



Montana Department of REVENUE



Success through partnerships

MONTANA
CONTRACT MANAGEMENT MANUAL
UPDATED
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Montana Department of Transportation

Table of Contents

Table of Contents	2
Chapter 1- Introduction	4
1.1 Mission	4
1.2 Background and Purpose.....	4
1.3 Manual Updates and Disclaimer.....	4
1.4 General Highway Safety Office Responsibilities	4
Chapter 2 -Establishment of Statewide Highway Safety Goals.....	6
2.1 Data Analysis.....	6
2.2 Problem Identification.....	6
2.3 Comprehensive Highway Safety Plan.....	6
2.4 CHSP Targets.....	7
2.5 Highway Safety Plan.....	7
Chapter 3- Completing the Grant Application.....	8
3.1 Grant Year and Application Deadlines	8
3.2 Proposal Types.....	8
3.3 Grant Application Submission Process.....	9
3.4 Sections of the Grant Application	9
3.5 Application Selection Process.....	10
Chapter 4- The Standard Agreement.....	11
4.1 General.....	11
4.2 Components of the Standard Agreement	11
4.4 Grant Revisions	14
Chapter 5 - Eligible Costs	15
5.1 General.....	15
5.2 Buy America.....	16
5.3 Personal Services/Supplanting	16
5.4 Travel/Training Expenses	17
5.5 Procurement of Goods and Services.....	17
5.6 Equipment	17
5.7 Sponsoring Meetings/Conferences.....	18
5.8 PI&E.....	18
5.9 Indirect Costs/Administrative Fees.....	21
5.10 Program Income.....	21
5.11 In-Kind Contributions/Matching Funds.....	22
5.12 Ineligible Costs.....	22
Chapter 6- Contract Administration	23

6.1 General	23
6.2 Contractor Responsibilities.....	23
6.3 MDT Responsibilities	23
6.4 Contract Amendments	23
6.5 Consequences of Non-Compliance	24
6.6 Contractor Request for Termination.....	24
Chapter 7- Reporting Requirements.....	25
7.1 General	25
7.2 Timeline.....	25
7.3 Equipment Reporting	25
7.4 Progress Reports	25
7.5 Final Reports	26
7.6 Special Progress Reports	26
Chapter 8-Reimbursement Process.....	27
8.1 General	27
8.2 Subrecipient Responsibilities.....	27
8.3 SHTSS Responsibilities.....	28
Chapter 9 - Project Monitoring	29
9.1 General	29
9.2 Pre-Award Risk Assessment.....	29
9.3 Desk Reviews/Ongoing Monitoring	30
9.4 On-Site Reviews	31
9.5 Resolution of Monitoring Findings.....	32

Chapter 1- Introduction

1.1 Mission

The mission of the Montana Department of Transportation Highway Traffic Safety Office (MDT/SHTSS) is to reduce the number and severity of traffic crashes, injuries and fatalities on Montana Highways, under the direction of the Governor's Representative for Highway Safety.

1.2 Background and Purpose

The MDT State Highway Traffic Safety Section, under the supervision of the Governor's Representative for Highway Safety, manages and implements the Procedures Manual, and ensures that the state procedures meet the requirements of the applicable federal regulations and state laws.

The purpose of this manual is to establish consistent program and project management procedures for staff and sub-recipients to guide the administration of the State's traffic safety program in compliance with U.S. DOT, National Highway Transportation Safety Administration (NHTSA) regulations. This manual is intended for use by SHTSS personnel, Department employees, State and local government officials, and anyone interested in the procedures which are followed by the SHTSS.

1.3 Manual Updates and Disclaimer

This guide has been prepared by MDT SHTSS. It will be updated annually or when significant changes warrant updates. However, it is intended to serve as a reference and is not considered final source when questionable situations arise. If you need further assistance, please contact your Transportation Planner at SHTSS. This is based upon GHSA and NHTSA guidance, and is intended as a reference guide only. For the full guidance see <http://www.ghsa.org/html/resources/mgmt/polproc.html>.

1.4 General Highway Safety Office Responsibilities

The highway safety program is a grant program with the National Highway Traffic Safety Administration (NHTSA) to be administered by the State Highway Safety Office. These funds are utilized to reduce Montana's fatal and serious injury crash rates and support projects and activities that will assist in reaching the goal.

The funds available are described in further detail in the Catalog of Federal Domestic Assistance (CFDA), number 20.600 through 20.605. View these on-line at https://www.cfda.gov/?s=program&mode=list&tab=searchresults&tabmode=list&_so_list_froma345e59a09d0aa1d5eef16228ddd7b4c=180&_so_list_froma345e59a09d0aa1d5eef16228ddd7b4c_page=10.

MDT SHTSS is responsible for the dispersing, monitoring and administering these funds. Funding is provided to assist with the implementation and/or continuation of projects addressing specific traffic-related problems. To administer this funding, the State Highway Traffic Safety Section will:

- Prepare the annual Highway Safety Plan (HSP) as required by 23 CFR 1204.4
- Coordinate the HSP with the other federally and non-federally supported programs relating to or affecting Highway safety.
- As part of the Comprehensive Highway Safety Plan (CHSP), establish priorities for highway safety programs funded under 23 U.S.C. 402, and other programs offered by the National Highway Traffic Administration within the state of Montana.

- Provide information and assistance to prospective aid recipients on program benefits, procedures for participation and development of plans.
- Assist local units of government in improving their highway safety planning and administrative efforts through the CHSP process.
- Review the implementation of the CHSP programs regardless of funding source, and evaluate the implementation of those plans and programs funded under 23 U.S.C. 402.
- Monitor the progress of activities and the expenditures contained in the state's approved CHSP.
- Assure independent audits are performed over subgrantees as required by federal regulations.
- Assure program performance through analysis of data relevant to highway safety planning

Chapter 2 -Establishment of Statewide Highway Safety Goals

2.1 Data Analysis

Data collection is the first step in developing a highway safety program. This requires extensive review and analysis of crashes, the causes, and the results. This information is used to establish a historical trend covering at least the previous five years of crash data. Data sources include the Fatality Analysis Reporting System - FARS and the Safety Information Management System – SIMS statewide crash database.

2.2 Problem Identification

Using the information from the data analysis process, trends are identified and problem areas are evaluated. The data is further scrutinized to determine specific influencing factors such as lack of seat belt use, driving while impaired, urban versus rural areas and age of the drivers. A collaboration of highway safety stakeholders assist in reviewing this information to determine the “emphasis areas” to address in the Highway Safety Plan.

2.3 Comprehensive Highway Safety Plan

The CHSP was developed by the Montana Department of Transportation in a cooperative process with local, state, federal, tribal and other safety stakeholders. It continues to be a data-driven, multi-year comprehensive plan that establishes statewide safety targets, objectives, and key emphasis areas and includes the four E's of highway safety – engineering, education, enforcement, and emergency medical services (EMS). The CHSP enables coordination of safety programs and partners to work together to cooperatively address safety issues, align goals, and leverage resources to reduce fatal and serious injuries on Montana’s roadways.

The CHSP:

- Is data-driven; and
- Establishes statewide goals and objectives.
- Defines key emphasis areas to focus resources.

