Certifications and Assurances- Appendix A

Each fiscal year the WTSC Director signs Certifications and Assurances with the submission of the HSP that the State complies with all applicable Federal statutes, regulations, and directives in effect with respect to the period for which it is receiving grant funding.

A Certification Statement for the Section 402 program, which can be signed only by the State's Governor's Representative for Highway Safety, is required in the HSP. The statement provides assurances that the State will comply with not only with applicable laws and regulations but also financial and programmatic requirements, and the special funding conditions of the programs. The State must use only the exact format and language specified in Appendix A (make no changes in the required language) and include every certification. NOTE: NHTSA will provide an electronic Certification and Assurances document for use by the States. An electronic signature will not be accepted.

The NHTSA Regional office should be consulted annually to assure that the State is using the most current version. The most current version is posted on the GHSA web site under Members Only/Management Review and also provided by NHTSA annually in the NHTSA Highway Safety Grants Management Resources available online. These resources should be checked by the WTSC.

Subrecipient Certifications and Assurances: The WTSC must also be aware that Federal regulations require that the WTSC ensure that every sub grant and contract (i.e. purchase orders) include any clauses required by Federal statute and Executive Order and their implementing regulations and that the

subrecipient or contractor is aware of the requirements imposed upon them, see 49 CFR Part 18.37, 49 CFR Part 18.36. Under MAP-21 Appendix A of Part 1200 identifies the following certifications and assurances that are required to be imposed upon subrecipients. They are:

- ☐ Non discrimination
- ☐ Buy America Act
- ☐ Political Activity (Hatch Act)
- ☐ Certification Regarding Federal Lobbying
- ☐ Restriction on State Lobbying
- ☐ Certification Regarding Debarment and Suspension

The WTSC may at their option require additional subrecipient State certifications and assurances.

Failure to comply with applicable Federal statutes, regulations and directives may subject State officials to civil or criminal penalties and/or place the State in a high risk grantee status in accordance with 49 CFR §18.12. See Chapter IV. Grant Selection and Execution – Section D (iii). Final Grant Agreement Preparation for additional information.

N. Three Years Plus One Federal Obligation Restriction

23 CFR Chapter 1, Subchapter I, Part 118(2) states, "Except as otherwise specifically provided, funds apportioned or allocated pursuant to this title (other than for Interstate construction) in a State shall remain available for obligation in that State for a period of 3 years after the last day of the fiscal year for which the funds are authorized. Any amounts so apportioned or allocated that remain unobligated at the end of that period shall lapse."

Section 402 and Section 405 grant funds are authorized for apportionment or allocation each fiscal year. States should, to the fullest extent possible, expend these funds during the fiscal year.

NOTE: During the last year of availability of funds, NHTSA will notify States of unexpended grant funds subject to this requirement not later than 180 days before the end of the period of availability. The State may then commit the unexpended grant funds to a specific project before the end of the period of the availability. The funds committed to a specific project must then be expended before the end of the succeeding fiscal year and only on that project. At the end of that time period, unexpended grant funds will **lapse** and NHTSA will **deobligate** unexpended balances, see 23 CFR Part 1200.41.

O. Fund Liquidation

The WTSC shall promptly obligate and expend Federal highway safety grant funds and track fund liquidation including transfer and incentive funds by funding year and source. The oldest funds should be expended first whenever possible.

The WTSC Accounting Director are responsible for periodically examining the current liquidation of each funding source by year, looking back at least five years, and shall promptly notify the Deputy Director of any unreasonably large amounts of unliquidated funds. This examination shall include a prompt review of the GTS Grant Fund Balances Report (#7) and other reports and reconciliation of all categories with the WTSC records. The WTSC shall monitor closely the spending rates of all subrecipients and make periodic projections to assure the prompt start of projects and determine if there are impediments to full

expenditure of funds by the project end. The WTSC shall deobligate unspent funds in a timely manner to allow carryover into the next fiscal year.

The WTSC shall document the specific rationale and anticipated timeframe for expenditure of any Federal funds which are not going to be promptly obligated. The WTSC shall proactively bring any issues regarding unliquidated Federal transfer funds under SAFETEA-LU split by the WTSC and WSDOT for Hazard Elimination purposes to the responsible partyT. Where applicable, the WTSC should ensure timeliness in contracting with the WSDOT and vouchering of funds through GTS.

P. Delegation of Authority

NHTSA regulations require a formalized process be established by the State as to who can act on behalf of the WTSC Director in his or her absence. The WTSC is required to establish a written Delegation of Authority.

See WTSC Administrative Policy 4.8.

DELEGATION OF AUTHORITY

Policy Number: AP 4.8

Authorizing Source: WAC 357-04; RCW 41.06

Effective Date: **November 1989**

Application: Applies to all employees of the **Washington Traffic Safety Commission.**

Approved by: */s/ Darrin T. Grondel* Date: November 6, 2014
DARRIN T. GRONDEL
Director

Purpose – The first listed individual below who is present will assume duties of the director in his absence. In the event that the three individuals listed below are not available, the director will issue a written notification naming the individual in charge until such time as the director returns.

Chris Madill, Deputy Director
Debbie Johnson, Finance Director
Staci Hoff, Research Director

Q. Federal Spending Transparency

The WTSC is required to report certain information to the National Highway Traffic Administration (NHTSA) as mandated in the Federal Funding Accountability and Transparency Act (FFATA) and

subsequent Office of Management and Budget (OMB) guidance. This information is then made available to the public at the www.USAspending.gov web site.

Prime awardees (the SWTSC and the Bureau of Indian Affairs) of Federal grants of $25,000 or higher that are awarded **on or after October 1, 2010**, are responsible for reporting. The FFATA Sub award Reporting System (FSRS) is the reporting tool the WTSC uses to capture and report sub award data and/or sub awardee executive compensation data, see www.fsrs.gov.

Prime awardees (the WTSCs and BIA) must:

- ☐ obtain a DUNS number from Dun & Bradstreet at http://fedgov.dnb.com/webform or call 1 866 705-5711;
- ☐ register in the System for Award Management (SAM) at www.SAM.gov); and,
- ☐ register in FSRS.

Sub awardees must obtain a DUNS number from Dun and Bradstreet. Subrecipients are not required to be registered in SAM however if they do register, the information will transfer to and pre populate the FSRS web site. In addition, the WTSC is required to collect the names and total compensation of the five most highly compensated officers of the sub awardee agency if, in the preceding year, the agency:

- ☐ received 80% of more of its annual gross revenues from Federal awards; AND,
- ☐ $25 million or more in annual gross revenues from Federal awards; AND,
- ☐ if the public does not have access to this information from reports filed under section 13(a) or 15(d) of the Securities Exchange act of 1934 or section 6104 of the Internal Revenue Code of 1986.

For each sub award, the following should be entered into the FSRS web site:

- ☐ Sub award amount
- ☐ Date of the award (date the grant agreement is signed)
- ☐ Project description (grant title)
- ☐ Primary place of performance
- ☐ Sub award number
- ☐ Executive Compensation answers

The following guidance documents are available on the GHSA web site at, Planning and Management Tools, Transparency Regulations: Transparency Act-101, OMB Guidance on Sub Award and Executive Compensation Data Reporting, and NHTSA's Draft Guidance Paper for Regions and States.

R. Buy America Act

Under MAP-21 Appendix A of Part 1200 identifies for the WTSC all of the certifications and assurances that are required, see Chapter II-Planning, subsection P. Certifications and Assurances. One of the required certifications is compliance with the Buy America Act, 23 U.S.C. Section 313. The Act prohibits States from using highway grant funds under 23 U.S.C. Chapter 4 to purchase products unless they are produced in the United States. The prohibition applies to steel, iron and all manufactured products unless a waiver has been requested from the Secretary of Transportation. The Secretary may waive the requirement if: it would be inconsistent with the public interest; the products are not produced in the United States in sufficient and reasonably available quantities and of satisfactory quality; or, use of the products produced in the United States would increase the overall cost by more than 25 percent.

There is no minimum purchase threshold that exempts the need for a waiver. NHTSA has determined that for compliance purposes American-made covers any product that is manufactured **OR assembled** in the United States. This requirement applies to all items purchased with Federal funds including office supplies. There are no waivers for classes of items. The waiver process generally takes 60 days. The waiver goes into effect at the time of its publication in the Federal Register. The waiver determination will state if the waiver applies only to the requestor or to others wishing to purchase the same item. The duration of the waiver will be stated in the Federal Register publication.

NHTSA has issued Guidance dated January 23, 2014, which details the waiver criteria and the process for submitting a written waiver request to the applicable NHTSA Regional Administrator, see NHTSA Highway Safety Grant Management Resources. NHTSA and GHSA conducted a webinar on January 29, 2014, "NHTSA Highway Safety Grant Program Updated GHSA-NHTSA Webinar" which included additional information on the Buy America Act requirements and the waiver process, see the GHSA website/Members Only/Webinar for a complete copy of the presentation.

Each fiscal year the WTSC is required to submit Certifications and Assurances with the HSP which ensure that the State complies with all applicable Federal statutes, regulations, and directives in effect with respect to the period for which it is receiving grant funding. Federal regulations also require that the WTSC ensure that every sub grant and contract (i.e. purchase orders) include any clauses required by Federal statute and Executive Order and their implementing regulations and that the subrecipient or contractor is aware of the requirements imposed upon them, see 49 CFR Part 18.36 and 37.

III. Project Development

A. Overview

In alignment with the problem identification, performance targets, and key strategies identified in the annual Highway Safety Plan (HSP), the WTSC solicits proposals and awards grants to fund projects designed to reduce the number of deaths and serious injuries resulting from traffic crashes.

Traffic safety projects are initiated as a result of several types of "needs" including:

- Statewide and local problem identification
- State agency initiative
- Community initiative
- Key events

The development of final grant agreements is a two-step process. Grant proposals are first submitted to the WTSC by potential subrecipients following a prescribed process and deadlines. For successful applicants, elements of the proposal form are used to create a statement of work that forms the foundation of a grant agreement. This chapter describes the proposal process.

Grant proposals must include the most current data available to identify a traffic safety problem, a workable solution linked to the identified problem, performance targets, proposed strategies, and budgets that demonstrate an understanding of the various issues to be resolved and a reasonable approach to resolving the identified problem. Proposed projects must be data driven and the WTSC must be able to show that the strategies chosen are evidence-based.

The resulting contract is a legally binding document when fully executed by both parties. It incorporates both federal and state terms and conditions, as well as the reporting and billing templates.

B. Solicitation of Project Proposals

The WTSC annually develops an announcement of available funds to open the annual grants process. The announcement contains the information needed to submit a grant proposal.

All proposals remain confidential until the annual grants process is closed following the April Traffic Safety Commissioners meeting. After this meeting, the grant agreements are public records.

The responsibility for compiling the necessary information to revise and finalize the annual announcement of available grant funds is assigned to the Deputy Director. The announcement is published on the WTSC website and distributed to a host of stakeholders by email.

C. Grant Development Calendar

The WTSC highway safety grants process is comprised of six steps.

Proposal Development – This phase consists of the time period in which organizations develop and submit project proposals for the following fiscal year.

