

Florida Department of Transportation

Modal Development Division – Transit Office

Transit Financial Management & Oversight Manual

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Prepared for



Table of Contents

1.0 Introduction	1-1
1.1 Relationship to FDOT State Management Plan	1-1
1.2 Other Companion Resources	1-1
1.3 Organization of Manual Content.....	1-3
2.0 Public Transit Grant Roles and Programs	2-4
2.1 FDOT-Administered FTA Funding Programs	2-4
2.2 State Transit Funding Programs	2-4
2.3 Other Related Funding Programs	2-8
3.0 Financial Management Oversight Requirements	3-1
4.0 Types and Eligibility of Costs	4-1
4.1 Direct vs Indirect Costs.....	4-1
4.2 Determining Cost Eligibility	4-3
4.3 Common Eligible Operating Costs	4-4
4.4 Common Eligible Capital Costs	4-6
4.5 Common Unallowable Costs	4-7
4.6 Required Written Procedures for Allowable Costs	4-8
4.7 Interest Expenses (5210).....	4-9
5.0 Types and Eligibility of Local Match	5-1
5.1 Eligible Types of Match	5-1
5.2 Human Services Transportation Income as Operating Match	5-1
5.3 Annual Reconciliation of Program Income	5-2
5.4 Guidance for Certifying In-Kind Contributions as Local Match.....	5-3
6.0 Cost Allocation and Indirect Cost Rate	6-1
6.1 Cost Allocation Plan Versus Indirect Cost Rate Proposal	6-1
6.2 Allocation of Shared Costs	6-1
6.3 Indirect Cost Rate Applicability	6-2
6.4 Indirect Cost Rate Proposal Methods.....	6-2
6.5 Allocation Bases	6-8
6.6 Indirect Costs Incurred for Third Party Operators	6-9
6.7 FDOT Approval of Recipient Indirect Cost Rate	6-9
6.8 Indirect Cost Rate Recovery and Annual Adjustment	6-10
7.0 Invoicing.....	7-1
7.1 Invoice Submittal Requirements	7-1
7.2 Invoice Submittal	7-2
7.3 Invoice Submittal Tracking	7-2
7.4 Invoice Review and Processing.....	7-3
7.5 Invoicing Expenses Across Multiple Funding Programs.....	7-5
8.0 Compensation to Non-Profit Organizations Using State Funds.....	8-1
8.1 Applicability	8-1
8.2 Documentation Requirements	8-1
9.0 Risk Assessment.....	9-3
9.1 Risk Assessment Purpose	9-3
9.2 Statewide Risk Assessment Process for Public Transit Grants.....	9-3

9.3 Annual Agency Risk Assessment	9-4
9.4 Pre-Award Risk Certification	9-8
9.5 Documentation of Pre-Award Risk Assessment	9-9
9.6 Non-Profit Organizations Using State Funds for Executive Compensation	9-9
9.7 Risk Assessment Frequency	9-9
9.8 Approval of Alternative Risk Assessment Process	9-10

Figures

Figure 6-1: Monthly Indirect Cost True Up Example	6-10
Figure 6-2: Annual Indirect Cost Adjustment Example	6-11
Figure 7-1: Resource for Invoicing Expenses Across Multiple Funding Programs	7-7
Figure 9-1: Risk Assessment Tool – Worksheet 1.Summary	9-5
Figure 9-2: Risk Assessment Tool – Risk Score Input Example	9-6
Figure 9-3: Risk Score Outputs and Associated Risk Levels	9-7

Tables

Table 1-1: FDOT-Administered FTA and State Transit Funding Programs	1-1
Table 1-2: Transit Financial Management & Oversight Manual Organization.....	1-3
Table 2-1: FDOT-Administered Federal Transit Funding Programs	2-4
Table 2-2: FDOT-Administered State Transit Funding Programs	2-5
Table 5-1: Human Services Program Match: Program Revenue Example	5-2
Table 5-2: Human Services Program Match: Program Income Example	5-2

Example Forms

Example Form 1: In-Kind Verification.....	5-4
Example Form 2: Negotiated Indirect Cost Rate Agreement	6-3
Example Form 3: De Minimis Indirect Cost Rate Certification	6-6
Example Form 4: Subrecipient Pre-Award Risk Assessment Certification Form	9-11

List of Acronyms

ADA—Americans with Disabilities Act
BRT—Bus Rapid Transit
CFR—Code of Federal Regulations
CIG—Capital Investment Grant
CTC—Community Transportation Coordinator
CTD—Commission for the Transportation Disadvantaged
Department of Financial Services
F.A.C.—Florida Administrative Code
FDOT—Florida Department of Transportation
F.S.—Florida Statutes
FTA—Federal Transit Administration
GAAP—Generally-Accepted Accounting Principles
MPO/TPO—Metropolitan Planning Organization or Transportation Planning Organization
MTDC—Modified Total Direct Cost
NOGA—Notice of Grant Award
NTD—National Transit Database
NSTP—New Starts Transit Program
OOC—Office of the Comptroller
PTGA—Public Transportation Grant Agreement
SMP—State Management Plan
SOP—Standard Operating Procedure
STIP—State Transportation Improvement Program
TD—Transportation Disadvantaged
TDC—Transportation Development Credits
TDM—Transportation Demand Management
TIP—Transportation Improvement Program
U.S.C.—United States Code
USOA—Uniform System of Accounts

FDOT Transit Office | *Transit Financial Management & Oversight Manual*

1.0 Introduction

The Florida Department of Transportation (FDOT) is designated under Chapters 20.05(1)(a) & (b), 20.23(1)(a), and 341.051(1)(a), Florida Statutes (F.S.), to receive and administer Federal Transit Administration (FTA) funds through the § 5305(d), § 5305(e), § 5310, § 5311 and § 5339 programs. The State of Florida also has established public transit funding programs that FDOT is responsible for managing and administering to eligible recipients. In this role, FDOT is required to manage the fiscal elements of these programs in accordance with its existing procedures, FTA guidelines, and other applicable state and federal regulations.

As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

This Transit Financial Management & Oversight Manual (Manual) aims to provide supplemental guidance to FDOT staff responsible for the administration and oversight of the federal and state transit funding programs listed in Table 1-1.

Table 1-1: FDOT-Administered FTA and State Transit Funding Programs

FTA Funding Programs	Type of Grant
§ 5305: Metropolitan and Statewide Transportation Planning Program	Formula
§ 5310: Enhanced Mobility of Seniors and Individuals with Disabilities Program	Formula
§ 5311: Formula Grants for Rural Areas Program	Formula
§ 5329: Public Transportation Safety Program	Formula
§ 5339: Buses and Bus Facilities Formula Program	Formula
State Funding Programs	
Public Transit Block Grant	Formula
Commuter Assistance Program	Competitive
Park and Ride Program	Competitive
Service Development Program	Competitive
Transit Corridor Program	Competitive

1.1 Relationship to FDOT State Management Plan

The FTA requires that each state Department of Transportation (DOT) maintain an approved State Management Plan (SMP) to document written policies and procedures governing the administration of its funding programs. FDOT’s SMP also serves as a guidance and training resource for FDOT program staff and its recipients. The SMP is supported by a series of guidance documents that further detail FDOT’s program management activities, processes, and recipient requirements.

This Manual is incorporated into the State Management Plan as a guidance document to further support FDOT’s roles and responsibilities for managing both federal and state transit grant programs.

1.2 Other Companion Resources

As the designated recipient to receive and administer certain FTA funds and, as the agency responsible for administering state public transit grants, FDOT must comply with all applicable federal and state

rules and regulations. This section highlights external documents or other resources frequently referenced throughout this Manual.

Title 49 U.S.C.

The United States Code (U.S.C.) is a compilation of most public laws currently in force, organized by subject matter. Title 49 of the U.S.C. governs the collection of laws addressing transportation, including all federal public transit funding programs referenced in this Manual.

2 CFR § 200

The United States Code of Federal Regulations (CFR) is the collection of regulations adopted by various federal agencies. Title 2 CFR § 200 establishes uniform administrative requirements, cost principles, and audit requirements that must be followed by any non-federal entity receiving federal funds or grants.

FTA Circulars

As the main federal entity providing public transportation funding assistance, the FTA regularly publishes circulars to provide grantees with direction on program specific issues and statutory requirements. The primary FTA Circulars applicable to this Manual include:

- *Circular 9070.1G (July 7, 2014): Enhanced Mobility of Seniors and Individuals with Disabilities Program Guidance and Application Instructions* [§ 5310 Program]
- *Circular 9040.1G (November 24, 2014): Formula Grants for Rural Areas Program Guidance and Application Instructions* [§ 5311 Program]
- *Circular 5100.1 (May 15, 2015): Bus and Bus Facilities Program Guidance and Application Instructions* [§ 5339 Program]
- *Circular 5010.1E (July 16, 2028): Award Management Requirements* [Post-Award Administration and Management Activities]

FDOT Procedures and Forms

Reference to official FDOT Forms and Procedures are noted throughout this Manual in red call-out boxes, copies of which can be obtained from the FDOT Procedural Document Library: [Procedural Document Library \(fdot.gov\)](https://www.fdot.gov/procedural-document-library). In the case of any content conflicts, the applicable FDOT Procedure or Form shall prevail.

FDOT Public Transportation Grant Agreement

A Public Transportation Grant Agreement (PTGA) is the agreement between a recipient and FDOT that establishes a public transportation project and responsibilities related to the project. The PTGA defines the scope, budget, funding source, and any legal provision necessary for the project.

Refer to the applicable FDOT Procedure and Forms for more detail on the use of a PTGA and related exhibits for public transportation projects.

FDOT Procedure/Form Reference:

PTGA FDOT Procedure: 725-000-005

PTGA FDOT Forms:

- PTGA Template: 725-000-01
- PTGA Exhibits: 725-000-02
- PTGA Amendment: 725-000-03
- PTGA Extension: 725-000-04
- PTGA Closing: 725-000-07

1.3 Organization of Manual Content

The organization of this Manual is summarized in Table 1-2. This is a living document to be updated, as necessary, to reflect changes applicable legislation, regulation, or policy. The content herein is not intended to provide legal advice or interpretation.

Table 1-2: Transit Financial Management & Oversight Manual Organization

Document Section	Content Overview
1 Introduction	✓ <i>Manual Introduction and Purpose</i> ✓ <i>Relationship to the SMP</i> ✓ <i>Other Companion Resources</i>
2 Public Transit Grants Roles and Programs	✓ <i>FDOT-Administered FTA Programs (refer to SMP)</i> ✓ <i>State Transit Funding Programs</i> ✓ <i>Other Related Funding Programs</i>
3 Financial Management Oversight Requirements	✓ <i>General Financial Oversight Requirements</i>
3 Types and Eligibility of Costs	✓ <i>Direct vs Indirect Costs</i> ✓ <i>Eligible Costs</i> ✓ <i>Unallowable Costs</i>
4. Types and Eligibility of Local Match	✓ <i>Eligible Types of Match</i> ✓ <i>Human Services Transportation Income as Match</i> ✓ <i>Annual Reconciliation of Program Income</i>
6. Cost Allocation and Indirect Cost Rates	✓ <i>Applicability to Recipients</i> ✓ <i>Indirect Cost Rate Proposal Methods</i> ✓ <i>Allocation Bases</i> ✓ <i>Indirect Costs Incurred for Third Party Operators</i> ✓ <i>FDOT Approval of Indirect Cost Rates</i> ✓ <i>Indirect Cost Recovery and Annual Adjustment</i>
7. Invoicing	✓ <i>Invoice Submittal Requirements</i> ✓ <i>Invoice Submittal Frequency</i> ✓ <i>Invoice Submittal Tracking</i> ✓ <i>Invoice Review and Processing</i>
8. Risk Assessment	✓ <i>Risk Assessment Purpose</i> ✓ <i>Statewide Process for Public Transit Grants</i> ✓ <i>Annual Agency Risk Assessment</i> ✓ <i>Pre-Award Risk Certification</i> ✓ <i>Documentation of Pre-Award Risk Assessment</i> ✓ <i>Risk Assessment Frequency</i> ✓ <i>Approval of Alternative Risk Assessment Process</i>

2.0 Public Transit Grant Roles and Programs

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

2.1 FDOT-Administered FTA Funding Programs

The Governor has designated FDOT to administer FTA-funded programs in Florida under Chapters 20.05(1)(a) & (b), 20.23(1)(a), and 341.051(1)(a), F.S. The specific federal programs, summarized in Table 2-1, are detailed in the SMP. FDOT’s Transit Office administers all but the § 5305 program; that is administered by FDOT’s Office of Policy Planning. Each urbanized area in Florida applies for §5307 program funds directly with FTA; the exception being that FDOT’s Transit Office applies for these funds to FTA on behalf of SunRail.

As the designated recipient of these program funds, FDOT is responsible for monitoring a recipient’s compliance with all federal applicable terms, conditions, and requirements for the grant.

Refer to the **State Management Plan, Section 3: Grant Program Requirements** for more detail on the specific eligibility and program requirements for each FTA grant program administered by FDOT.