Data analysis is used to identify which safety issues the CHSP plan would focus on. Crash factors include those related to infrastructure (i.e., intersections, roadway departure), populations (i.e., older or younger drivers) behaviors (i.e., restraint use, impaired driving, distracted driving), or modes/vehicles (i.e., motorcycles, pedestrians, bicyclists, trucks). Based on analysis of this data, it was determined that the CHSP should focus on the following three Emphasis Areas:

- Roadway Departure and Intersection Crashes
- Impaired Driving Crashes
- Occupant Protection

In addition to these identified Emphasis Areas, MDT is committed to pursuing three additional key overarching strategy areas that will benefit all safety activities. These areas are:

- Data- Improving the accuracy, completeness, integration, timeliness, uniformity, and accessibility of data used in traffic safety analysis;
- EMS – Support the essential role of Emergency Medical Services in reducing the severity of injury outcomes and the technologies and systems necessary to advance collaboration with all safety partners.
- Safety Culture- Collaborate across agencies, organization and the public to increase the safety culture and promote the institutionalization of Vision Zero.

2.4 CHSP Targets

The State adopted the following long-range targets:

- Fatality Target – No more than 172 fatalities by 2020
- Fatality Rate Target – No more than 1.28 fatalities per 100 motor vehicle miles traveled by 2020
- Serious Injuries – No more than 796 serious injuries by 2020
- Serious Injury Rate – No more than 5.9 serious injuries per 100 motor vehicle mile traveled by 2020

To review the entire CHSP link to http://www.mdt.mt.gov/publications/docs/plans/chsp/current_chsp.pdf

2.5 Highway Safety Plan

The Highway Safety Plan is created compiling all of the approved highway safety projects, a short description, and how they address the identified problems. SHTSS staff develops the plan and it is submitted to the Rail, Transit & Planning Division Administrator and the Governor's Highway Safety Representative for approval. The plan is due to the NTHSA regional office by June 30 of each year. After NTHSA review and approval, the plan is implemented on October 1 and is in effect through September 30 of the following year. The most current Highway Safety Plan can be reviewed at

http://www.mdt.mt.gov/publications/docs/brochures/safety/safety_plan.pdf.

Chapter 3- Completing the Grant Application

3.1 Grant Year and Application Deadlines

Grants are awarded in accordance with the Federal Fiscal Year, which begins October 1 and runs through September 30 the following year. Although applications may be submitted throughout the year, the deadline for submitting applications for the subsequent fiscal year is March 1. Below is the timeline for SHTSS deadlines:

Milestone	Timeline
Application submission deadline for funding.	March 1
Application review and assessment. Funding and project recommendations made to the Governor’s Representative (GR) for Highway Traffic Safety.	March 1 – April
Preliminary contract negotiations.	April 30 - May 30
Draft Annual Highway Safety Plan (HSP) prepared by MDT staff and submitted to the GR for approval.	May 1 - June 30
Deadline for Annual Highway Safety Plan submission to NHTSA.	July 1
Deadline for NHTSA to notify state whether or not Highway Safety Plan is approved.	August 30
Notification to applicants regarding funding approval or denial.	September 1
Signed contracts due from subrecipients to MDT	October 1
<i>Start of Federal Fiscal Year</i> Contracts are finalized and routed for signatures. Effective date of contract varies; please check with your assigned program manager for details.	October 1 – September 30
Annual Highway Safety Planning Meeting.	Fall each year

3.2 Proposal Types

There are a many different types of projects funded by SHTSS. These include:

- Occupant protection and child passenger safety programs
- Impaired driving and other alcohol programs
- Programs for motorcyclists
- Native American programs
- Traffic records projects
- Other educational programs targeted at high risk populations or behaviors (e.g. younger drivers, speeding) (based on the CHSP)

SHTSS will consider all projects that are intended to meet the goals of reducing crashes, fatalities and incapacitating injuries in Montana. All projects must support the goals and strategies of the Comprehensive Highway Safety Plan.

3.3 Grant Application Submission Process

Traffic safety grant selection procedures that fully comply with the State and Federal regulations shall be published and used by the SHTSS. Only grant applications that address the traffic safety issues identified through the annual Highway Safety Plan (HSP) problem identification process shall be accepted. The grant selection procedure shall be reviewed and updated annually. The traffic safety grant opportunity for the following Federal Fiscal Year is announced by SHTSS through several venues including the MDT Newslines publication, the Montana Web grants System e-mail to all registered users, and announced at the annual CHSP/HSP meeting. The SHTSS will accept grant applications for the following Federal Fiscal year up to March 1st annually.

The following agencies/organizations are eligible to submit applications for highway traffic safety grants:

- State agencies
- Cities, counties and their sub agencies
- Non-profit organizations with existing IRS 501 (c)(3) status
- For other eligibility – contact SHTSS

Proposals for funding must support the strategies and countermeasures identified in the CHSP/HSP.

Demonstration projects 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 SHTSS to assess the effectiveness of the project at its conclusion may be considered.

Application submittal: Applications are due March 1st annually. Late applications will not be accepted. Applications will only be accepted through the Montana Web grants application site. Applicants must register for access to the system. When the applicant has completed the submittal process, the submittal will be acknowledged by an e-mail generated by the system.

Instructions for submitting the grant application are available:

<http://www.mdt.mt.gov/visionzero/grants/>

Tracking receipt and handling of proposed grant applications. The Montana Webgrants system allows the SHTSS to designate review teams, track the progress of the review and provide summary information on scoring and phase of progress a grant application is in. Applications that will proceed to grant contract will be tracked through the system from contract negotiations, execution, payment and reporting.

3.4 Sections of the Grant Application

The grant application includes several sections that will allow for a better understanding of the project and the impact on highway safety. These sections include Applicant Identification, Project Narrative, Project Objectives, Project budget and any attachments necessary to complete the application. Additional instructions on completing the application are available at <http://www.mdt.mt.gov/visionzero/grants/>. The application form can be found on-line at www.fundingmt.org.

3.5 Application Selection Process

After the March 1 deadline, SHTSS staff review and score all the applications and conduct meetings to discuss the proposals. Projects are evaluated based on their ability to advance strategies within the CHSP, whether or not there is research to support their potential effectiveness, and projected funding levels for the upcoming fiscal year. Other criteria considered in the review include:

- Does the request for funds address the identified highway safety problem and help meet the goals and objectives of the highway safety plan?
- Will the countermeasures proposed assist in solving the problem?
- Are the objectives achievable and measurable?
- Are all activities approved and all costs allowed under the applicable federal rules?

The summary and staff recommendations are presented to the Governor's Representative (GR) for Highway Safety, the Director of Transportation. Once the projects are approved by the GR, SHTSS staff prepares the *Highway Safety Plan* outlining all projects selected for funding. The HSP is forwarded to NHTSA for final content and funding approval.

All applicants will be informed of grant status by letter. If more information is needed in order to properly review the proposal, MDT will contact the applicant.