Initial Staff Review – This phase includes an in-depth review and scoring of all submitted proposals, development of an initial investment plan, and a list of projects for which follow-up is necessary.

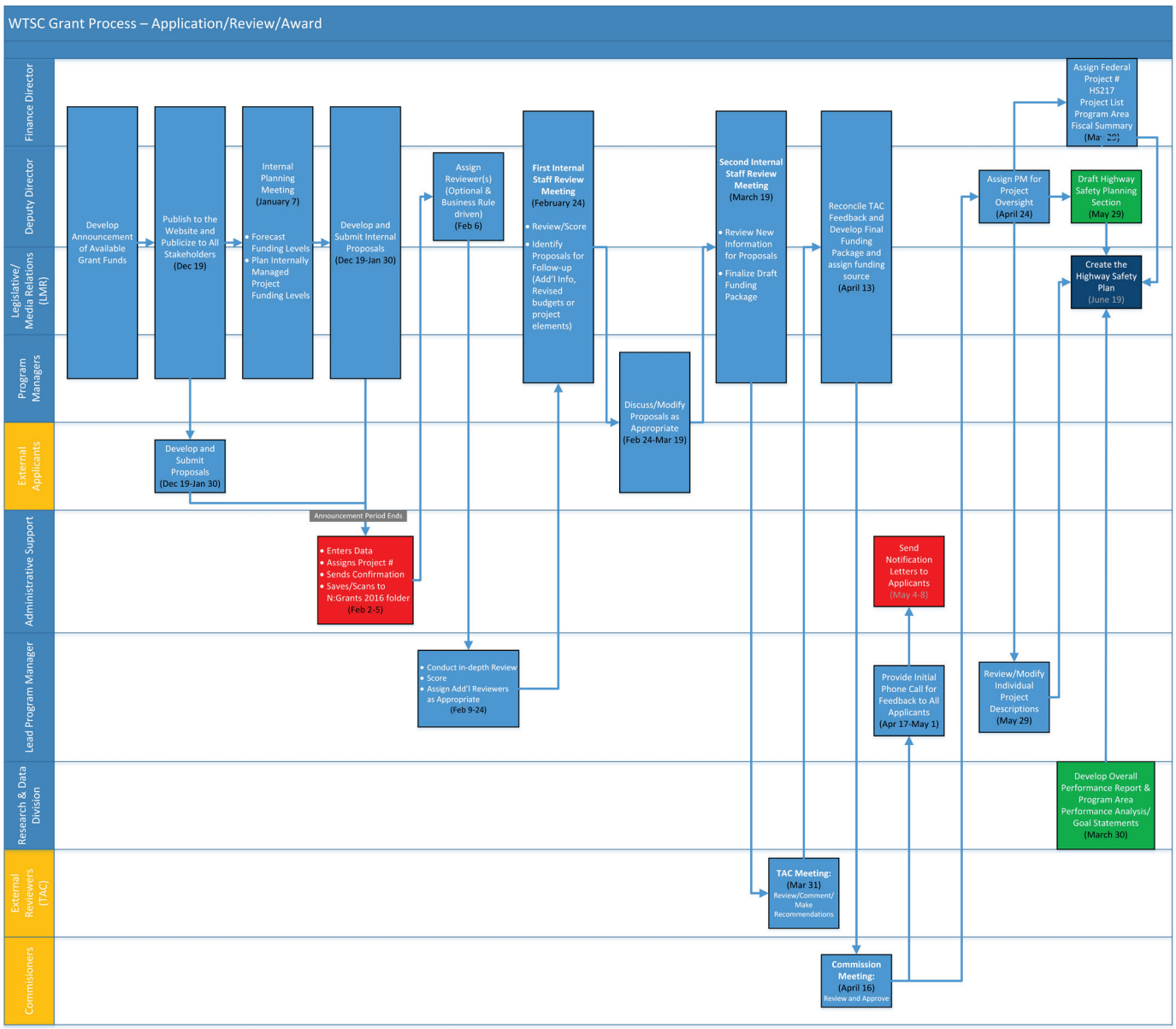
Follow-up/Negotiation – Staff personally contact project directors for a number of individual proposals to better understand the proposal's elements and potentially negotiate certain aspects of the proposal.

Final Staff Review – Staff develop an investment plan matching the estimate of available funds for the fiscal year.

TAC Review – A multi-disciplinary advisory team reviews the WTSC staff investment plan and makes adjustments as necessary.

Commissioner Approval – The Commissioners review, amend if necessary, and approve the final investment plan for the next fiscal year.

The following diagram details the process and timeline of the WTSC's Annual Grants Process:



E. Grant Proposal Preparation Process

Proposed grant projects must support the targets and strategies established for the state.

The purposes for developing proposed grant applications are to:

- Produce a clearly defined problem statement
- Produce a clearly specified work statement
- Clearly define performance measures
- Clearly define respective roles and responsibilities
- Achieve understanding among all parties
- Reach consensus
- Ensure accountability

Section One provides an overview and instructions for proposing organizations, including a detailed questions and answer section.

Section two consists of the project proposal form, including two pages:

1. Page 1: General organizational information

2. Page 2: Six questions forming the substance of the proposal:
    a. What is the problem your project addresses?
    b. What are the specific goals of the project?
    c. What strategies will you use to accomplish your project goals?
    d. What are the important milestones or deliverables of your project?
    e. How will the results of your project be measured?
    f. What are the project costs you plan to cover with the requested grant funds?

Section three of the announcement consists of the sample Interagency Agreement containing the State & Federal Terms & Conditions.

i. Time Period

The grant period is the time during which the subrecipient may incur reimbursable costs to carry out the project. The time periods for WTSC grants runs for 12 months, beginning on October 1 and ending on September 30 of the following year. Based on specific circumstances and project goals the WTSC may also approve other grant time periods within a fiscal year and extend grant time periods although generally not longer than three years. See subsection x. Grant Extensions.

The WTSC only issues one year grant agreements. Agencies interested in submitting multiple year proposals must resubmit their proposal on an annual basis.

ii. Problem Identification

The problem identification section of each proposal should include a problem statement which is supported by specific crash data analysis, program and community needs assessment information or other relevant data. The WTSC may assist potential applicants with obtaining the necessary data.

Applicants should review the key funding priorities and problem areas identified in the Target Zero Plan for the upcoming grant year. All proposed grant applications must support the primary target of reducing the number of injuries and deaths resulting from traffic crashes..

The problem identification section is a key element of a traffic safety project. Additional guidance for preparation of the problem identification statement can be found in Chapter II. Planning, Section E. Identification of State and Local Problems (Data Analysis Procedure) and should be referenced by applicants and WTSC staff.

iii. Agency Qualifications

The WTSC determines if the applicant agency is qualified to receive Federal highway safety grant funds and is the appropriate agency to conduct the proposed project activity based on past experience, education, skills and/or community or statewide leadership authority.

Eligible agencies must be able to perform the following:

- Deliver services promptly
- Manage public funds efficiently and provide good internal controls

- Collaborate with other community, governmental and private organizations
- Develop data-driven problem solving plans
- Adequately evaluate the success of a project

iv. Project Objectives and Performance Measures

Proposals must address one or more of the WTSC primary or secondary priorities established in the SHSP: Target Zero Plan. The project objectives stated in the proposal should clearly state the ultimate outcome of the project. For example, "increase enforcement of DWI laws as measured by…", or, "reduce the incidence of incorrect use of child restraints as measured by…"

A guideline called the SMART principle to assess performance targets is recommended. SMART stands for:

- Specific
- Measurable
- Action-oriented
- Realistic
- Time-framed

It is generally preferred that targets be based on outcomes (i.e. seat belt use rate) rather than on outputs or activities (i.e. number of tickets written). However, depending on the exact nature of the project, in some cases a combination of outcome and output based targets or just output targets may be most appropriate.

v. Project Activities

Activities must be identified in the proposal and must clearly explain in detail the anticipated activities that will be funded. This explanation should show a logical sequence of events that will take place to accomplish the objective and achieve the performance target(s). The proposed activity must be an evidence-based countermeasure. In selecting the strategies, the sub grantee should be guided by the Target Zero Plan. Innovative countermeasures that may not be scientifically proven to work but that contain promise based on limited practical applications are encouraged when a clear data-driven safety need has been identified. Proposals incorporating new strategies must include a plan to evaluate the effectiveness of the new strategy.

See also Chapter II. Planning, Section F. Key Program Areas, Targets and Strategies for countermeasure development resources.

vii. Budget

The WTSC and the applicant negotiate the content of the budget during the follow-up and negotiation phase. The proposed budget eventually becomes incorporated into the final contract. This section explains some of the considerations and requirements involved in preparing the budget.

Section two of the WTSC grant announcement provides applicants with a Budget Summary table which must be completed and submitted with the proposal. A detailed cost breakdown must be negotiated to justify proposed costs. The approved project budget should be as detailed as appropriate for fiscal control.

The WTSC Budget Summary form includes the following line items:

1. Employee salaries and benefits
2. Travel (includes in-state and out-of-state travel)
3. Contract Services (usually involves a 3rd party service provider)

4. Equipment* (specify equipment in the table below)
5. Goods or other expenses (examples: office/printing supplies, postage, software, conference registration fees)Other Direct Costs

Costs incurred before the grant agreement is signed are not eligible for reimbursement. Costs incurred after the grant agreement expires are also not eligible for reimbursement.

Subrecipients may be reimbursed on the basis of actual cost, cost per unit, specific rates, fixed costs, or a combination of these methods. Explanations of the methods of payment follow.

Actual Cost: Actual cost agreements authorize the WTSC to reimburse the subrecipient for all costs incurred under the project, subject to cost principles included in 2 CFR Part 225 "Cost Principles for State, Local and Indian Tribal Governments. This is the most common type of agreement.

Traffic safety grants are limited to the amounts and items authorized in the budget. Adjustments between cost categories within the budget are allowed with prior written approval from the WTSC.

Cost Per Unit of Work: Some agreements are reimbursed on the basis of units of work performed. This method of payment uses a negotiated per-unit cost, with each component documented and approved in a detailed cost proposal. This method of payment eliminates the need to document each element included in the subrecipient invoice, requiring instead that the *performance* of work be documented. However, the negotiated rate must be based on documented actual costs and experience in performing the prescribed task. ***EXAMPLES:*** $100 per person trained *or* $40 per car seat distributed.

Specific Rates: Grants may authorize payment on the basis of specific rates. This method uses a composite of all or selected costs. ***EXAMPLES:*** Salary: $50 per hour, Travel and per diem: $85 per day, $0.32 per mile

Fixed Cost: The grant may authorize payment of an agreed upon fixed amount not subject to modification. Payments are made periodically at agreed upon intervals or once, upon completion of the project. If this method is used, there must be a detailed and thorough cost analysis made during the negotiating process.

Overtime Rate: The majority of grants involving increased enforcement of traffic laws rely on the payment of overtime hours for patrol officers. The overtime pay rate for officers is based on actual cost per employee in accordance with the subrecipient's policy for payroll and salary rate. When a project includes overtime salary or wages, traffic safety funds can pay for the additional cost of fringe benefits directly associated with the overtime hours not covered by the employee's basic benefit package (an example of an eligible fringe benefit cost associated with overtime would be an employer's contribution to a retirement plan). The costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, employee agreement, or an established policy.

