

HIGHWAY SAFETY CLUSTER:

- 20.600 STATE AND COMMUNITY HIGHWAY SAFETY**
- 20.601 ALCOHOL IMPAIRED DRIVING COUNTERMEASURES
INCENTIVE GRANTS I**
- 20.602 OCCUPANT PROTECTION INCENTIVE GRANT**
- 20.607 ALCOHOL OPEN CONTAINER REQUIREMENTS**

- 20.609 SAFETY BELT PERFORMANCE GRANTS**

- 20.610 STATE TRAFFIC SAFETY INFORMATION SYSTEM
IMPROVEMENT GRANTS**

- 20.612 INCENTIVE GRANT PROGRAM TO INCREASE
MOTORCYCLIST SAFETY**

- 20.613 CHILD SAFETY AND CHILD BOOSTER SEATS
INCENTIVE GRANTS**

- 20.614 NATIONAL HIGHWAY TRANSPORTATION SAFETY
ADMINISTRATION (NHTSA) DISCRETIONARY SAFETY
GRANTS**

- 20.616 NATIONAL PRIORITY SAFETY PROGRAMS**

State Project/Program: GOVERNOR’S HIGHWAY SAFETY PROGRAM

Federal Authorization: U. S. Department of Transportation
Highway Safety Act of 1966, As Amended,
23 U.S.C. 401 Et. Seq. & 23 U.S.C. 410 (20.6xx)

Surface Transportation Assistance Act of 1982, Sections 401-408,
Public Law 97-424; Motor Carrier Safety Act of 1991, Public Law
102-240; 49 U.S.C. App. 2301-2307; Transportation Equity Act for
the 21st Century, Public Law 105-178 (20.218)

State Authorization: N.C.G.S. 147-12

**North Carolina Department of Transportation
Governor’s Highway Safety Program**

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The Auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

The Single Audit Compliance Unit of the External Audit Branch reviews all single audits, financial audits, and management letters of all “grantees”. We are looking at both the presentation (information as to program, pass-through and state funding, NCDOT identification numbers) and the dollar amounts presented versus our records. Any reports not received will be requested.

Grants must be properly identified by program name and project number in the form of alphanumeric dash fiscal year dash number dash number (e.g. AL-18-03-01 or M2HVE-18-03-05) on the Schedule of Expenditures of Federal and State Awards. This information is available from the approved application contract your client made to NCDOT on the lower left-hand corner of the first page. Also it is on the letter of approval from GHSP. Grantor and/or pass-through grantor, program title and CFDA number should also be included. Please do not combine like projects into one dollar amount since we would need to call you for the breakdown; please report award amount, Federal Pass-through, State share and local share. On NCDOT's confirmation from the Grant Master List (GML), these moneys are shown as CFDA Numbers 20.600, 20.601, 20.602, 20.607, 20.609, 20.610, 20.612, 20.613 and 20.614, 20.616.

I. PROGRAM OBJECTIVES

The objective of the Governor's Highway Safety Program (GHSP) is to provide a coordinated highway safety program to reduce traffic crashes, deaths, injuries and property damage.

II. PROGRAM PROCEDURES

Funds are provided to the states following submission of their highway safety plan, in accordance with a pre-defined formula. The State distributes at least 40 percent of the funds

to political subdivisions of the State to be expended on local projects, (23 U.S.C. 402 (b)(1)(c) and 23 CFR Appendix C to Part 1300 – Participation by Political Subdivisions). Remaining funds can be spent on state and nongovernmental entities.

The Governor's Highway Safety Program (GHSP) provides funding directly to law enforcement and other agencies across the state as well as nongovernmental entities to support various programs like "Click It or Ticket" and "Booze It & Lose It". Many finance directors do not know about the existence of such funding because no paperwork goes through their office. If your client's confirmation details such payments, please check with their local law enforcement agency.

The NCDOT GHSP program is administered by the State. Recipients request funding through a program application stating a plan, budget, and goals that meet GHSP program objectives. Applications may be found at www.ncghsp.org. Progress is monitored through on-site inspections, progress reports and financial reports.