Chapter 4- The Standard Agreement

4.1 General

Applicants for funding will be notified of the grant award in writing by September 1 annually. Unsuccessful applicants will also be notified on this schedule. The SHTSS will conduct debriefing conference with unsuccessful applicants upon request in person or via telephone. Discussions will be limited to a critique of the proposed grant application. Comparisons between other applications or evaluations of other applications are not permitted.

Once a decision has been made to fund a project, MDT will begin the process of formalizing the contract with the “standard agreement”.

Depending on the type of grant awarded, the contract will consist of relevant grant-specific documents, such as a scope of work description and required reporting forms. For more detail, please see **Section XIX: Exhibits attached to the standard agreement** (page 11).

SHTSS staff will work with the subrecipient to negotiate the final agreement. The agreement will outline the specific components of a project, the final authorized budget, the specific performance measures and objectives. Once the agreement has been consented to, SHTSS will prepare two complete sets. To execute the agreement, **both** sets must have **original signatures** on the signature page in ink.

The final agreement submitted to SHTSS must be signed by the authorizing official (personal with contracting authority) for the applicant agency or organization. The authorizing official and the project directly 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.

The sub-recipient is responsible upon receipt of the agreement to review it carefully. If changes to the initial application were necessary, they are mostly likely in the Scope of Work, which contains the background, purpose, goals, deliverables, evaluation, performance measures and budget for the agreement

Do not use whiteout anywhere on the signature page. Draw a single line through any mistakes and enter the correct information. No one may sign “for” individuals whose names appear on the signature page.

4.2 Components of the Standard Agreement

The general agreement provision sections of the agreement summarize the terms of the contract between the Subrecipient and MDT. The agreement contains sections that provide the terms and conditions governing the grant or agreement and certifies that a sub-recipient will comply with the applicable regulations, policies, guidelines, and requirements as they relate to the application, acceptance, and use of Federal or State funds for the project. These components include:

ARTICLE 1. PROJECT

Section 1.1 Purpose of Contract. This section explains the purpose of the agreement. This is a general statement about the highway traffic safety program.

Section 1.2 Scope of the Project. This section will outline the objective and activities of your project. Information provided in the original application will be used to outline the scope.

Section 1.3 Project Description. The original description provided in the application will be used to describe the project.

Section 1.4 Period of Performance. This Indicates the beginning and ending dates. The project activities must start within 10 days of the agreement being executed (signed by all parties) and generally must be completed no later than September 30th, unless otherwise noted.

Section 1.5 Costs of Project. Project costs shall be identified by the budget and budget narrative provided in the application for funding.

Section 1.6 Indirect Costs. If indirect costs will be charged to the project, they must be in accordance with 2 CFR Part 200.414 and approved by the cognizant agency. A copy of the approval letter must be provided to MDT prior to the charges being incurred.

Section 1.7 Definitions. These apply only to projects and agreements for equipment purchases.

Section 1.8 Equipment. This outlines the requirements of equipment purchases.

Section 1.9 Insurance. All contractors, other than state and local government contractors, must file certificates of insurance with MDT's purchasing services bureau within 10 working days of notice of award and it must be valid throughout the entire contract period. Contracts will not be issued to contractors (excluding Tribal Governments) without proof of workers' compensation insurance valid with the state of Montana or proof of exemption thereof. For further information contact MDT's purchasing bureau at 406) 444-6365 or 444-6033 or fax to 444-7613.

Section 1.10 Reporting/Reimbursement Requests. This outlines the requirements for reporting and reimbursement requests. For more information see *Chapter 7 – Reporting Requirements and Chapter 8 – Reimbursement Process.*

Section 1.11 Conflict of Interest. If the Subrecipient has a conflict of interest, MDT will be notified immediately.

Section 1.12 Mandatory Disclosures. The Subrecipient must disclose, in a timely manner, in writing to the Department all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award

Section 1.13 Internal Controls. The Subrecipient must establish and maintain effective internal controls over the award.

Section 1.14 Single Audit. All Subrecipients are subject to the audit requirements of 2 CFR 200 Subpart F if the audit threshold is met.

ARTICLE 2. TERMS AND CONDITIONS

Section 2.1 Default. Non-performance with any portion of the agreement will constitute default.

Section 2.2 Termination. MDT will provide ten working days' notice if it's in MDT's best interest to terminate the agreement. Inadequate performance is a reason for contract termination.

If during the term of this agreement, federal funds become reduced or eliminated, the department may immediately terminate or reduce the grant award upon written notice to the project director.

Only actual expenses incurred to the date of termination will be reimbursed.

Section 2.3 Litigation. Should an issue arise with this agreement, the venue is the First Judicial District Court of the State of Montana, Lewis and Clark County.

Section 2.4 Agreement Modification. This agreement cannot be changed unless it is agreed upon by all parties.

Section 2.5 Subcontracting. If a determination is made to subcontract any part of the agreement MDT must be notified prior to a formal subcontract being executed.

Section 2.6 Indemnification. This clause holds MDT harmless in the event of any issues arising from the performance of this agreement.

Section 2.7 Compliance with Laws. Subrecipient must adhere to all state and federal laws.

Section 2.8 Access and Retention of Records. MDT retains the right to access any records relating to this agreement. Subrecipient will create and retain supporting records for a period of three (3) years.

Section 2.9 Severability and Integration. If any parts of this agreement are determined void, all other parts will still remain valid.

Section 2.10 Waivers. If the Subrecipient does not perform a provision of the contract as agreed upon, it does not waive them from completing the remaining provisions.

Section 2.11 Seat Belt Policy. Subrecipient is required to adopt a seat belt use policy that applies to all employees during work hours, in compliance with state law.

ARTICLE 3 FEDERAL REQUIREMENTS

Section 3.1 Nondiscrimination. This outlines the Federal requirements for nondiscrimination. In addition, Attachment A outlines all MDT nondiscrimination requirements.

Section 3.2 Political Activity. Subrecipient must comply with the provisions of the Hatch Act (5 U.S.C. 1501-1508), which limits political activities utilizing grant funds.

Section 3.3 Certification Regarding Federal Lobbying. As signatory to the agreement, the Subrecipient assures no funding has been provided to lobbying efforts at the Federal level.

Section 3.4 Restriction on State Lobbying. Subrecipient agrees that no funds will be used to influence a state or local legislator.

Section 3.5 Certification Regarding Debarment and Suspension. This section outlines the process for debarment or suspension of a subrecipient from participating in the grant.

Section 3.6 Buy America Act. Subrecipient must comply with the provisions of the Buy America Act (49 U.S.C. 5323(j)). If subrecipient has any question on implementation of this section, contact the transportation planner assigned to the project.

Section 3.7 Prohibition of Using Grant Funds to Check for Helmet Usage. Prohibits funds from being used to target morocyclists.

4.4 Grant Revisions

Proposed grant applications and final 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.

Proposal alterations or amendments that extend the period of performance without the expenditure of funds in the new fiscal year (a no-cost time extension) are permitted with the prior approval of the SHTSS. If additional tasks or costs are authorized in the amendment, the sub-recipient must not begin work on the additional tasks or incur the additional costs until the amendment is fully executed. An amendment cannot be used to authorize new or different work not related to the scope of the grant being amended. Amendments must be executed 30 days prior to the end of the federal fiscal year. See Chapter 6 – 6.4 for contract amendment information.