Allowable Costs: Reference should be made to Chapter VI. Fiscal Procedures, Section E. Allowable Costs for discussion of subrecipient allowable costs.

Proportionate Funding: For all activities and equipment to be funded, which have components both related and unrelated to a highway safety grant, the Federal share shall be based proportionately on the projected utilization for the National Highway Traffic Safety Administration's (NHTSA) grant purposes. For example, the NHTSA participation in the cost of Gas Chromatograph Mass Spectrometers for quantitative testing of drug evidential samples shall be on a pro rata basis. If a police department plans to use this equipment 20 percent of the time to identify drugged driving evidence and 80 percent of the time to identify evidence for the narcotics squad, the Federal participation must not exceed 20 percent of the total cost of the equipment.

viii. Contract Services

Contract services are services of individual consultants or consulting firms engaged in performing special services pertinent to traffic safety. All subrecipients awarding subcontracts shall comply with the terms and conditions of 49 CFR Part 18, Uniform Administrative Requirements for Grant and Cooperative Agreements to State and Local Governments see, Section 18.36 Procurement. The WTSC monitors periodically all subrecipient contracts and professional service agreements to verify compliance with the established State and/or local procurement procedures.

A subrecipient shall not enter into any subcontract without prior concurrence by the WTSC. The costs of such services are identified under the category of "contract services" in the Budget Summary of the proposal.

Subcontracts shall contain all required provisions of the subrecipient's grant agreement terms and conditions. No subcontract will relieve the subrecipient of its responsibilities under the grant agreement. Subcontracts can be between governmental agencies as well as with non-government entities for professional services.

Per the NHTSA's Highway Safety Grants Funding Guidance : "Costs are allowable for highway safety consultant services from universities, public agencies, non-government organizations and individuals for State or local highway safety support services or products consistent with the applicable OMB Circular, provided applicable State procurement procedures are followed and the State's official contract and procurement manual is maintained in the State's Highway Safety Office."

All Washington State procurement rules may be found at the following website maintained by the Washington State Department of Enterprise Services.

ix. Travel

Travel directly related to traffic safety and linked to the grant objective(s) is allowable at prevailing State rates and subject to State travel regulations. Washington's travel rules are maintained in the Office of Financial Management's State Administrative & Accounting Manual (SAAM).

The Department's reimbursement for airfare, car rental, per diem, and other travel costs will be based on the state's travel policy, but reimbursement of travel costs cannot exceed established State rates, unless negotiated in the grant agreement. See Chapter V. Grant Administration and Management, Section H. Subrecipient Travel.

x. Grant Extensions

If both the WTSC and the subrecipient agree that the project has demonstrated great merit and has potential long-range benefit, or if the project scope is modified or expanded, the subrecipient may request an extension.

Although not mandatory, a general rule is to limit grant projects to not more than three years. Any project being considered for extension beyond three years should be reviewed for exceptional project performance and:

- Include revisions or expansions to the scope of the project (assuming that the subrecipient will continue the portion of the project previously supported with Federal funds)
- Document a continued need for the project

Like any grant agreement, multi-year projects may be stopped or cancelled for cause or convenience, including termination for poor or non-performance. A letter to the subrecipient is required if funds are not available to continue the project.

IV. Grant Selection and Execution

A. Proposed Grant Application Submission Process

The WTSC has developed a traffic safety grant selection process that complies with the State and Federal regulations. The grant selection procedure is reviewed and updated annually. An announcement for available grant funds is posted by the WTSC on the web site and emailed to a variety of stakeholders to ensure adequate and uniform notice to all prospective subrecipients.

The following are eligible to submit applications for WTSC traffic safety grants:

- Governmental agencies
  - State
  - City/County
- Tribes
- Non-profit organizations with existing IRS 501(c)(3) status

Proposals must be either:

- An evidence-based strategy as described in the Target Zero Plan
- A demonstration project utilizing an innovative approach if a clear data-driven safety need has been identified and the project is supported with a strong evaluation plan that will allow the WTSC to assess the effectiveness of the project at its conclusion.

The announcement of available grant funds contains the deadlines for submission. In lieu of a pre-proposal conference, applicants are asked to address questions to the WTSC Deputy Director by mail, telephone, fax or email.

Proposal Submission Instructions:

1. Organizations must submit an electronic copy of their proposal to WTSC. The electronic copy may be submitted by email, mail, or hand delivery.
   a. Email: Email is the preferred method. Send your emailed submission to Dawn Hernandez at dhernandez@wtsc.wa.gov.
   b. Mail: You may mail electronic medium containing your proposal to Dawn Hernandez, WTSC, P.O. Box 40944, Olympia, Washington 98504-0944. Applicants mailing electronic medium containing proposals should allow normal mail delivery time to ensure timely receipt. Applicants assume the risk of non-delivery or late arrival associated with delivery by mail.
   c. Hand delivery: You may hand deliver electronic medium containing your proposal to 621 8th Avenue SE, Suite 409, Olympia, Washington 98501, during normal business hours.
2. Late applications will not be accepted.
3. The WTSC will notify applicants by email of receipt of their applications within five days of receipt.
4. Applicants who do not receive a notice within ten days of submitting their application must contact the WTSC to confirm that their application has been received by the WTSC.
5. Organizations claiming non-profit or not-for-profit status must submit, with their application, a letter showing current 501(c) (3) status has been granted by the IRS.

B. Grant Proposal/Distribution Log

The WTSC Grants Management Workbook tracks the receipt and handling of all proposed grant proposals. The purpose of the log is to assure that all required actions are completed in a timely manner.

C. Grant Selection Process

i. WTSC Initial Review

Proposals are first reviewed internally by WTSC staff to:

- Ensure that the application meets the required criteria
- Check for budget availability and available resources
- Compare the application with current activities
- Determine whether the proposed grant activity will impact traffic safety, will work towards established targets by ensuring that the problem is adequately described, and that objectives, performance measures, and resources requested will address the problem
- Determine that the potential subrecipient is the appropriate entity to perform the activities

See Chapter III. Project Development, Section D. Grant Development Calendar for applicable timelines.

The WTSC Deputy Director assigns a lead Program Manager to guide the review of a particular proposal. The lead reviewer uses the WTSC Grant Proposal Scoring Matrix to derive a numeric score for the proposal. The program manager records all comments, questions and additional information obtained from the applicant. The lead program manager may assign additional reviewers to score a proposal. Score sheets are saved electronically as part of the submitted proposal. The Deputy Director schedules the WTSC initial review meeting in which every proposal is discussed in an open forum.

Following the initial review, program managers contact any of the project directors for which additional information is needed or for which negotiations were deemed necessary. The Deputy Director then schedules the WTSC final review meeting in which a draft investment plan is developed in anticipation of review by the multi-agency Technical Advisory Committee (TAC).

The Deputy Director schedules a meeting for the TAC to review every proposal received by the WTSC. The Deputy Director creates several summary documents provided to the TAC in advance of the meeting. At that meeting, the lead program manager for each proposal provides a short description of the proposal and discusses the WTSC staff decision. Based on input from the TAC, the investment plan will be amended and finalized for review, amendment if necessary, and approval by the Washington Traffic Safety Commissioners during their April meeting.

Proposals that target high-risk populations, high-risk behaviors and high crash locations receive additional consideration. The proposed strategy must be either an evidence-based strategy supported by research, or, a demonstration project if a clear data-driven safety need has been identified or the project is supported with a strong evaluation plan that will allow the WTSC to assess the effectiveness of the activity at its conclusion.

The following is the scoring matrix used to evaluate each proposal:

2016 Grant Proposal Scoring Matrix

Project #: **Organization:**

Project Title:

Is the project eligible for grant funding? ☐ Yes ☐ No (If no, do not continue. Project is denied based on ineligibility due to Click here to enter text.)		
Is this project:		
1. Required under state or federal regulations?	☐ Yes	☐ No
2. Necessary for traffic safety program operations?	☐ Yes	☐ No
3. Part of a portfolio for a program-specific funding source (i.e. traffic records 405(c) funding)?	☐ Yes	☐ No
4. Part of a prior contractual or verbal commitment of funding?	☐ Yes	☐ No
If yes to any of these conditions, do not continue. Funding levels may be adjusted as required.		

Evaluation Criteria:	
1. Priority: Does this project address a Target Zero Priority? (up to 20 pts)	
2. Strategic Alignment: How well does this project align with the State's overall traffic safety investments? (up to 20 pts) a) Does it strengthen a partnership foundational to WTSC's work? b) Is there an established program showing good results that would be at risk without this project?	
3. Problem Definition: Is there a problem documented by data that this project addresses? (up to 10 pts)	
4. Anticipated results: Are the project goals clear and realistic? Is there a history of this kind of project showing good results? (up to 20 pts)	
5. Strategies: How well does the proposal incorporate Target Zero Plan strategies? *Score on a continuum based on:* One or more Proven: 20 pts One or more Recommended: 15 pts One or more Unknown with strong evaluation plan per RADD: 10 pts None, unknown or unlisted: 0 pts	
6. Measures: Is there a clear plan for how the project results and outcomes will be measured? (Up to 10 pts)	
Total	

ii. Grant Review Team

The WTSC Internal review team consists of:

- The Deputy Director
- The Accounting Director
- All Program Managers
- The Legislative & Media Relations Manager

- The Communications Consultant 5
- Administrative Assistant

The TAC was created to ensure a diverse voice in how WTSC creates its annual investment plan. The TAC consists of the following representatives:

- Local law enforcement officer
- WSDOT, Traffic Operations Division
- WSDOT, Highways & Local Programs Division
- DOH, Community Health Systems
- DOL, Driver and Vehicle Services Division
- WSP, Field Operations Bureau
- WSP, Impaired Driving Section
- Department of Social and Health Services, Division of Behavioral Health Recovery
- Office of Superintendent of Public Instruction
- Administrative Office of the Courts, Judicial Services Division
- Tribal Liaison
- Local Target Zero Manager

iii. Grant Proposal Evaluation Procedure:

- When the lead program manager of any TAC member receives a grant proposal, they read through each one completely, at least one time with no points awarded. This method ensures a full understanding of each proposal before awarding points. It also will help to eliminate or reduce the psychological tendency to award fewer points to the first offer reviewed.
- Once the lead program manager has reviewed all assigned proposals, the program manager then begins scoring proposals using the scoring matrix developed by the WTSC.
- Comments are added as needed for clarification. The application reviewer may "insert comment" directly into the scoring matrix. At the point of scoring the proposals, the lead program manager is not responsible for determining the actual award of the proposal; they are only scoring the proposal.
- Once the lead program manager is satisfied with their review, they will insert the scoring matrix into the original proposal saved.
- Once the TAC and the Commissioners have provided their input, the final investment plan is endorsed by the WTSC Director and prepared for formatting for the HSP.

iv. Grant Negotiations

After a successful applicant has been notified that their proposal has been approved, the subrecipient completes any final grant agreement development issues through negotiations and discussions with the assigned program manager. In collaboration, the program manager and the subrecipient finalize a statement of work utilizing elements from the original proposal and any amendments made during the review process. The grant agreement outlines the specific components of the project, the final authorized budget, the specific performance measures and objectives, and the commitment of responsibilities by the WTSC and the subrecipient.