III. COMPLIANCE REQUIREMENTS

The federal granting agency has issued a compliance supplement that should be used in conjunction to this compliance supplement issued by the State Agency. Please refer to [2 CFR Part 200](#) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to [Subpart F](#) of 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

A. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement - Funds must be expended as specified in the grant agreement. Certain specific costs which will not be approved or that require prior approval have been identified in the Highway Safety Funding Guidance, which is available at

https://one.nhtsa.gov/About-NHTSA/Highway-Safety-Grant-Programs/HSGrantFunding_Guidance (23 CFR section 1300.13 and part 1300, Appendix A):

1. The following costs are allowable or allowable with specific conditions:
 - a. *Equipment* – Purchase of the following types of equipment is subject to compliance with any applicable standards and performance specifications and inclusion on the applicable Conforming Products List (CPL) established by NHTSA, the Research and Innovative Technology Administration (RITA), the American College of Surgeons, or by other nationally recognized standard-setting agencies or by State standards and performance specifications, as long as they are at least as stringent as applicable national standards and performance specifications:
 - (1) Police traffic enforcement, speed-measuring devices, such as Radars, Lidars, and Across the Road devices (A comprehensive list of such devices can be found online at

<http://www.theiacp.org/portals/0/documents/pdfs/Combined-CPL.pdf>);

- (2) Alcohol/drug testing devices and costs for re-certification of such devices;
 - b. *Travel* – Travel for out-of-state individuals benefiting the host State's highway safety program.
 - c. *Training* – Training of personnel and the development of new training curricula, materials and supplies, including portable skid platforms and driving simulators if they are used for a NHTSA-approved training program.
 - d. *Program Administration* – Consultant services, alcoholic beverages to support police "sting" operations (e.g., undercover police-directed operations to detect unlawful practices associated with underage drinking laws), and meetings and conferences.
 - e. *Demonstration Projects* - For *State and Community Highway Safety* (CFDA 20.600) funds - supplementing demonstration projects implemented under Section 403 (23 USC 402(g)(2)).
 - f. *Cooperation with Neighboring States* cooperating with neighboring States for highway safety purposes that benefit all participating States (23 USC 402(c)).
 - g. *Public Communications* – Advertising space.
2. The following costs are unallowable:
- a. *Facilities and Construction*: highway construction, maintenance or design, construction or reconstruction of permanent facilities, highway safety appurtenances, office furnishings and fixtures, and purchase of land (except as provided under III.A.1.j, above).
 - b. *Equipment*: truck scales, traffic signal preemption systems, automated traffic enforcement systems radars, and, for the impaired driving funds under National Priority Safety Programs (CFDA 20.616) speed measuring devices.
 - c. *Training*: an individual's salary while pursuing training, and overtime for police officers attending drug recognition training.
 - d. *Program Administration*: research costs, expenses to defray activities of Federal agencies, alcoholic beverages for consumption purposes or techniques for determining driver impairment, entertainment costs, and commercial drivers' compliance requirements. Drug impaired activities, equipment and drug-impaired training is not allowed with funds transferred to the State under 23 USC 154 or 164.
 - e. *Lobbying*: No Federal funds may be used for any activity specifically designed to urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body. Such activities include both direct and indirect (e.g., grassroots) lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds to engage in direct contact with State or local legislative officials, in accordance with customary State practice, even if it urges

legislative officials to favor or oppose the adoption of a specific pending legislative proposal (23 CFR part 1300, Appendix A).

f. *Promotional Items*: costs for promotional items are not allowable.

Audit Objective – Determine whether Federal awards were expended only for allowable activities in accordance with the grant agreement.

Suggested Audit Procedures

Select a sample of Federally-funded transactions, if any, and perform procedures to verify that the transactions were for allowable activities in accordance with the grant agreement.

B. ALLOWABLE COSTS/COSTS PRINCIPLES

Compliance Requirement - Local units of government, non-profit organizations, hospitals and institutions of higher education are eligible for highway safety grants. These grantees may be eligible for sales tax refunds under GS 105-164.14 (b) or (c); if they have not qualified, then they should take the steps necessary to become eligible. Sales tax paid, which may be requested from the NC Department of Revenue as a refund, is an ineligible charge.

Audit Objective - Determine that the authority is eligible for the refund and that NCDOT did not reimburse any sales taxes eligible for refund.

Suggested Audit Procedure - Review financial records, including contractors' sales tax affidavits, and ascertain that no sales taxes were billed to the project.

C. CASH MANAGEMENT

The grant is funded on a reimbursement basis; therefore, no testing is required at the local level.

D. RESERVED

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching

Compliance Requirement - The grant recipient must provide the percentage of participation stated in the applicable grant agreement.

1. *State and Community Highway Safety* (CFDA 20.600) - The State shall pay at least 20 percent, or the applicable sliding scale rate, as stated in the grant award, of the total cost of the program. The State shall pay at least 50 percent of the costs for planning and administration (23 USC 120(b) and 402(d); 23 CFR section 1300.20).
2. *Special Incentive Programs* (CFDA 20.601, and 20.602) - The Highway Safety Act requires States qualifying under Section 410 (CFDA 20.601) Alcohol Incentive, and Section 405 (CFDA 20.602), Occupant Protection Incentive; to

match Federal funds at 25 percent the first and second years, 50 percent the third and fourth years, and 75 percent subsequent years (23 USC 405 and 410).

