

CHAPTER 5

FINANCIAL MANAGEMENT GRANT AGREEMENTS

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5.1 OVERVIEW OF FINANCIAL MANAGEMENT

Financial management of State and Federal projects in practice follows similar guidelines and standards. LAs must have the capacity to receive and manage Federal and State financial assistance, along with the capability to determine which quantifiable costs are allowable, reasonable, and allocable under the terms and conditions of the agreement(s) for the disbursement of Federal and State financial assistance. [Section 215.971, F.S.](#) establishes requirements for agreements funded with Federal or State financial assistance. The grant agreement and LA financial management of the projects are connected; therefore, financial management information is organized in two chapters.

- ***Chapter 5, Grant Agreements (Part I)***
- ***Chapter 6, Invoicing, Payment and Audit Standards for Project Costs (Part II)***

5.1.1 Basis of State Requirements

Section 215.971, F.S. establishes requirements for agreements funded with state (or Federal) financial assistance. In addition, [Chapter 69I-5, Florida Administrative Code \(F.A.C.\), Rules of the Department of Financial Services – Schedule of Expenditures of State Financial Assistance](#), [Department Procedure No. 350-030-060-d Grant Disbursement Agreements](#), and the [Florida Department of Financial Services \(DFS\) Reference Guide for State Expenditures](#). There are numerous other resources that inform or affect financial management of state funds. The Department's Statewide Financial Assistance Office ensures the Department's compliance with Florida DFS requirements.

5.1.2 Basis of Federal Requirements

Federal financial management and cost principles are regulated primarily under [2 CFR 200](#) with additional requirements for Federal-aid projects captured under **Title 23 Highways** and **Title 48 Federal Acquisition Regulations (FAR)** of the CFR. Financial management under **2 CFR 200** includes requirements for both monitoring subrecipients' financial management of Federal subawards and how to determine eligible costs for Federal-aid participation. Federal cost principles are detailed in **2 CFR 200, Subpart E** and the **FAR** found in [48 CFR 1.31](#).

5.1.3 Department Grant Managers

Department grant managers manage the grant agreements, or contracts, between the Department and the subrecipient LAs. Contract management includes adherence to the unique Federal and state grant program requirements administered in the LP Offices

statewide. The Department's grant managers prepare agreements, review and approve invoices, assess subrecipient financial risk to the program(s), and perform award monitoring from project kick off through close out of the agreement at project end. LP grant managers' contact information is found on the LP website here: <https://www.fdot.gov/programmanagement/lp/lap/lapcontacts.shtm> .

Non-traditional Federal-aid awards with FHWA funds may be managed outside LP and in an office of the Department that is determined to match the scope of the project. For example, a FHWA grant for railroad crossing improvements may be managed by the District Rail Office. The grant agreement will identify the Department grant manager and provide their contact information. For assistance identifying Department contacts on non-traditional Federal awards, you may also contact the State LP Administrator in Central Office.

Other state and Federal subrecipient grant and funding programs and projects are managed in various offices:

- Design:
 - Highway Beautification
- Planning:
 - Shared-Use Nonmotorized Trail Network (S.U.N.Trail)
 - Transportation Alternatives (TA)
 - Metropolitan or Transportation Planning Organizations (MPO/TPOs)
- Modal Development:
 - Rail
 - Seaports
 - Aviation
 - Transit
- Safety:
 - Highway Safety Improvement Program (HSIP)
 - Safe Routes to School (SRTS)
 - National Highway Traffic Safety Administration (NHTSA)
- Traffic Operations:
 - Grants to purchase or provide traffic control equipment (i.e. signal heads, pedestrian signals, etc.), may include funds for installation by the maintaining agency.

5.2 OVERVIEW OF GRANT AGREEMENTS

Grant agreements and the governing procedures (as applicable) for most Department programs are posted to the Department's Procedural Document Library found here: <https://pdl.fdot.gov/>.

A grant agreement is a contractual agreement between the grant recipient or subrecipient LA and the Department, which provides the scope, funding and terms and conditions of the award. An agreement is prepared for each locally delivered project funded in the Adopted Five-Year Work Program (AWP). Federally funded projects must also be approved in MPOs' Transportation Improvement Program (TIP) and the Department's State Transportation Improvement Program (STIP) approved by the FHWA per [23 CFR 450.220\(a\)\(b\)](#). A project that is added in the current State fiscal year (FY) must be adopted in the AWP prior to executing the grant agreement and, as applicable the TIP/STIP prior to requesting Federal Authorization required to execute a Federal-aid grant agreement. Federal-aid projects added to the AWP in the first quarter of the state fiscal year, July 1st to September 30th, must be added to the 2nd year of the currently approved STIP during this three-month period. This is because the new STIP reflecting the AWP adopted July 1st will not be approved by FHWA until October 1st annually. This must be considered during the project scheduling process.

Department grant agreements are standardized documents reviewed and approved by the Office of General Counsel, Office of the Comptroller, and the related grant program manager. Standard provisions of the grant agreements and the corresponding exhibits cannot be modified without approvals from the Office of General Counsel, the Office of the Comptroller, and the Central Office grant program manager. Each grant agreement includes financial and audit provisions that set forth the how, when, why, and what the Department will reimburse on a LA administered project. In addition, the Department grant manager must follow monitoring procedures as set forth by **2 CFR 200.331** before preparing the grant agreement for execution between the Department and the LA.

5.3 RISK ASSESSMENT AND MONITORING PLANS

[Chief Financial Officer Memo No. 6 \(2011-2012\) Contract Monitoring and Documenting Contractor Performance](#) and **2 CFR 200.331(b)** require each Federal and State grant program to have a process for assessing risk and developing an appropriate monitoring plan. The risk assessment and monitoring plan are the responsibility of the grant manager and must be documented in the contract files.