Table 2-1: FDOT-Administered Federal Transit Funding Programs

Federal Funding Program (Title 49 U.S.C.)	Capital	Operating	Other ¹
§ 5305(e) <i>Statewide Transportation Planning Program</i>			✓
§ 5307 <i>Formula Grants for Urbanized Areas</i>	✓	✓	
§ 5310 <i>Enhanced Mobility of Seniors and Individuals with Disabilities</i>	✓	✓	
§ 5311 <i>Formula Grants for Rural Areas</i>	✓	✓	
§ 5311(f) <i>Formula Grants for Rural Areas – Intercity Bus</i>	✓	✓	
§ 5329 <i>State Safety Oversight (SSO) Program</i>			✓
§ 5339 <i>Bus and Bus Facilities Program</i>	✓		

¹Other defined as planning activities for § 5305 funds and implementing SSO program activities to oversee safety of rail transit systems for § 5329 funds.

2.2 State Transit Funding Programs

The state transit funding programs that FDOT administers, summarized in Table 2-3, are described further in this section.

FDOT Procedure/Form Reference:
Refer to the FDOT Procedure listed in the table for specific eligibility and program requirements.

Table 2-2: FDOT-Administered State Transit Funding Programs

State Funding Program	FDOT Procedure	Capital	Operating
Florida Public Transit Block Grant Program	725-030-030	✓	✓
Public Transit Service Development Program	725-030-005	✓	✓
Transit Corridor Program	725-030-003	✓	✓
Park-and-Ride Program	725-030-002	✓	
Commuter Assistance Program	725-030-008	✓	✓
State New Starts Funding	725-030-050	✓	

Florida Public Transit Block Grant Program

The Public Transit Block Grant Program was established by the Florida Legislature to provide a stable source of funding for public transit. The specific program authority is provided in § 341.052, F.S. Funds are awarded by FDOT to public transit providers eligible to receive funding from the FTA under the § 5307 and § 5311 programs and to CTCs. FDOT will distribute 85% of funds to § 5307 providers and § 5311 providers that are not CTCs. To receive Block Grant funds through FDOT, eligible transit providers must provide a 10-year Transit Development Plan, a major update of which is due every five years (refer to Rule 14-73.001, F.A.C.).

Eligible expenses include traditional capital expenses as defined by Title 49 U.S.C. § 5302(3), which include the vehicles, equipment, and/or facilities necessary to carry out the public transportation service. State participation is limited to 50% of the non-federal share of the costs.

Eligible transit operating costs are the total administrative, management, and operation costs directly incident to the provision of public bus transit services, excluding any depreciation or amortization of capital assets. State participation in eligible operating costs may not exceed 50% of such costs or an amount equal to the total revenue, excluding farebox, charter, and advertising revenue and federal funds, received by the provider for operating costs, whichever amount is less.

Public Transit Service Development Program

The Public Transit Service Development Program was enacted by the Florida Legislature to provide initial funding for special projects and is authorized in Chapter 341, F.S. The program is selectively applied to determine whether a new or innovative technique or measure can be used to improve or expand public transit services.

Eligible projects include operating and capital, specifically those involving the use of new technologies; services, routes, or vehicle frequencies; the purchase of special transportation services; and other such techniques for increasing service to the riding public.

Projects involving the application of new technologies or methods for improving operations, maintenance, and marketing in public transit systems are also eligible for Service Development Program funding. Under this program, State funding for eligible projects that improve system operations or system maintenance procedures is limited to three (3) years; funding for projects that improve

marketing and consumer information programs or improve technology are limited to two (2) years. The applicable timeframe begins when the project starts and expenses are incurred, not when the PTGA is executed.

FDOT is authorized to fund up to 50% of the capital and net operating costs of transit service development projects that are local in scope and that will improve system efficiencies, ridership, or revenues. State participation can be increased to 100% of the operating costs of statewide transit service development projects.

Transit Corridor Program

The Transit Corridor Program is authorized in Chapter 341, F.S., and provides funding to eligible public agencies to support new services within specific corridors when the services are designed and expected to help reduce or alleviate congestion or other mobility issues. Transit Corridor funds are discretionary and are distributed based on documented need. Program funds may be used for capital or operating expenses as described under the Block Grant Program. Eligible projects must be identified in a Transit Development Plan, Congestion Management System Plan, or other formal study undertaken by a public agency. Projects are funded at 50% of the non-federal share; projects that alleviate congestion in a region may receive funding at up to 100%.

Park-and-Ride Program

The Park-and-Ride Program was initiated in 1982 and provides for the statewide purchase and/or leasing of private land for the construction of park-and-ride lots, promotion of these lots, and monitoring their use. This program is an integral part of FDOT's Commuter Assistance Program. FDOT will fund up to 50% of the non-federal share of park-and-ride capital projects.

Commuter Assistance Program

The Commuter Assistance Program was established by Chapters 187 and 341, F.S. to identify effective employer-based transportation demand management (TDM) strategies, foster development of public/private partnerships, and fund appropriate eligible recipients to carry out commuter assistance program projects on behalf of FDOT.

Eligible commuter assistance expenses include:

- Program administration and operational costs.
- Computer hardware and software necessary to establish trip-matching services, where not redundant or sharing could be a more efficient use of equipment.
- Specialized demonstration projects of statewide or regional impact designed to show innovative approaches to commuter assistance.
- Other capital purchases for the accomplishment of program objectives.
- Other operating expenses for the accomplishment of program objectives, such as a "Guaranteed Ride Home" project or vanpool administration.

Eligible recipients of matching grant funds include local governments or their designee such as the Metropolitan/Transportation Planning Organization (MPO/TPO), Regional Planning Council, Transportation Authority, or CTCs.

FDOT will fund up to 100% of the eligible costs of commuter assistance projects determined by FDOT to be regional in scope and application or statewide in nature.

New Starts Transit Program

The New Starts Transit Program (NSTP) was enacted by the Florida Legislature to assist local agencies in funding the non-federal share of capital projects that meet the eligibility requirements of FTA's Capital Investment Grant (CIG) Program. Eligible projects may include rail transit systems or extensions and bus rapid transit (BRT) systems or extensions either with dedicated right of way or preferential bus treatments, referred to as "corridor-based BRT." Eligible activities include project development activities (including engineering and design), right-of-way acquisition, construction, vehicles and equipment for fixed-guideway and BRT projects.

Funds are awarded for capital projects on a discretionary, competitive basis up to 50% of the non-federal share of the costs, not to exceed the local share amount. For projects not approved for federal funding under FTA's CIG program, FDOT's participation towards the final design, right-of-way acquisition, and construction phases of an individual fixed-guideway project shall not exceed 12.5% of the total cost of each phase.

2.3 Other Related Funding Programs

Transportation Development Credits

Transportation Development Credits (TDCs), previously referred to as Toll Revenue Credits, are earned when the State DOT or toll authority funds a capital transportation investment with revenues earned on existing toll facilities (excluding revenue needed for debt service, returns to investors, or the operation and maintenance of toll facilities). It is FDOT's policy to make available the option to use TDCs for Florida transit systems for use as "soft match" or monetary value of non-cash contributions toward eligible capital transit projects. TDCs may not be used to match for operating assistance projects. Eligible capital projects requesting use of TDCs must appear in the MPO or TPO's Transportation Improvement Program (TIP) and FDOT's State Transportation Improvement Program (STIP).

FDOT Procedure/Form Reference:
Toll Revenue Credits for Public Transit
Capital Projects: 000-725-025

Florida Transportation Disadvantaged Program Funds

In 1979, the Florida Legislature created the Transportation Disadvantaged (TD) program to address the critical needs of the transportation disadvantaged population through the coordination of transportation services across the State. The framework for the Coordinated System is outlined in Chapter 427, Florida Statutes (F.S.) and includes a network of "Community Transportation Coordinators" and planning agencies responsible for the planning and provision of transportation services at the local level (known as the "Coordinated TD System"). The Commission for the Transportation Disadvantaged (CTD) is the primary state agency responsible for overseeing the Coordinated System.

Funds deposited in the TD Trust Fund may be used by the Florida CTD to subsidize a portion of a TD person's transportation costs that is not sponsored by an agency only if a cash or in-kind match is required. Funds for non-sponsored TD services are distributed based upon the needs of the recipient and according to criteria developed by the CTD. In addition to TD operating funds, there are other reoccurring grant programs offered through the Florida CTD.

- **Innovative Service Development (ISD) Grant** funds are awarded on a competitive basis to CTCs to support more cost effective and time efficient services to the transportation disadvantaged above the existing operating program.
- **Trip and Equipment Grant** program funds provide opportunities for transportation disadvantaged citizens to obtain access to transportation for daily living needs when they are not sponsored for that need by any other available Federal, State or local funding source.
- **Shirley Conroy Grant** program funds are competitively awarded to support CTCs with capital purchases that support providing coordinated transportation services in rural areas.
- **Planning Grant Program** funds support designated official planning agencies to assist the CTD in their responsibilities at the local level and to provide support to the Local Coordinating Boards.

3.0 Financial Management Oversight Requirements

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

Section 2 of the SMP details the program management activities on behalf of FDOT and applicable to all federal and state public transportation grant programs. The information contained below is intended to supplement the SMP by expanding on recipient activities necessary to support FDOT’s ability to manage the fiscal elements of these programs in accordance with its existing procedures, FTA guidelines, and other applicable state and federal regulations. The financial management oversight requirements in this section apply to both federal and state funding programs, unless specifically noted.

In its role as the designated recipient of FTA program funds, FDOT must demonstrate its ability to match and manage all FTA grant funds, cover cost increases, as appropriate, and conduct and respond to applicable audits. FDOT must also ensure that eligible subrecipients have the financial capacity to appropriately manage the funds received in accordance with all applicable award responsibilities and reporting requirements under 2 CFR 200. FDOT has developed a comprehensive assessment process (see Risk Assessment – Section 7) to determine if a recipient has the appropriate financial procedures and policies to meet all federal and state requirements. A summary of the major components of a compliant financial management system are listed below:

General Accounting Principles

- Follow generally-accepted accounting principles (GAAP) and accrual-based accounting that recognizes transit cost center transactions for revenue when earned and expenses when incurred.
- Establish the “transit program” as a separate cost center within the financial system and ensure all expenses and revenues are accurately identified therein.
- Reflect accurate, current, and complete disclosure of the financial results of each federal and state award or program supported by transparent sources.
- Demonstrate effective control and accountability for all funds, property, and other assets to adequately safeguard federal assets and ensure they are used solely for authorized purposes.

Financial Capacity

- Ensure personnel have the necessary technical capacity, are properly qualified for their assigned responsibilities, and are held fully accountable for the same.
- Submit expenses to FDOT for reimbursement consistent with the schedule established in Exhibit B of the PTGA (monthly, quarterly, or other). *Expense and Revenue Tracking*
- Match all revenues derived from the federal or state program with related expenses for the same period.
- Submit expenses based on the approved budget and scope for each federal or state project award as outlined in the PTGA.

- Trace and track direct expenditures associated with the federal or state program back to source documentation that is supported by cancelled checks, paid invoices, payroll, etc.
- Ensure consistent treatment of costs charged to the transit program. For example, if a cost is assigned as a direct cost, it cannot also be treated as an indirect cost. An indirect cost under one federal or state grant is considered an indirect cost under all federal or state grant programs for which funding is received by the recipient. Refer to Section 4 for more information on direct vs indirect costs.
- Monitor and compare actual expenditures to project budget to ensure no cost overruns.
- Ensure expenses charged to the federal or state funding program include only eligible costs. Refer to Section 4 for more types of eligible expenses.
- Ensure expenses are consistent with the approved project PTGA and are necessary and reasonable for proper and efficient performance or administration of the transit program.
- Request reimbursement for expenses incurred within the FDOT award periods, as stated in the PTGA. Expenses incurred outside of the award periods are not eligible.
- Ensure eligibility of local match source as defined by FTA requirements.
- Ensure no expenses are duplicated and charged to more than one grant source. Direct shared expenses must be allocated appropriately across grant programs. Refer to Section 4 for more information on allocating direct shared costs.
- Ensure availability of local match funding. Recipients should have adequate funds available to maintain transportation operations for a minimum of ninety (90) days given the cost reimbursement nature of federal and state grant programs.

Invoicing and Reporting

- Submit requests for reimbursements with clear, convincing, and reliable documentation that clearly pertains to the expenses entered on the invoice reimbursement form. Examples of supporting documentation includes, but is not limited to general ledger reports, payroll records, timesheet records, purchase orders, supporting service/trip data, invoices for goods/services purchased, and executed subcontracts with third party operators.
- Provide timely reports of all financially assisted activities in accordance with the financial reporting requirements and the PTGA.

Third Party Contractor Monitoring

- Provide oversight of third party operators to ensure financial information and requests for reimbursement conforms to the established third party contracted rate performance and productivity data, other terms of third party contract, and is supported with source documentation of data and expenses.

4.0 Types and Eligibility of Costs

This section outlines the types of expenses (direct/indirect) eligible for reimbursement by FDOT for federal or state grant programs based on FTA's Uniform System of Accounts.

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term "recipient" is used in this Manual for simplicity unless explicitly noted.

4.1 Direct vs Indirect Costs

If an agency provides multiple modes/types of public transportation services, other non-transportation services, or provides a single transportation service(s) funded by multiple federal or state grant programs, the costs must be classified as direct or indirect.

Direct Costs

Direct costs can be attributed to a specific project, contract, service, or other activity of an organization within the agency's accounting system and are eligible for reimbursement based on a specific funding program.