Final grant agreement development typically involves some level of negotiation. Items to be discussed during the negotiation phase include, but are not limited to, the following:

- Problem identification
- Project description
- Anticipated outcome
- Time period

- Location and frequency of activity
- Acquisition of equipment or other items
- Frequency of reporting and invoice submissions
- Budget content
- Performance measures

v. Award

All applicants are notified in writing of their award status by mid-May.

vi. Debriefing Conferences

Prior to distributing official award letters, all applicants are contacted by phone by the lead program manager to inform the applicant of the disposition of their proposal. Upon request, a debriefing meeting may be scheduled for an unsuccessful applicant by making the request of the lead program manager. The WTSC will make every effort to schedule the debriefing meeting within 10 business days of the request. The WTSC may conduct debriefing meetings in person or by telephone.

D. Final Grant Agreement Preparation

i. Special Conditions

In addition to the general required terms and conditions which apply to every traffic safety grant agreement, the WTSC may determine that special conditions should be imposed upon a specific subrecipient. Some reasons for the special condition may be the nature of the specific strategy being addressed, past experience with the subrecipient or a special requirement that is not otherwise addressed in the general terms and conditions. Following are some examples of a special condition:

- The subrecipient is allowed to charge costs to the grant for activity which takes place within a stated timeframe before the official start date of the grant (this is typically a rare occasion which may occur when preparatory activity is necessary in order to assure that the primary grant activity can begin on the start date of the new fiscal year)

- The subrecipient is required to share equipment purchased under the grant with other agencies in their geographic region

- The subrecipient is limited to using specific personnel to complete grant activity

ii. Signatures

a. WTSC requirements

When the WTSC Director or Deputy Director executes a grant agreement by signing it, he or she is certifying that the agreement:

- Is legal and payable
- Includes all required and applicable provisions
- Complies with all applicable Federal and State regulations and laws
- Has received Federal approval when such approval is required
- Has been budgeted with available funds
- Has been authorized by the WTSC as part of the HSP

b. Subrecipient requirements

A final grant agreement submitted to the WTSC must be signed by the authorizing official (person with contracting authority) for the applicant agency or organization. The authorizing official, and in some cases the Project Director, must also certify and ensure that all of the conditions contained in the Subrecipient Certifications and Assurances, Reporting Requirements and Invoicing Requirements will be met including any special conditions. In addition to the final grant agreement, the WTSC requires that all subrecipients sign a document entitled "Acknowlegment of WTSC Grant Requirements." The elements of the grant that subrecipients certify an understanding of include the following:

• Contract Provisions ○ Billing procedure ○ Project Reporting ○ Nondiscrimination ○ Drug-Free workplace ○ State Lobbying	○ Political activity/Hatch Act ○ Suspension & debarment ○ Contract Termination ○ Buy America Act ○ Federal Lobbying
• Project changes and amendments	
• Quarterly and final reports	
• Third-party contracts	
• Indirect costs (Cost Allocation Plan or Federal Cognizant Agency rate approval letter)	
• Project Income Requirements	
• Promotional Item Purchase Restrictions	
• Equipment purchases (approval and tracking requirements)	
• Travel rules (State Administrative & Accounting Manual-http://ofm.wa.gov/policy/10.htm)	
• Light Refreshments Policy (WTSC Policy #7.5- http://wtsc.wa.gov/resources/policies/)	
• Single audit requirements	
• Time keeping requirements	

c. Educational institutions and Hospitals

2 CFR Parts 215 and 220 require that educational institutions and hospitals provide a "Certificate of Facilities and Administrative Costs" (F&A) for federally funded projects. In addition, OMB Circular A-21 requires the following:

To assure that expenditures for sponsored agreements are proper and in accordance with the agreement documents and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements will include a ***certification***, signed by an authorized official of the university, which reads essentially as follows:

"I certify that all expenditures reported (or payment requested) are for appropriate purposes and in accordance with the provisions of the application and award documents."

iii. Subrecipient Certification

The WTSC project agreement contains all the required Terms and Conditions which pertain to subrecipients. These sections provide the terms and conditions governing the grant and certifies that a subrecipient will comply with the applicable regulations, policies, guidelines, and requirements, including 49 CFR Part 18 and 2 CFR Part 225 (OMB Circular A-87), or OMB Circulars A-110 and A-21, or OMB Circulars A-110 and A-122, as they relate to the application, acceptance, and use of Federal or State funds for the project.

The subrecipient or contractor must be aware of the requirements imposed upon them, see 49 CFR Part 18.37, 49 CFR Part 18.36. Under MAP-21 Appendix A of Part 1200 identifies the following certifications and assurances that are required to be imposed upon subrecipients (sub recipients). They are:

- Non discrimination
- Buy America Act
- Political Activity (Hatch Act)
- Certification Regarding Federal Lobbying
- Restriction on State Lobbying
- Certification Regarding Debarment and Suspension

The WTSC ensures that for each grant proposal the subrecipient has been checked on the Federal debarment and suspension list to ensure they are not suspended or debarred. Subrecipients are required to become familiar with the contents of the final grant agreement form and be on notice that failure to do so will not excuse nonperformance or noncompliance.

E. NHTSA Equipment Purchase and Disposition Approval of $5,000 or More

For all major equipment purchases and replacement purchases with a useful life of more than one year and an acquisition cost of $5,000 or more in value, the WTSC shall receive prior written approval from the NHTSA Regional Administrator. This procedure is required by 23 CFR §1200.31 and the NHTSA "Highway Safety Grant Funding Policy for NHTSA/FHWA Field-Administered Grants". The regulations look to the cost of the equipment regardless of the portion of funding supported by Federal or other funds if the total cost was $5,000 or more.

The unit cost for equipment is the unit's purchase price **plus** any accessories necessary to make the equipment operational for its intended purpose. Each proposal includes a section in which the proposing organization identifies all equipment purchase requests by subrecipients which meet the above criteria. These equipment purchases are then identified within the HSP (inclusion of the equipment request within the HSP is not mandatory but is preferred). The WTSC submits a written request signed by the Director to the NHTSA Regional Office for the identified equipment. The letter request shall provide a complete description of the equipment, subrecipient's organization name, total cost, useful life and how the equipment would support the State's highway safety program

If approved, the WTSC shall inform the subrecipient to proceed with the equipment purchase by sending a written communication and providing specific instructions for the purchase of the equipment.

Before initiating the purchase of new and replacement equipment with a useful life of more than one year and an acquisition cost of $5,000 or more, a subrecipient must obtain written notice from the WTSC Administrator stating that both WTSC and the NHTSA Regional Administrator have formally approved the equipment purchase. When making the equipment purchase, the purchaser should also obtain the expected service life and warranty of the equipment from the vendor or the manufacturer.

The "Highway Safety Grant Funding Policy for NHTSA/FHWA Field-Administered Grants", Part IV (A) states that costs for purchase of office furnishings and fixtures are **unallowable**. The following are some examples:

desk chair	credenza bookcase	storage cabinet portable partition

table shelving coat rack	filing cabinet floor covering office planter	picture or wall clock draperies and hardware fixed lighting or lamp.

The WTSC, as part of its oversight responsibility, shall systematically monitor all subrecipients with grant-funded equipment in accordance with State laws and procedures to ensure that subrecipients are in compliance with all Federal and any State requirements for property management, inventory and disposition. See WTSC Administrative Policy 7.4 – Equipment Tracking, for additional reporting requirements.

Equipment shall be used by the subrecipient for the purpose for which it was acquired as long as needed, whether the program continues to be supported by WTSC funds. When no longer needed for the original program, the equipment may be used in other traffic safety activities. If it is determined that the equipment is no longer needed for the purpose acquired or any other traffic safety purpose, the equipment shall be handled in accordance with Federal disposition requirements. Prior written approval must be received from the NHTSA Regional Office by the WTSC for the disposition of equipment with a value of $5,000 or more unless the equipment has exceeded its useful life as determined under State law and procedures.

See Chapter V. Grant Administration and Management, Section G. Property Management

F. Reporting Requirements

The WTSC requires three types of progress reports in conjunction with traffic safety grant projects: quarterly progress reports during the life of a grant, a final report at the conclusion of a grant (this is to include training and consultant reports, if applicable), and special reports as required.

Progress reports provide the WTSC with information that can be used to strengthen the State's overall traffic safety program. These reports should keep the WTSC informed of a grant's progress, explain any difficulties encountered, provide background information that can be shared with others, and suggest ways in which the WTSC can assist and aid in the distribution of funds.

i. Quarterly Progress Reports

The reports are to be submitted quarterly and are due to the WTSC within not less than thirty (30) calendar days after the end of the reporting month.

The report should indicate if no progress has been made on the project. Any original or innovative ideas or methods employed in the project should be incorporated into the reports.

ii. Final Progress Report

Final reports are due from subrecipients to the WTSC no later than November 15 for activities funded in the previous fiscal year. The reports are to be detailed and must describe whether the grant objectives were accomplished, if technical and fiscal problems were encountered, and what improvements in traffic safety have resulted or probably will result. Included in final reports will be copies of publications, training reports and any statistical data generated in grant execution. The final report may serve as the fourth quarter report. Final reports should discuss the following:

1. Accomplishments compared to the original grant objectives.
2. Were all activities of the grant completed as scheduled? Dates and milestones when studies were completed should be included.
3. Equipment purchased should be identified.

4. Any unanticipated issues that affected the grant.
5. Funding and costs for completion of the grant in relationship to the original estimates.
6. Third party performance if applicable. A copy of any consultant reports should be included with the final report.
7. A budget clearly identifying remaining budgetary balances.

iii. Special Progress Reporting

Special reporting may be required. If so, reporting frequency and requirements will be detailed by the WTSC in the grant agreement. However, performance reports will not be required more frequently than quarterly, see 49 CFR Part 18.40.

G. Grant Amendments

Grant agreements may be altered or amended prior to or after signing by mutual agreement of the parties. The alterations or amendments are not binding unless they are in writing and signed by persons authorized to bind each of the parties.

Subrecipients must have any amendments to a grant executed not less than 60 days prior to the end of the applicable grant year.

[NOTE: This policy may vary in the State.]

The following deviations from the approved grand budget require PRIOR approval from the tsc:

a) A specific item of cost not included in the approved budget
b) An increase in the number of a specific item over and above the total authorized
c) A transfer between major budget categories in excess of a total of 10 percent of the category being increased. (For transfers of less than a total of 10 percent of the category being increased, an email notification describing the action being taken shall be sent to the WTSC by the subrecipient.)

The WTSC procedure for review and approval of grant amendments is:

- Subrecipient submits email or phone request for a grant agreement revision
- The program manager provides subrecipient with a Grant Amendment template
- Subrecipient completes and submits the Grant Amendment template to the program manager
- The program manager reviews the Grant Amendment and makes a recommendation for approval or denial
- If recommended for approval, the program manager forwards the Grant Amendment to the Deputy Director for approval and notifies the subrecipient in writing. All related paperwork is retained in the grant file. If the grant amendment results in an addition of funds to the original grant agreement, the program manager the Grant Tracking Spreadsheet (See Chapter VI. Fiscal Procedures, Section D. Grant Tracking Spreadsheet).