Risk assessments may include, but are not limited to:

- Size and complexity of the award
- Subrecipients experience and expertise
- Subrecipients past performance
- Subrecipient staff turnover
- Timely invoicing and consistent progress
- Single Audit results as detailed in the subrecipients' annual financial statements.

Monitoring plans must be developed *prior* to the execution of the grant agreements and take into consideration the results of the risk assessments. Monitoring plans include review and approval of invoices and performance targets. Corrective action plans are developed as needed throughout the project life cycle for those subrecipients not meeting the program or project delivery requirements.

A sample risk assessment for state grant programs is available to grant managers in ***Department Procedure No. 350-030-060 Financial Assistance Requirements for Grant Disbursement Agreements***. Generally, State programs are treated as high risk and monitored the same across districts. If Districts want to implement a scaled risk assessment program, the risk template provided in ***FDOT Procedure 350-030-060*** is available for use. Scaled risk assessment programs may be effective to address project delivery issues such as late invoicing or delays due to LA performance. ***FDOT Procedure 350-030-060*** provides guidance on implementing corrective actions and use of the risk template.

5.3.1 Federal-Aid Project Requirements

The Department is required to assess risk of grant award subrecipients in compliance with [2 CFR 200](#) and the ***FDOT-FHWA Stewardship and Oversight Agreement***. Both, LAP and nontraditional Federal-aid awards require a risk assessment and monitoring plan at the project level. Central Office, LP works with each District grant manager to complete a programmatic risk assessment of the LA. The LA is evaluated to determine an overall risk level – high, elevated, moderate, or low. The grant manager uses the LA's risk level as the basis to develop the project level monitoring plan(s) as required by ***2 CFR 200.331***.

The risk assessment includes, but is not limited to, the following areas:

- Review of the LA's Single Audit reporting package for the most recent audit year and/or for the most recent audit year in which the LA was a subrecipient of the Department.

- Review of the LA's invoicing history on past projects.
- Identification of the LA responsible charge. The Department may consider past performance of the designated responsible charge, as applicable to **Chapter 7.4**.
- Review of past performance evaluations for LAP projects.
- Review of LA compliance with mandatory training as required by **Chapter 7.5.4**.
- Review of the LA's Title VI and other nondiscrimination program services as detailed on the LAP [Sub-Recipient Compliance Assessment \(SCAT\) Tool located in GAP](#).

Risk may be reassessed at any time it is deemed necessary by the Department or corrective actions become necessary for the LA to demonstrate maintenance of satisfactory accounting controls and project delivery processes.

Using the determined programmatic risk level, the District grant manager develops a monitoring plan for each Federal sub-award where the LA's risk is not "Low". Additional monitoring requirements identified in the plan will be implemented and followed through by the grant manager during the project. All approved monitoring plans must be uploaded into GAP. The "**Minimum Monitoring Plan Requirements for Federal-aid Projects**" **LPM chapter sections** with corresponding tables are included at the end of each applicable **LPM** chapter that establish minimum monitoring requirements for the activities associated with the chapter's content. Additional guidance and risk assessment templates for both LAP and nontraditional Federal-aid awards are available on the LP website.

5.4 COST ANALYSIS

[Section 216.3475, F.S.](#) requires agencies to maintain records to support a cost analysis for grant agreements and the grant manager must certify a cost analysis has occurred prior to award. Detailed estimates of total projects costs are required to be evaluated prior to awarding Federal or State financial assistance. In addition, **CFR, Title 23 Highways** includes specific conditions for estimating and developing detailed costs in support of Federal-aid awards.

In addition, the AWP must reflect all funding sources- local, Federal, and State funds as applicable. The total project phase costs, as supported by the cost analysis, must be programmed regardless of the amount of Department funds awarded for the project phase(s).

The statutorily required certification statement is incorporated into the Department's grant agreements' financial assistance exhibits (**Exhibit B**) and supporting documentation of the estimated costs must be maintained in the project files for review upon request.

5.5 FINANCIAL PROVISIONS FOR GRANT AGREEMENTS

The grant agreements identified in **Section 5.6** are required by the Florida DFS, **s. 215.971 F.S.** and [FDOT Topic No. 350-020-301 Financial Provisions for Department Funded Agreements](#), to include the following financial provisions:

- A provision specifying the scope of work that clearly establishes the tasks that the subrecipient is required to perform.
- A provision dividing the scope of work into quantifiable units of deliverables that must be received and accepted in writing by the LA before payment. Each deliverable must be directly related to the scope of work and specify the required minimum level of service to be performed the criteria for evaluating the successful completion of each deliverable.
- A provision specifying the financial consequences that apply if the subrecipient fails to perform the minimum level of service required by the agreement.
- A provision specifying that a subrecipient of Federal or State financial assistance may expend funds only for allowable costs resulting for obligations incurred during the specified agreement period.
- A provision specifying that any balance of unobligated funds which has been advanced or paid must be refunded to the State agency.
- A provision specifying that any funds paid in excess of the amount to which the subrecipient is entitled under the terms and conditions of the agreement must be refunded to the State agency.
- Single Audit requirements for Federal and State subrecipients.

Grant agreements identify Assistance Listing Number (ALN), which was formerly known as the Catalogs of State Financial Assistance (CSFA) and Federal Domestic Assistance (CFDA), and corresponding programmatic requirements the project(s) is subject to for Single Audit. When the *Florida Palm* launches, the new Florida DFS financial management enterprise system should reference the ALN.

In addition to the required provisions, the Department also specifies within the grant agreements the periodic and final invoicing requirements for the projects. Specific invoicing requirements and payment procedures are discussed in **Chapter 5, Part II**. By executing the grant agreement(s), the LA is agreeing to the grant program requirement(s) to maintain financial activity through timely submission of invoices.