Chapter 5 - Eligible Costs

5.1 General

The chapter sets forth basic principles for determining eligible and ineligible costs. Allowable costs must be necessary, reasonable and allocable, and funds must be used in accordance with the agreement, appropriate statutes and grant regulations.

Additional information regarding highway safety grant funding policies for NHTSA field administered grants is available at the following web sites:

- <http://www.nhtsa.gov/About+NHTSA/Highway+Safety+Grant+Programs/Resources+Guide>
- Code of Federal Regulations <http://www.ecfr.gov/cgi-bin/ECFR?page=browse>
- 2 CFR Part 215 Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations (formerly OMB Circular A-110) <https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part215/content-detail.html>
- 2 CFR Part 220 Cost principles for educational institutions (formerly OMB Circular A-21) <https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part220/content-detail.html>
- 2 CFR Part 225 Cost Principles for state, local, and Indian tribal governments (formerly OMB Circular A-87) <https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part225/content-detail.html>
- 2 CFR Part 230 Cost principles for non-profit organizations (formerly OMB Circular A-122) <https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part230/content-detail.html>
- OMB Circular A-133 Audits of states, local governments, and non-profit organizations - https://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2014

For costs to be eligible for reimbursement, they must be:

- Necessary and reasonable for the performance of the Federal award and be applicable thereto under these principles
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect costs.
- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or prior period.
- Be adequately documented.

Claims for reimbursement may be made only for costs incurred on or after the effective date of the agreement. No claims incurred after the completion date of the contract will be reimbursable.

5.2 Buy America

Subrecipients are strongly encouraged to discuss purchase of materials or equipment with SHTSS Program Planner in advance to determine eligibility of the purchase.

The Buy America Act prohibits the use of Federal highway safety grant funds to purchase steel, iron, or manufactured products. The State of Montana and its sub-subrecipients must comply with the Buy America Act. Non-compliance will result in denial of reimbursement.

By entering into a contractual agreement with the Montana Department of Transportation for Federal grant funding, you are agreeing to all of the requirements of the Buy America Act.

Compliance with the Buy America Act requires that sub-subrecipients retain material proof, such as receipts and/or invoices, for purchases made with Federal grant funds. Documentation for verifying origin of manufacture or assembly must be retained by the subrecipient for verification at the request of Montana Department of Transportation's State Highway Traffic Safety Section (SHTSS) program planners.

NHTSA has concluded that it is in the public interest to waive the Buy America requirements for a manufactured product whose purchase price is \$5,000 or less. The \$5,000 threshold is in step with government-wide requirements and procedures applicable to the subrecipient purchases of equipment where the Federal review starts at the \$5,000 level. (Federal Register Vol. 80, No. 125, June 30, 2015)

5.3 Personal Services/Supplanting

Salaries of personnel paid for in a grant contract must be new (additional) positions. The grant contract cannot be used to replace salaries of existing personnel (referred to as supplanting). Exceptions may be considered for grant contracts relating to specific overtime activity. Only direct compensation for salaries for employees hired expressly for the project and for time spent on project-related activities is allowed. Timesheets must be maintained for all grant-funded personnel reflecting the dates and hours of worked charged to the project.

Fringe benefits include compensation for authorized absences such as annual leave and sick leave, as well as employer's contributions to health insurance, social security, workers' compensation, unemployment insurance, etc. These must be included and approved in the project plan. Costs for authorized absences are only reimbursable up to the amount earned during the term of the project.

It is the State's responsibility to assure no double-billing of federal grant fund occurs, for example, a subrecipient charging NHTSA funds for personnel costs and then charging another agency/grantor for the same time/cost.

Accurate time and attendance records are therefore required to be maintained on all personal whose full or partial salary is charged to a grant project. If you grant contains funding for personnel and/or overtime, the following information must be reported on the request for reimbursement:

- Document id # and title
- Name of the person who worked
- Position of the person who worked
- Date and location of the event or when work was performed
- Hours worked (time of day and total hours worked)
- Project activity worked on
- Dollar amount paid (regular and/or overtime hourly rate)

Backup documentation in the form of time cards, computerized payroll records, or other generally accepted accounting documents proving an employee has been paid is required to substantiate personnel expenses incurred for the grant project. However, the goal is to work with the payroll system printouts subrecipients have readily available rather than require special reports.

5.4 Travel/Training Expenses

Federal traffic safety grant regulations only allow the reimbursement of meeting and conference costs when the training supports objectives of the State's highway safety program. Allowable costs include transportation, meals, lodging, rental of meeting facilities, etc., incurred in accordance with the subrecipient's travel policies. If documented policies do not exist, state travel policies will apply. To review the state travel policies refer to <https://montana.policytech.com/default.aspx?public=true&siteid=1>

Out-of-state travel requires individual written approval from MDT prior to incurring costs. These costs should be submitted with the original application. In the event out-of-state travel was omitted from the original proposal, the subrecipient must submit a written request to SHTSS for approval.

Travel required performing the duties and outreach of the position is reimbursable, however, must be outlined in the budget submitted with the contract.

5.5 Procurement of Goods and Services

Any professional services necessary to complete project objectives require a contractual agreement. As per 2 CFR Part 200.318-200.326, subrecipients should follow their agency documented, procurement policy. If no policy is in place, contact SHTSS.

SHTSS will periodically monitor all subrecipient contract and professional service agreements to verify compliance with the established procedures.

5.6 Equipment

Costs for equipment purchases are allowable only when the use is necessary for the administration of project activities. All equipment purchases must be specifically outlined in the project proposal. If not included in the original proposal, written approval from SHTSS is required prior to purchase. Equipment purchased with federal funds may not be disposed of in any manner by the subrecipient without written approval from SHTSS.

Equipment purchases with a useful life of more than one year and an acquisition cost of \$5,000.00 or more require NHTSA approval. (as per 23 CFR §1200.31) If a subrecipient is applying to purchase equipment with purchase price great than \$5,000, contact SHTSS for direction. The price of equipment includes modifications, attachments, accessories, or auxiliary apparatus.

All equipment, including tools, for which purchase reimbursement is sought, will be used exclusively for traffic safety purposes. The equipment purchases are subject to the following provisions:

- (a) Any major item of apparatus and equipment for which reimbursement is sought and which is not identified specifically in the Proposal and approved as part of this Agreement shall be submitted in writing for approval by the Department prior to the purchase.
- (b) A major item of apparatus or equipment must be obtained by proper competitive practices in accordance with State of Montana purchasing laws and regulations.
- (c) The Subrecipient must certify that the equipment costs shown in the Proposal as direct costs are excluded from the items in the indirect cost calculation, if applicable.