The HS-217 is required to be resubmitted by the WTSC to the NHTSA Regional Office within 30 days of any reallocation of funds between program areas or changes including an updated list of projects under each program area. The amended HS-217 and list of projects is subject to the approval of the NHTSA Regional Office, see 23 CFR Part 1200.32.

H. Development of Highway Safety Office Internal Grants

In anticipation of the beginning of each new fiscal year, the WTSC Deputy Director and Accounting Director will estimate how much funding is needed for Planning and Administration (P&A) and Program Management costs to support the operation of the State's traffic safety program. Estimates will take into consideration any anticipated increases in costs as well as in recurring costs. A single proposal will be completed combining the individual programs operated by the WTSC. WTSC internal grant proposals will be considered alongside all external proposals. Resulting agreements will be between the Office of the Director and the Programs and Services Division or the Research and Data Division. The WTSC Deputy Director will be designated as the Project Director for the WTSC P&A and Technical Coordination grants.

Definition of P&A Costs: P&A costs are those direct and indirect expenses that are attributable to the overall management of the State's Traffic Safety Program. Costs include salaries and related personnel benefits for the Governor's Representative for Highway Safety and for other technical, administrative, and clerical staff, for the WTSC. P&A costs also include other costs, such as travel, equipment, supplies, rent and utility expenses necessary to carry out the functions of the WTSC. See 23 CFR Part 1200, App. F(b)

Definition of Program Management Costs: Program management costs are those direct and indirect expenses that are attributable to the highway safety program area. Costs include salaries and related personnel benefits and other related costs such as travel, equipment, materials and supplies.

All costs related to internal operation of the traffic safety program will be charged only to WTSC internal grants.

i. P&A Match Requirement

The Accounting Director and Deputy Director shall ensure that the internal P&A grant complies with applicable Federal regulations including the provision of a match of State or local funds in the amount of 50 percent (or the applicable sliding scale rate) of the costs claimed for eligible P&A functions. These requirements are contained in the NHTSA "Highway Safety Grant Funding Policy for Field- Administered Grants", Part I, A and B. See Chapter VI. Fiscal Procedures, Section C. Matching Funds

Match is defined as the direct expenditure of actual State funds or State or local funds that are expended in support of other qualifying traffic safety programs (such as, the salaries of highway safety related, State-funded employees) and have not been utilized by another Federal, State or local agency as matching funds for a separate Federal project. The State must have documentation to support an audit.

States can carry over unexpended P&A funds if they were programmed in GTS by September 30.

The Federal P&A share shall not exceed 50 percent of total P&A costs, except for select States using the sliding scale for match (See NHTSA Order 462-6C Matching Rates for State and Community Highway Safety Program). No match is required for Section 163, Section 406, Sections 154 or 164 funds transferred to Section 402 purposes, for U.S. Territories (23 U.S.C. 120(i)), or for Federally recognized Indian Tribal governments (as defined by 23 CFR 402 (h)) under the Indian highway safety program. From its annual State appropriations, the Department shall ensure the availability of the funds needed by the WTSC to support the program match for the State's P&A share. If the State is using any indirect costs as a P&A match, the costs shall only be applied to P&A expenditures.

The WTSC shall limit Federal participation in P&A funding to not exceed 50 percent (or the applicable sliding scale rate) of the total cost of such activities. The WTSC shall ensure that the Federal contribution does not exceed 13 percent of the total new funds the State receives annually under Section 402 and for Section 154 and 164 transfer funds (when used for section 402 purposes to support alcohol-impaired driving programs). (See Appendix F of 23 CFR Part 1200 and the NHTSA Highway Safety Grant Funding Policy for NHTSA Administered Grants Part 1, A (1) Funding Ceiling.)

ii. WTSC Employee Time Allocation and Certification Requirements

As provided by 2 CFR Part 225 Appendix B (8) (h), charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. NHTSA has developed specific guidance on timekeeping requirements which is posted on the GHSA web site in the Members Only section, NHTSA Timekeeping Matrix 2013 (see Time and Attendance), NHTSA Program Managers Letter on Timekeeping Protocols 2010 and GHSA-NHTSA Timekeeping Q&A 2010.

To ensure compliance, the WTSC must consult the NHTSA Timekeeping Matrix and compare the various scenarios to the specific funding circumstances of each WTSC employee (and subrecipient employee) to determine the required action for completion of timekeeping records.

The WTSC utilizes a before-the-fact charge distribution based on proportional work coupled with a periodic review of employee activities to satisfy the Timekeeping requirements of federal grants. This approach is described in a document co-authored by GHSA and NHTSA entitled "Time Keeping Requirements in Support of Salaries, Wages, and Related Cost for WTSC Program Management and Planning & Administration and Subgrantees." The options outlined in this document are intended to help highway safety offices comply with the requirements in 2 CFR 225, Appendix B,8 (h).

As part of WTSC's shared management practices, supervisors have incorporated routine workload reviews into weekly one-on-one meetings. These regular one-on-one meetings serve a vital purpose in monitoring staff performance, understanding resource needs, reviewing work distribution, and identifying opportunities and challenges within each program. The Deputy Director conducts weekly workload reviews with all seven of the agency's program managers and the communications consultant. These opportunities serve as the primary mechanism for conducting after-the-fact reviews of charge distributions in relation to actual work performed.

In addition, the WTSC estimates a quarterly the before-the-fact charge distribution for each employee. These reviews are completed prior to the 15th day following the close of the previous quarter. This allows time to code any required retro-calculations within GTS for the previous quarter based on identified discrepancies between the before-the-fact charge distribution and actual work performed for the quarter. This timeline will also allow for adjustments to the before-the-fact charge distribution for the new quarter.

iii. Time and Attendance Records

All quarterly time and attendance records are signed by the appropriate supervisor or timekeeper as required by State law, regulation, rule, policy or guideline. The time captured is program specific, where required, to ensure the time is applied to the appropriate fund. The attendance record of salaried employees shall also be accurately documented whether federally funded or funded by State match.

iv. Subrecipient Timekeeping Requirements

Subrecipients are subject to the same requirements for time allocation and certification as the primary award recipients, see 2 CFR Part 225 Appendix B. 8(h). The WTSC shall ensure that subrecipients are informed of the applicable Federal time allocation and certification requirements and are operating in compliance by periodically examining their records to verify full compliance with these provisions.

V. Grant Administration and Management

A. Overview

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 WTSC staff, and some to all involved in the traffic safety program.

B. Grant Management

The WTSC employee responsible for the day-to-day oversight of a grant is called a program manager. The program manager is responsible for tasks associated within their program area(s) of responsibility (for example, impaired driving) including final grant agreement preparation, execution, and administration.

Program managers monitor and evaluate the subrecipient's performance and expedite invoice processing without unnecessary delays.

The program manager 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 the WTSC's rights, or provide the basis of a claim against the WTSC 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 an amendment to the grant agreement
- Allow supplanting (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 WTSC approval.

C. Submission of Invoices

i. Conditions

Reimbursement of costs under a final grant 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 in the Office of Management and Budget (OMB) circulars referenced in the grant agreement

State and non-State agency subrecipients use a WTSC developed A-19 Form or its pre-approved equivalent (referred to as "invoice") to bill the WTSC for costs incurred under the terms of grant agreements.

ii. Payment Procedures

The WTSC has established the following payment procedures for subrecipients.

- Subrecipients shall submit invoices to the WTSC on a monthly or quarterly basis or as provided in accordance with the terms of their grant agreement.
- Subrecipients shall submit separate invoices for expenditures under each Federal program funding area that they are seeking reimbursement.
- All invoices for goods received or services performed on or prior to June 30 of the grant year must be received by the WTSC no later than August 15.
- Invoices for goods received or services performed between July 1 and September 30 of the grant year must be received by the WTSC no later than November 15.
- Subrecipients must submit their final invoice within 45 days of the end of the grant period if the grant time period is not based on the Federal fiscal year.
- Invoices received after the above cutoff dates should not be reimbursed. Subrecipients are responsible for informing their accounting office of the above invoice submission deadlines.

iii. Documentation

The WTSC requires the subrecipient to submit and maintain complete financial and programmatic documentation of all invoices in the form of source documents to support the amounts claimed. The WTSC requires that the subrecipient submit the source documents with their invoice (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 by 49 CFR Part 18.42 and must be retained for a period of three years after submittal of the final invoice to the WTSC.

iv. Reimbursement Policy

- The WTSC requires all agreements to include a "maximum amount eligible for reimbursement." This maximum amount is the grant reimbursable amount and is the WTSC'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 WTSC 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 WTSC will review all proposed and submitted costs to determine that they are necessary, reasonable, and in compliance with applicable cost principles.

D. Public Information and Education (PI&E)

i. Materials

PI&E materials fall into two categories — educational and promotional and are defined as follows:

Educational — material that educates and informs an audience. These materials include items such as activity books, coloring books, brochures, posters, flyers, envelope stuffers, bumper stickers, etc.

Promotional — material that promotes, supports, or enhances efforts and directly relate to the project objective. These materials include key chains, on-board signs, mugs, pencils, magnets, litter bags, etc. There are more restrictions on the acquisition and use of promotional items because the cost of promotional items and memorabilia, including models, gifts and souvenirs are considered unallowable "advertising". See 2 CFR Part 225, Appendix B, Selected Items of Cost, Item 1(f)(3)

As of May, 2015, NHTSA has advised that **all promotional (incentive) items** (such as, trinkets, key chains, t-shirts, hats, mugs and bumper stickers) are **not** allowed to be federally funded.

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

ii. Advertising

The limited purchase of media time or space (television and radio time, print and billboard space) for traffic safety grant funded PI&E campaigns is permitted only in extraordinary circumstances and must be specifically approved by the WTsC and be included in the Washington's HSP.

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 WTSC and must provide the required Federal reporting information in their progress reports.

iii. 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 with 2 CFR Part 225, Appendix B.14. Costs of entertainment. 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. The WTSC 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

The WTSC shall follow the State and Department procurement rules and regulations for the purchase of goods and services for the direct use and benefit of the State's traffic safety program. Questions regarding the procurement rules should be directed to the WTSC Deputy Director. Such contracts must include the subrecipient certifications and assurances required of other subrecipients.

The WTSC shall monitor periodically the State and all subrecipient contracts and professional service agreements to verify compliance with the established State and/or local procurement procedures as required by 49 CFR Part 18.36 (b).

All Washington State procurement rules may be found at the following website maintained by the Washington State Department of Enterprise Services.

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. Procurement Procedures

WTSC procurement actions shall be accomplished in compliance with procurement rules published by the Department of Enterprise Services; OFM's State Administrative & Accounting Manual; the WTSC's Delegation of Authority; and internal policies and procedures relating to procurement and contracting.

F. Food/Beverage Costs

i. WTSC and Subrecipient Purchases – Federal Requirements

In addition to WTSC 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 if the primary purpose is the dissemination of technical information. This requirement applies to the WTSC and subrecipients. Records must be maintained to document that the primary purpose of the meeting was the dissemination of technical information and the persons in attendance.