For transit providers, direct costs are most frequently identifiable by the operating mode or type of service. For example, operator salaries and wages for fixed route operators and fuel for paratransit revenue vehicles are both direct operating expenses attributable to different modes of services within a single agency.

Direct costs outlined in Section 4.2 are generally eligible for federal and state transit operating assistance. For federal grants, refer to 2 CFR 200 Subpart E – Cost Principles.

Direct Cost Example: ABC Senior Services provides several transportation programs funded by various federal and state programs. One program provides transportation for seniors and adults with disabilities through 5310 funds under an agreement with FDOT. The agency has a Transportation Manager who is 100% dedicated to managing the 5310-funded program. As such, the full monthly salary expense for the Transportation Manager is a direct cost for the agency's 5310-funded transportation program.

Shared Direct Costs

In some cases, direct costs are shared across multiple services/modes or funding programs and need to be allocated to not overstate the total reimbursement amount requested under separate funding programs. This is referred to as direct cost allocation under 2 CFR § 200.401(d) where, if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined, then the costs may be allocated or transferred to benefited projects on any reasonable documented basis.

Shared/Allocated Direct Cost Allocation Example: Sunshine Transit Agency provides fixed route bus service throughout its system with operating costs partially funded by FDOT Public Transit Block Grant funds. The agency recently started a new pilot express route that is initially funded with FDOT Service Development funds. For both programs, the agency invoices FDOT for fixed route operator salary and fuel costs. Although both the salary and fuel costs are expenses directly attributable to fixed route service, they are shared across the two FDOT funding programs. Prior to requesting reimbursement, the agency must use an appropriate allocation base (e.g., revenue hours, revenue miles, or similar) to allocate the operator salaries and fuel for the pilot express route vs the remaining fixed route system. This amount allocated for the pilot service reflects what should be invoiced under the Service Development agreement and must also be subtracted from the systemwide fixed route operator and fuel costs that are invoiced under the Block Grant agreement. Doing this ensures that the direct operator salary and fuel costs for the pilot express route are not reimbursed twice under both agreements.

Indirect Costs

An indirect cost cannot be specifically identified with a project, contract, service, or other activity of the recipient organization. Indirect costs are typically “overhead” (e.g., not direct) expenses incurred for a common or joint purpose necessary for the general operation of the organization that benefits more than one cost objective. For transit providers, indirect costs are commonly expenses that cannot be assigned to a specific transit service or program and may include:

Refer to Section 6 for more information on the reimbursement of indirect costs through an Indirect Cost Rate.

- Salaries and associated fringe benefits for administrative/management staff.
- Costs associated with departments that support all modes (e.g., Accounting and Finance, Human Resources/Personnel, and Marketing/Outreach).
- General consulting or legal services.
- Costs related to administrative buildings, such as maintenance, utilities, or janitorial services and supplies.

Indirect Cost Example: In addition to transportation services, ABC Senior Services provides other various programs for seniors and adults with disabilities, including meals and recreational activities. The agency has a director, administrative assistant, and accountant that serve all agency programs. Because the salaries, wages, and fringe for these three positions are not attributable to a specific program or purpose, they are indirect costs.

4.2 Determining Cost Eligibility

Eligible transit operating costs should include costs related to the administration, management, and operations directly incidental to the provision of public bus transit services, as allowed by the specific grant program.

Eligible capital expenses are those expenses that are related to purchasing a capital asset or making an improvement to a capital asset that materially increases its value or useful life. These expenses are not used for ordinary day-to-day operating expenses.

The eligibility of operating or capital costs is determined by the specific grant program, either through 2 CFR 200 Subpart E – Cost Principles or the applicable FTA Circular or FDOT Procedure. All eligible project costs must be documented in the PTGA and must meet the general criteria listed below to be considered allowable under federal awards, unless otherwise authorized by statute (2 CFR § 200.403). The same principles generally apply to state transit awards.

- Be necessary and reasonable for the performance of the award and be allocable thereto.
- Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the award as an indirect cost.
- Be determined in accordance with GAAP except for state and local governments and Indian tribes only, as otherwise provided for in this part.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. Refer also to 2 CFR § 200.306(b).
- Be adequately documented. Refer also to 2 CFR § 200.300-309.
- Be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to 2 CFR § 200.308(e)(3).

Classifying Expenses using FTA's Uniform System of Accounts

The National Transit Database (NTD) is maintained in accordance with Title 49 U.S.C. § 5335 to collect data that support public transportation planning decisions at the federal, state, and local levels. The NTD uses uniform categories to collect operating and financial data and defines these in the Uniform System of Accounts (USOA). The is the basic reference document for the NTD and contains the accounting structure required by federal transit laws.

The definitions in the following section are adapted from FTA's USOA document (June 2016).¹ For each definition, the corresponding USOA Object Class is in parentheses. These expenses are generally eligible for federal and state operating assistance, with final determination made by the specific funding agreement.

4.3 Common Eligible Operating Costs

Operators' Salaries and Wages (5011)

Operators' salaries and wages include the cost of labor, excluding paid absences and fringe benefits, for the agency's employees who are classified as revenue vehicle operators or crewmembers.

Operators' Paid Absences (5012)

This includes vacation leave, sick time, and other paid time off not contingent on a specific event outside the control of the agency for revenue vehicle operators or crewmembers.

Other Salaries and Wages (5013)

This object class includes the cost of labor, excluding paid absences and fringe benefits, of employees of the agency who are not classified as revenue vehicle operators or crewmembers (e.g., maintenance workers, administrative staff, and transit managers).

Other Paid Absences (5014)

This includes vacation leave, sick time, and other paid time off not contingent on a specific event outside the control of the agency for its employees that are not classified as revenue vehicle operators or crewmembers.

Fringe Benefits (5015)

Fringe benefits are expenses for employment benefits that an employee receives in addition to his or her base salaries and wages. Fringe benefits include payments associated with the employee's labor that do not arise from the performance of work but still arise from the employment relationship.

Fringe benefits include employment taxes, health, and welfare expenses, retirement costs/pension plans, and other (e.g., uniform and work clothing; tool allowances; employee and family transit passes; reimbursements for moving and education; assistance for dependent care, childcare, and adoption; employee discounts; and other fringe benefits not described in the categories listed above).

Services (5020)

Services are the labor and other work provided by outside organizations for fees and related expenses. Common examples of services include outside vehicle maintenance services such as painting and body work, maintenance of shelters, building maintenance including custodial services, consultant studies, temporary help for surveys, outside marketing studies, and contracted management.

Fuel and Lubricants (5031)

Includes fuel used to propel revenue and non-revenue vehicles and lubricants such as motor oil, transmission fluid, and grease.

¹ <https://www.transit.dot.gov/ntd/uniform-system-accounts-usoa>

Tires and Tubes (5032)

Includes the cost of tires and tubes, whether they are rented, leased, or purchased.

Other Materials and Supplies (Excluding Fuel/Oil) (5039)

The expenses in this object class include products obtained from outside suppliers or those manufactured internally that are not covered in the two preceding object classes: Fuel and Lubricants (5031) and Tires and Tubes (5032).

Utilities (5040)

This object class includes expenses for electricity, gas, water, telephone, heating oil, fuel for backup generators, and internet.

Casualty and Liability Costs (5050)

Casualty and liability costs are expenses related to loss protection and losses incurred by the agency. These expenses include:

- Compensation of others for their losses due to acts for which the agency is liable.
- The costs of protecting the agency from losses through conventional insurance and other risk financing programs (e.g., self-insurance and insurance pools).
- Agency losses due to the liable actions of others that are covered by other corporate insurance.

Taxes (5060)

Tax expenses are the charges and assessments levied against the agency by federal, state, and local governments and are typically general administrative (indirect) costs. Sales taxes, excise taxes, freight-in and other acquisition costs are not included in this object class. Instead, they are accounted for as part of the cost of the material or service purchased. Tax expenses related to vehicle licensing and registration, fuel and lubricant taxes, and electric power taxes related to revenue vehicles may be classified as vehicle operating expenses or maintenance expenses for non-revenue vehicles.

Miscellaneous Expenses (5090)

This object class includes expenses that cannot be attributed to any of the other expense object classes.

Advertising/promotional/public relations costs are included under this category. Under 2 CFR § 200.421, allowable advertising media expenses under federal awards include:

- Recruitment of personnel required by the non-federal entity for performance of a federal award.
- Procurement of goods and services for the performance of a federal award.
- Disposal of scrap or surplus materials acquired in the performance of a federal award except when non-federal entities are reimbursed for disposal costs at a predetermined amount.
- Program outreach and other specific purposes necessary to meet the requirements of the federal award.
- Communication with the public and press pertaining to specific activities or accomplishments which result from performance of the federal award and are considered necessary as part of the outreach effort.

- Conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.

Unallowable advertising/public relations costs are discussed in Section 4.5.

Purchased Transportation/Third Party Operator Contracts (5100)

Purchased transportation through third party operators should include all costs to operate the service inclusive of profit and administrative costs based on verified cost of operations.

4.4 Common Eligible Capital Costs

Guideway (6100)

Guideway comprises the structures and facilities on which transit service operates such roadway dedicated specifically to transit use, track, subway structures, tunnels, bridges, and propulsion power systems.

Passenger Stations (6200)

Passenger stations include buildings and/or facilities where passengers board transit vehicles including park-and-ride facilities.

Administrative Buildings (6300)

This asset classification includes buildings in which administrative work takes place. A common example of this is an office building.

Maintenance Buildings (6400)

This asset classification includes facilities in which vehicles are maintained. This asset classification should also include equipment that is solely used for vehicle maintenance, such as bus diagnostic equipment or vehicle lifts.

Revenue Vehicles (6500)

This asset classification comprises vehicles that provide transit service. The cost of the vehicle includes both the vehicle and all fixtures and appliances inside or attached to the vehicle. When equipment such as a farebox, radios, or spare engine is included as part of the vehicle purchase, these items are part of the vehicle cost. However, when purchased separately these items belong to other asset classification.

Service Vehicles (6600)

This asset classification comprises vehicles that do not provide transit service, such as tow trucks or supervisor cars. The cost of the vehicle includes both the vehicle and all fixtures and appliances inside or attached to the vehicle. It includes the cost of one set of tires and tubes to make the vehicle operational.

Fare Collection Equipment (6700)

This asset classification includes equipment used in the collection of fares. It includes, but is not limited to turnstiles, fare boxes, software related to fare collection or mobile ticketing applications, money changers, and fare media dispensing machines.

Communication / Information Systems (6800)

This asset classification includes both communication and information systems such as radios, Automatic Vehicle Locator (AVL) systems, Automated Passenger Count (APC) systems, etc.

Other Capital Expenses (6900)

This asset classification includes capital expenses that could not be included in the asset classifications described above, and include, but are not limited to, furniture and equipment that is not an integral part of buildings and structures or passenger stops and shelters that do not meet the definition of a passenger station.

4.5 Common Unallowable Costs

Expenses listed below are not eligible for reimbursement under FTA funding programs and can generally be inferred as ineligible for reimbursement under state transit grant programs. Particular attention should be given to expenses that fall under Miscellaneous Expenses (5090) as this category is broad. The following is not a comprehensive list of unallowable costs but includes the most common ones. Refer to 2 CFR 200 Subpart E – Cost Principles for more information.

Taxes (5060)

Federal income paid by the recipient for which it (the agency) is responsible for. This does not include payment of federal income taxes by the agency on behalf of its employees as part of payroll.

Miscellaneous Expenses (5090)

Examples of common miscellaneous expenses include:

- Legal fees for litigations
- Entertainment
- Charitable donations
- Fines and penalties
- Bad debt expense
- Gift cards, unless directly connected to an established safety plan. Gift cards are considered cash. Gift cards issued for any reason must be considered taxable income.
- Bereavement or, get-well flowers.
- Food purchases outside of eligible expenses incurred during travel.
- Advertising/promotional media costs not specified in the prior subsection; costs of meetings, conventions, convocations, or other events related to other activities of the entity (including costs for displays and exhibits, meeting rooms, suites, facilities, or salaries and wages of employees to set up/prepare demonstrations/exhibits); promotional items and memorabilia; advertising and public relations solely to promote the non-federal agency.

Depreciation (5260)

Depreciation of capital assets for facilities or equipment purchased with federal, state, or local funds.

Purchased Transportation/Third Party Operator Contracts (5100) – Profit and Indirect Rates

Recipients contracting with third party operators will negotiate unit rates that are inclusive of all costs to operate the service. Any profit percentage or indirect cost rate of a “for-profit” third party operator must be included in the negotiated unit rate and must be stated in the corresponding contract between the third party operator and the “pass-through” entity. Profit as a separate line item is not an allowable expense.

4.6 Required Written Procedures for Allowable Costs

Recipients of federal funds must adhere to 2 C.F.R. Part 200, §200.302(b)(7), which requires that “Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles and the terms and conditions of the Federal award.”

Under Subpart E – Cost Principles, to be allowable under federal awards, except where otherwise authorized by statute, costs must:

- Be necessary and reasonable and allocable.
- Conform to cost principles or federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to federal and non-federally funded activities.
- Be consistently treated as either a direct or indirect cost.
- Be determined in accordance with Generally Accepted Accounting Principles (GAAP).
- Not be included as a cost to meet cost sharing or matching requirements of any other federally financed program.
- Be adequately documented.

