



Federal Aid Technical Bulletin

Bulletin No. 15-01

Date: April 24, 2015

Subject: FHWA Implementation of 2 CFR Part 200 (the "Supercircular")

The Office of Management and Budget (OMB) has published 2 CFR Part 200 (referred to as the "Supercircular") to streamline the Government-wide guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards.

The Supercircular consolidates and eliminates the duplicative guidance found in a number of other OMB circulars which includes A-50, Audit Follow-Up; A-87, Cost Principles for State, Local, and Indian Tribal Governments; A-102, Grants and Cooperative Agreements with States and Local Governments; and A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The administrative requirements and cost principles will apply to new awards (initial federal authorizations) authorized on or after December 26, 2014 and for modifications to any project which has a contractual cost increase or an AC conversion:

The new Supercircular expands requirements in several areas. FHWA issued Implementation Guidance on December 4, 2014, (Appendix A) to address these expanded requirements and describe the key changes affecting FHWA business processes.

Federal Award Requirements as related to FAMS authorization requests to FHWA

The District must include the following information, in the FAMS comments (state remarks) for the initial Federal Authorization Request (FAR) and for modifications to any project which has a cost increase or an Advance Construction (AC) conversion to federal funds:

- Catalog of Federal Domestic Assistance (CFDA) number
- Indirect cost rate claimed for reimbursement
- Period of Performance end date for the Federal Aid Project

Authorization modification requests for authorization decreases should not trigger the Supercircular guidance requirement for the three new data elements.

Format example for entering the three new data elements in the FAMS comments (state remarks): *CFDA# 20.205; INDIRECT RATE .0324; PERIOD OF PERFORMANCE END DATE: 9/2/2017*

Catalog of Federal Domestic Assistance (CFDA) number

Almost all of our federal aid projects authorized through FMIS will be under CFDA# 20.205, with the few exceptions noted below. Please contact the Federal Aid Management Office if you have questions about the appropriate CFDA#.

CFDA#	Program Title	Federal Agency	Type of Assistance	Comments
20.205	Highway Planning and Construction	FHWA	Formula Grants & Project Grants	This covers almost all of our FHWA administered funds. Exceptions are shown below.
20.200	Highway Research and Development	FHWA	Project Grants	This covers discretionary R&D grants awarded through FHWA Headquarters
20.215	Highway Training and Education	FHWA	Cooperative Agreements	This covers On-the-Job Training Grants and Cooperative Agreements
20.219	Recreational Trails Program	FHWA	Formula Grants	This program is administered in Florida by Florida DEP
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	FHWA	Project Grants	This program is administered in Florida by Florida DOR
20.933	National Infrastructure Investments	USDOT Office of the Secretary (OST)	Project Grants	This covers TIGER discretionary grants

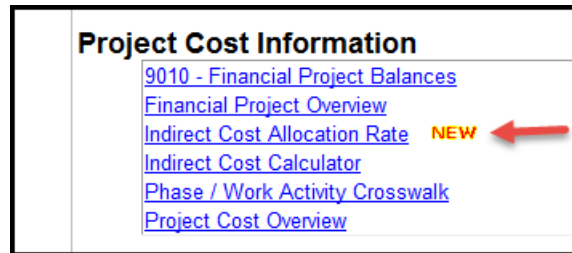
FDOT Indirect cost rate claimed for reimbursement

The current FDOT policy is to program phases for indirect costs (x9 phases) with state funds, not federal. So the indirect cost rate to include on federal authorizations will be Not Applicable “N/A”. The only exceptions are for Emergency Relief (ER) funded projects, and federal earmarks and discretionary awards where direct costs are not sufficient to fully consume the total amount of the grant award.

Indirect cost rates (an approved percentage of direct costs) will vary by the phase of work and by the year approved by FHWA. By agreement with the FHWA Florida Division Office the appropriate rate to include on the federal aid authorization will be for the phase with the highest rate (if more than one phase is on the federal aid project) in effect at the date of the initial federal authorization.