- (d) The Subrecipient agrees to properly title any vehicle or other equipment which requires a title by State statute, in Subrecipient's name.
- (e) The Subrecipient agrees to activate the warranty on any equipment for which a warranty is available.
- (f) The Subrecipient agrees to maintain records of any equipment, and make such records and equipment available for inspection by the Department or its authorized representatives.
- (g) The Subrecipient agrees to maintain the equipment for its stated program purposes for the useful life of the equipment.
- (h) The Subrecipient agrees to retain ownership and/or title to the equipment for the equipment's useful life, and shall not sell, convey or otherwise transfer title or ownership of the equipment to any other governmental or private party, except as stated in this Agreement.
- (i) The Subrecipient agrees to notify the Department if the equipment is not suited for its stated program purpose, or is not in actual use by Subrecipient as stated in the Agreement at any time during the useful life of the equipment. Subrecipient agrees it shall not discontinue use, abandon, store, or otherwise cease use of the equipment for any reason whatsoever, unless notification is provided to the Department.
- (j) The Subrecipient agrees that any equipment not in actual use by Subrecipient during the equipment's useful life may be recovered by the Department, and possession (or title where applicable) transferred or conveyed permanently to the Department for redistribution to other program recipients.
- (k) The Subrecipient agrees that any equipment which reaches the conclusion of its useful life may be disposed of by Subrecipient, with prompt notification to the Department.
- (l) The Subrecipient agrees that it shall maintain records of the disposition of the equipment after its useful life, for a period of three years beyond the disposition date.

NHTSA guidance states that costs for construction, rehabilitation or remodeling of any buildings or structures or for the purchase of office furnishings and fixtures are unallowable. Some examples include: chair, table, shelving, coat rack, bookcase, filing cabinet, floor covering, office planter, portable partition, pictures or wall clock, draperies and hardware, fixed lighting/lamp. The guidance should be consulted for other unallowable costs and equipment costs.

5.7 Sponsoring Meetings/Conferences

The cost of organizing meetings and conferences is an allowable cost. The primary purpose of the conference must be for the purpose of dissemination of technical and educational information. Eligible costs include meals, transportation, rental of meeting facilities and other incidental costs. Adequate records must be maintained to document what information was provided, stakeholders that attended and the appropriate costs. An individual's salary while pursuing training (unless already paid for by the grant safety project) and overtime for police officers attending drug recognition expert (DRE) training, are unallowable costs.

Cost for the development of new materials is allowable provided it does not duplicate materials already developed for similar purposes.

5.8 PI&E

Guidance has been provided by NHTSA on allowable items/costs for PI&E, Equipment, Recognition Awards, Advertising Media, and Safety Items for Public Distribution. A memorandum was issued by NHTSA on May 18, 2016. SHTSS will follow this memorandum. Below is selected clarification from the memorandum on educational and promotional items.

Educational Material – is material that educates and informs an audience. Allowable expenses include paper, pamphlets, flash drives, CD-ROMS, and similar media that contain educational materials as their purpose is to

contain and convey educational information to a broad public. In order to be considered educational, distributed material must provide substantial information and educational content to the public – not merely a slogan - and have the sole purpose of conveying that information.

Examples of allowable educational materials:

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

Note: The content of all educational information and materials to be purchased with Federal funds must be submitted to SHTSS for written approval prior to final production. *Note that OMB Super Circular has additional provisions that apply to certain items. For example, certain educational materials costs may be subject to the Super Circular Provision on Conference Costs (2 C.F.R. §200.432). States should consult Subpart E of the Super Circular (Cost Principles) to determine if there are additional provisions that pertain to a particular item or use of that item.)*

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

When educational items are included in a grant’s activities, a plan outlining the purpose of the items may be required to be included in the grant agreement. The plan should include the following information:

- Activity
- Educational item type
- Quantity
- Cost
- Target audience
- Explanation of how the activity will help meet the objective of the project
- Description of how the results of the activity will be used and reported

A record must be maintained which outlines the distribution of material. The record will include the time description, quantity distributed, recipient, and the reason for using the item. The record does not need to include individual names, only the size of the group that received items (for example, “200 students at ABC Grade School received safety color books for attending an occupant protection presentation”).

Promotional Items are NOT allowable costs under NHTSA Grants

The OMB Super Circular (see 2 C.F.R. Section 200.421) makes it clear that no promotional items or memorabilia are allowable costs under Federal Grants. Use of NHTSA grant funds to purchase promotional items or memorabilia is prohibited and could result in the requirement to repay the misused funds. An item that is purchased for distribution as an incentive or to increase goodwill (e.g., to police officers to maintain partnerships) is an unallowable promotional item. Any item that is distributed as a giveaway, except as described in educational materials, is not allowable. These prohibitions only apply to NHTSA funds, states and

sub-recipients may use State funds or privately collected funds or donations to purchase promotional items subject to applicable State laws and policies.

Examples of non- allowable promotional items or memorabilia:

- Bumper stickers,
- key chains and/or pens given to groups at trainings,
- Shirts for volunteers at an event or car seat installation center (either as an incentive or to identify staffers as a team)
- Shirts for law enforcement, shirts or hats worn by participants at a press event,
- a helmet given to participants in a bike rodeo to take home,
- challenge coins, when ordered in bulk and kept on hand to give to many people outside of a limited, formalized recognition ceremony,
- items such as flashlights, general law enforcement equipment, duty bags, jackets or even plaques given to members of law enforcement to encourage or incentivize participation,
- a folder or binder given to attendees at a conference or training that is more expensive than necessary to hold the provided materials.

Recognition Awards - NHTSA highway safety grant funds may be used to purchase awards, where appropriate, under a formalized program that recognizes superior performance or exceptional contributions to the purposes served by the NHTSA grant. An appropriate award may be a certificate, plaque, coin, or medal, if it is given under a limited, formalized recognition program.

Examples of allowable recognition awards:

- *A plaque given by the SHTSS to a police department at the annual highway safety conference for specific outstanding enforcement efforts.*
- *A certificate given by the SHTSS to an employee for exceptional work in a specific enforcement effort.*
- *A medal given by the SHTSS at a state Lifesavers conference to an individual for career of exceptional service to public safety.*
- *A letter signed by the head of SHTSS recognizing the outstanding achievements of a sub-recipient.*
- *A medal or coin given by a sub-recipient to a police officer as a formal award for a specific superior highway safety enforcement performance (not a challenge coin for general distribution).*
- *A certificate given by a sub-recipient to a community partner for exceptional work on a collaborative highway safety project.*

Safety Supplies and Equipment – An item that serves a safety function required to protect personnel during performance of a project is an allowable expense. The key is that these items must be needed by those carrying out the work under the grant and are kept by the state or the sub-recipient for use by the program, not distributed for retention by individuals.

Examples of allowable safety supplies and equipment:

- Reflective safety vest for use by employee conducting a roadside survey at night and retained by the program.
- Bike helmet for use by participants in a bike rodeo event and returned to the program after the event.
- Safety gear – including helmets, safety vests, reflective material – for use by trainees during motorcycle training events and returned to the program after training.

Advertising Media – Advertising media intended to reach a large audience – such as television or radio ads, ads on social media, banners and posters – are allowable costs under NHTSA’s Highway safety grants. The Uniform

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

Examples of allowable advertising media:

- Banners or posters featuring the Click it or Ticket campaign for use at events
- A “U text. U Drive. U Pay.” Banner displayed in a school.
- A television ad about the dangers of impaired driving.
- Posters displayed in bars that say “report every drunk driver immediately and #.
- A yard sign telling drivers to watch for motorcycles.