Written Procedures for Determining Allowable Costs

Written procedures for determining the allowability of costs should incorporate the criteria of reasonableness, allocability, consistency, and compliance with 2 CFR Part 200, and any specific terms and conditions of the federal award. These written procedures are not intended to be a reiteration of the federal requirements but rather convey the recipient’s process of ensuring that costs on the federal grant are allowed under the individual federal program and in accordance with the cost principles under 2 CFR Part 200.

Sample Questions for Assisting with Determining Allowable Costs

The following is a sample list of questions that can be used as a guide when developing these procedures. Collectively the procedures should identify what the standard process is, how the process is documented, and who is responsible for undertaking the key activities identified.

Initial Budget Creation or Amendments

- What is the process for creating the project budget, including reviewing eligible expenses under the federal program and the 2 CFR Part 200 – Subpart E guidance? Specifically:
 - What is the process for ensuring allowability and allocability of the identified costs?
 - What is the process for determining that the costs are reasonable?
 - What references/resources are used in this process?

- If costs for travel are an eligible expense in the Public Transportation Grant Agreement, what is the process for determining the expense is allowable for reimbursement in accordance with Section 112.061, Florida Statutes?
- How is this process and its outcomes documented?
- Who is responsible for performing the steps outlined in this process, providing oversight or quality control, and generating the resulting documentation?
- Where is this documentation kept?

Preparation of Reimbursement Request for Federal Grant

- Once a determination of allowability, allocability and reasonableness has been made, what is the process for reviewing eligible expenses and ensuring that grant expenses are charged to the appropriate account?
- What references or documentation are used in this process? How is this process linked to the initial determination as part of the budget creation?
- Where is this documentation kept?
- Who is responsible for performing the steps outlined in this process, providing oversight or quality control, and generating the resulting documentation for submittal?

4.7 Interest Expenses (5210)

Interest Expenses for Operating Assistance

For § 5311 funds, interest accrued on short-term loans for operating assistance is eligible as a project administrative expense if it is approved by the State. Eligible project administrative costs may include but are not limited to general administrative expenses (e.g., salaries of the project director, secretary, and bookkeeper); marketing expenses; insurance premiums or payments to a self-insurance reserve; office supplies; facilities and equipment rental; standard overhead rates; and the costs of administering drug and alcohol testing.²

In certain circumstances, for operating expenses funded under the § 5311 and Block Grant Programs, FDOT will allow reimbursement for interest paid on short term loans or credit lines to assist recipients with cash flow or similar needs. To be eligible, the following must be met:

- The loan or credit line generating the interest must be short term (no more than a two-year repayment term).
- The recipient must obtain approval from the District Project Manager for this type of expense to be reimbursed prior to the invoice submittal. Documentation of approval is to be filed in the contract folder.
- The recipient must provide documentation of the loan agreement and specify the eligible operating expenses being paid for by the loan. Bank fees, loan original fees, or other financial fees are not eligible for reimbursement.

² FTA Circular 9040.1H, Chapter IV, Section 6 – Project Administrative Expenses

- The interest reimbursed for an eligible operating expense must be proportional to cost of the principal amount, if not all expenses paid for by the short-term loan are eligible for reimbursement as a project administrative cost.
- Interest payment shall be reasonable and not exceed 10% of the proportional principal amount.

Interest Expenses for Capital

Interest expenses are charges for the use of capital borrowed by the recipient and may accrue on both short-term debt and long-term debt obligations. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the conditions in 2 CFR § 200.449 and specific funding programs.

5.0 Types and Eligibility of Local Match

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

Within the FDOT funding application, a recipient must indicate the source of their local match commitment to ensure eligibility as a local match. For federal grant programs, the recipient must also certify that the local match committed to the grant is not derived from FTA funds.

5.1 Eligible Types of Match

The local operating share can be a cash match, human services transportation contract, or in-kind service.

Sources for local matching funds include, but may not be limited to:

- Revenue from local appropriations;
- Dedicated tax revenues;
- Private donations;
- Net income from advertising or concessions; or
- Amounts received under a service agreement with a state or local social service agency.

5.2 Human Services Transportation Income as Operating Match

Under 49 U.S.C. § 5311(g)(3)(C), income earned from contracts to provide human service transportation may be used either to reduce the net project cost (treated as revenue) or used toward the required local match for operating assistance (treated as program income). In either case, the cost of providing the contracted service is included in the total project cost.

When using human service contracts as revenue, the expenditure detail will reflect all the expenses associated with the § 5311-funded operations and all the expenses associated with the contracts being used to "match" the 5311 funds. The contract payments are included in the expenditure detail, as well as any other revenue (fares, advertising) to determine a "net" operating cost. FDOT then pays half of the remaining net operating cost.

It is the grant recipient's choice to use human service transportation program income as revenue or program income. Either way, the costs for providing the contracted service must be included in the total project cost.

When using human service contracts as program income, the expenditure detail will reflect all the expenses associated with the § 5311-funded operations and all the expenses associated with the contracts being used to "match" the 5311 funds. Under this method, the contract payments are not reflected in the expenditure detail as revenue. Revenue only includes other items such as fares or advertising revenue. FDOT then pays 50% of the net operating cost using the accumulated program income as a match.

Human service agency contract revenues received through a purchase of service agreement may be used to meet all or part of the local matching share. If contract revenues are insufficient to meet the

local match share, the remainder of the local match must be provided by an eligible source. In circumstances where a recipient earns contract revenues and elects to use this income as local match in lieu of using the funds as revenue, FDOT will treat the funds as “program income” as noted in FTA Circular 9040.1G.

Table 5-1 illustrates an example of using human service funds as program revenue while Table 5-2 illustrates the same example using the funds as program income. Both examples include the same total eligible operating costs of \$175,000 and \$35,000 of program revenue.

In Table 5-1, the human services program revenue is taken off the top of the eligible operating cost, and the resulting net cost determines the 50% match required (\$70,000).

Table 5-1: Human Services Program Match: Program Revenue Example

Element:	
Total Eligible Operating Costs	\$175,000
Human Service Program Revenue	\$35,000
Net Operating Costs	\$140,000
Local Match Required @ 50%	\$70,000
Net Funding Assistance @ 50%	\$70,000

In Table 5-2, the 50% local match is based off the full operating cost but the human services program revenue is used towards that required match. In this approach, the overall match amount is higher (\$87,000 vs \$70,00), but the amount of “cash” the agency must contribute towards the match is less (\$52,500 vs \$70,000).

Table 5-2: Human Services Program Match: Program Income Example

Element:	
Total Eligible Operating Costs	\$175,000
Local Match Required @ 50%	\$87,500
Human Service Program Revenue	\$35,000
Net Local Match (less revenue)	\$52,500
Net Funding Assistance @ 50%	\$87,500

5.3 Annual Reconciliation of Program Income

If the agency chooses to use the human service contracts as program income as local match, it will be required to demonstrate on each invoice that the program income does not exceed the maximum match requirements. If this occurs, the excess program income will be deducted from the match requirement for the following month. If, at the end of the grant agreement, excess program income remains, the agency must demonstrate that the accumulated reserve of program income does not exceed the monthly average operating expenses for the agency using a 12 month look back period. In the event this occurs, then the amount of program income will be deducted from the total allowable federal costs to reduce the net allowable costs in the next grant application cycle.

5.4 Guidance for Certifying In-Kind Contributions as Local Match

In-kind contributions can be used to cover the local match if the following criteria are met.

1. In-kind contributions must be eligible expenses of the project to be certified as eligible local match. As an example, staff salaries of nursing personnel cannot be used as match funds for a transportation operations PTGA. However, the salaries of administrative personnel doing accounting or payroll could be considered in-kind match for a transportation operations project.
2. In-kind contributions counting as local match must be verifiable from the records of the recipient. These records must show how the value placed on the in-kind contribution was derived.
3. If using volunteer services as in-kind local match, the volunteer services must be supported by the same methods that the recipient uses to support the allocation of regular personnel costs.
4. If an employer other than the actual recipient provides free services to the recipient for project purposes, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs.
5. If a recipient uses donated supplies for in-kind local match, the contribution will be valued at the market value of the supplies at the time of the donation.
6. If a recipient uses donated equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.
7. If a recipient donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as an in-kind local match. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted towards local match.
8. All in-kind local match funds must be certified by the FDOT District Office prior to the execution of the PTGA using the In-Kind Verification Form (example provided on the following page). A copy of this form, signed by the recipient and the District Project Manager, must be included as an exhibit of the PTGA.

Example Form 1: In-Kind Verification

In-kind contributions are non-cash contributions that are a direct benefit to the project.

Volunteer services, space, supplies, or other donations can be approved as in-kind if reflected at real or accepted rates.

- *Volunteer services must be reflected at rates comparable to paid employee rates.*
- *Donated services (accounting, etc.) by County or other staff must be reflected at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs).*
- *Donated, expendable personal property includes such items as expendable equipment, office supplies, etc. The value assessed should be reasonable and should not exceed the current market value of the property at the time of the agreement's execution.*
- *Donated, non-expendable property includes buildings, land, etc. The value of donated space in a facility shall not exceed the fair rental value as established by an appraisal of comparable space and facilities in a privately-owned building in the same locality. Land value shall not exceed the appraised value at the time of agreement execution.*

Item/Description/Type	Value
Total In-Kind Contribution	

Agency Certification:

I hereby certify intent to use the above described items/values as in-kind match for the period specified in the Joint Participation Agreement. These item(s) are not included as match funds for any other state or federally funded program or contract and not borne by the federal government directly under any federal grant or contract.

Agency Signature, Name and Title

Date

Acceptance by FDOT

FDOT Representative Name and Title

Date

6.0 Cost Allocation and Indirect Cost Rate

6.1 Cost Allocation Plan Versus Indirect Cost Rate Proposal

Cost allocation is the method used to fairly and equitably divide the shared operating costs of an agency or organization that provides public transportation services to each of its programs, thus ensuring costs are appropriately charged to the correct grant program(s). This process produces a Cost Allocation Plan, the outputs of which are frequently used by transit agencies to assist with accurately estimating the operating costs of providing new or expanded services.

From a Cost Allocation Plan, the proportion of indirect to direct costs can be identified and the appropriate indirect cost rate can be determined. To include indirect costs in the grant award and agreement, and to subsequently claim indirect costs for reimbursement under one or more of these grant programs, the recipient must prepare an Indirect Cost Rate Proposal and related documentation.

Guidance and template resources to prepare a Cost Allocation Tool is provided in the *FDOT Cost Allocation Tool Guidebook*.

While a Cost Allocation Plan can serve as the basis for an agency's Indirect Cost Rate Proposal, if used for budgeting purposes it does not go through the Indirect Cost Rate Proposal review and approval process outlined in this section. If a Cost Allocation Plan is used as the basis for budgeting a grant-funded project, District staff may request that the recipient provide the Cost Allocation Plan for review during the application review process.

6.2 Allocation of Shared Costs

If grant funds are shared across multiple agencies, a single agency across multiple FDOT Districts, or other similar scenario the recipient will be required to provide supporting material as to the appropriate allocation of costs to ensure no double-charging across grant programs.

Shared Direct Cost Allocation by PTGA/District Example: ABC Senior Services Transportation Manager is 100% dedicated to managing the agency's 5310-funded program. As such, the full monthly salary expense for the Transportation Manager is a direct cost for the agency's 5310-funded transportation program. The agency just opened a second senior center and is providing 5310-funded transportation services. This new location is in another county that is located in a different FDOT District than the original location. The agency and the second District execute a separate PTGA for 5310 funds to support the new location. All 5310 program costs are accounted for separately by location in the agency's financial system except for the Transportation Manager's salary; he is now splitting his responsibilities to manage the new location's program. His monthly salary expense to be reimbursed with 5310 funds must now be allocated across the two PTGAs to ensure that his salary costs are not reimbursed for an amount exceeding 100%. To do this, he tracks his hours each month attending to the specific program needs at each location and determines the location-specific hours are distributed 70% to the original location and 30% to the new location. For any hours that are not location specific and for general administration of the agency's 5310 program, those hours are then allocated using the same split. As such, the agency invoices the Districts 70% and 30% to the appropriate PTGA's so overall reimbursement equals 100% of the Transportation Manager's monthly salary.

For the above example, the same allocation approach would apply if the agency had multiple PTGA's for the same 5310 program within a single FDOT District. However, there is an added layer of complexity to this scenario when program services are funded across multiple Districts, as the Project Managers in both Districts must be aware that this allocation is required and done correctly to ensure costs are distributed appropriately. When an agency is requesting new funding, a conversation about the existing funding for these services should occur to determine whether there are any special circumstances to consider in how costs are allocated or reimbursed.

6.3 Indirect Cost Rate Applicability

FDOT recipients are not required to claim indirect costs under eligible federal or state public transit grant programs. Recipients not wishing to be reimbursed for indirect cost costs will charge all eligible costs as direct costs and will be reimbursed for such. In this event, no Indirect Cost Rate Proposal or Certification of Indirect Costs is necessary.

An Indirect Cost Rate is not required but if used, it must be applied consistently by the organization on all federal and state awards.