The WTSC 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 also Section D. Public Information and Education (PI&E), iii. Sports Marketing. For additional information, refer to NHTSA Highway Safety Grant Funding Policy for Field-Administered Grants Part III. Unallowable Costs for Selected Items, (D) and, 2 CFR Part 225 (OMB Circular A-87) Appendix B, Item 3 and Item 14

See also Chapter VI. Fiscal Procedures, Section E. Allowable Costs.

G. Property Management

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 subrecipients manage and dispose of equipment acquired under 23 USC Chapter 4 in accordance with State laws and procedures.

State laws and procedures pertaining to property management are found in OFM's State Administrative & Accounting Manual, which establishes requirements that all agencies must follow regarding the management of State property.

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 WTSC 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 49 CFR Part 18.36, as appropriate.

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 OFM's State Administrative & Accounting Manual will be used in accounting for equipment purchased under the agreement.

Local Agencies and Other Non-State Subrecipients: Standards for property management described in 49 CFR Part 18.32(c) through (e) will be used in accounting for equipment purchased under a grant agreement. The Applicant Agency shall seek disposition instructions from the WTSC prior to disposing of any item of equipment purchased. The subrecipient may follow their own existing property management standards if they exceed the requirements set out in 49 CFR Part 18.32(c) through (e).

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 the property (including 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 (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 WTSC program manager. Subrecipients will institute adequate maintenance procedures to keep the property in good condition.

v. WTSC Inventory

The WTSC uses 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 State property management guidelines. The WTSC, 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 WTSC program manager physically verifies the existence and traffic-safety use of each item of equipment when conducting an on-site monitoring visit.

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 WTSC 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.

Upon completion or termination of a traffic safety grant or sub grant, or if it is determined by the WTSC that equipment is no longer needed for the purpose for which it was acquired, the equipment may, at the option of the WTSC, become the property of the WTSC. Permission for any other disposition must be obtained from the WTSC 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 WTSC 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.

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

H. Subrecipient Travel

Reimbursement for out-of-state travel expenses by subrecipients requires prior approval by the WTSC. 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 to the appropriate program manager. Upon approval, the subrecipient will then complete a WTSC Travel Authorization Form. 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.)

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 "Goods and Other Expenses" 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 "Goods and Other Expenses" 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 WTSC approval and requires this approval prior to travel and reimbursement. (See example following this table.)

Travel to attend in-state training not included in the approved grant agreement requires the subrecipient to submit a request for prior written authorization for attendance from the WTSC.

Subrecipients are eligible for per diem reimbursement of in-state travel costs at the approved state rate as published in OFM's State Administrative & Accounting Manual.

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. General Services Administration schedule available online at GSA Domestic Per Diem Rates, whichever is applicable.

Upon receiving a travel request in writing, the WTSC 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)

I. 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) 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.

For additional information, refer to 2 CFR Part 225, Appendix E. NHTSA has provided additional guidance on indirect rate cost plans in a 2010 Question and Answer document which can be found on the GHSA web site.

The NHTSA Regional Office may be consulted for assistance in verifying federally approved indirect cost rates for subrecipients including approved rates for Universities, Colleges and Hospitals. The WTSC shall require that subrecipients approved by the WTSC to receive indirect costs provide annually a current approval letter from the cognizant Federal agency stating the negotiated indirect cost rate (IDCR). Federally approved IDCRs are good until amended. The WTSC 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 WTSC files. The WTSC shall ensure that claims received from subrecipients which include indirect costs are determined to be charged accurately.

Circular A-21 "Cost Principles for Education Institutions" is the Federal regulation that provides additional guidance on indirect cost rates for Universities. The application basis for the indirect cost rate is contained in Appendix A, section G, subsection 2. 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). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each sub grant and subcontract in excess of $25,000 must be **excluded** from modified total direct costs. Other items may only be excluded where necessary to avoid a serious inequity in the distribution of F&A costs. There is additional guidance in subsection G.1 of Appendix A regarding the application of the rate to separate F&A "cost pools". 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.). See subsection 8a under Appendix A, Section G in Circular A-21 for more specific details on the rate cap and cost pools.

The WTSC may eliminate or reduce subrecipient paid indirect costs by instead establishing a policy that only specific direct costs will be reimbursed. 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?

2 CFR Part 230, Cost Principles for Non Profits uses similar language, "However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost."

Notes:

- If a State/local governmental subrecipient is considering changing a position to direct federal funding, care must be taken to avoid supplanting – the substitution of Federal funding for a general cost of government. The non-profit example given above is a good one because the supplanting concern would not apply.

- Non-profit sub-grantees would normally be governed by A-122, but for the issue of indirect cost rate plans, the HHS has determined that 2 CFR 225 will apply. 2 CFR Part 225, Appendix E, Sections C and D, provide guidance on allocation of indirect costs and determination of indirect cost rates, and submission and documentation of proposals. (A copy of the guidance letter and supporting correspondence is available from the NHTSA Regional Office.)

If the WTSC is using Federal funds for its own indirect costs or reimbursing State, local or non-profit agency subrecipients for indirect costs, the WTSC must comply with certain requirements.

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 which is renewed annually. If there is no cognizant agency rate, an interagency standard indirect cost allowance is permitted equal to 10 percent of direct salary and wage costs only excluding fringes, overtime and shift premiums. See 2 CFR Part 225 Appendix A (G.) Interagency services. The WTSC may negotiate with the State agency to pay an IDCR lower than the 10% inter agency IDCR as long as it does not create a greater cost than if the 10% rate had been paid on only direct salaries. If a State subrecipient has an IDCR, that rate must be used in lieu of the flat 10 percent rate if it is lesser, see ASMB C-10 Part 2 Attachment A, Question 2-21).

LOCAL and NON-PROFIT SUBRECIPIENTS: Where a local government is not a primary recipient of Federal funds, the WTSC will negotiate and/or monitor the subrecipient's indirect cost plan and an annual approval letter approved by a local government containing a certification signed by a government official specifying the year applied. The rate proposal and related documentation must be made available for Federal and State audit for three years after final payment and other pending matters are closed and should be maintained annually in the subrecipient's file. See 2 CFR Part 225, Appendix E, section D.1.b. The rate does not have to be federally approved. The WTSC cannot routinely grant an IDCR to subrecipients. Each subrecipient must have submitted an IDCR plan for review and acceptance.

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. Local agencies, universities and contractors that have a negotiated rate by a cognizant Federal agency may be paid that rate. The WTSC and subrecipient may mutually agree to an IDCR lower than that established by the cognizant Federal agency or the WTSC.

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 WTSC 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.

J. Program Income

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 23 CFR, §1200.34 and 49 CFR, Part 18.25(b), 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 fabricated under the grant
- Usage or rental fees from real or personal property (equipment) acquired with grant funds
- Sale of commodities or items fabricated under the grant agreement
- Payment of principal and interest on loans made with grant funds

See 23 CFR §1200.34 (c) for specific exclusions.

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.

The WTSC must approve a subrecipient's request to earn program income. There must be an indication in the WTSC HSP project description that the grant will generate program income and the total income earned must be reported by the WTSC 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.

49 CFR Part 18.25(g) (1) provides that program income which the subrecipient did not anticipate at the time of the award shall be used to reduce the federal agency and grantee contributions rather than to increase the funds committed to the project.

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

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 is considered to be supplanting and is not allowable. Refer to: NHTSA Highway Safety Grants Funding Guidance, Part IV, D, 2 CFR Part 225 Appendix B, 19 Program Administration, Supplanting.

L. Grant File Maintenance

Sound fiscal and program management of Washington's traffic safety program can be verified through the development and maintenance of complete, accurate and accessible files. In the absence of an electronic system for managing grants and associated documents, the WTSC establishes a physical project file for every grant. 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
- 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
- Monitoring reports
- Pre-approvals
- 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 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 WTSC program managers are 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 WTC guidelines.

M. Monitoring

i. Purpose

According to 49 CFR Part 18.40, the WTSC is responsible for managing the day-to-day operations of grant and sub grant supported activities. The WTSC must monitor grant and subrecipient supported activities to assure compliance with applicable Federal requirements and that grant objectives and performance targets are being achieved. Monitoring must cover each program, function or activity.

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 WTSC to provide technical assistance when needed. 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.

ii. Types of Monitoring

The WTSC 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:

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 program manager holds a discussion or communicates with a subrecipient project director through phone calls, meetings, email or other 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 program manager with each subrecipient in their program area at least monthly.

- Problems: If problems are identified, the situation could require a meeting between the subrecipient and the WTSC or even the scheduling of an onsite monitoring visit (See Sub Section v. Onsite Monitoring, below). The determination of the appropriate action to be taken should be made by the program manager and the WTSC Deputy Director. Any additional monitoring requirements will be documented in the grant file.

- Approach: The program manager 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 program manager will routinely set aside time to call or meet with subrecipient personnel. The program manager should make a list of issues or questions to cover prior to the contact. The program manager should ensure that all issues are covered 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 project director, this may include a financial officer and any other key project personnel.

- Documentation: Copies of important correspondence are to be kept in the grant file. A note to the file should be provided to document monitoring meetings and other discussions.

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 program manager 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 program manager 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 program manager during ongoing monitoring activity.

- Frequency: The program manager 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
  - ✓ Subrecipient has identified a new project director
  - ✓ Subrecipient has a past history of poor performance
  - ✓ A recent ongoing monitoring identified a potential problem

The program manager shall identify the list of subrecipients to be monitored each fiscal year using the above criteria and develop a proposed Monitoring Schedule.

- 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.

Document Type	Notes
Travel costs	Only travel directly associated with the grant may be reimbursed. This might include, for example, travel to meetings called by the WTSC.
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 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 program manager 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 program manager 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 program manager will complete the "WTSC Site Visit Monitoring Report." The program manager attaches copies of all appropriate records and other documents reviewed during the visit. The checklist, with attachments, will be placed in the grant file.

- 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 program manager and the WTSC Deputy Director. Any additional monitoring requirements will be documented in the grant file.

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 WTSC approvals

N. Fraud Prevention

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 WTSC in communicating with subrecipients, implementing safeguards, monitoring and taking action when fraud is detected.

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 for enforcement 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. Prevention Strategies

- 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 WTSC 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 WTSC
- 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

- Review and use as the basis for WTSC 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
  - ✓ WTSC 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: 49 CFR Part 18.20. Noncompliance with accepted standards for financial management systems; and, OMB Circular A-123 requirement that programs be protected from waste, fraud and mismanagement

O. Resolution of Monitoring Findings

i. Minor Findings

The program manager 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 WTSC of a proposed alternative or both. Under most circumstances, this date should be no more than 30 days after written notification by the WTSC.

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 program manager will request that a notice in writing, entitled "Grantee on Notice", be sent to the subrecipient with the WTSC Deputy Director 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 program manager will immediately notify the WTSC Director to determine the appropriate course of action. If serious financial problems or fraud are identified, the WTSC 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 WTSC Director's 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 WTSC 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 WTSC Director and the subrecipient, and implemented by the subrecipient. The subrecipient will be required to submit a Corrective Action Plan (CAP) to the WTSC 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 WTSC for compliance.

