

## Handling of Federal Nonparticipation on Contracts

In order to track nonparticipation on a contract a specific funding source has to be found or created. The fund type 'NPART' will be used to designate those items that have been specifically earmarked as nonparticipating by the appropriate approving authority. Appropriate authority would be the Federal Highway Administration (FHWA) for "Oversight" contracts and the State Construction Office for "Exempt" type contracts.

NOTE: Under the current policy every item on every contract is considered to be participating in whatever funds are set up for that contract **unless** specific items are designated to be nonparticipating.

This document provides instructions on how to create a funding source for nonparticipating. In addition, instructions are provided for handling those situations where participating has been withdrawn on existing items on the contracts after work has already been started on the contract.

Before proceeding with a change order adding or modifying participation you will need to determine if there is any nonparticipating funding identified on the project that you want to add the item to.

Start by looking under **Contract Administration > Contract Records > Funding**, open your contract and project to determine what funding lines are available.

The screenshot shows the AASHTO SiteManager application window. The 'Contract Funding' window is open, displaying a table of funding sources for Contract ID 21102. Below the table is a form for editing a funding source.

Contract ID	Project Number	Category Number	Line Item Number	Funding Source Code	Funding Source Description	Priority Order	Source Participation Percent
21102	40469715201			PART	Participating	1	100
21102	40469715201	0002		NPART	Non Participating	1	100

  

Project Number: 40469715201  
Funding Source Code: PART  
Category Number:   
Line Item Number:   
Local Agreement Nbr: 0  
Fed/State Project Nbr: 07550671  
State Accounting Code:   
State Funding Code: F00  
Original Cap Amt: 0.00  
Current Cap Amt: 0.00  
Funding Source Description: Participating  
Source Participation Percent: 100  
Priority Order: 1  
Combine:  Like Item Code  
 Proposal Num  
 None  
Related Item:   
Proposal Line Nbr:   
Prev Estimates Amt Used: 7367727.98  
Current Estimate Amt Used: 259614.91

If there is nonparticipating funding established to the category level, every item in that category will be nonparticipating and you can establish your new item under that category.

If the only nonparticipating funding established is at the line number level or there is not a nonparticipating line, you will have to create a funding line down to the line number level.

NOTE: You must create the SA and establish the new line number(s) prior to creating the new funding line.

## ESTABLISHING A NEW FUNDING SOURCE

Focus on the upper panel of this screen and click on the **New** icon.

Contract ID	Project Number	Category Number	Line Item Number	Funding Source Code	Funding Source Description	Priority Order	Source Participation Percent
21315	40680215201			FED	Federal Funding	1	100
21315	40680215201	0002	0075	NFED	Non-Federal	1	100

Contract ID: 21315

Project Number: 40680215201  
Funding Source Code: NFED  
Category Number: 0002  
Line Item Number: 0075  
Local Agreement Nbr: 0  
Fed/State Project Nbr: N/A  
State Accounting Code:   
State Funding Code: N00  
Original Cap Amt: 0.00  
Current Cap Amt: 0.00

Funding Source Description: Non-Federal  
Source Participation Percent: 100  
Priority Order: 1  
Combine:  Like Item Code  
 Proposal Num  
 None  
Related Item:   
Proposal Line Nbr:   
Prev Estimates Amt Used: 100.00  
Current Estimate Amt Used: 0.00

In this new screen, select the **Project Number**, tab down and click on the drop-down arrow for **Funding Source Code** and select **NPART**.

Next, click on the drop-down for category and select the one where you have added the item.

Next, click on the drop-down for line item number and select the one established for the item.

Enter **Source Participation percent** of 100,

Enter **Priority Order** of 1,

Then, **Save**.

## CREATING A NEW SUPPLEMENTAL AGREEMENT CONTAINING NONPARTICIPATING ITEMS

Follow the standard instructions in the SiteManager Handbook in creating a change order Supplemental Agreement, being sure to separate the quantities and associate the nonparticipating line items with the existing nonparticipating funding source or the newly created one.

## MODIFYING PARTICIPATION ON ITEMS ALREADY PAID

During the life of a contract there may be times when the participation status of an item or portion of an item is changed. Generally, this occurs when federal participation is withdrawn. This can affect existing items as well as those that were modified or added by change order.

If the entire quantity of an item needs to be changed to nonparticipating then all that is necessary is to create a new funding line, down to the category and line item number, specifically for that item. While it will not change the way the item has already been reported it will result in the item being reported correctly on the final cost report.

Creating a special funding line one just for the item in question is covered by instructions in an earlier section of this document.

If only a portion of an item is to be changed, it will be necessary to create a change order that splits out the nonparticipating portion. We have added a new type of change order to accomplish this called: Modifying Participation.

NOTE: If no nonparticipating funding source exists on your contract you must create one after the change order is created by following the instructions in the first part of this document.

- Create a change order header using the Change Order type of “Modifying Participation.
- Use a reason code that best fits your situation.
- Choose the **Overrun/Underrun** and **Extra Work** functions.
- Go to the Change Order item screen, open the item you wish modify and reduce the plan quantity by the number units on which participation was withdrawn.
- Add this item to the project again, selecting a line number that will place the item directly beneath the participating item. Enter a supplemental description showing nonparticipating. Enter a quantity the same as that deducted in the previous step.
- If necessary. follow this same procedure with subsequent items you wish to modify.
- NOTE: If the item is a lump sum, reduce the plan quantity to zero and add the item twice with the price split according to revised participation.
- When you calculate the change order this should result in a CO Amount of \$0.00.
- When you are finished with the change order, elevate it to pending, set the approval for a single level and go ahead and approve it.
- Here is where you will create the new funding line, if necessary.
- The new item(s) will now appear on the work item selection screen on the DWR and quantities on previously reported items can be moved between participating and nonparticipating as required to reflect proper participation.

## SPECIAL HANDLING FOR NONPARTICIPATING PREMIUM COSTS

NOTE: Premium costs will not be a consideration for increases to existing contract items.

Sometimes the FHWA will participate in a new item added to a contract but decline to participate in the premium costs associated with that item. When that happens you will need to determine the percentage value of the premium cost amount versus the total change amount of the item and apply that percentage to the change quantity to arrive at a quantity for nonparticipating. The remainder of the change quantity will be participating.

NOTE: If the nonparticipating premium costs are spread across several items as in the example below, only one item, with a value larger than the premium cost, should be picked to represent that group. If the premium cost is item specific, then the calculations will need to be made for each item(see the last two items).

<b>New Item Code</b>	<b>Unit Price</b>	<b>Qty</b>	<b>Total Change Amount</b>	<b>Amount of Contract Increase</b>	<b>Premium Cost Amount</b>	<b>Prem Cst % of Change Amt</b>	<b>Non-FA Part Qty</b>	<b>Non-FA Part Amount</b>
0538-1	\$10.79	6500	\$ 70,135.00	\$ 70,135.00	\$15,509.00	22.11%	\$1,437.35	\$15,509.00
0102-71-11	\$37.00	200	\$ 7,400.00	\$ 7,400.00	\$ 2,676.60	36.17%	72.34	\$ 2,676.60
0530-3-4	\$80.00	1500	\$120,000.00	\$120,000.00	\$21,000.00	17.50%	262.50	\$21,000.00
					\$39,185.60			\$39,185.60

### REPORTING NONPARTICIPATING WORK

When reporting quantities for an item on the Daily Work Report that has been split because of nonparticipating premium costs, always report to the nonparticipating line item first.