Only FDOT recipients of federal funds (or direct recipients of state funds) are allowed to claim indirect costs. If recipients provide pass through funds to another agency, that agency is not allowed to claim indirect costs unless they have an indirect cost rate approved by FDOT on file or are claiming the de minimus 15% rate.

6.4 Indirect Cost Rate Proposal Methods

There are three approaches to determining a recipient's indirect cost rate, should the recipient elect to request reimbursement for indirect costs.

1. Indirect Cost Rate Proposal approved by Recipient's cognizant agency
2. 15% de minimis indirect cost rate
3. FDOT-approved Indirect Cost Rate Proposal

Indirect Cost Rate Proposal Approved by Recipient's Cognizant Agency

A recipient that directly receives funding from any federal agency may already have an Indirect Cost Rate Proposal approved by their federal cognizant agency. The cognizant agency is the federal agency providing the most federal dollars to the recipient, which may or not be the FTA. The cognizant agency is responsible for reviewing, negotiating, and approving cost allocation plans and resulting indirect cost proposals on behalf of all federal agencies. In such cases where one exists, the recipient must submit the approved Indirect Cost Rate Proposal yearly to FDOT as part of the annual application process. The approved Indirect Cost Rate Proposal should include an organizational chart and be based on audited data no more than two years old.

For FDOT to honor a recipient's established Indirect Cost Rate Proposal, the recipient must update and seek approval from their cognizant agency annually to ensure the basis is still relevant.

An executed Negotiated Indirect Cost Rate Agreement between the recipient and FDOT's Comptroller (or designee) is required for each fiscal year; an example form is provided on the following pages.

Example Form 2: Negotiated Indirect Cost Rate Agreement

NEGOTIATED INDIRECT COST RATE AGREEMENT

Between

[Recipient]

And

The Florida Department of Transportation

This agreement is made and entered into by [Recipient] and the State of Florida, by and through its Department of Transportation (FDOT). The fixed indirect cost application rates contained in this agreement are for use by [Recipient] on grants and contracts with FDOT to which 2 CFR § 200 applies, subject to the limitations contained in Section 2.A. of this agreement. The rates in this agreement were negotiated between:

☐ [Recipient] and FDOT in accordance with the authority contained in 2 CFR § 200, Appendix VII.

OR

☐ [Recipient] and its [Federal Cognizant Agency] in accordance with the authority contained in 2 CFR § 200, Appendix VII.

Section 1 Indirect Reimbursement Rates

A. Rates. The negotiated and approved fixed indirect cost application rate for fiscal year ending Month, day, 20__ is [xx%].

B. Applicability and Effective Period. This agreement is applicable to all programs not specifically exempted by law. The indirect rate shall be applied to [Recipient's] direct salaries and fringe benefits from Month, day, 20__ through Month, day, 20__.

C. Fringe Benefit Rates. The approved fringe benefit rate to be applied during the fiscal year ending Month, day, 20__ is [xx%].

Section 2 General

A. Limitations. Use and application of the rates contained in this agreement is subject to any statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rates agreed to herein is predicated upon the conditions: (1) That no costs other than those incurred by [Recipient's] or allocated via an approved cost allocation plan were included in its indirect cost pool as finally accepted and that such incurred costs are legal obligations of [Recipient's] and allowable under the governing cost principles; (2) That the same costs that have been treated as indirect costs have not been claimed as direct costs; (3) That similar types of costs have been accorded consistent treatment, and (4) That the information provided by [Recipient's] which was used as a basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially inaccurate. Should these conditions be breached, the rates will be subject to renegotiation at the discretion of FDOT.

B. Audit. Adjustments to amounts resulting from audit of the cost allocation plan upon which the negotiation of this agreement was based will be compensated for in subsequent negotiation.

C. Accounting Changes. The fixed rates contained in this agreement were based on the organizational structure and the accounting system (Grants Management Systems) in effect at the time the proposal was submitted. Changes in the organizational structure or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rates in this agreement require prior approval of FDOT. Failure to obtain such approval may result in subsequent audit disallowances.

D. Fixed Rates. The fixed rates contained in this agreement were based on an estimate of the costs which will be incurred during the period of the [Recipient's] fiscal year ending Month, day, 20___. When the actual costs for such period have been determined, an adjustment will be made to the actual billed indirect expenses during the 20__-20___ fiscal year to account for the difference in the indirect billed and the indirect incurred.

E. Notification to Federal Agencies. Copies of this document may be provided to other Federal or State offices as a means of notifying them of this agreement.

F. Special Remarks. If any Federal contract, grant, or other agreement is reimbursing indirect costs by means other than the rates displayed in this agreement, [Recipient] shall notify the FDOT.

BY [Recipient]:

The Florida Department of Transportation

Authorized Representative

Title

Date

Authorized Representative

Title

Date

15% De Minimis Rate

A recipient that has never had a negotiated indirect cost rate may elect a de minimis rate, currently set at 15% of modified total direct costs which may be used indefinitely (2 CFR § 200.414(f)); the modified total direct cost allocation base is discussed later in this section.

FDOT Procedure/Form Reference:
De Minimus Indirect Cost Rate
Certification: Form 350-090-21

Should a recipient elect the de minimis rate, it must be used consistently for all federal and state awards until the recipient negotiates a rate, which may be done at any time. When using the de minimus rate, no indirect cost rate proposal is needed; however, the recipient is required to submit its cost policy statement and a completed De Minimis Certification Form to the District, an example of which is provided on the following pages.

De minimus indirect cost rates are not available to third-party contractors. The third-party contractor's overhead, administrative expenses, and other indirect costs should be incorporated into the contract pricing and billed in accordance with the contract terms. Refer to FTA's Third-Party Contracting Guidance Circular 4220.1G for more information.

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Example Form 3: De Minimis Indirect Cost Rate Certification

Recipient: _____

Effective Fiscal Year: 20__

Certification of Eligibility:

I, the undersigned, certify that our agency is eligible to use the 15% de minimis indirect cost rate as we have:

1. Never received a negotiated indirect cost rate.
2. Received less than \$35 million in direct federal funding for the fiscal year requested and each fiscal year thereafter.

Certification of Financial Management System:

I, the undersigned, certify that our agency has a financial management system that accumulates and segregates direct costs (*costs that can be specifically identified to a final cost objective [e.g., a project, program, or other direct activity of an organization]*) from indirect costs (*Costs incurred for a common or joint purpose benefitting more than one final cost objective e.g. administrative costs such as clerical support, human resources, accounting, payroll, financial audits, rent, utilities, supplies, vehicle expense, executive management, etc. that is not readily assignable to the final cost objectives specifically benefited, without effort disproportionate to the results achieved*) and by project/activity, that are allowable in accordance with Title 2 Code of Federal Regulations § 200 (2 CFR § 200).

I certify the agency's financial management system has the following attributes:

- Account numbers identifying allowable direct, indirect, and unallowable cost accounts.
- Ability to accumulate and segregate allowable direct, indirect, and unallowable costs into different cost accounts.
- Ability to accumulate and segregate allowable direct costs by project, funding source, and type of cost (e.g.: labor, consulting, pass-thru, or other).
- Internal controls to maintain integrity of financial management system.
- Ability to consistently record and report costs as described in 2 CFR § 200.403.
- Ability to ensure costs billed comply with 2 CFR § 200.
- Ability to ensure costs billed reconcile to general ledgers and job costing ledgers.
- Ability to ensure costs comply with contract terms and federal and state requirements.

I also certify that the types of records that are used to support the existence of these attributes include the following:

- General ledger and job costing ledgers.
- Subsidiary general ledgers.
- Chart of accounts.

- Audited financial statements.
- Time keeping records.
- Documents supporting actual costs (e.g., invoices, canceled checks).
- Accounting policy and procedure manuals specific to the agency.

Finally, I understand:

- *The de minimis rate of 15% is to be applied to modified total direct costs which means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct cost excludes equipment, capital expenditures, rental costs, and the portion of each subaward exceeding \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.*
- *Costs must be consistently charged as either indirect or direct but may not be double charged or inconsistently charged as both.*
- *The proper use and application of the de minimis rate is the responsibility of [AGENCY NAME] and the Department of Transportation may perform an audit on our agency to ensure compliance with 2 CFR § 200 and agreements with the U.S. Department of Transportation. If it is determined we are inconsistently charging costs, or not in compliance with 2 CFR § 200 we may be required to reimburse the U.S. Department of Transportation for any identified overbillings.*
- *[AGENCY NAME]'s schedule of expenditures of federal awards must include a note on whether it elected to use the 15% de minimis cost rate in accordance with 2 CFR 200 § 200.510(b)(6).*

I declare that the foregoing is true and correct.

Governmental Unit _____

Signature: _____

Name of Official*: _____

Title: _____

Date: _____

Telephone No.: _____

E-mail: _____

**(Must be executive, financial officer, or equivalent of agency)*

FDOT-Approved Indirect Cost Rate Proposal

Recipients without an Indirect Cost Rate Proposal approved by a federal cognizant agency may submit an Indirect Cost Rate Proposal to FDOT for approval. Recipients should thoroughly review the cost principles at 2 CFR § 200 and the Indirect Cost Rate Proposal appendix (Appendix VII of 2 CFR § 200) before submitting.

A final indirect cost rate proposal based on actual costs, together with supporting documentation, must be developed and submitted on an annual basis as soon as possible after the fiscal year-end close, but no later than six months after the end of the fiscal year.

The following items must be included in the submission of the Indirect Cost Rate Proposal:

- Cover Letter – A cover letter indicating the proposed rate and any special circumstances in the development of your organizations’ indirect cost rate proposal.
- Statement of Activities – A statement describing the major activities performed and responsibilities of all units comprising the organization. The statement should provide enough detail permitting the reviewer to differentiate levels of benefit provided and received within the organization.
- Rate Proposal – The rates proposed, including subsidiary work sheets and other relevant data, cross referenced and reconciled to the financial data.
- Financial data – Financial statements, comprehensive annual financial report, executive budgets, accounting reports, etc. upon which the rate is based. Adjustments resulting from the use of unaudited data will be recognized, where appropriate, by FDOT for indirect costs in a subsequent proposal.
- Direct Base Costs – The approximate amount of direct base costs incurred under each federal and state award. These costs should be broken out between salaries and wages and other direct costs.
- Organizational Chart – Structure of the agency during the period for which the proposal applies. Once this is submitted, only revisions need be submitted with subsequent proposals.
- Certificate of Indirect Costs – This certification must be signed by someone at the Chief Financial Officer level of the agency (or equivalent) or higher. Refer to Example Form 2.

6.5 Allocation Bases

The indirect cost amount is divided by a set of direct costs to determine the indirect cost rate. The direct costs contained in the denominator are referred to as the “allocation base.” When requesting reimbursement, the indirect cost rate must be applied to the appropriate allocation base to ensure that indirect costs are appropriately recouped. Costs must be consistently charged as either indirect or direct and may not be double charged or inconsistently charged as both.

There are two types of acceptable allocation bases: direct salaries and wages (including all, some, or no fringe benefits) and the modified total direct cost (MTDC). An alternative allocation base may be considered for approval depending on a recipient’s unique circumstances, if approved by the FDOT Public Transit Office.

Per 2 CFR § 200.68, the MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). The MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward exceeding \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency/District for indirect costs.

The 15% de minimis indirect cost rate must be based on the modified total direct cost (MTDC) allocation base.

6.6 Indirect Costs Incurred for Third Party Operators

Recipients contracting with a third party operator may only charge administrative costs that are actually incurred and documented in its approved Indirect Cost Rate. A recipient using a third party operator for operations cannot simply apply their approved indirect cost rate to the operations of the third party operator to estimate the costs of administering the contract. Doing so is prohibited by federal guidelines/regulations as indirect costs charged to a grant must be based on actual administrative expenses to provide oversight of the grant or third party operator, when enlisted. In all instances, salaries and wages must be supported by time sheets whenever federal dollars are used in the payment of administrative or operational staff of a recipient or third party operator.

6.7 FDOT Approval of Recipient Indirect Cost Rate

FDOT will review and approve a recipient's indirect cost rate unless the recipient is required to negotiate with the federal government or elects to use a de minimis rate. The recipient will submit the Indirect Cost Rate Proposal and all corresponding back-up information to the District, including the Cost Allocation Plan. The District will confirm the completeness of the materials and submit to the FDOT Comptroller or designee for review and approval. Approval will be formalized by a certified rate agreement signed by the FDOT Comptroller (or designee) and the representative of the recipient with signature authority. Each agreement will include:

- The approved rate and information directly related to the use of the rate, for example, effective period and distribution base.
- General terms and conditions.
- Special remarks, for example, composition of the indirect cost pool.

Indirect costs can only be charged to an award based on an approved indirect cost rate. The certified rate is required for indirect costs to be reflected in the PTGA as an eligible expense for reimbursement. The use of indirect rates must be identified in the PTGA under Section 11.e, included in the operating budget under Exhibit B, and identified on Exhibit G.

Recovery of indirect cost is subject to the submission of an indirect cost rate proposal, availability of funds, statutory and administrative restrictions, and approval by FDOT.

Once approved, the rate will become effective at the beginning of the next fiscal year.