5.6 GRANT AGREEMENTS BY FUNDING PROGRAM

The grant agreements are standardized as much as possible. Each of the Department's

grant agreements identify:

- Subrecipient(s)
- State financial project number (FPN)
- if applicable the Federal-aid Identification Number (FAIN)
- Department agreement number (i.e. G0000)
- type of funds
- LA vendor identification number
- if applicable Federal Unique Entity Identifier (UEI) numbers*
- total funding amount of the project from all sources- local, Federal, and State
- beginning and end dates of the agreement
- the maintaining agency responsible for all improvements upon final acceptance of the project.
- ALN number (replaced CSFA or CFDA)

Effective April 4, 2022, the Federal government is transitioning from using the Date Universal Numbering System or “DUNS” number to the UEI assigned by SAM.gov for all Federal awards. This number is required by **2 CFR 200.332 for reporting Federal awards per the [Federal Funding Accountability and Transparency Act](#).*

In addition, the agreements contain all Federal and State required contract language regarding payment, records retention and audits, non-discrimination, Single Audit, etc. The District grant manager will select the appropriate grant agreement for the LA project.

A grant agreement may be executed for multiple project phases spanning multiple fiscal years, but a separate encumbrance and/or Federal authorization request (as applicable) is required to initiate each phase of the project. The LA will receive a separate Notice to Proceed (NTP) for each action. Work performed prior to the full execution of a grant agreement and the issuance of a required Department NTP is not eligible for reimbursement under the grant agreement.

Subrecipients should also note that Federal-aid grant agreements cannot be fully executed until Federal funding authorization is provided by the FHWA. The FHWA must approve the initial Federal authorization and the Department must issue a NTP before work begins or costs are incurred on a Federal-aid project, with the following exceptions:

- Emergency repairs performed immediately after a declared disaster to keep roads and bridges open to essential traffic. See **Chapter 13** for further details on FHWA’s Emergency Relief (ER) Program.

- Professional services procurement may be initiated prior to Federal authorization, but authorization must be received prior to the contract execution between the LA and the consultant. See **Chapter 14** for further details on professional services procurement.

Districts must associate local funds (LF) on Federal-aid projects per the **FDOT Work Program Instructions (WPI)** and [Federal Aid Technical Bulletin 16-03 Revised 11-10-2021.docx \(sharepoint.com\)](#). The Department is required to report the total project cost of the project to FHWA. If the LA provided additional local funds to the project for contract price adjustment, District Federal-Aid Coordinators must update the associated funds in the Department's Federal Authorization Management System (FAMS) and send the project to FHWA for reporting total project cost.

Grant agreements executed with a non-profit entity require additional language per **Governor's Executive Order 20-44**. District grant managers must contact the Statewide Financial Assistance Coordinator when preparing grant agreements for non-profit entity projects.

5.6.1 State Funded Programs Grant Agreements

1. The [State Funded Grant Agreement \(SFGA\), Form No. 525-010-60](#) is required for use when a LA receives State financial assistance under the State grant programs identified in **Chapter 2**. New programs may be created by the Florida Legislature in any given year; therefore, the list may be expanded with the addition of new State funded grant programs. The SFGA must also be used when a [S.U.N.Trail Network](#) project includes funding from one or more of the State grant programs listed in **Chapter 2**.
2. The [SFGA – County Incentive Grant Program \(CIGP\) Municipality Letting, FDOT Form No. 525-010-60c](#) is for use when a municipality receives a CIGP award. The boilerplate is a tri-party agreement that requires execution by the municipality, the County where the municipality is located, and the Department as required by [s. 339.2817\(5\) F.S.](#)
3. The [Supplemental SFGA, FDOT Form No. 525-010-60b](#) is required to amend a SFGA or amend a [SUNTrail Agreement](#).

Use of the **SFGA, Form No. 525-010-60** is required for the disbursement of General Appropriations Act line-item projects (a.k.a. earmarks) that are placed in an appropriation category such as Local Transportation Projects (088862), unless the Office of General Counsel recommends a customized grant agreement. Customized agreements are

appropriate when the scope of work does not conform to the typical delivery of roadway projects. All custom grant agreements must be reviewed and approved by the Office of the Comptroller and the Central Office, LP unit prior to execution with the LA. Line-item projects are not linked to a specific State financial assistance program or activity authorized by F.S.

5.6.2 Federal-Aid Funded Programs Grant Agreements

1. The [LAP Agreement, Form No. 525-010-40](#) is required for use when a LA is awarded Federal-aid funds from the FHWA for work or activities specifically identified in the definition of “construction” in **23 USC 101(a)(4)**. When projects combine State and FHWA financial assistance, the projects must be delivered via LAP and conform to both Federal and State rules, laws, and regulations.
2. The Department’s boilerplate for non-traditional or uncategorized Federal awards, [Federal Highway Funds Subrecipient Grant Agreement \(525-010-70\)](#) is recommended for use when the funding is under CFDA/ALN No. 20.205, but the award falls under one of the exceptions identified in **Chapter 2** and the project does not need to adhere to LAP requirements for delivery. LAP Certification is not required of the LA under this method of delivery.
3. The [Local Agency ER Agreement, FDOT Form, No. 350-000-15](#) is for use when a LA receives an award to complete emergency repairs to their transportation network that occurred as a result of a declared emergency (governor or presidential). The FHWA ER Program is detailed in **Chapter 13**.