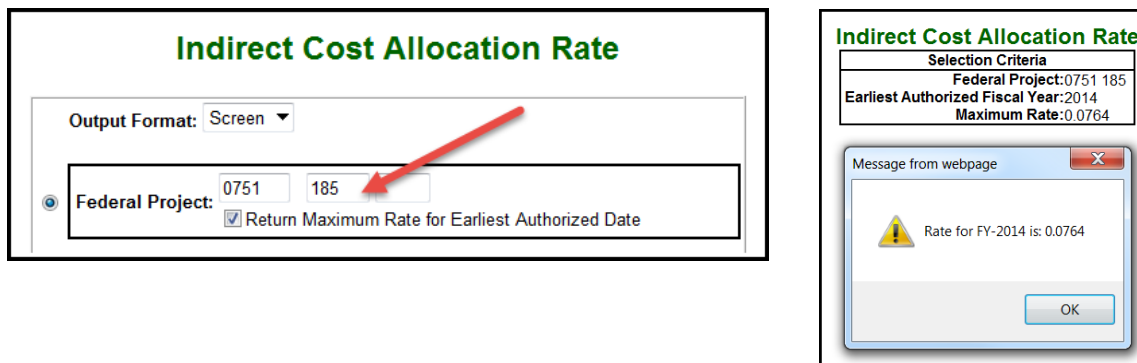
Please use the following link to determine the appropriate indirect cost rate for ER funded projects and earmarks/discretionary awards: [Indirect Cost Allocation Rate](#)

This link is on the Office of Work Program and Budget SharePoint site as shown below:

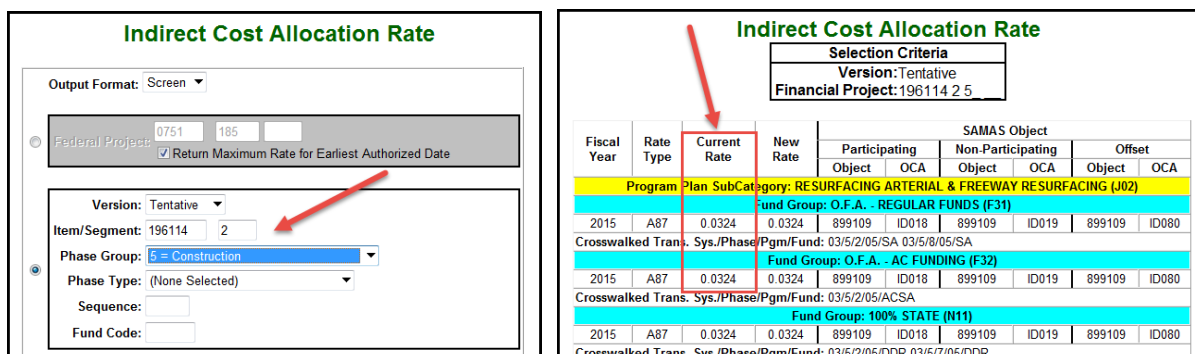


This link allows indirect cost rates to be displayed in four different ways: 1) by Federal Aid Project, 2) by Item Segment, 3) by Transportation System and 4) by Program Plan Category.

For modifications to existing Federal Aid Projects, the most useful option will be by Federal Aid Project. Under this option (if the checkbox is checked) the application will return the maximum rate (out of all of the phases on the project) for the year in which the initial federal authorization was approved. For example, see results below for Federal Aid Project # 0751-185 initially authorized on 10/18/2013:



For initial federal authorizations it will be most useful to use the Item Segment option. Under this option the application will return all the rates for each of the phases specified in the query. For example, see results below for Item Segment # 196114-2 for all 5x phases:



The highest current rate from all phases included in the initial authorization rate should be selected. In this example .0324 is the appropriate rate since all federally funded phases carry the same rate. Be sure to use the “Current Rate” for new federal authorizations since the “New Rate” may not yet be approved by FHWA.

Sub-recipient indirect cost rates claimed for reimbursement

Under the new rules, Federal agencies and pass-through entities (like FDOT) must accept from a sub-recipient a negotiated indirect cost rate if one exists, or negotiate a rate in accordance with federal guidelines.

Non-federal entities that have never had a negotiated indirect cost rate may use a de minimis rate of 10% of modified total direct costs, as long as they receive less than \$35 million in direct federal assistance annually.

FDOT’s sub-recipients include, but are not limited to, local agencies under the LAP Program, MPOs receiving federal metropolitan planning funds (PL funds), other state agencies such as DEP and DOR, and universities and transportation research institutes.

Programming and operational guidance is still being formulated regarding sub-recipient indirect cost rates. Detailed guidance on this topic will be included in a separate Federal Aid Technical Bulletin in the near future.