6.8 Indirect Cost Rate Recovery and Annual Adjustment

Recipients must monitor indirect costs and indirect cost recoveries closely. The indirect cost rate is the recipient's best projection to make the indirect cost recovery equal the indirect cost incurred on a fiscal year basis. Depending on the timing of both indirect costs incurred and direct base costs incurred, there will be over-recoveries in some months and under-recoveries in others. It is important to note that indirect costs cannot be drawn based on cash needs, but only based on the approved indirect rate applied to the applicable direct cost base. Any amounts drawn above those authorized by the indirect rate methodology are unallowable under federal grant programs and can result in additional specific conditions as authorized by 2 CFR § 200.207, as applicable.

Figure 6-1 illustrates hypothetical financial information for a monthly true-up of actual vs recovered indirect costs after an agency clears its cost pools and allocates all direct and indirect expenses appropriately. The total indirect costs and base costs (salaries and benefits in this example) from the ledger have been selected. Assuming an approved indirect cost rate of 29.95%, the indirect cost recovery for this month of \$35,425 is \$2,788 less than the actual monthly indirect costs of \$38,213.

Figure 6-1: Monthly Indirect Cost True Up Example

Example Transit Agency								
SAMPLE Application of Rate to Recover Indirect Costs								
Salaries and Benefits Base								
	Indirect	AXXX	BXXX	CXXX	DXXX	EXXX	FXXX	Total
Monthly Indirect Costs	38,213							
Base Expenses:								
Salaries and Benefits		34,963	17,253	17,490	8,678	22,734	17,162	
Indirect Cost Rate (29.95%)		0.2995	0.2995	0.2995	0.2995	0.2995	0.2995	
Indirect Cost Recovery		10,471	5,167	5,238	2,599	6,809	5,140	35,425
Over/(Under) Recovery	(2,788)							

Although in this example the recovery is shown to be less than the actual indirect costs, in other months the recovery will likely be higher than actual costs. On an annual basis, the recovery should (nearly) equal actual indirect costs. After year end, the recipient will perform a true-up and any difference between actual and recovered indirect costs will be reported to the District and carried forward to the next fiscal year as an adjustment to that year's rate (Figure 6-2).

Figure 6-2: Annual Indirect Cost Adjustment Example

Example True Up Calculation(s) of Indirect Costs at Fiscal Year End					
Actual Costs	Recovered Costs	(Over)/Under	Rate Calculation		Final Adjusted Rate
458,556	458,556	0	458,556	<i>actual + over/under</i>	32.31%
			1,419,360	<i>allocation base</i>	
458,556	425,100	33,456	492,012	<i>actual + over/under</i>	34.66%
			1,419,360	<i>allocation base</i>	
458,556	490,556	(32,000)	426,556	<i>actual + over/under</i>	30.05%
			1,419,360	<i>allocation base</i>	
*Over/(Under) Amount is added to Actual Costs for rate calculation					

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7.0 Invoicing

This section outlines the requirements and processes for the submittal, review, and processing of invoices for projects funded with federal and state transit grant programs.

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

7.1 Invoice Submittal Requirements

Each invoice submittal package must generally include the elements outlined in this section. More detail on the process for reviewing and submitting an invoice for payment is provided later in this section.

- A completed Transit Operating Invoice Form (725-030-31) for transit operating projects, or a completed Transit Capital Invoice Form (725-030-32) for transit capital, planning, or mobility management projects.
 - The invoices submitted under a PTGA must be numbered sequentially.
 - The invoice period must be consecutive with the prior billing period; otherwise, an explanation must be provided.
 - The form must be signed by the recipient’s designated official.
- A Transit Grant Program Project Monitoring Status Report (725-030-32), signed by the recipient’s designated official.
- An itemized listing of expenditures by category and supporting documentation for each item that reimbursement is being claimed, indicating that the item has been paid.
- All required supporting documentation for the status of the deliverables being billed for reimbursement or as otherwise outlined in the PTGA.

FDOT Procedure/Form Reference: Transit Invoice Forms:

- *Capital Projects: 725-030-30*
- *Operating Projects: 725-030-31*
- *Project Status Monitoring Form: 725-030-32*

7.2 Invoice Submittal

Section 10.c of the PTGA stipulates that recipients may not submit invoices to FDOT more often than on a monthly basis. The actual invoice billing cycle for operating expenses is indicated in Exhibit B of the PTGA as monthly (one month of eligible expenses), quarterly (three months of eligible expenses), or “other.” If the “other” is selected, the terms must be approved by the District and documented in Exhibit B. As discussed in the following section, each District must track that invoices are submitted to the District in compliance with the billing cycle specified in the PTGA.

If a recipient is not requesting reimbursement for a specific invoice period, the Project Monitoring Status Form (725-030-32) must still be submitted to the District to maintain compliance with the PTGA cost reimbursement terms. An explanation for no progress/no reimbursement request should be included in the progress report.

The District must track the receipt of a Project Monitoring Status Form submitted instead of an invoice reimbursement request to document the recipient’s compliance with the PTGA.

Projects where invoices are not submitted per the PTGA billing terms may be deemed inactive and could require an evaluation and documented justification by the recipient to remain open. The District may also require additional project monitoring and reporting to maintain the project as active.

If a recipient is not requesting reimbursement for a specific invoice period, a Project Monitoring Status Form must still be submitted to the District with justification to maintain compliance with the PTGA cost reimbursement schedule.

7.3 Invoice Submittal Tracking

FDOT Districts are required to track invoices submitted by a recipient under each PTGA to ensure the timely submission of invoices and all required supporting documentation. The FDOT Public Transit Office has prepared an invoice tracking tool for District staff’s use to comply with this requirement; however, Districts may use another tracking method so long as the following elements are included.

- Invoice #
- Invoice billing period
- Dates during each stage of the invoice review, approval, and processing status, including:
 - Date the initial invoice is received by the District.
 - Date that the District’s review of the initial invoice must be completed by.
 - If applicable, the date and reason that the invoice is returned to the recipient for correction.
 - If applicable, the date that the corrected invoice is returned to the District for review, date the corrected invoice is received by the District, and the date that the District review of the corrected invoice must be completed by.

- Date that the invoice is approved by the District and the approved reimbursement amount submitted to the Department of Financial Services (DFS).
- If applicable, the date the invoice is rejected by FDOT's Office of the Comptroller (OOC) or DFS or the warrant date.
- The frequency of invoice submissions relative to the PTGA billing terms (monthly, quarterly, or other as defined in Exhibit B).
- Submittal of a Project Monitoring Status Form instead of a reimbursement request to maintain compliance with the invoicing schedule identified in the PTGA.

Although not required, it is recommended that the District invoice tracking process also monitor:

- The PTGA balance vs anticipated draw-down schedule.
- The number of invoices remaining and whether the PTGA is within 120 days of expiration.

7.4 Invoice Review and Processing

This section outlines the steps taken by District Project Managers in reviewing and processing grantee invoices for payment. Required attachments may vary by District or by the requirements outlined in the PTGA.

During the invoice review and processing period, the District should document all application information and dates in the approved invoice submittal tracking tool.

FDOT has 20 calendar days to submit the invoice to DFS. This includes both the District Project Manager and OOC's review and approval of the invoice. The District Project Manager should review and either approve or reject the invoice within the initial five (5) days to ensure this overall timeline is met.

FDOT has 20 days (including weekends and holidays) to submit the invoice to DFS.

Invoice Review

- Review invoice for proper back up and accuracy to include calculations, balances, quarterly report, invoice and contract number, and consistency with contract scope.
- Ensure one electronic copy of backup documents that will tally up to the invoice amount is saved to the contract invoice folder. If the invoice was mailed, scan the invoice for use and processing. This includes instances where a Project Monitoring Status Form is submitted in lieu of an invoice reimbursement request to document the recipient's compliance with the PTGA.
- If the recipient is using an in-kind match, make sure the invoice reflects the agreed upon in-kind categories and the signed certification form is in the contract folder.
- If the recipient is billing by rates, make sure rates on the invoice agree with the rates listed in the agreement. Make sure the annual rate evaluation is in the contract file in case DFS asks to see it.

- If the recipient is billing for a percentage of a route that runs in both urban and rural areas (as is sometimes the case for 5311 projects), make sure the documentation of the allocation methodology used for invoicing is available.
- When processing an invoice, take note of when the PTGA expires. The PTGA allows the recipient 120 days after the PTGA expiration date to submit an invoice to FDOT. Should an invoice be received after the 120-day post-expiration timeframe the Transit Project Manager will determine if FDOT will honor the invoice request or confirm with DFS, if needed.
- If reviewing a first or second invoice on an agreement where the recipient contracted a service provider, confirm that the Attorney Certification is already in the project file. Attorney certifications must be done for any services (otherwise referred to as commodities) or any operating expenses procured with grant money that were over \$25,000. The attorney must certify that the contracted services and other operating expenses over \$25,000 were competitively bid. Language concerning this can found in Chapter 287.57, FS and PTGA Section 12(b).
- If any corrections need to be made, all changes must be made by the recipient and the corrected documents resubmitted for review and processing. The District Project Manager must document in an email to the recipient the specific change(s) and correction(s) needed in a “Stop the Clock” email. Once the invoice is resubmitted, a new 20 day District review window starts.
- If the recipient is charging indirect costs, a certified negotiated indirect cost agreement form must be provided in the contract folder along with the approved rate by the FDOT OOC.

Reviewing the Operating Invoice Form for Accuracy:

- Confirm that the invoice number is in sequence with the last invoice processed.
- Make sure that the invoice contains the recipient/agency’s name and address information.
- Make sure the invoice was sent to the correct person. Attn: District Supervisor or Project Manager’s name and title.
- Check that the funding program name or number is shown on the invoice; this is needed for tracking purposes.
- Check the invoice service dates. The date of indebtedness should be the dates between which the goods or services were completed. The first date shown corresponds to the start date of the purchase or execution of goods or services. It should be a later date than the previous invoice in most cases. If this date is incorrect or it shows a gap in service, contact the recipient for more information on the gap. If there was an error made request to make changes to all Invoice pages this affects. The last date of indebtedness shown corresponds to the end date of the purchase or execution of goods or services. It is the last date the recipient is billing for after goods and services have been paid for in the invoice being reviewed. The recipient cannot invoice any services provided after the PTGA expiration date or the expiration of the time extension of the PTGA.
- To verify the phase portion of the invoice form, check all dollar totals to verify that backup exists for every dollar amount listed on the Invoice Form that likely came from a Summary of Project Costs. Once each dollar amount has been checked and validated, the Summary of Project Costs

and/or the backup should be checked to ensure that no individual invoices being claimed by the recipient are dated prior to the execution of the PTGA or after the expiration of the PTGA as amended or extended. Any such invoices cannot be reimbursed. No work can be accomplished prior to the execution of the agreement or after the expiration of an agreement.

- Verify on the PTGA page 3 the maximum FDOT percentage of participation for payment. It should be the same used to calculate the total invoice amount.
- Verify that the FDOT Participation Previously Billed amount matches the total costs incurred from the prior invoices. This can be verified with the Enterprise Portal website.
- Verify the Current Invoice Amount Requested for FDOT Grant is the total calculation of all the backup provided in this billing. This total on the invoice form should be the same number appearing in the Summary of Project Costs and the backup should calculate the same to justify the numbers.
- Check the remaining FDOT Grant Balance. This is a cumulative amount of the total Current Invoice Amount Requested for FDOT Grant plus the Total Previous Amount Paid for FDOT grant minus the Total FDOT Grant Amount by Project Phase.
- Check to see if the invoice form sheet has been signed and dated by the appropriate recipient representative and includes their name and title.
- Review the Transit Grant Program Project Monitoring Status Report.
- Ensure that a date stamp has been added to the invoice on the Invoice Form. This will include the date the invoice was received by the District and ensure compliance with the 20 day review window.
- Ensure the name and signature of the District Project Manager who reviewed the invoice is added.
- Put the entire package together in one document for the next step.

7.5 Invoicing Expenses Across Multiple Funding Programs

When invoicing expenses across multiple grant programs, care must be taken to properly assign or allocate shared expenses (those eligible for payment under one or more grant programs) to not double charge for them. The resource in Figure 7-1 is available to assist grantees with calculating and tracking the allocation of shared expenses across multiple transit funding programs as part of the FDOT invoicing process. As shown in the figure, there are three potential steps to this process:

- *Step 1: Input Applicable Contract-Funding Programs for Invoice Expenses*

In this step, the grantee inputs all applicable PTGAs for which the expenses will be specifically assigned to (under Step 2) or allocated across (under Step 3).

- *Step 2: Input Expenses Attributable to One or Multiple Grant Programs*

In this step, the grantee inputs individual expenses that are already allocated or assigned to one or multiple grant programs input under Step 1. An example of an expense input in this step is the cost for replacement tires purchased for revenue vehicles that operate a specific service (e.g., intercity bus route funded under the 5311f program). Step 2 can be skipped if all expenses

should be allocated across all the grant programs entered under Step 1 using either hours or miles of service as the allocation basis.

- *Step 3: Input Expenses Allocated Across All Eligible Grant Programs*

In this step, the grantee inputs shared costs for transit services that are eligible for funding and need to be allocated in a consistent manner across all the grant programs input under Step 1. Following input of the expense details input under Steps 3.1-3.3, the allocation base, either hours or miles of service, is then selected in Step 3.4. Most expenses should be allocated by hours of service; however, expenses depending on the distance that the transit service is provided can be allocated by miles. For example, fuel, tires/lube, and maintenance costs for revenue vehicles are all expenses that are driven more by the distance of service than hours of service provided. The hours and miles (if applicable) of service provided during the invoice period relative to each funding program are input under Step 3.5 and 3.6.