5.9 Indirect Costs/Administrative Fees

Indirect cost (IDC) must be in accordance with 2 CFR Part 200.414 and approved by your federal cognizant agency. A copy of the IDC approval letter must be submitted to the Department before it can be accepted. If the Montana Department of Transportation is your organization's primary source of federal funds, then a copy of your indirect cost plan must be submitted to MDT for review and approval. The percentage rate for indirect costs shall be maintained for the life of the project.

A subrecipient that does not have a previously established IDC rate may either negotiate a rate with SHTSS or elect to charge a de minimus rate of 10 percent of modified total direct costs. SHTSS may not force or entice the subrecipient without a federal recognized IDC rate to accept a rate lower than the de minimus rate. If a subrecipient has a federally negotiated IDC rate and requests that rate, the SHTSS must pay that rate and may not request or require the subrecipient to offer a lower or zero IDC rate.

5.10 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, this is defined as “program income”. Income earned by the subrecipient with respect to the conduct of a grant (i.e., registration fees charged, services charges, etc.) must be accounted for fully and applied to project purposes or used to reduce costs.

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
- Sales of commodities or items fabricated under the grant
- Usage or rental fees from real or personal property (equipment) acquired with grant funds
- Payment of principal and interest on loans made with grant funds

SHTSS must approve a request to earn program income. There must be a clause in the grant agreement which states the grant will earn program income and the subrecipient will expend the monies to fulfill the objectives of the program are under which it was generated. Recommended language for grants generating program income could include:

- 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.

Subrecipients must record and report on all program income, to include the disbursement of revenues as a part of the grant reporting requirements. The following information must be included in the report:

- The amount of the program income earned the current period;
- The previously accumulated program income by cost category where it was expended;
- The amount of program income previously expended by cost category;
- The amount of program expended in the current period by cost category;
- The remaining program income balance by cost category, if any.

Donations (monetary or in-kind) are considered program income if the subrecipient 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.

5.11 In-Kind Contributions/Matching Funds

In-kind contribution or matching funds are not required to be eligible for traffic safety grants at this time. However, it is strongly recommended that subrecipients partner with other groups and individuals that have an investment in highway traffic safety and the specific project. In-kind or matching funds should be reflected in the application for funding.

5.12 Ineligible Costs

Below is a list of non-allowable items that may be applicable to the state's traffic safety grants. The list does not contain all non-allowable items, so all purchases must be outlined in the grant application's budget for review and approval.

- Costs for construction, rehabilitation, or remodeling for any buildings or structures or for purchase of office furnishings and fixtures. The following are some examples of those items: desk, credenza, storage cabinet, lamps, chair, bookcase, table, fixed lighting, filing cabinet, shelving, floor covering, wall clock, draperies, coat rack, office planter, picture, portable partition.
- Supplanting, including: (a) replacing routine and/or existing state or local expenditures with the use of federal grant funds and/or (b) using federal grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State or local governments.
- Alcoholic beverages for any consumption purposes, including controlled settings for the training of law enforcement officers in techniques for determining driver impairment.
- Entertainment, amusement and social activities and any costs directly associated with such costs (such as food, event/show tickets, lodging, rentals, transportation, and gratuities.)
- Public information and education material that does not have a traffic safety message.
- Replacement of lost or stolen equipment.
- Pre-agreement costs (costs incurred before the project begin date).
- Other costs including contributions/donations, fines/penalties, interest and other financial costs, legislative expenses (lobbying is prohibited), and maintenance and repairs to existing/non-project funded equipment.

Chapter 6- Contract Administration

6.1 General

This chapter describes how to administer your project grant. Information regarding revising project agreements, withholding, reducing, disallowing, or terminating funds and closing out or terminating projects is also included.

6.2 Contractor Responsibilities

The contractor is responsible to comply with all aspects of the agreement. This includes:

- Coordinate related activities with other agencies working on similar projects;
- Promptly notify the MDT program manager by phone, e-mail, or letter of any changes or problems that arise during the project period;
- Comply with all state requirements;
- Ensure budgeted costs are in accordance with the contractor's standard policies and procedures;
- Ensure accounting records are maintained that separate and accurately record project costs;
- Ensure claims for reimbursement are limited to those specifically authorized in the project agreement and all allowable and verifiable;
- Participate in periodic operational reviews with MDT
- Provide requested documents to SHTSS during on-site reviews
- Establish operating procedures and controls that will ensure adequate administration of the project in accordance with the terms of the agreement.

If the project director changes during the term of the contract, a letter on company stationery must be submitted documenting the transfer of authority. The new project director's signature is needed for MDT files and may be submitted in a separate letter if necessary.

6.3 MDT Responsibilities

MDT is responsible for oversight of all agreements. This includes:

- Review and evaluation of each project;
- Ensure contracts contain all pertinent information and forms;
- Assist the contractor in understanding and complying with the required procedures;
- Ensure maximum benefits are gained from the subgrant;
- Assist in the coordination of meetings with other agencies having similar projects and provide any available and relevant information;
- Reimburse contractor for allowable expenses.

If the contractor experiences any difficulties implementing and/or maintaining the contract, immediately contact MDT for assistance.

6.4 Contract Amendments

Once the project agreement is finalized, it may become necessary to make minor changes to a project's activities or/or to the budget. All changes are approved on a case-by-case basis and only if it contributes toward

achieving the goals and objectives of the project. The amendments are not binding unless they are in writing and signed by persons authorized to bind each of the parties.

Any deviation from the approved budget or project agreement requires prior approval from MDT. Revision requests may be made by fax, letter, e-mail, memo, telephone. Requests must be received by MDT at least seven working days prior to the effective dates of the change(s).

The following are examples of instances which require a contract amendment;

- Extension to the project dates;
- A budgeted cost category increase or transfer over 10%;
- Significant changes to the project goals and objectives that affect the scope of the project;
- Significant changes to the method of procedure that affects the project end date;
- Approval for a specific cost item not included in the original budget but for which funding is available within the appropriate budget category;
- Travel either in-state or out-of-state that is not identified in Exhibit A of the agreement;
- Overrun of contact amount.

Subrecipients must always discuss changes and/or revisions to the standard agreement with the MDT program manager to determine the appropriate method for completing the change.

When determining approval of a contract amendment, MDT consideration may include, but not limited to:

- Current and past performance;
- Availability of funds;
- Timeliness and quality of claims and quarterly reports;
- Circumstances and justification for the request.

6.5 Consequences of Non-Compliance

If the project is not being implemented according the terms of the agreement, or if the contractor violates state or federal laws, MDT's program manager has the responsibility to recommend cancellation of the project.

MDT's Planning Division Administrator and the State High Traffic Safety Supervisor, in consultation with MDT legal staff, will make the determination as to whether or not the contract will be cancelled. The Governor's Representative for Highway Safety will make the final decision on cancelling any contract.

Should MDT deem it necessary reduce or terminate grant funds, the project director will first receive a letter citing unacceptable project discrepancies, required corrective action, and a description of the penalty for not rectifying said discrepancies by a specified deadline.

If corrective action is not taken by the deadline date, the stated penalty will be imposed. Payment for allowable costs up to the date of termination or reduction of grant funds will be subject to negotiation and availability of federal funds.