The District grant manager is responsible for requesting a FAIN from the District Federal-Aid Coordinator for each new Federal-aid project. This is done **before** drafting the Federal-aid grant agreement. The District Federal-Aid Coordinator must assign a FAIN to the related financial project(s) phase(s) in the AWP before the initial Federal Authorization is requested. If needed, additional related phase(s) may be added later during the life of the project by modifying the Federal authorization per the **FDOT WPI**. Refer to the **Federal Aid** portion of the **WPI** for complete instructions on the specific steps and time frames necessary to obtain initial Federal authorizations for all types of transportation projects. Additional information may also be found in [FDOT Procedure No. 350-050-005 Federal Project Authorizations](#).

FAIN should not be assigned any earlier than one calendar year before the Department fiscal year in which the project will be authorized.

5.6.3 Grant Agreement Content and Exhibits

During this preparatory stage, the grant manager will request an updated project scope, schedule, and estimate to incorporate into the grant agreement as required by both Federal and State laws and rules (**s. 215.97 F.S.; 215.971 F.S.; 23 CFR 630 Subpart A; Appendix II of 2 CFR 200**).

The District grant manager will draft the appropriate grant agreement incorporating the project related identifiers (e.g. State and Federal project numbers, county number, recipient vendor number), funding type, scope, schedule and estimate as applicable. Each grant agreement lists required and optional exhibits. Agreement exhibits are also standardized across local grant programs as appropriate. Additional customized exhibits approved by the Department's Offices of General Counsel and Comptroller may be manually entered and described in the master agreement and attached thereto. Exhibits cannot be determined or fully completed without a detailed scope, schedule, and estimate provided by the LA.

Federal Discretionary grants with terms and conditions different from LAP grants require the Department either to modify the Federal Highway Funds Subrecipient Grant Agreement to include these additional terms and conditions or to add an exhibit to the agreement outlining these additional requirements beyond what is in LAP.

Note: Exhibit B represents the total estimated cost of the project. The Department reserves the right to adjust Federal funding at the time of the LA's contract award to the actual contract award amount. See **Section 5.4.3 for an expanded description of this procedure.*

Table 1 provides the exhibit numbers, titles, definitions, and identifies when and to which grant agreement the exhibit may be attached.

| Table 1: Grant Agreements Exhibits | | | | |
|------------------------------------|--|--|----------------|--------------|
| EXHIBIT NUMBER | EXHIBIT TITLE | DEFINITION | REQUIRED USE | OPTIONAL USE |
| A | Project Description and Responsibilities | Identifies the project limits, scope, schedule, and any special considerations applicable. Special considerations are inclusive of, but not limited to, alternative funding agreements and participating and non-participating costs, or identifying any project requirements set forth that deviate from the LPM . | LAP, FED, SFGA | |

| Table 1: Grant Agreements Exhibits | | | | |
|------------------------------------|--|---|--------------------|-------------------|
| EXHIBIT NUMBER | EXHIBIT TITLE | DEFINITION | REQUIRED USE | OPTIONAL USE |
| | Detailed Damage Inspection Report (DDIR) | DDIR form approved by FHWA and FDOT that provides the scope and estimated costs of the emergency repair. | ER | |
| B | Schedule of Financial Assistance | Records the total funds allocated to the project from local, Federal and State sources, the project phases funded, and the State FY in which the funds are available. | LAP, FED, ER, SFGA | |
| C | Title VI Assurances | Nondiscrimination language required in all Federal-Aid contracts and subcontracts. | LAP, FED, ER | |
| | Engineer's Certification of Compliance | Construction certification form required to close out construction phase | SFGA | |
| D | Recipient Resolution | LA governing board(s) resolution, or other form of official authorization, must authorize its officers to execute the agreement with the Department. Resolutions describe and endorse the project. | LAP, FED, ER, SFGA | |
| E | Federal Financial Assistance (Single Audit Act) | Provides audit requirements for Federal Awards by clearly identifying the Federal resources awarded to the agency and information to help LAs determine their applicability to the Single Audit and other Federal grants policies. Contact the Office of Comptroller, Statewide Grants Section, for questions and assistance. | LAP, FED, ER | |
| F | Contract Payment Requirements | Florida DFS, Reference Guide for State Expenditures Cost Reimbursement Contracts required on all grant agreements. | LAP, FED, ER, SFGA | |
| G | FHWA 1273 | Required for all Federal-aid construction projects. The LA is also required to attach to all Federal-Aid construction contracts, subcontracts, etc. Reference <u>FHWA 1273</u> for detailed applicability. | LAP, FED, ER | |
| H | Alternative Advance Payment Financial Provisions | Applicable when a LA is reimbursed without proof of payment to a contractor or consultant. Payments must be approved by the Department's Comptroller under s. 334.044(29), F.S. | | LAP, FED, SFGA ER |
| I | Final Inspection and Acceptance of Federal-Aid Project | Applicable to Federal Discretionary grants that include construction services performed by the subrecipient. | FED | |

| Table 1: Grant Agreements Exhibits | | | | |
|------------------------------------|---|---|--------------------|--------------|
| EXHIBIT NUMBER | EXHIBIT TITLE | DEFINITION | REQUIRED USE | OPTIONAL USE |
| | State Funds Addendum | Applicable to grant agreements funded jointly with Federal and State grant program funds. When applicable to a grant, must also attach Exhibit J. | | LAP, ER |
| J | State Financial Assistance (Florida Single Audit Act) | Provides the audit requirements for all State grant awards and is required for all State grant agreements. When applicable to a Federal grant agreement Exhibit I is also used. | SFGA | LAP, FED, ER |
| K | Advance Project Reimbursement | Applicable when project delivery is advanced in the AWP from the actual year funding is programmed and available. The LA may not be eligible for reimbursement until the State fiscal year in which the funding for the project is programmed. Advance project reimbursement must be approved by the Assistant Secretary of Finance and Administration. | | LAP, SFGA |
| L | Landscape Maintenance | Applicable to non-SHS projects with landscaping in the scope. This is not required for sod adjacent to roadways, sidewalks, or trails. | LAP | FED, SFGA |
| M | Roadway Lighting Maintenance | Applicable to projects with lighting system installation in the scope. | LAP | FED, SFGA |
| N | Traffic Signal Maintenance | Applicable to projects with traffic signal and/or traffic signal components installation in the scope. | LAP | FED, SFGA |
| O | Terms & Conditions of Construction in Department Right of Way | Applicable to projects constructed in Department rights of way. | LAP, FED, ER, SFGA | |

5.7 GRANT AGREEMENT PREPARATION AND EXECUTION

The Department grant manager prepares the draft agreement for routing and execution by both the LA and the Department. Prior to executing the grant agreement with the LA, the criteria listed below must be met for all projects that are partially or fully funded with grant funds.