Figure 7-1: Resource for Invoicing Expenses Across Multiple Funding Programs



Florida Department of Transportation
Public Transit Office
Worksheet for Invoicing Expenses Across Multiple Funding Programs (version 1)

This worksheet is intended to assist transit grantees with calculating and tracking the allocation of shared expenses across multiple transit funding programs as part of the FDOT invoicing process.

Step 1: Input Applicable Contract-Funding Programs for Invoice Expenses:

The grantee inputs all applicable PTGAs for which the expenses will be specifically assigned to (under Step 2) or allocated across (under Step 3).

G6289 - Service Development	G4Y56 - 5311f	G2X78 -5311	G4Z31 - 5310
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Step 2: Input Expenses Attributable to One or Multiple Grant Programs

Input individual expenses that are already allocated or assigned to one or multiple grant programs from Step 1.

Step 2.1 Input the Expense Category (USOA Object Class)	Step 2.2 Input the Expense Subclass	Step 2.3: Input the Eligible Expenses During Invoice Period	Step 2.4: Input the Funding Program	G6289 - Service Development	G4Y56 - 5311f	G2X78 - 5311	G4Z31 - 5310	Total
Tires and Tubes (5032)	Revenue Vehicles	\$ 469.05	G4Y56 - 5311f	\$ -	\$ 469.05	\$ -	\$ -	\$ 469.05
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
		\$ 469.05		\$ -	\$ 469.05	\$ -	\$ -	\$ 469.05

Step 3: Input Expenses Allocated Across All Eligible Grant Programs

Input shared costs for transit services eligible for funding and that need to be allocated in a consistent manner across all the grant programs from Step 1.

Step 3.1 Input the Expense Category (USOA Object Class)	Step 3.2 Input the Expense Subclass	Step 3.3: Input the Eligible Expenses During Invoice Period	Step 3.4: Input the Allocation Base	G6289 - Service Development	G4Y56 - 5311f	G2X78 - 5311	G4Z31 - 5310	Total
Operators' Salaries and Wages (5011)	Operators	\$ 48,629.54	Hours	\$ 23,639.36	\$ 8,104.92	\$ 10,131.15	\$ 6,754.10	\$ 48,629.54
Other Salaries and Wages (5013)	Administration	\$ 15,693.24	Hours	\$ 7,628.66	\$ 2,615.54	\$ 3,269.43	\$ 2,179.62	\$ 15,693.24
Fringe Benefits (5015)	Operators	\$ 12,129.98	Hours	\$ 5,896.52	\$ 2,021.66	\$ 2,527.08	\$ 1,684.72	\$ 12,129.98
Fringe Benefits (5015)	Administration	\$ 4,237.17	Hours	\$ 2,059.74	\$ 706.20	\$ 882.74	\$ 588.50	\$ 4,237.17
Utilities (5040)	Water & Sewer	\$ 469.04	Hours	\$ 228.01	\$ 78.17	\$ 97.72	\$ 65.14	\$ 469.04
Fuel and Lubricants (5031)	Revenue Vehicles	\$ 1,501.08	Miles	\$ 664.68	\$ 265.87	\$ 553.90	\$ 16.62	\$ 1,501.08
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -
		\$ 82,660.05		\$ 40,116.96	\$ 13,792.37	\$ 17,462.02	\$ 11,288.70	\$ 82,660.05

	G6289 - Service Development	G4Y56 - 5311f	G2X78 -5311	G4Z31 - 5310	Total
Step 3.5: Input Service Hours during Invoice Period:	350	120	150	100	720
Distribution of Service Hours:	48.6%	16.7%	20.8%	13.9%	100.0%
Step 3.6: Input Service Miles during Invoice Period:	3,000	1,200	2,500	75	6,775
Distribution of Service Hours:	44.3%	17.7%	36.9%	1.1%	100.0%

	G6289 - Service	G4Y56 - 5311f	G2X78 -5311	G4Z31 - 5310	Total
Total	\$ 40,116.96	\$ 14,261.42	\$ 17,462.02	\$ 11,288.70	\$ 83,129.10

Check Total: Review Finds Total Matches Inputs

8.0 Compensation to Non-Profit Organizations Using State Funds

This section outlines the requirements for a recipient that is a non-profit organization if state funds are used for executive compensation.

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

8.1 Applicability

For purposes of this section, the following definitions apply:

State funds are paid from the General Revenue Fund or any state trust fund, pass-through federal funds distributed by the state, or funds appropriated by the state for distribution through any grant program for either capital or operating purposes. The term does not include funds used for the state Medicaid program.

Non-profit organization is defined in Section 215.97(2)(m), F.S. as “any corporation, trust, association, cooperative, or other organization that: is operated primarily for scientific, educational service, charitable, or similar purpose in the public interest; is not organized primarily for profit; uses net proceeds to maintain, improve, or expand the operations of the organization; and has no part of its income or profit distributable to its members, directors, or officers.

Officer shall include Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), or any other position performing an equivalent function.

Remuneration shall mean all compensation earned by or awarded to personnel, whether paid or accrued, regardless of contingency, including bonuses, accrued paid time off, severance payments, incentive payments, contributions to a retirement plan, or in-kind payments, reimbursements, or allowances for moving expenses, vehicles and other transportation, telephone services, medical services, housing, and meals.

8.2 Documentation Requirements

If a recipient is a non-profit organization and is not using state funds for executive compensation, no action is required.

If the recipient is a non-profit organization and is using state funds for executive compensation, the following documentation must be provided before the PTGA can be executed:

- The recipient must complete Form 350-090-19 and submit it to the District Project Manager detailing:
 - The amount of state funds allocated to be used during the full term of the agreement for remuneration to any member of the board of directors or officer(s) as defined above.
 - State funds allocated under each payment to be used for remuneration of any member of the board of directors or officer(s). The documentation must indicate the amounts and recipients of the remuneration.

- The District Project Manager must insert the form into the PTGA. This can be done in the PTGA form in TransCIP by selecting “Add New Form” or by inserting the document directly as the last page of the PTGA using Tungsten Power PDF.

The recipient must post a copy of the Form 350-090-19 to their website, if the non-profit organization maintains a website. The District Project Manager must verify that this form has been posted publicly to the website, if applicable. This information will also be posted to the Florida Accountability Contract Tracking System maintained pursuant to Section 215.985, F.S.

A Form 350-090-19 **must** be included with each PTGA executed for the recipient (non-profit organization).

9.0 Risk Assessment

Note: As this Manual addresses grantees in both direct recipient and subrecipient roles to FDOT, the general term “recipient” is used in this Manual for simplicity unless explicitly noted.

9.1 Risk Assessment Purpose

As a pass-through entity for federal and state transit grants, FDOT must monitor each recipient to ensure that federal or state funds are used for authorized purposes, and comply with all applicable statutes, regulations, and terms and conditions of the award.

Federal Awards

To evaluate FDOT’s risk exposure related to a subrecipient’s potential to default or mismanage funds, FDOT is required under 2 CFR §200.331(b) to thoroughly assess a subrecipient’s eligibility and financial integrity before making a federal award. In evaluating the risk posed by applicants, the federal awarding agency may use a risk-based approach and consider such items as:

- *Financial stability*
- *Management systems and standards*
- *History of performance*
- *Audit reports and findings*
- *Ability to effectively implement requirements*

The level of risk determined from this assessment process may result in the need for FDOT to impose a monitoring program on the subrecipient to ensure proper accountability and compliance with federal funding program requirements and achievement of performance goals.

State Awards

Through Procedure 350-030-060-c, *Financial Assistance Requirements for Grant Disbursement Agreements*, FDOT has extended the requirement for a pre-award risk assessment to any recipient of state public transit grant funding. This includes preparing a post-award monitoring plan, as needed, prior to executing the PTGA.

FDOT Procedure/Form Reference:
Financial Assistance Requirements for Grant Disbursement Agreements: 350-030-060-c

9.2 Statewide Risk Assessment Process for Public Transit Grants

The FDOT Public Transit Office has developed a statewide risk assessment process to evaluate all grant applicants prior to awarding federal or state transit funds. This process provides a uniform approach to evaluating potential risk and to guide how the risk assessment outcomes are used to prepare post-award monitoring procedures, if deemed necessary. FDOT Procedure 350-030-060-c Attachment A, provides a general risk assessment and monitoring plan template; however, transit grant applicants must follow the risk assessment program outlined in this section. This program has been developed to satisfy the requirements of the FDOT procedure but tailored to identify and mitigate potential risks specific to federal and state transit funding programs and activities.

The risk assessment includes the following components:

1. Annual Agency Risk Assessment.

2. Pre-Award Risk Assessment Certification. This includes completion of a Risk Mitigation Plan if monitoring is required based on the Annual Agency Risk Assessment outcome.
3. Whether the recipient is a non-profit organization that is using (or plans to use) state funds for executive compensation as outlined in Section 8 of this Manual.

These steps will be completed by the District Project Manager (referred to as the Grant Manager in Procedure 350-030-060-c).

9.3 Annual Agency Risk Assessment

The risk assessment is to be completed annually at the agency level to evaluate FDOT's risk exposure prior to awarding transit grant funds. This serves as the basis for certifying the pre-award risk assessment for a specific project award within the same 12 month period.

Annual Agency Risk Assessment Elements

The annual risk assessment poses a series of questions about the applicant grouped under seven risk elements. The assessment is intended to be high level and flexible in that it can be used to evaluate an applicant for risk specifically related to past performance as a grantee (if applicable) and the type of grant funding request.

Risk Element	Topic	Applies to:
1.0	Grant Management Experience	All applicants
2.0	Financial Capability	All applicants
3.0	Staff Experience and Responsiveness	All applicants
4.0	Legal Assessment	All applicants
5.0	Performance History	Current or recent FDOT transit grantees
6.0	Policies and Controls – Operating Projects	Applicants for operating project funding
7.0	Policies and Controls – Capital Projects	Applicants for capital project funding

If the applicant is a current or past FDOT transit grant recipient, then the questions in Section 5.0 (Performance History) of the risk assessment tool should be answered. If the applicant is only seeking operating funds for the upcoming fiscal year, then Section 6.0 (Policies and Controls – Operating) should be completed. Likewise, if the applicant is only seeking capital funds for the upcoming fiscal year, then Section 7.0 (Policies and Controls – Capital) should be completed. If the applicant is applying for both operating and capital funds, then both Sections 6.0 and 7.0 are required.

Current or recent past FDOT grantees have an active (transit) PTGA or a (transit) PTGA that expired within the last 24 months of the risk assessment being conducted.

Risk Assessment Tool

The risk assessment tool is an Excel-based workbook that includes two worksheets:

Worksheet 1. Summary: This worksheet includes six steps (see Figure 9-1). Steps 1-3 ask for inputs concerning the agency that is being evaluated, the status of the applicant as a current or past transit grantee, and the type of project(s) that transit funding is being requested by the agency (operating, capital, or both). Step 4 indicates which sections of the Risk Assessment Tool (Worksheet 2) must be completed based on the information input in prior steps. Once the risk scores are entered in Worksheet 2, Step 5 returns the risk score by risk element and the overall risk score. It also documents whether Form 350-090-19 must be completed, as outlined in Section 8. The FDOT Project Manager documents completion of the risk assessment under Step 6.

Figure 9-1: Risk Assessment Tool – Worksheet 1.Summary



**Florida Department of Transportation
Public Transit Office
Risk Assessment Tool (version 1.6)**

Instructions:

Complete all required information.

Yellow Cell = information needed All other cells are formulas.

Step 1. Complete Grant Applicant/Agency Information (All Required)	
Agency	ABC Transit Agency
Agency Contact Name	Sue Smith
Agency Contact Information	1-800-ABC-RIDE

Step 2. Indicate Agency's "Past Grantee" Status (Required)	
Does the agency have an active Public Transportation Grant Agreement (PTGA) or a PTGA that expired within the last 24 months?	No

Step 3. Complete Project Funding Information	
Select the type(s) of projects that the applicant is expected to request funding for over the next year. ¹	Operating Only

¹ Planning, Mobility Management, or Preventative Maintenance projects should be listed under Capital.

Step 4. Complete Risk Assessment	
To complete, input risk scores for all required elements - see "2. Risk Assessment Tool" worksheet. Based on the applicant's status as a past FDOT transit grant recipient and the types of grant funding the applicant is seeking, the following sections of the Risk Assessment Tool must be completed for this applicant:	

Risk Element:	Required for Score?
1.0 Agency/Applicant Experience	Yes
2.0 Financial Capability	Yes
3.0 Staff Experience and Responsiveness	Yes
4.0 Legal Assessment	Yes
5.0 Performance History (if applicable)	No
6.0 Policies and Controls - Operating Projects	Yes
7.0 Policies and Controls - Capital Projects	No

Step 5. Risk Assessment Score Outputs for Selected Project Type(s)	
Agency:	ABC Transit Agency
Applicable Project Type(s):	Operating Only
Risk Assessment Section:	Risk Assessment Score
1.0 Agency/Applicant Experience	4
2.0 Financial Capability	20
3.0 Staff Experience and Responsiveness	8
4.0 Legal Assessment	12
5.0 Performance History	N/A
6.0 Policies and Controls - Operating Projects	12
7.0 Policies and Controls - Capital Projects	N/A
Total Score	56
Agency Annual Risk Assessment Outcome →	Moderate Risk
Is a Risk Mitigation Plan Required ?²	At District Discretion
Is a Form 350-090-19 Required?³	No

² Refer to Section 8 of FDOT's Transit Financial Management & Oversight Manual for more detail on the Risk Mitigation Plan.