6.6 Contractor Request for Termination

Agreements may be rescinded upon written request by the contractor when the project cannot be implemented. Upon review and approval by MDT, an agreement may be terminated without prejudice when the contractor determines they are unable to continue with the work for justified reasons beyond its control. In such circumstances, the contractor must notify MDT immediately and the maximum reimbursement of claimed costs to the date of termination is limited to the actual expenditures incurred.

Chapter 7- Reporting Requirements

7.1 General

SHTSS requires contract and grant recipients to periodically report their progress and to complete a final report showing the accomplishments, difficulties or challenges of their program. Final reports are used to measure the performance of a program and justify continued funding from NHTSA.

7.2 Timeline

Progress or monitoring reports are required for all highway safety projects. These reports can be either quarterly or monthly depending on the type of project and the requirements of the contract. The Standard Agreement contains the requirements for the specific project.

7.3 Equipment Reporting

For all equipment purchases, the sub-recipient must complete the equipment reporting form which outlines the item description, make, model, serial number, cost, date of purchase, date received and the location of the equipment. No reimbursement for equipment will be made until the form is complete.

All equipment purchases require a reporting summary in the annual final project report to monitor progress and usefulness of the equipment purchased.

All equipment with a value of \$5,000.00 or more and a useful life of more than one year will be inventoried through a certification process every two years. SHTSS staff will contact equipment sub-recipients to conduct this inventory. The process for this inventory is as follows:

- a. SHTSS will send the certification form to contractors with equipment.
- b. The responses will be compiled from the returned certification forms in a spreadsheet. The spreadsheet will indicate the current status of the equipment: in service or not in service. If not in service, the spreadsheet will indicate whether or not the equipment was transferred and to whom, disposed of, destroyed, returned to MDT, etc.
- c. Any issues noted during this process will be resolved by the assigned program manager. The program manager will consult with the Bureau Chief if major issues arise concerning the status of equipment.

Equipment purchases less than \$5,000 will be inventoried by SHTSS according the year of purchase. This will be maintained and available for NHTSA review as necessary. For more information regarding equipment purchases, please see 5.6 Equipment.

7.4 Progress Reports

All progress reports will be submitted on or before the 30th day of the month following the quarters' end or in accordance with the requirements stipulated in the contract or through MDT staff. Any original or innovative ideas or methods employed in the project should be incorporated into the report. A progress report is required with each submission of an invoice for reimbursement.

These reports must include:

- Description of activities conducted to achieve goals and objectives of the agreement;
- Relationship of these activities to the projects phase or time schedule;
- Current and project-to-date report on progress for each goal and objective;
- Comprehensive explanation of any challenges, difficulties, or delays;
- Anticipated effect of delays on total project cost and time schedule; and
- Detailed plan of action to correct any deficiencies in meeting goals and objectives, if necessary.

Subrecipients should use the form found at http://www.mdt.mt.gov/other/tranplan/external/MDT-TPL-011-Reporting_form.pdf along with the instructions located at http://www.mdt.mt.gov/other/tranplan/external/MDT-TPL-011-Reporting_form_instruct.pdf.

A report must be filed every quarter regardless of whether or not activity has taken place or grant related expenditures have occurred. The report should be submitted indicating no progress has been made on the project. Note: STEP reporting is submitted on a different schedule based on activity. Consult with SHTSS for appropriate schedule.

7.5 Final Reports

All contractors must submit a final report at the close of the project, this may be included with the 4th quarter reports if approved. This report is generally due no later than October 30th, unless stipulated differently in the agreement or by MDT staff. The report provides a summary of all activity, especially in terms of meeting the objectives stated in the agreement. This report is used to:

- Determine project impact in reducing or solving identified traffic safety problem(s);
- Determine project contribution to applicant's/Montana Highway Traffic Safety program;
- Evaluate benefits derived in relation to costs incurred; and
- Identify solutions that can be used to assist other agencies with similar program deficiencies.

The reports should include:

- Accomplishments compared to the original grant objectives
- Where all activities of the grant completed as scheduled? Data and milestones when studies were completed should be included
- Equipment purchased should be identified
- Any unanticipated issues that affected the grant;
- Funding and costs for completion of the grant relationship to the original estimates;
- Third party performance if applicable. A copy of any consultant reports should be included with the final reports; and
- A budget clearly identifying expenditures and remaining budgetary balances

7.6 Special Progress Reports

Special reporting may be required. If so, frequency and requirements will be detailed by SHTSS in the grant agreement or negotiated during the contract period.

Chapter 8-Reimbursement Process

88.1 General

SHTSS programs operate on a reimbursement basis. SHTSS is required to reimburse contractors within 30 days of receipt of a properly completed invoice in accordance with state law.

Contractors should use Montana Department of Transportation Highway Traffic Safety Project Reimbursement Claim Form (Attachment A). Claims should be prepared using the contractor's accounting records and based only on recorded costs for the period covered.

8.2 Subrecipient Responsibilities

Each contractor will submit a reimbursement claim form not more than monthly and/or less than quarterly, or in accordance with the agreement, with an authorized signature and all required supporting documentation. Faxed forms are acceptable when the project director or authorizing official has signed the claim and the signature is verifiable. Written delegation for any other official signatures must be on file with MDT and must include the signature of the authorized individual. No one, unless previously approved, may sign for the designated official listed.

To ensure claims are not returned and reimbursements are timely, abide by the following criteria:
Costs claimed match the line items authorized in the budget for each category;

- Costs are actual;
- Do not use white-out or corrective tape;
- Attach copies of legible invoices for all costs;
- If required, attached a signed and completed MDT Equipment Reporting Form for all equipment purchases (must reconcile to invoices submitted)
- Be sure claims are correctly computed and reconciled;
- Do not include any costs outside the scope of the project agreement, unless previously approved by SHTSS.

All contractors have the responsibility of maintaining an accurate, current accounting system supported by proper documentation. Source documents must be on file to cover all costs charged to or incurred by the project. This includes timesheets that can support reimbursable payments based upon on verifiable hours and verifiable expenses by the contractor. Timesheets will include reporting of regular and non-work hours in accordance with Appendix B to Part 225 of CFR Title 2 and other requirements summarized in the contract Scopes of Work.

The subrecipient must retain all project source documents (e.g. cancelled checks/vouchers, paid bills and invoices, payrolls, timesheets and all other records of purchase). These documents must be available for audits and monitoring visits and kept for a period of 3 years following the contract fiscal year of funding. In accordance with the contract, Section 2.8, Access and Retention of Records, the contractor agrees to provide the Department, USDOT, the legislative auditor or their authorized agent access to any records concerning this agreement. This language is communicated with contractors when necessary to ensure contract compliance.

8.3 SHTSS Responsibilities

The State Highway Traffic Safety Office is required to reimburse contractors within 30 days of receipt of a properly completed invoice in accordance with state law. Invoices must also be processed in an effective, efficient manner that meets all compliance requirements of the State of Montana, MDT accounting policies, and USDOT.