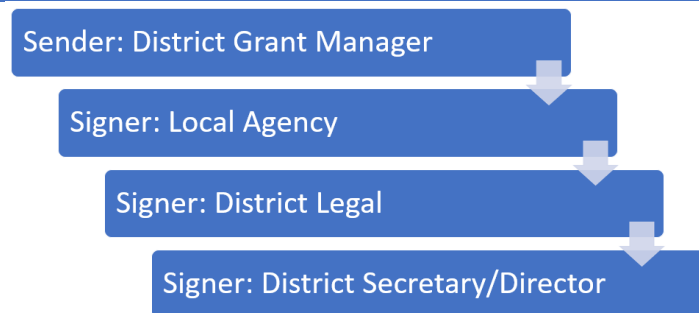
- A. The project phase(s) must be included in Department's Five-Year AWP.
- B. State budget authority must be available for the Comptroller's Office to encumber the project funds prior to contract execution.
- C. LP grants are administered as reimbursement programs under Federal and State laws and rules. The LA must fully fund the total cost of the projects in their Capital Improvements Plan (CIP) or agency budget in the fiscal year the project appears in the AWP. The LA must consider the project schedule and whether its FY differs from that of the Department. **State FY is July 1 to June 30.** FHWA and most LA FYs are October 1 to September 30.

Additional steps required for Federal-aid projects are:

- D. The project phase(s) must be listed in the Department's Federally mandated STIP (with the exception of planning and emergency repair phases).
- E. If the project phase(s) is in an area represented by an MPO, the project phase(s) must also be included in the MPO's TIP.
- F. Federal authorization must be requested prior to executing the agreement. When prompted by the grant manager, the District Federal-Aid Coordinator prepares and electronically submits a Federal Authorization Request in FAMS to the Federal Aid Management Office in Tallahassee. The Federal Aid Management Office electronically transmits the request to FHWA for approval. The Federal award (approval) date must be included in the Federal grant agreements.

The District grant manager drafts the grant agreement in DocuSign™ and routes per District process for review, comment and execution by both internal staff and external LA staff. **Figure 1** shows the order of execution or signature for each grant agreement.

Figure 1: Grant Agreement Execution Routing Order



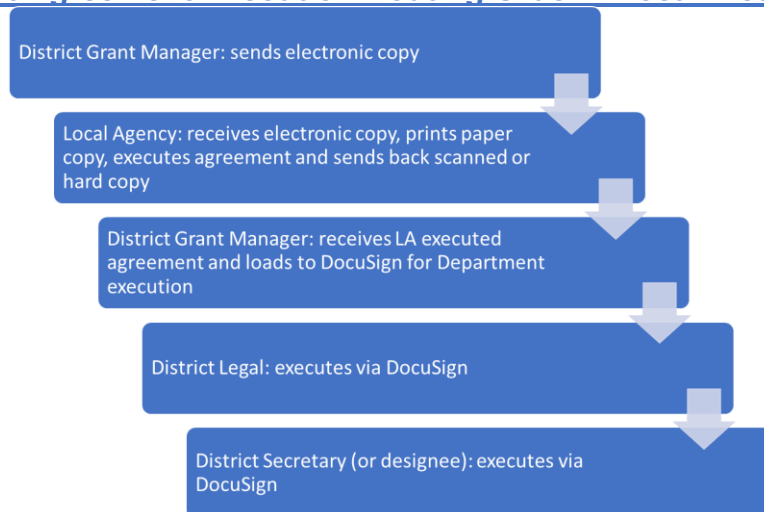
Use of the DocuSign™ technology furthers the Department's paperless initiative. Agreements can be accessed from any mobile device or tablet platform, home or office computer once routed for review and electronic signature in DocuSign™. In addition, the system does not require LA staff receiving an agreement from the Department to subscribe or pay for use. DocuSign™ is accessed from the following link:

www.docusign.net. For more information on how to use DocuSign™, the Department's Procurement Office has provided [an overview](#). A how-to video can be found on the Procurement Office's [website](#).

The DocuSign™ system allows the LA to respond to the District grant manager with comments if changes are required. The grant agreement must be executed by a LA official who is authorized to enter into contracts on behalf of the LA. Common officials are members of the governing body (e.g. commission, council, the mayor, County/City Manager, County/City Administrator). The routing may be set up so that the agreement is received by a designated point of contact in the LA and then that person may forward or assign the agreement for "review" or "review and approval" to any LA staff (i.e., Legal, Administrative, Project Management) prior to final execution. The LA is also able to assign staff for informational purposes who do not need to review or approve the document but may need a copy.

LAs that require wet ink signatures for contract executions will receive an electronic copy of the grant agreement from the grant manager. The LA may print and execute the agreement in wet ink per their process and route back to the Department grant manager for final execution by the Department. The grant manager will scan the partially executed agreement and load to DocuSign for execution by all Department signatories per the process outlined in **Figure 2**.