3. *Special Incentive Programs* (CFDA 20.610) - The Highway Safety Act requires States qualifying under Section 408 (CFDA 20.610) State Traffic Safety Information System Improvement Grants; to match Federal funds at 20 percent (23 USC 408).
4. *Special Incentive Program* (CFDA 20.612) - Grants under Section 2010, Motorcyclists Safety Grant, are 100 percent federally funded (23 USC 2010).
5. *Special Incentive Programs* (CFDA 20.613) - The Highway Safety Act requires States qualifying under Section 2011 (CFDA 20.613) Child Safety and Child Booster Seats Incentive Grants; to match Federal funds at 25 percent the first three fiscal years, and 50 percent the fourth year (23 USC 2011(d)).
6. Additional matching requirements may be specified in the grantee's highway safety plan to limit the maximum Federal share of an ambulance, helicopter, or aircraft to 25 percent.

Audit Objective – Determine if the grant participant meets their percentage of participation.

Suggested Audit Procedures

1. Perform tests to verify the percentage of participation and compare to the amount stated in the contract.
2. Verify that match funds are from an allowable source.

Earmarking – No testing is required at the local level.

Level of Effort – No testing is required at the local level.

H. PERIOD OF PERFORMANCE

Compliance Requirement – Awards specify a time period during which the grantee may use the funds. The grantee may charge to the award only costs resulting from obligations incurred during the funding period.

Audit Objective – Determine whether funds were obligated within the period of performance as specified in the grant agreement.

Suggested Audit Procedure

1. Review the grant agreement to determine any requirements related to the period of performance of the funds.

2. Test a sample of transactions charged to the award to ensure that the underlying obligation occurred within the period of performance as stated in the award agreement.

K. RESERVED

L. REPORTING

1. Financial Reporting

Compliance Requirement - The following financial reports must be submitted for this program. These forms may be found at www.ncghsp.org/

- a. Out-of-State Travel Request (GHSP-07)
- b. Summary Statement (GHSP-08) (online)
- c. Detail of Expense (GHSP-08-A/GHSP-08-B/GHSP-08-D/GHSP-08-E) (online)
- d. Quarterly Progress Report (GHSP-09)
- e. Final Accomplishment Report (GHSP-10)
- f. Monthly Enforcement Data Report (GHSP-11)

A Project and Budget Revision Form (GHSP-01-R) should be submitted to GHSP for any budget revisions or program changes if applicable. (Online)

Audit Objective – Determine whether required reports include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with program requirements.

Suggested Audit Procedure - Review the report instructions and process of preparing reports to ascertain that accurate information is being compiled and reported.

2. Non-governmentals – Reports made by non-State entities

Compliance Requirement – North Carolina General Statute 143C-6-22 “Use of State Funds by non-State Entities,” and North Carolina Administrative Code Chapter 9, Subchapter 03M “Uniform Administration of State Awards of Financial Assistance” addresses reporting requirements for nongovernmental entities.

Audit Objective – Determine if the organization is subject to G.S. 143C-6-22. Determine whether required reports include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with program requirements.

Suggested Audit Procedure

1. Determine the type of filing/report that should be made with the NCDOT to comply with 09 NCAC 03M.
2. Determine whether reports were accurately prepared and filed timely.

M. SUBRECIPIENT MONITORING

Compliance Requirement - A pass-through entity must have in place a framework for evaluating the risks posed by applicants before they receive subawards. This evaluation may incorporate results of the evaluation of the applicant's eligibility or the quality of its application. If the pass-through entity determines that an award will be made, special conditions that correspond to the degree of risk assessed may be applied to the subaward. 2 CFR 200.205.

Audit Objective – Determine whether the pass-through entity conducted a pre-award risk assessment on subawards to determine level of monitoring required.

Suggested Audit Procedure – Test the pass-through entity's subaward review and approval documents to determine whether, a documented pre-award risk assessment was conducted.

N. SPECIAL TESTS AND PROVISIONS

1. **Compliance Requirement** - All out of state travel and any proposed agreements for contractual services must receive approval by GHSP.

Audit Objective - Determine that GHSP has given prior approval as required.

Suggested Audit Procedure

- a. Review minutes and other financial records of grantee to determine if any out of state travel or contractual service agreements occurred.
 - b. Verify that any out of state travel was approved through Form GHSP-07.
 - c. Ensure that all service contracts received appropriate approval prior to execution.
2. **Compliance Requirement** – Reports and publications must be approved by GHSP. Any printed material must contain the name of the GHSP.

Audit Objective - Determine that any printed material produced had prior approval and GHSP is acknowledged.

Suggested Audit Procedure

- a. Interview responsible officials to determine if any written materials were produced.
- b. Ensure that written materials were properly approved.