SHTSS staff are responsible for ensuring that each item claimed meets the following criteria:

- Is within the approved budget
- Costs are in the proper category
- The project person or designee has signed the reimbursement expense voucher
- Equipment purchases of \$5,000 or more were approved in advance
- The costs are allowable, applicable, and appropriate in accordance with federal regulations and NHTSA's grant funding policies
- Equipment purchases include a copy of the invoice and a completed equipment inventory form

The Transportation Planner will verify all documentation is correct and complete to support the claim and within the contracted budget. Once the claim has been reviewed and confirmed, it is transferred to the Grants Accountant for coding. After the coding is complete, the SHTSS Supervisor does a final review and approval of the claim.

For final closeout payments, SHTSS will not approve a claim for payment until all reports have been submitted and contract compliance has been verified. Final reports are due October 30 and the final reimbursement request forms are due to MDT by November 1.

Chapter 9 - Project Monitoring

9.1 General

SHTSS is responsible for managing the day-to-day operations of grant and sub grant supported activities. This will include monitoring the activities of the subrecipient as necessary to ensure that the sub award issued for authorized purposes; in compliance with Federal statutes regulations and the terms and conditions of the sub award; and that sub award performance goals are achieved. Monitoring must cover each program, function or activity.

Project Monitoring is necessary to:

- Assess project performance and commitment;
- Assure project goals, objectives, and tasks are on track;
- Assure compliance with the terms and conditions of the contract;
- Assure that requests for reimbursement are being submitted on a timely basis;
- Identify and resolve problems as soon as possible during the project;
- Assure that sufficient data will be available for evaluation purposes;
- Highlight successes.

9.2 Pre-Award Risk Assessment

SHTSS must conduct a risk evaluation (Attachment B) for each subrecipient (not contractors) receiving NHTSA funds prior to making the grant award to the subrecipient. SHTSS is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the sub award for purposes of determining the appropriate subrecipient monitoring. SHTSS will develop, implement and document the outcome of the risk assessment process utilizing the following four factors:

- The subrecipient's prior experience with the same or similar sub awards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F-Audit Requirements of Part 200.331(B), and the extent to which the same or similar sub award has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changes systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

SHTSS will consider imposing specific sub award conditions upon a subrecipient if appropriate as described in 2 CFR Part 200.207 Specific conditions. These additional Federal award conditions may include items such as the following:

- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
- Requiring additional, more detailed financial reports;
- Requiring additional project monitoring;
- Requiring the non-Federal entity to obtain technical or management assistance; or
- Establishing additional prior approvals.

If SHTSS determines that any conditions must be placed on the award, those will be put in writing and provided to the Project Director.

The process SHTSS will follow is:

- 1) Planners will complete Pre-Award Risk Assessment Form for each subrecipient prior to contract execution.
- 2) Each subrecipient will be assigned a level of risk dependent upon results (i.e. low risk, medium risk, high risk). The monitoring level required for each subrecipient will be determined based risk level:

Low Risk

1. Provide standard monitoring.

Medium Risk

1. Schedule a financial review with the subrecipient.
2. Withhold full or partial payments pending single audit results, drug & alcohol reports (Transit), or quarterly reports (NHTSA and Transit).
3. Provide training and technical assistance on program related matter.

High Risk

1. Request a review by MDT Internal Audit.
2. Require 100% documentation for reimbursement.
3. Withhold full or partial payments pending single audit results, drug & alcohol reports (Transit), or quarterly reports (NHTSA and Transit).
4. Review the corrective actions and determine if they followed up on the corrective actions.
5. Provide training and technical assistance on program related matter.
6. Consider whether the results of the audits necessitate adjustments to the pass through entities own records.
7. Consider taking enforcement action against the non-compliant subrecipient.

3) If medium or high risk level is determined, SHTSS will communicate with subrecipient prior to contract execution and subrecipient will complete the Risk Assessment Subrecipient Follow-Up form (Attachment C).

4) SHTSS will develop the Post-Award Risk Assessment Plan (Attachment D). Corrective action and monitoring requirements will be outlined in the plan and agreed upon by both SHTSS and the subrecipient prior to contract execution.

NOTE: If an issue should arise that would raise the “risk” level of the contract post-award, SHTSS will re-evaluate the risk and implement the above process.

9.3 Desk Reviews/Ongoing Monitoring

The desk review is a tool used by SHTSS program managers to compile a succinct but comprehensive assessment of the contract file. Ongoing monitoring occurs throughout the contract period may be accomplished through the following methods:

- Email Communication
- Phone Communication
- Written Correspondence
- Meetings

At a minimum, desk reviews/ongoing monitoring will be conducted quarterly following the subrecipient’s submission of the quarterly report, however this can be done daily, weekly, or monthly, depending on the complexity of the project, the capabilities and experience of the subrecipient, changes to the subrecipient’s personnel, or any other concerns that are identified.

If problems are identified during the desk review, SHTSS will contact the subrecipient and develop mutually agreeable resolution. All desk monitoring results and any subsequent correspondence, will be document in the grant file.

9.4 On-Site Reviews

On-site reviews can be performed randomly on any contract administered by SHTSS. When conducting an on-site review, SHTSS staff will conduct a programmatic and fiscal review of the contract. The grants accountant may accompany the program manager to review the financial portion of the subrecipient’s program. Contracts at any funding level with a risk assessment result of “Medium” or “High” will follow the process outlined in 9.2 Pre-Award Risk Assessment .

Contracts at or over \$35,000 with a risk assessment level of “Low” require an on-site review be conducted annually for subrecipients who have been under contract with MDT for less than three years.

Contracts at or over \$35,000 and with a risk assessment level of “Low” require an on-site review be conducted a minimum of once every two years for subrecipients who have been under contract with MDT for three or more years.

Once a subrecipient has been identified for an on-site review, SHTSS will notify the subrecipient and schedule a convenient time for the on-site.

During the review, SHTSS staff will review (also see Attachment E, On-Site Monitoring Form):

- 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 is was bought or leased under the grant agreement

Warning signs that may trigger on on-site review include:

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

On-site reviews are an opportunity to showcase successes or discuss any difficulties encountered with the project. SHTSS will provide a copy of the completed On-Site Monitoring Form to the subrecipient.

9.5 Resolution of Monitoring Findings

SHTSS shall notify the subrecipient's project director in writing upon any initial indication of discrepancies or errors in reporting, project implementation, or accounting. Further action on subrecipient's part may be required to correct deficiencies.

If there are **minor findings**, i.e., delays in activities that do not impact the completion of the grant; typographical errors in an invoice not affecting the amount reimbursed), a written notification will be provided that includes:

- A detailed description of the finding;
- A description of any actions or options the subrecipient may make in response to the finding; and
- A date by which the subrecipient should implement the recommended action or advise SHTSS of a proposed alternative or both (usually not later than 30 days after notification).

Repeated or more serious findings may include:

- Untimely submission or omission of required reports or invoices including required supporting documentation;
- Invoice for an unallowable or unapproved item;
- Typographical or mathematical errors that affect 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% of less of the total grant award).

In addition to the information required for a minor finding or first notification, the notification 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, repayment of funds dispersed or cancellation of the project agreement.

All information related to the on-site review will be documented in the subrecipient file.