Figure 2: Grant Agreement Execution Routing Order – Local Wet Ink Signatures



The Department will not provide hard or paper copies of agreements routed through DocuSign™. Agreements signed in the system are considered "original signature" and the LA may print paper copies of the electronic version as needed.

5.7.1 Local Agency Responsibilities

The LA shall review the content of the draft grant agreement carefully. The key elements of the agreement when incorrect that may delay payments, processing of supplemental agreements, or trigger a loss of funds are:

- Vendor Identification Number- required for reimbursement by the State.
- UEI number issued by the Federal government on SAM.gov.
- Expiration or end date of the agreement for consistency with the anticipated project delivery schedule.
- Project scope must include all eligible major activities for reimbursement. Major activities not identified in the original scope will **not** be eligible for reimbursement under the agreement.
- Previously identified non-participating items or special funding agreements must be identified in Exhibit A.
- Project limits and description.
- Local, Federal and State funding amounts reflect the total project cost for each phase of work.

5.7.2 Department Responsibilities

After receipt of the partially executed grant agreement from the LA and per the schedule identified in the agreement, the Department grant manager shall:

- For Federally funded agreements, send the Federal authorization of funds request to the District Federal-Aid Coordinator with all required supporting material for FHWA review and approval. The District Federal-Aid Coordinator will provide the Federal Authorization approval to the District grant manager.
- Request a funds approval from the Comptroller and enter contract information through FDOT's Contract Funds Management (CFM) system. Upon approval, the Comptroller's Office processes the encumbrance(s) in Florida Accounting Information Resource (FLAIR) and provides a FLAIR Funds Approval Letter to be included with the agreement for final signature. *Note: Contract information entered through the CFM system is transmitted to the DFS' [Florida Accountability Contract Tracking System \(FACTS\)](#). This information is required for all FLAIR encumbrances and the associated funds approvals.*
- Forward the grant agreement to the District Legal Office with the authorization and encumbrance approvals for final review and approval in DocuSign™.
- Forward the grant agreement to the District Secretary, District Transportation

Development Director or their designee for final signature in DocuSign™.

- Execute the NTP if applicable.
- Upload the pdf of the grant agreement and NTP to the [FACTS](#) and to [Grant Application Process \(GAP\)](#). Retain copies in electronic files as needed. All documents loaded to GAP are automatically retained in the Department's **Electronic Document Management System** for retention in the project records.
- Forward an electronic copy of the agreement, resolution, and NTP to the District Financial Services Office for status change to be executed or refer them to FACTS.
- Forward an electronic copy of the agreement and the executed NTP to the LA or refer them to GAP.
- Confirm the Vendor ID included in the grant agreement is entered in both the Department's Project Suite Enterprise Edition (PSEE) external agency module and on the LA's organization information tab in GAP.

The Department contract number (always begins with a 'G') is generated by the CFM system, which uses the encumbrance process to tie the project's unique Department FPNs to the payee information associated with the LA's State vendor identification number and the necessary State legislative appropriation. If the project includes multiple phases, the same contract number may be used for all phases of the project. Commitments made by the Department for a project phase programmed in a future State FY are subject to the receipt of the necessary State legislative appropriation(s).

5.8 SUPPLEMENTAL AGREEMENT

A Supplemental Agreement (SA) is the contractual mechanism for making any change to the original grant agreement. When the LA becomes aware a change is required, it immediately contacts the Department grant manager. The Department grant manager prepares a SA form in accordance with the policies and procedures detailed in this section and routes through DocuSign™ for signatures. Department SA form numbers are found in **Section 5.13** of this chapter.

Changes may arise due to a variety of reasons. Examples of valid changes include, but are not limited to:

- Funding amount (+/-)
- Project limits (+/-)
- Scope (+/-)
- Project phases

These conditions may affect the Department's decision to reimburse specific pay items or work activities in the contract. The LA must provide detailed justification for all changes; some examples are change orders or bid tabulations. Requests for SAs must be submitted and approved prior to the expiration of the grant agreement. The Department

does not require a resolution to be executed for SAs, but LA policy may vary.

5.8.1 Supplemental Agreements Without Funding Changes

SAs that do not require an increase or decrease in the project funding follow the same steps identified in **Section 5.8** minus the encumbrance of funds. For Federal-aid agreements, a request to modify the Federal authorization is required if the type of work identified in the original authorization changes.

The LA must submit detailed justifications for scope changes, including project limits to the Department grant manager. Not all scope changes are eligible for reimbursement, even if there are sufficient funds on the grant agreement to pay for those changes. Examples of participating and non-participating changes are identified in the [FDOT Construction Project Administration Manual \(CPAM\) Section 7.3.11](#) and [23 CFR 635.120](#).

5.8.2 Supplemental Agreements With Funding Changes

Changes to the project funding must be made in accordance with the **LPM** and the **WPI**. LA contract awards that exceed the original funding amount may be eligible for additional funds from the Department if available. An additional Federal Authorization Request to modify the initial Federal Authorization for Federal-aid projects to reflect funding changes for all sources (local, Federal and State) is required. The LA must explain and justify all changes and funds increases or decreases.

When a LA contract is awarded to a contractor or consultant for less than the Department funded amount, the Department may reduce the funding amount for reallocation to other prioritized projects awaiting funding. Federal-aid project funding amounts must be reduced along with the total Federal authorization amount as detailed in **Section 5.8.3**.

5.8.3 Federal-Aid Contract Award Adjustment Procedure

See the WPI, Part IV Chapter 6 bullet A. Flowchart and bullet L. Authorizing LAP Projects for instructions on how to amend the Federal authorization when a LA contract is awarded, or amended, to exceed the original Federal authorization amount. Federal authorizations must reflect the total cost of the project from all funding sources (Local, Federal, and State).