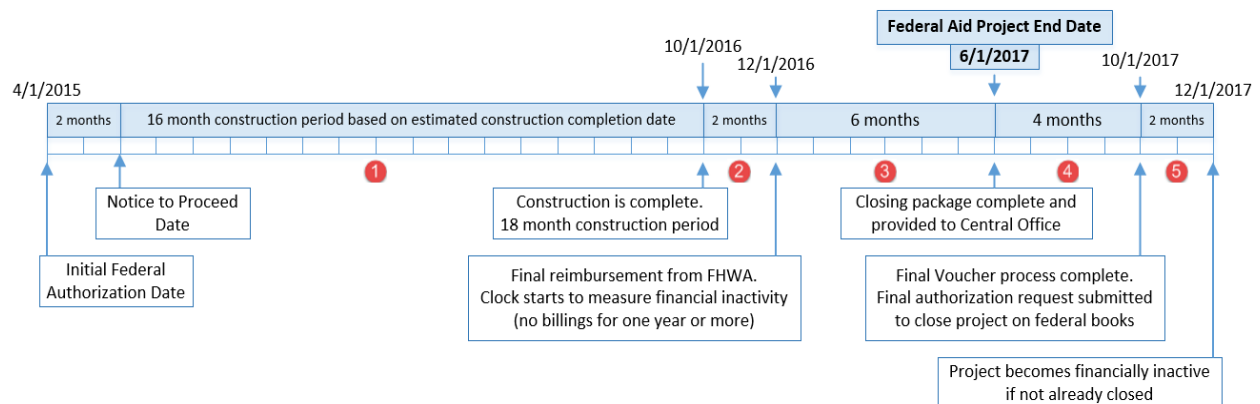
Period of Performance End Date for Federal Aid Project

The period of performance for the federal aid project is from the date of the initial approved federal authorization to the end date specified in the authorization. This end date for the federal aid project is the new data element required by the Supercircular. Please take note that this end date is not a contractual end date. This end date must be based on the federal aid project’s estimated project schedule, and should include the time required to accomplish all required physical work (deliverables) plus the additional time required for final invoices to be received and paid, for final federal reimbursements to be billed and collected from FHWA, and for completing closing packages and/or any other type of required documentation following completion of the physical work.

Important points regarding the federal aid project end date:

- Costs incurred after the end date will not be eligible for federal reimbursement.
- The end date may be modified as necessary, based on documented revisions to project schedules or other circumstances.

- The established end date does not include the time it takes for the Office of Comptroller to complete the Final Voucher process. The end date should be established based on the assumption that the final invoice has been paid to the vendor and reimbursed by FHWA and that all required paperwork has been completed to enable the project to enter the Final Voucher process, by the established end date.
- The Office of the Comptroller will need an average of approximately 3-4 months following the federal aid project end date to complete the Final Voucher process and to complete the final federal authorization request to close the project on the federal books. Some projects may take a longer or shorter timeframe depending upon the financial complexity of the project.
- The end date must be established to ensure that the federal aid project does not go financially inactive before it can be closed. See the following simplified illustrative timeline for a Contract Class 1 resurfacing construction project (initially estimated to be complete in 18 months) which highlights the milestone events in this process:



As noted in the above timeline, the key components (time periods) for determining the Federal Aid Project Period of Performance End Date are:

- 1 Period of time to complete physical construction or, in the case of other phases of work, the period of time estimated to accomplish the deliverables of the contract. In most cases this period of time will represent the contract period.

For Task Order based federalized contracts: This time period 1 represents the time allowed in the individual Task Order (Work Order) to accomplish the deliverables of the Task Order.

- 2 Period of time (2 months) to receive final invoice from vendor, pay the invoice, request reimbursement from FHWA, and collect the reimbursement.
- 3 Period of time (6 months) to remove excess encumbrances, balance project to expenditures, adjust federal obligation if needed, and complete the closing packages and/or other required reports or documentation required by FHWA.
- 4 Period of time (4 months) to complete the Office of Comptroller's Final Voucher process.
- 5 Period of time (2 months) reserved for any delays in the above processes. If cumulative delays in accomplishing the above milestones do not exceed 2 months, then the project can still be closed before it becomes financially inactive and in jeopardy of having federal funds withdrawn.