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

"The WTSC 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 WTSC 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 49 CFR Part 18.43. The WTSC 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 WTSC consistent with 49 CFR Part 18.43:

1. Temporarily withhold grant reimbursement – Requires the WTSC Director 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).
2. Suspend grant or part of grant – Requires the WTSC Director to provide written notice to the subrecipient's Project Director at least 10 days before effective date of the suspension and should include the part or activity in the grant which is being suspended and the action to be taken by the subrecipient to remove the suspension.
3. Wholly or in part cancel grant – (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 WTSC Director to provide written notice to the subrecipient's Project Director at least 30 days before effective date of the cancellation and shall include:
   a. Effective date of the grant cancellation
   b. Specific terms and/or conditions violated
   c. Requirement to forward to the WTSC all grant-related materials, whether or not completed
4. Debarment - 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
5. Withhold further awards for the program, or, take other remedies that may be legally available

In taking an enforcement action, the WTSC 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.

The subrecipient is entitled to receive reasonable and equitable reimbursement for work satisfactorily completed. Equipment purchased with grant funds shall revert to the WTSC for disposition in accordance with 49 CFR Part 18.32.

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 WTSC has determined through a review that all deficiencies have been corrected. If all deficiencies are found by the WTSC 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 WTSC will automatically place any requests by the subrecipient for funding in the next fiscal year within the "not to be funded" category.

P. Appeals

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

- 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 WTSC program manager and other appropriate staff to present any documentation in support of the appellant. Written notice of the decision of the WTSC 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 WTSC's decision, a written request to meet with the Washington State Dispute Resolution Board to present any documentation in support of the appellant. Written notice of the decision of the Washington State Dispute Resolution Board will be sent to the subrecipient within five days of the decision. The decision of the Washington State Dispute Resolution Board shall be binding on all parties.

VI. Fiscal Procedures

A. In-house Grant Payment and Federal Reimbursement Voucher Process

i. Review Process

The WTSC program manager reviews invoices submitted by subrecipients for reimbursement of grant related expenses. After review and verification, the Accounting Director or Fiscal Analyst conducts a financial review of the invoice and, upon finding it accurate and appropriate, proceeds to process the invoice for reimbursement. The Accounting Director or Fiscal Analyst performs certain required accounting actions in the State accounting system and the Federal GTS system to assist with subrecipient reimbursement and the WTSC Federal reimbursement voucher submission.

Note: Final invoices will not be approved for payment without the receipt of the subrecipient's Final Report (See Chapter IV. Grant Selection and Execution, Section F. Reporting Requirements).

The following diagram illustrates the invoicing process followed by WTSC:

ii. Entry of State/Local Matching Share

In addition to actual costs to be reimbursed to the State, federally required match funds must be calculated annually by the WTSC and entered into the GTS. This calculation determines the total funds, Federal and State match, which have been spent for all the National Highway Traffic Safety Administration (NHTSA) funding sources.

The WTSC shall establish a reliable process which ensures that Federal program match information entered into GTS for all traffic safety grants is based on the actual program match amounts calculated by the WTSC and reflected on subrecipient vouchers submitted to the WTSC for reimbursement. The WTSC shall ensure the actual program match amounts reported by subrecipients and reflected in the GTS are fully supported and documented in the individual project files. If in fact such program match amounts are insufficient to meet overall program match requirements, then the WTSC shall arrange for additional sources of legitimate program match to eliminate the shortfall.

The WTSC shall ensure that subrecipients clearly understand the program matching requirements of the funding source for their project and that the amount of match required may be substantially higher than the amount of Federal funds they receive for expenditure.

iii. Reporting of Benefit to Locals

Local benefit expenditures must be reported in GTS by March 31 each year AND reconciled at closeout to ensure full compliance when preparing the final voucher. The 40% minimum need not be met by March 31, but whatever local benefit that has been expended by that date should be reported. If the percentage appears to be significantly low on March 31, the WTSC should do further research to determine the cause – i.e. slow vouchering by locals or insufficient number or dollar amount of local sub grants. See 23 CFR Part 1200.23 (a) (3). Current local benefit source documentation must be readily available on site including evidence of an active local voice in the initiation, development and implementation of the programs when sub grants are directed to State agencies and local benefit is claimed. See 23 CFR Part 1200 Appendix E-Participation by Political Subdivisions. See also Chapter II. Planning, Section M. Benefit to Locals.

iv. Submission of Federal Reimbursement Voucher

The Accounting Director shall submit a Federal reimbursement voucher to NHTSA at least quarterly and no later than the 15 working days after the end of each quarter. Where a State receives funds by electronic transfer at an annualized rate of one million dollars or more, vouchers shall be submitted on a monthly basis no later than 15 working days after the end of each month. A final voucher shall be submitted no later than 90 days after the end of the fiscal year and all unexpended balances shall be carried forward to the current fiscal year.

There is no requirement that the monthly voucher requirement pertain to only "new" funding; only that vouchering must be conducted monthly.

At a minimum, each voucher shall provide the following information for expenses claimed in each program area:

a) Program Area for which expenses were incurred and an itemization of project numbers and amount of Federal funds expended for each project for which reimbursement is being sought
b) Federal funds obligated
c) Amount of Federal funds allocated to local benefit (provided no less than mid year (by March 31) and with the final voucher
d) Cumulative Total Cost to Date
e) Cumulative Federal Funds Expended
f) Previous Amount Claimed
g) Amount Claimed This Period
h) Matching rate (or special matching write off used, i.e. sliding scale rate authorized under 23 USC 120).

Copies of each project agreement for which expenses are being claimed under the voucher (and supporting documentation for the vouchers) shall be made promptly available for review by the NHTSA Regional Office upon request. Each project agreement shall bear the project number to allow the NHTSA Regional Office to match the voucher to the corresponding activity.

The WTSC shall work with the various Department divisions responsible for the State and Federal accounting and reimbursement process to ensure that Federal reimbursement vouchers are complete, accurate and in full compliance with the requirements contained in 23 CFR §1200.33 (a) - (e).

v. Federal Reimbursement Rejection

Failure to provide the required information shall result in rejection of the voucher. Failure to meet the stated deadlines may result in delayed reimbursement. Vouchers that request reimbursement for projects whose project numbers or amounts claimed do not match the list of projects or exceed the estimated amount of Federal funds provided under 23 CFR §1200.11 (e), or exceed the allocation of funds to a program area in the HS 217 shall be rejected, in whole or in part, until an amended list of projects and/or estimated amount of Federal funds and an amended HS 217 is submitted to and approved by the NHTSA Regional Office in accordance with 23 CFR §1200.32.

B. Federal Grant Tracking System (GTS)

The GTS is a Windows-based data base program developed by NHTSA to assist the States in the financial management of Federal grants. GTS was designed primarily to automate the financial information process, produce the required Federal financial documents at the program area level and electronically transmit this information to NHTSA's accounting department.

i. Types of GTS Transactions

GTS handles five major types of automated transactions. Each transaction type depends on the order of completion, validity, and accuracy. These five transaction types are:

- ☐ Obligation Limitation
- ☐ Obligation Cost Summary
- ☐ Advance of Funds
- ☐ Advance Reduction
- ☐ Voucher

Explanations of each of these transaction types follow.

- ☐ **Obligation Limitation** – The "Obligation Limitation" establishes the amount of federal funds available for expenditure under NHTSA 402 and designated incentive grant funds. The amounts of these funds available for the "Obligation Limitation" are downloaded into GTS.

- ☐ **Obligation Cost Summary -** The "Obligation Cost Summary" produces financial documents that obligate funds for the federal computerized accounting system. The overall process involves entering obligations for the current year and carry-forward funds into the GTS system. All entered information is verified and posted. After all posting has been processed; GTS automatically sends an electronic approved copy to the NHTSA Regional Office and to the Federal Accounting System.

- ☐ **Advance of Funds** - The advance request transaction allows the state to request federal funds electronically and prior to submission of a voucher. Prior to requesting federal funds or an advance request, federal funds must be obligated.

- ☐ **Advance Reduction** - Only States using the advance method of reimbursement with an outstanding advance balance can complete this transaction. Advance reduction transactions result when a State issues a check to NHTSA for either: reducing an outstanding advance balance *or* paying NHTSA an amount owed that resulted from an audit finding. Paying an amount that resulted from an audit finding can also be accomplished through a "Voucher Reduction" transaction.

- ☐ **Voucher -** Voucher transactions allow the State to process vouchers. Expenditures of funds must have a voucher at the same level that the funds were obligated - at the program, project, task, or sub-task level. Voucher reductions can also be entered just like a regular progress voucher, except that the amount entered will be a credit entry only.

ii. GTS Reports

A variety of GTS reports are available to streamline the State's fiscal management process and reduce the workload associated with meeting Federal reporting requirements. These reports are:

- ☐ *HSP Transactions Report* **-** This report itemizes all Highway Safety Program (HSP) transactions, provides detailed information on Federal funds, and assists in determining data entry errors.

- ☐ *HSP Cost Summary Report* **-** This report reflects detailed information by project, program area, specific funding sources sub-totaled by NHTSA fund sections. The format of this report replicates the Federal HS-217 Cost Summary Form and shows the increase or decrease for each program area. This report can be printed in detail, showing each project or task, or summarized by program level amounts only.

- ☐ *HSP Approved Program Amounts Report* **-** This report details the same information as the HSP Cost Summary report but does not report the decrease or increase for each program area.

- ☐ **Obligated Programs Amount Report -** This report itemizes all detailed information by project, program area, NHTSA sections or other obligations. It also shows the amount of current and carry-forward funds.

- ☐ **Highway Safety Program Cost Summary -** This report is strictly for Obligation purposes. The report format replicates the HS-217 Cost Summary Form and shows the increase or decrease for each program area. It can be printed in detail to reflect each project or task, or summarized to show program level amounts only.

- ☐ *Voucher Transactions Reports* **-** This report details all voucher transactions.

- ☐ *Status of Obligations and Expenditures* **-** This report is for information purposes only and shows the unobligated and unexpended amounts for each program area.

- ☐ *Status of Current and Carry Forward Funds* **-** This report separates the obligations, expenditures, and unexpended funds by current fiscal year and by carry-forward (from previous years). This report also shows Federal share-to-local benefit, and State and local expenditures.

iii. Electronic Transfer of Funds

Within 7-10 business days of approval of the voucher by the NHTSA Regional Office, funds are electronically transferred from NHTSA to the State Treasury.

C. Matching Funds

Match is defined as State and local funds that are expended in support of other qualifying traffic safety programs and have not been utilized by another Federal, State of local agency as matching funds for a separate Federal project.

As provided in the NHTSA Highway Safety Grants Funding Guidance, Part II, B and Appendix A, the required State match amount is calculated as a percentage of the total (Federal and State) program costs. NOTE: Those States affected by nontaxable Indian lands, Public Domain lands, National Forest, National Parks and Monuments that qualify for "Sliding Scale Matching Rates" should refer to NHTSA Order 462-6C State Matching Rates. See also 23 CFR Part 1200.20(f) for section 405, 23 USC Part 120(b)

The WTSC is responsible for calculating, documenting and recording required match by program. Special attention should be paid to unique requirements of specific programs. Written documentation of match must be on file and updated annually. The match funds must relate to the program type of the funding source (i.e. funds used to support impaired driving related programs must be used to meet Section 410 match requirements). Section 402 match dollars may have a general traffic safety purpose. For all match funds identified and documented by the WTSC, no other program (Federal, State or local) may utilize the same dollars as program match.