In accordance with appropriations law (**31 USC 1501**) all Federal obligations (authorizations) must be supported by documentary evidence, such as a contract. In addition, **23 CFR 630.106(a)(4)** and the grant agreement **“Requisitions and Payments”** sections provide additional authority for the Department to adjust the agreement amount

via SA if the LA contract is awarded for less than the original funding amount.

The SA must be executed within ninety (90) days per **23 CFR 630.106 (a)(3-4)**. The 90-day time clock begins when the Department concurs with the LA's recommendation to award. The first three steps are repeated for each contract award.

1. LA submits bid tabulation for construction contracts and/or negotiated cost exhibit for professional services contracts with a recommendation of award to the Department. See **LPM Part III- Contracting Methods and Practices** respectively for more information on LA contract award processes and requirements.
2. The Department concurs with award.
3. The Department determines if there is a difference between the authorized funding amount of original Federal-aid grant agreement and the LA's contract award amount.

The difference between the agreement amount and the contract award amount will determine the District's responsibility to adjust the Federal funding authorized under the grant agreement via an SA per **23 CFR 630.106**. Three options are available to the Districts as described below.

Option 1: A SA is **not** required if the difference between the amount of authorized Federal funds under the agreement and the LA contract award amount is less than 10% of the total LA contract award amount **and** less than \$250,000.

Option 1 Example:

| | |
|------------------------|-------------|
| Grant Agreement = | \$1 million |
| LA Contract Amount = | \$950,000 |
| 10% Threshold amount = | \$95,000 |
| Difference = | \$50,000 |
| SA is not required. | |

If Option 1 is applicable:

- The authorized funds on the grant agreement in excess of the LA contract award amount may be utilized for changes in work as approved by District staff.
- If an LA authorizes or performs a change of work prior to receiving Department concurrence, the change will not be eligible for reimbursement. The LA will incur the entire cost of the changes per **Chapter 21**.
- Premium costs as defined in the Department's **Construction Project Administration Manual** or **CPAM**, are not eligible for reimbursement. Participating and non-participating costs shall be identified in writing and provided with the grant manager's concurrence for changes in work.

- Any remaining funds will be released once the contract is closed.

Option 2: An SA is required if the difference between the amount of authorized Federal funds under the grant agreement and the LA contract award amount is greater than or equal to \$250,000 (**23 CFR 630.106**).

Option 2 Example: Grant Agreement = \$1 million
 LA Contract Amount = \$700,000
 Difference = \$300,000
 SA is required.

If Option 2 is applicable:

- A SA will be executed to adjust the authorized Federal funds under the agreement to match the LA contract award amount.
- The SA should be executed within 90 days from the date the LA's recommendation to award the contract is concurred with by the District. If the LA cannot receive governing body approval within 90 days, justification and an execution schedule must be submitted to the Department grant manager.
- All change orders added to the LA contract will require review and approval by the Department (per standard construction administration and oversight procedure found in **Chapter 21**).
- If changes are approved, eligible, and Federal funds are available, the Department grant manager will prepare an additional SA for LA execution.
- Modification of the initial FHWA authorization will be required for all funds added to a Federal-aid grant agreement in order to reflect total project cost by associating all State and local funds to the Department's FAMS which in turn updates FHWA's Fiscal Management Information System (FMIS) as required by **23 CFR 630.106** and **23 CFR 630.108**.

Option 3: An SA is required if the difference between the amount of authorized Federal funds under the agreement and the LA contract award amount is greater than 10% of the total LA contract award amount and less than \$250,000.

Option 3 Example: Agreement = \$1 million
 LA Contract Amount = \$800,000
 10% Threshold amount = \$80,000
 Difference = \$200,000
 SA is required.

If Option 3 is applicable:

- A SA will be executed to adjust the agreement amount.
- The District may adjust the Federal authorization to match the LA contract award amount or adjust the original authorization to an amount not to exceed the contract award amount plus a maximum of 10% of the LA's contract award amount.
- A variety of factors may influence how the District proceeds with adjusting the Federal authorization; including, but not limited to- District budget, project scope, and/or funding agreements between the District and the agency.
- The SA should be executed within 90 days from the date the District concurs with the agency's recommendation to award the contract. If the LA cannot receive governing body approval within 90 days, justification and an execution schedule must be submitted to the Department grant manager.
- The authorized funds on the agreement in excess of the LA contract award amount may be utilized for eligible changes in work as approved by the grant manager.
- If a LA authorizes or performs a change of work prior to receiving Department grant manager concurrence, the change will not be eligible for reimbursement. The LA will incur the entire cost of the changes per **Chapter 21**.
- Premium costs as defined in **CPAM** are not eligible for reimbursement. Participating and non-participating costs shall be identified in writing and provided with the grant manager's concurrence for changes in work.
- Any remaining funds will be released once the contract is closed.
- If the LA requests additional funds from the Department due to changes in work, the grant manager will prepare an additional SA for LA execution if the changes are eligible for Federal participation and Federal funds are available at the time of request.
- Modification of the initial FHWA authorization will be required for all funds added to a Federal-aid grant agreement in order to reflect total project cost by associating all State and local funds in FAMS which in turn updates FMIS as required by **23 CFR 630.106** and **23 CFR 630.108**.

5.9 TIME EXTENSIONS

Grant agreements have defined beginning and end dates. The beginning date is the date of final contract execution by the Department and the end date is determined by the project scope and schedule. A LA is only eligible for reimbursement of project costs from the date the NTP is issued by the Department to the date the agreement expires. Any work performed after the expiration of a grant agreement will **not** be eligible for reimbursement.

If the LA cannot complete the project prior to the expiration date of the agreement, the LA

must submit a request for time extension prior to the expiration of the agreement. A request for time extension shall include a detailed justification for the delay. Upon receipt of the request for a time extension, the Department grant manager shall review the justification and may request additional information as needed to process the time extension approval.