Federal aid projects with multiple phases of work

Federal aid projects are generally authorized by major phase group:

- Preliminary Engineering
 - In FHWA's FMIS system generally includes P,D&E (2x phases) and Design (3x phases)
- Right of Way
 - Land acquisition and related support phases (4x phases)
- Construction
 - Construction (5x phases)
 - Construction Engineering Inspection (6x phases)

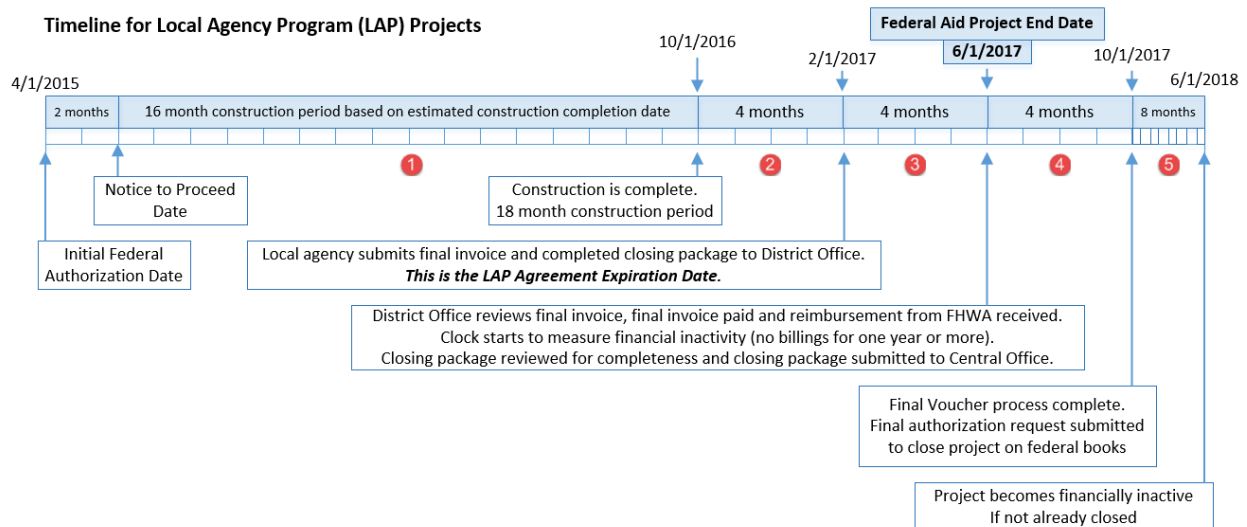
In these cases the Period 1 should encompass the phase with the longest period to accomplish the related work. For example, a construction contract (phase 52) may be completed a month or two earlier than when the CEI inspection work (phase 62) will be completed. In that case add two months to the construction contract end date to determine Period 1.

Other types of federal aid projects

Period 1 for most federal aid projects will be determined based on some type of contractual arrangement. Period 1 for emergency repairs are specified in federal regulations. Some common examples follow:

- JPAs with MPOs: Federal Metro Planning (PL) funds are authorized via a Joint Participation Agreement (JPA) with the various Metropolitan Planning Organizations (MPOs) throughout the state. These agreements expire after two years, so Period 1 should be 24 months.
- JPAs with County governments: Federal funds for ITS support are authorized via a JPA with specific local governments. The time duration of the JPA (generally five years) should be used for Period 1.
- Research Agreements with Universities: Federal Statewide Highway Research (HR) funds are authorized via Vendor Agreements with universities and institutes in the state and have specific contract durations. The duration of the contract should be used for Period 1.
- Emergency Relief projects: Projects for emergency repairs using federal ER funds are expected to be complete within 180 days of the qualifying event. The duration for Period 1 should be 6 months.

Local Agency Program (LAP) projects



The expiration date of the LAP Agreement should not be used for establishing the end date of Period 1 (period of time to complete physical construction), nor for establishing the Federal Aid Project End Date.

As noted in the above timeline, the LAP Expiration Date occurs approximately four months before the Federal Aid Project End Date, and includes an additional four months (Period 2) following physical project completion (Period 1) to submit the final invoice and closing package to FDOT.



Following the LAP Agreement Expiration Date, District staff have an additional four months to review the final invoice and closing package for accuracy and completeness (Period 3). **The Federal Aid Project End Date will be at the end of Period 3.**

As always, please feel free to contact us with any questions or concerns.

James B. Jobe, CPA, CGFM
Manager, Federal Aid
Management Office
(850) 414-4448
james.jobe@dot.state.fl.us

Sean McAuliffe, CISA, CIA
Supervisor, Federal Aid Operations
Federal Aid Management Office
(850) 414-4564
sean.mcauliffe@dot.state.fl.us

Jack G. May III, Ph.D.
Senior Federal Aid Analyst
Federal Aid Management Office
(850) 414-4625
jack.may@dot.state.fl.us