MATCHING REQUIREMENTS:

Section 402 and Section 405:

- ☐ Federal share is not to exceed 80% unless a special matching write off is used (i.e. sliding scale rate authorized under 23 USC 120(b)).
- ☐ No match is required for U.S. Territories or for the Indian Highway Safety Program.

Matching Requirements for P&A:

- ☐ Section 402 (including Section 154 & 164 funds transferred to Section 402)
- ☐ The Federal P&A share shall not exceed 50% of total P&A costs, except for select States using the sliding scale for match (See NHTSA Order 462-6C).
- ☐ The limit on the amount of Section 402 funds (and repurposed 402 funds) that can be spent on P&A is 13 percent of the total new 402 funds programmed for expenditure. The funds are required to be used in support of alcohol-impaired driving programs only.
- ☐ No match is required for Section 154 or 164 funds transferred to Section 402. Section 154 or 164 funds may be moved from P&A back to program purposes but not back to P&A.
- ☐ No match is required for U.S. Territories (23 U.S.C. 120(i)), or for Federally recognized Indian Tribal governments (23 USC 402 (h) under the Indian highway safety program.

D. Grant Tracking Spreadsheet

The WTSC utilizes an Expenditure Tracking Spreadsheet to track the current financial status and other related information regarding each approved grant agreement. The spreadsheet is created each fiscal year by the Accounting Director.

E. Allowable Costs

49 CFR Part 18.22 of the "Uniform Administrative Requirements for Grants and Cooperative Agreements" provides the following:

a. Limitation on use of funds. Grant funds may be used only for:

- ☐ The allowable costs of the grantees, subrecipients and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
- ☐ Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subrecipient.

b. Applicable cost principles. For each kind of organization, there is a set of Federal principles for determining allowable costs. Allowable costs will be determined in accordance with the cost principles applicable to the organization incurring the costs. The following table lists the kinds of organizations and the applicable cost principles.

For the costs of a	**Use the principles in --**
State, local or Indian tribal government	2 CFR Part 225 (OMB Circular A-87)
Private nonprofit organization other than an (1) institution of higher education, (2) hospital, or (3) organization named in OMB Circular A-122 as not subject to that circular.	2 CFR Part 230 (OMB Circular A-122)
Educational institutions	2 CFR Parts 215 and 220 (OMB Circular A-21)
For-profit organization other than a hospital and an organization named in OMB Circular A-122 as not subject to that circular	48 CFR Part 31. Contract Cost Principles and Procedures, or uniform cost accounting standards that comply with cost principles acceptable to the

	Federal agency.

i. 2 CFR Part 225 - OMB Circular No. A-87

2 CFR Part 225 "Cost Principles for State, Local and Indian Tribal Government: (OMB Circulate A-87) establishes principles for determining the allowable costs incurred by State, local, and federally-recognized Indian tribal governments (governmental units) under grants, cost reimbursement contracts, and other agreements with the Federal Government. The WTSC reimburses subrecipients for all costs incurred under the grant agreement subject to these cost principles. The WtSC must also comply with these cost principles when submitting requests for cost reimbursement through the WTSC internal grants.

Appendix A of A-87, General Principles for Determining Allowable Costs, provide principles to be applied in establishing the allowability or unallowability of certain items of cost. **Note:** Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

See also Appendix B of A-87, Selected Items of Cost for guidance regarding specific items commonly addressed by States.

ii. NHTSA Grant Funding Policy - Allowable and Unallowable Costs

The NHTSA Highway Safety Grants Funding Guidance, Part II, B and Appendix A, Part II. Allowable Costs under "Specified Conditions or Limitations for Selected Items" and Part III. "Unallowable Costs for Selected Items" are available on line and should also be consulted. These provisions state costs which are allowable under specified conditions. In the event of a conflict between this section and OMB Circular A-87, A-21, A-122, or 45 CFR, Subtitle A - Appendix E to Part 74, the provisions of the applicable Circular will be controlling (except where inconsistent with statute). See below for the topic areas included in Parts II and III.

Part II. Allowable costs under specific conditions or limitations for selected items:

- ☐ Equipment
- ☐ Travel
- ☐ Training
- ☐ Program administration (consultant services, promotional activities, purchase of alcohol [also see Part III, D.4.], but in no case for consumption, in "sting" type operations as long as the operations are not in conflict with any Federal, State or local law, meetings and conferences)
- ☐ Public communications (advertising space)

Part III. Unallowable costs for selected items:

- ☐ Facilities and construction
- ☐ Equipment
- ☐ Training
- ☐ Promotional items
- ☐ Program administration (supplanting, research, alcoholic beverages, entertainment, commercial driver)
- ☐ Lobbying

F. Single Audit Procedures – Federal A-133 Requirements

The basic directive pertaining to the audit of State and local governments, institutions of higher education, and other non-profit organizations is the Office of Management and Budget (OMB) revised Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Circular A-133 implements the Single Audit Act amendments of 1996 and provides uniform single audit requirements for all non-Federal grantees including State and local governments, colleges and universities, hospitals, and other non-profit organizations. This Circular, which was issued June 30, 1997, applies to audits of fiscal years beginning after June 30, 1996, and supersedes prior versions of Circular A-133, as well as, rescinding Circular A-128, "Audits of State and Local Governments."

Subrecipients expending $500,000 or more (will increase to $750,000 for FY16) in Federal awards from all sources must complete and submit an A-133 audit. To communicate this requirement, the WTSC includes a standard requirement in all subrecipient agreements that describes the conditions that are subject to an A-133 audit or review. The requirement also states that subrecipients must submit copies of any audits and review reports which they have had prepared to the WTSC for informational purposes if requested regardless of whether the A-133 criteria for audit or review are met.

The WTSC Accounting Director receives and reviews all audits and other review reports pertaining to subrecipients to determine the potential existence of findings that may require appropriate and timely corrective action. The Accounting Director views the Single Audit Database maintained on line by the Federal Audit Clearinghouse to determine whether audits for any current subrecipients have been posted.

The WTSC shall determine whether the audit meets the requirements of OMB Circular A-133 and shall issue a management decision on audit findings within six months after receipt of the subrecipient's audit report. The WTSC shall ensure that subrecipients take appropriate and timely corrective action in addressing audit findings. In cases of continued inability or unwillingness to have an audit conducted as required, the WTSC shall take appropriate action using sanctions such as: (a) withholding a percentage of Federal awards until the audit is completed satisfactorily; (b) withholding or disallowing overhead costs; (c) suspending Federal awards until the audit is conducted; or (d) terminating the Federal award.

The single audit concept provides that recipients of Federal funds use their own procedures to arrange for independent audits that are to be made on an organization-wide basis, rather than on a grant or project basis. If this organization-wide audit complies with the specific requirements of OMB Circular A-133, then no additional audit requirements are normally imposed and all grantor agencies will rely on such audits.

VII. Fiscal Year Closeout

A. Overview

Grant and Federal fiscal year closeout activities begin when all required progress reports, Final Reports and final invoices have been received from subrecipients by the WTSC.

When final invoices are processed, the WTSC prepares for submittal the final Federal reimbursement voucher. Included in this process is the final determination of the amount of program funds actually expended and the under run amount which is available for carry forward to the new program year.

Part of this process also involves the final determination of the amount of Federal funds expended for local benefit (40 percent minimum required), see Appendix E to 23 CFR Part 1200-Participation by Political Subdivisions, and that the State and local match to the program met or exceeded the minimums based on the Federal funding source requirements. See Chapter VI. Fiscal Procedures, Section C, Matching Funds.

B. Deadlines, Penalties and Extensions

Washington's HSP for a fiscal year and the authority to incur costs under that plan expire on the last day of the fiscal year. Grant funds remaining at the end of the fiscal year are available for expenditure during the next fiscal year provided the WTSC has a new HSP approved by NHTSA and the remaining funds (carry forward) are identified and programmed in the HSP and in an updated and approved HS 217. See 23 CFR §1200.41 (a). See Chapter II. Planning, Section Q. Three Years Plus One Federal Obligation Restriction.

The WTSC is required to submit the final billing for the closing grant year to NHTSA by December 31. In order to meet the annual closeout deadline, all final invoices must be received by the WTSC from subrecipients by November 15 and be entered for payment into the State Accounting System. Any invoices received from subrecipients after November 15 **cannot** be processed or approved for payment with Federal funding.

The expiration of the HSP does not affect the ability of NHTSA to disallow costs and recover funds on the basis of a later audit or other review or the State's obligation to return any funds due as a result of later refunds, corrections or other transactions.

i. Penalties

The final voucher constitutes the final financial reconciliation for each fiscal year, see 23 CFR §1200.40. There are penalties for failure to provide the information specified, meet the deadlines or to specify only projects whose project numbers or amounts match the list of projects and do not exceed the estimated amount of Federal funds for the project or the allocation of funds to a program area. The penalties may include rejection of the voucher in whole or in part. See 23 CFR §1200.33 (e).

ii. Extensions

Extraordinary circumstances to request an extension may be brought to the attention of the NHTSA Regional Administrator at the discretion of the WTSC Director, however it is expected that this would occur very rarely. In this case, the State is required to submit a written request for an extension which describes the extraordinary circumstances necessitating an extension. The approval of any such extension request is required to be in writing, to specify the new deadline for submitting the final voucher and must be signed by the NHTSA Regional Administrator.

All grant related records shall be retained for at least three years from the date the final voucher is submitted to NHTSA.

C. Federal Grant Tracking System Closeout Process

The WTSC Vouchering Process for project closeout and final reimbursement is as follows:

In addition to actual costs to be reimbursed to the State, the State's share of matching funds must be finally calculated based on the final expenditures and entered into the GTS. This calculation determines the total funds, Federal and State matching, which have been spent for NHTSA funding sources.

D. Grant File Closeout

After the final Federal reimbursement voucher for the grant year has been submitted, the WTSC closes out each grant number and file for that fiscal year. Each file will be reviewed for completeness, accuracy of filing and resolution of any pending matters.

E. Financial Obligation Closeout Summary

The financial obligation closeout is a final accounting of all WTSC expenditures for the year. As required in the 23 CFR Part 1200.40, the financial obligation closeout will include a copy of the final official voucher for total expenses incurred which satisfies the requirements of 23 CFR Part 1200.33. The following information for expenses claimed in each program area will be identified in the final voucher as follows:

- ☐ Program area for which expenses were incurred and an itemization of project numbers and amount of Federal funds expended for each project
- ☐ Federal funds obligated
- ☐ Amount of Federal funds allocated to local benefit (March 31 and with the final voucher)
- ☐ Cumulative total cost to date
- ☐ Cumulative Federal funds expended
- ☐ Previous amount claimed
- ☐ Amount claimed this period
- ☐ Matching rate (or special matching write off used if applicable)

The Accounting Director is responsible for completing the final NHTSA Highway Safety Program Cost Summary Form HS 217 and submitting it for signature prior to electronic transmittal of the form to NHTSA for approval by December 31 each year.

The NHTSA Approving Official may extend the time period to submit a final voucher only in extraordinary circumstances. A written request must be submitted for an extension. The approval shall be in writing, shall specify the new deadline for submitting the final voucher and shall be signed by the Approving Official.