Time extensions are granted at the discretion of the Department. Some Federal-aid projects require FHWA approval, such as Projects of Division Interest (PODIs), which will be coordinated by the District grant manager. Time extension requests are approved by the Department grant manager and the District Transportation Development Director, and the District Financial Services Office needs to be notified to update the contract end date. When the Federal-aid project end date reported in the FAMS must be extended due to a time extension request, the Federal-Aid Coordinator must update the period of performance end date in FAMS and FHWA must review and approve the modification.

Time extensions may be granted via a formal SA Form or a two-party letter where both the LA and the Department sign and date the letter. If the District utilizes a letter to extend the grant agreement, the letter must reference the original agreement and both/all parties to the original agreement must sign the letter.

5.10 EXPIRATION OF AGREEMENT

Per the grant agreement, the LA will agree to complete its projects on or before a completion date that is agreed upon by the LA and the Department. The expiration of the agreement will be considered the termination of the project. Any work performed after the agreement's expiration date may only be reimbursed through a settlement agreement approved by the Department's Office of General Counsel and Executive Team. Work performed after the Federal Period of Performance end date and/or agreement expiration date(s) will not be eligible for Federal participation after this date.

5.11 TERMINATION OF AGREEMENT

A grant agreement may be terminated prior to the expiration date at the request of the LA or the Department per the grant agreement terms and conditions. Agreement terminations by the Department may occur for various reasons, including, but not limited to:

- Noncompliance as evidenced by an audit.
- Violation of the Federal and/or State laws and rules governing the grant program.
- Project continuation would not produce beneficial results commensurate with the further expenditure of funds.
- Recipient fails to comply with the Public Records provisions of **Ch. 119, F.S.**

Additional termination language is found in each grant agreement. The Department grant manager prepares a notice of termination and transmits to the LA in writing.

5.12 MINIMUM MONITORING PLAN REQUIREMENTS FOR FEDERAL-AID PROJECTS

As discussed in **Section 5.3**, a risk assessment and project specific monitoring plan must be developed prior to the Federal award. Federal award date under Department process is considered the Federal Authorization date. **Table 2** contains the minimum financial and program monitoring requirements as determined by risk that must be incorporated into each monitoring plan. Department grant managers may impose additional monitoring requirements for projects based on findings of noncompliance on other projects delivered by the LA in the past, or if current findings of noncompliance occur on active projects.

| TABLE 2: Minimum Monitoring Requirements for Federal-Aid Projects | | |
|---|--|--|
| MONITORING REQUIREMENT | REQUIREMENT DESCRIPTION AND ACTIVITIES | MINIMUM FREQUENCY BASED ON RISK LEVEL |
| Single Audit Review | Single Audit: OOC reviews Subrecipient's single audits in areas such as compliance, financial stability, disclosures of related party transactions, etc. for each year the project remains active. Results are reported to each grant program manager. | Annually |
| Period of Performance End Dates | FAMS requires project end dates input at initial authorization and are updated if a time extension is granted. End date revisions require justification. Process for establishing end dates is provided in the WPI. | End dates are reviewed and revised as needed with each time extension request received. |
| Time Extensions | Requests in writing to extend contract time to complete projects. GAP sends automated reports warning both locals and FDOT staff of expiring grant agreements. | Each time extension request is approved or denied in writing prior to the expiration of the agreement. |
| Agreement Modifications | Modifications to scope, schedule, cost or deliverables are requested in writing and include sufficient justification. | Supplemental Agreements are executed for modifications. Denials are issued in writing. |
| LA Contract Changes | Contract changes agreed upon between the LA and their consultant/contractor are documented, justified, and submitted in writing to the grant manager for approval prior to the LA implementing the contract change. | All contract changes are reviewed and approved prior to implementation by the LA. SAs or time extensions are issued as needed. |

5.13 RESOURCES

[Local Programs Contacts](#)

[Section 215.971, F.S.](#)

[Section 216.3475, F.S.](#)

[Section 339.2817\(5\) F.S.](#)

[Section 55.03\(1\) F.S.](#)

[Florida Administrative Code \(F.A.C.\) Chapter 69I-5, Rules of the Department of Financial Services – Schedule of Expenditures of State Financial Assistance](#)

[Federal Funding Accountability and Transparency Act](#)

[Florida DFS Reference Guide for State Expenditures](#)

[2 CFR part 200](#)

[23 CFR Part 645](#)

[CFO No. 6 \(2011-2012\) Contract Monitoring and Documenting Contractor Performance](#)

[Florida Accountability Contract Tracking System \(FACTS\)](#)

[Procedure No. 350-030-060-d Grant Disbursement Agreements](#)

[Procedure No. 350-020-301 Financial Provisions for Department Funded Agreements](#)

[LAP Forms webpage](#)

[Form No. 525-010-40 Local Agency Program \(LAP\) Agreement](#)

[Form No. 525-010-60 State Funded Grant Agreement \(SFGA\)](#)

[Form No. 525-010-60c State Funded Grant Agreement – CIGP Municipality Letting](#)

[Form No. 525-010-60b Supplemental State Funded Grant Agreement](#)

[Form No. 525-010-70 Federal Highway Funds Subrecipient Grant Agreement](#)

[Form No. 350-000-15 Local Agency Emergency Repair \(ER\) Agreement](#)

[Form No. 525-010-53 Local Programs Invoice Template](#)

[Form No. 525-010-54 Local Programs Project Monitoring Report and Instructions](#)

[SUNTrail Agreement](#)

www.docuSign.net

[Contract Summary Form](#)

[Federal Discretionary Grants webpage](#)

[Bipartisan Infrastructure Law – Guidance/Regulations - FHWA](#)