



U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

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May 31, 2012

Keith W. Flynn, Commissioner
Governor's Highway Safety Representative
Vermont Department of Public Safety
103 South Maine Street
Waterbury, Vermont 05671-2101

Dear Commissioner Flynn:

I was a pleasure to meet you last week while I was at the Governor's Highway Safety Program (GHSP) conducting a Management Review of GHSP. During our meeting, I mentioned that we had discovered some issues that we would be discussing in detail during the exit briefing on May 25.

During the exit briefing, we provided our preliminary results which included six findings. On May 29, at GHSP Chief's Ted Minall's request, I also provided a listing of these findings so that he could discuss with you. While concerned with each of the findings, we find the one related to purchase of equipment troubling and in need of immediate action.

23 CFR §1200.21 states, "(b) Use. All equipment shall be used for the originally authorized grant purposes for as long as needed for those purposes, as determined by the Approving Official, and neither the State nor any of its subgrantees or contractors shall encumber the title or interest while such need exists.

(c) Management and disposition. Subject to the requirement of paragraphs (b), (d), (e) and (f) of this section, States and their subgrantees and contractors shall manage and dispose of equipment acquired under the Section 402 program in accordance with State laws and procedures.

(d) Major Purchases and dispositions. All purchases and dispositions of equipment with a useful life of more than one year and an acquisition cost of \$5,000 or more must receive prior written approval from the Approving Official."

Based upon our initial review, we find that the GHSP is in non-compliance with the above regulation. We have identified approximately \$349,000 in equipment and related accessories that were purchased by GHSP with Federal highway safety funds in FY09 and FY10 without NHTSA approval. While we are continuing to review HSPs, GHSP equipment requests, NHTSA approvals, invoices, and VDPS inventory documents, we have been unable to reconcile all the purchases. An example is the purchase of two license plate readers and accessories for the Vermont State Police in April 2010 for \$40,750. While we found the Grants Tracking System

voucher that GHSP submitted to claim the funds and the accompanying invoice, we have been unable to locate a GHSP request, NHTSA approval, or entry on the DPS inventory. After research by DPS staff, we were informed that “Our query did not pick up this equipment because it was erroneously paid under the Personal Services account code.” Also challenging is the fact that the equipment purchases by DPS and State Police are not covered by a project agreement and that there is apparently no inventory or tracking of Federally funded equipment purchased by subgrantees other than DPS and State Police. Another finding will address the project agreement issue.

Due to the serious nature of the equipment issue and the inability to reconcile all the purchases, it became necessary for NHTSA to take immediate action until this can be resolved. On May 24, 2012 after discussing with Mr. Minall, I sent the following email to him.

“I want to follow up on our discussion today regarding purchases of Federally funded equipment. Due to the lack of documentation of a GHSP request and NHTSA approval of purchase of 6 automated license plate readers for total of \$98,000 with Sections 164AL and 406 funds in FY10 and the lack of adequate GHSP equipment inventory and management controls I am at least temporarily rescinding NHTSA's approval of Feb 10, 2012 for the GHSP to purchase 3 additional ALPRs for the VT State Police in FY12. Also until the GHSP has adequate equipment inventory and management controls NHTSA will be unable to consider requests for equipment purchases of \$5000 and above. I will provide formal correspondence at a later date. I appreciate your understanding and cooperation as we work with you and your staff to resolve this issue. Thank you.”

This letter confirms the email communication. I am encouraged with Mr. Minall's response and cooperation to begin work toward resolving this issue. While NHTSA staff is still reviewing documents, we welcome GHSP and DPS to submit any additional documentation that may assist in determining compliance with the regulations. It may be another six weeks until we are able to issue a draft report, but I wanted to alert you of this situation and the potential liability to the State. We look forward to the State's response. NHTSA Region 1 staff offers our technical assistance to VDPS and GHSP. Should you have questions or need additional information, please contact me at www.gary.taylor@dot.gov or 617/494-3427.

Sincerely,



R. Gary Taylor
Acting Regional Administrator

cc: Ted Minall, Chief VHSP