³ The agency is a non-profit organization and is using state funds for executive compensation, as indicated in Section 2.9 of the Risk Assessment Tool. This must be documented in the PTGA per Section 8 of the Financial Management Guidebook.

Step 6. Complete FDOT Information (All Required)	
FDOT District:	
Initial Assessment Completed By:	
Initial Assessment Completion Date:	

Worksheet 2. Risk Assessment Tool: This worksheet includes a series of questions related to each risk element. For each applicable question, a score is assigned by the District Project Manager corresponding to the level of risk noted in the scoring rubric. Each risk score input is multiplied by the priority weight assigned to produce a total score for the question. Figure 9-2 illustrates the risk assessment tool components found on Worksheet 2. Risk Assessment Tool, including where the scores are input and the output indicating the overall risk score and associated risk level.

Figure 9-2: Risk Assessment Tool – Risk Score Input Example

Risk Elements	Risk Score Input	Priority Weight	Total Score = Risk Score Input x Priority Weight	Scoring Rubric		
				1 - Low Risk	2 - Moderate Risk	3 - High Risk
Risk Element: 2.0 Financial Capability (section required for all agencies applying for transit program funds)						
2.1 What is the type of accounting system used by the grantee?	1	2	2	Automated	Combination	Manual
2.2 Has the grantee made any significant changes to its financial/accounting system(s) within the last 12 months?	1	2	2	No known significant changes made	Minor system updates made that require minimal training	Major system change that requires significant training or learning curve
2.3 Does the accounting system track receipts/expenditures of program funds separate by award?	1	2	2	Accounting system identifies receipts and expenditures of program funds separately for each award	Accounting system identifies receipts and expenditures of program funds but does not separate for each award	Accounting system does not identify receipts and expenditures of program funds
2.4 Does the agency have effective written procedures and financial controls in place?	1	2	2	Formal/written procedures exist and are distributed to employees. Financial management controls are in place.	Informal policies and controls exist	No policies or controls exist
2.5 Pursuant to 2 CFR Part 200 and/or Section 215.97, F.S., Florida Single Audit Act, entities that expend equal to or greater than \$1,000,000 in federal and/or state financial assistance are required to have a single audit performed and submitted no later than nine months after the recipient's fiscal year end. What is the agency's Single Audit Risk Assessment status?	1	3	3	The agency's current Single Audit Risk Assessment status is "Low Risk."	The agency is exempt from performing a Single Audit OR the agency's current Single Audit Risk Assessment status is "Medium" or "High" risk but not associated with any transit-related program findings.	The agency's Single Audit Risk Assessment status is "Medium Risk" or "High Risk" due to one or more findings concerning a transit-related funding program
2.6 Is the agency marked as a "Non-Compliant Auditee" as a result of not submitting the required Single Audit documentation?	1	3	3	No or N/A for agencies not required to conduct a single audit.		Yes (this must be addressed in the Risk Mitigation Plan)
2.7 Does the agency have a valid UEI registration on SAM.gov?	1	2	2	Yes		No
2.8 Did the agency include the correct SAM.gov Unique Entity Identifier on the application?	1	2	2	Yes		No
2.9 Is the agency a non-profit organization that is (or will be) using state funds for executive compensation?	3	2	6	N/A (agency is not a non-profit) or No (agency is a non-profit but is not using state funds for executive compensation).		Yes

Overall Risk Score and Associated Risk Level

The overall risk score is the cumulative total score from all questions applicable to the applicant. If an applicant is not a prior FDOT transit grant recipient, the risk score is only based on Risk Elements 1.0 – 4.0. If the applicant is a prior recipient, then the risk score includes Risk Elements 1.0 – 5.0 to consider past performance as a grantee. For any applicant, the risk score will then include either Risk Element 6.0 or 7.0, or both, depending on the type of funding being sought. This scoring approach removes consideration of points not applicable to a particular applicant and returns a score that accurately reflects the applicant’s level of risk.

Figure 9-3 illustrates the various combinations of risk scores and corresponding risk level outputs, based on the applicant status and type of project funding request. The appropriate scoring thresholds will automatically be assigned within the tool to ensure that the applicant’s level of risk is being measured accurately for their circumstances.

Figure 9-3: Risk Score Outputs and Associated Risk Levels

For Applicants Seeking Funding for Operating Projects Only:

Overall Risk Score → Associated Risk Level ↓	New FDOT Grant Applicant (Risk Elements 1.0 - 4.0, 6.0)	Past FDOT Grant Recipient (Risk Elements 1.0 - 5.0, 6.0)
Low Risk	32 - 52	40 - 64
Moderate Risk	53 - 93	65 - 113
High Risk	94 - 114	114 - 138

For Applicants Seeking Funding for Capital Projects Only:

Overall Risk Score → Associated Risk Level ↓	New FDOT Grant Applicant (Risk Elements 1.0 - 4.0, 7.0)	Past FDOT Grant Recipient (Risk Elements 1.0 - 5.0, 7.0)
Low Risk	32 - 52	40 - 75
Moderate Risk	53 - 127	76 - 147
High Risk	128 - 159	148 - 183

For Applicants Seeking Funding for Capital and Operating Projects:

Overall Risk Score → Associated Risk Level ↓	New FDOT Grant Applicant (Risk Elements 1.0 - 4.0, 6.0 - 7.0)	Past FDOT Grant Recipient (Risk Elements 1.0 - 7.0)
Low Risk	32 - 68	40 - 80
Moderate Risk	69 - 140	81 - 160
High Risk	141 - 177	161 - 201

The overall risk score will return the associated risk level given the applicant’s circumstances. This risk level then determines whether a risk mitigation plan is required. Figure 9-1 previously illustrated an example of the risk assessment tool output for an agency not considered a past FDOT transit grantee and that is seeking operating funds.

9.4 Pre-Award Risk Certification

The risk assessment for an agency to produce an overall risk determination (risk score) is intended to be an annual process to evaluate FDOT’s overall risk exposure and used during the decision making process to award funds. The risk assessment outcome must then be reviewed and certified for each project through completion of a Risk Assessment Certification Form prior to execution of a PTGA.

Risk Mitigation Plan

The risk level determined from the annual risk assessment process may identify a need for FDOT to impose a Risk Mitigation Plan (monitoring program) on the recipient prior to execution of the PTGA. The goal of this is to ensure proper accountability and compliance with program requirements and achievement of project performance goals, and to ultimately reduce the risk outcome for future annual risk assessments.

Risk Outcome	Risk Mitigation Plan
Low Risk	Not required
Moderate Risk	May be required (at discretion of District Project Manager)
High Risk	Required for funding approval and execution of the PTGA

The Risk Mitigation Plan should take into consideration the results of the risk assessment by including financial or program monitoring, educational components, or other activities to address the moderate or high risk outcomes identified from this process. Monitoring activities can range from desk procedures to site visits depending on the program requirements and the complexity of the program. These activities should, to the extent feasible, align with other compliance-related monitoring processes and procedures (e.g., triennial reviews, invoice review/approvals, site visits, etc.).

To complete the Risk Mitigation Plan, the District Project Manager must detail the specific monitoring activities to be undertaken and their frequency. The Risk Mitigation Plan is documented on the Risk Assessment Certification Form discussed in the next section. As such, the Risk Mitigation Plan is completed prior to the execution of the PTGA. There may be instances where an agency’s annual risk assessment outcome does not dictate a need for a Risk Mitigation Plan, but a specific project award is of a funding amount, complexity, or other instance that warrants additional monitoring. The District Project Manager can require a Risk Mitigation Plan on a project-specific basis independent of the annual risk assessment outcome.

The Risk Assessment Certification Form detailing a Risk Mitigation Plan in response to a “high risk” rating must be provided to the FDOT Public Transit Office.

A copy of the Risk Assessment Certification Form detailing a Risk Mitigation Plan prepared in response to a “high risk” assessment outcome must be provided to the FDOT Public Transit Office – Grants Program Administrator.

Risk Assessment Certification Form

To finalize the risk assessment process, the Risk Assessment Certification Form must be completed to document the outcome of the annual risk assessment and resulting risk score prior to the

execution of a PTGA. The certification form must be signed by the District Project Manager. The Risk Assessment Certification Form is provided at the end of this section.

If the District Project Manager does not concur with the annual risk determination, an override may be granted by the District Transit Program Administrator and documented on the Risk Assessment Certification Form. An example situation where this may apply is as follows: a recipient applies for both capital and operating funds and receives a “high risk” outcome from the annual risk assessment process. The “high risk” outcome clearly relates to issues that only pertain to operating-related controls and policies. If the FDOT Project Manager determines that such risks are not applicable to capital funding or projects, then the risk score on any capital Risk Assessment Certification Form may be reduced with approval from the District Transit Program Administrator. The Risk Assessment Certification Form for any operating award would still indicate the high risk outcome and identify the appropriate monitoring procedures in the Risk Mitigation Plan, as required.

Alternatively, if an issue arises that would raise the “risk” level of any contract post-award, FDOT can re-evaluate the risk and implement the appropriate mitigation measures at any point.

9.5 Documentation of Pre-Award Risk Assessment

A PDF of the risk assessment tool output (Worksheet 1.Summary of the Excel file shown in Figure 9-1) documenting the risk score and its date of completion should be compiled with the Risk Assessment Certification Form and filed in TransCIP under the agency’s “Important Documents” tab.

9.6 Non-Profit Organizations Using State Funds for Executive Compensation

Section 2.9 of the risk assessment (see Figure 9-2) determines if the recipient is a non-profit organization and is using state funds for executive compensation. If yes, the risk assessment tool output (Worksheet 1.Summary of the Excel file shown in Figure 9-1) indicates that the recipient must complete Form 350-090-19 and submit it to the District Project Manager before the PTGA can be executed. This process and associated requirements for applicable non-profit organizations are detailed in Section 8 of this Manual.

9.7 Risk Assessment Frequency

For subrecipients of federal transit funds, the agency risk assessment should be conducted annually in the Fall during the FDOT federal application cycle. For applicants only seeking state transit funds, the District can determine when the annual risk assessment process occurs. The risk assessment is valid for a 12 month period from when the Risk Assessment Certification is dated.

Due to the nature of the grant application cycles, the annual risk assessment is not intended to automatically expire 12 months to the day it was last completed. However, the annual risk assessment should be updated within a reasonable window of the 12-month period. If a risk assessment for the applicable project type has not been certified within the prior 12 months, a new annual risk assessment must be completed. The risk assessment should be updated annually so long as the recipient has an active PTGA to ensure no significant change to FDOT’s risk exposure is observed. The risk assessment may need to be updated sooner than 12 months if unusual circumstances or significant changes within the agency warrant.

Risk Assessments for 5310 Vehicle Procurements

For subrecipients that solely receive 5310 funds through FDOT to procure transit vehicles, the FDOT Project Manager must still complete an agency risk assessment to determine the level of risk and to complete the Pre-Award Risk Certification Form, as described previously. Once the PTGA is executed and the vehicles are procured and in service, the subrecipient must then adhere to all applicable vehicle inventory reporting and inspection requirements. Therefore, for these subrecipients only, the agency risk assessment process does not need to be completed again until the subrecipient applies for new funding to either procure additional transit vehicles or for another capital or operating project.

9.8 Approval of Alternative Risk Assessment Process

The FDOT Public Transit Office has prepared a risk assessment tool to provide a uniform approach to evaluating recipients consistent with federal guidance and to provide guidance for how the risk assessment outcomes should guide potential post-award monitoring. FDOT Districts are required to use the statewide risk assessment tool to determine a subrecipient's level of risk unless the FDOT Transit Grant Programs Administrator or their designee approves the use of a District's alternative risk scoring process.

To be considered for approval, a District's alternative process must satisfy the following:

- *Strongly correlates to the risk elements included in the statewide risk assessment tool to evaluate experience, financial capability, staff experience/responsiveness, capital asset management (if applicable), and legal considerations.*
- *Provides for a quantitative risk assessment with risk probability inputs are discrete values. This is opposed to a qualitative risk assessment where the inputs to produce the score can be expressed in numerous ways and are subjective based on the user input.*
- *Produces a defined risk score or measure to reflect the severity of a risk for the applicant as a subrecipient that can be correlated to a low, moderate, or high level of risk.*

In the event an alternative process is used to determine the risk assessment score/level of risk, a Risk Mitigation Plan (if applicable) must be documented and the Pre-Award Risk Assessment Certification Form must be completed.

Example Form 4: Subrecipient Pre-Award Risk Assessment Certification Form

General Information

Agency/Organization: Click or tap here to enter text.

Project Types: ☐ Capital ☐ Operating

Project Name: Click or tap here to enter text.

FM#/PTGA: Click or tap here to enter text.

Risk Assessment (refer to risk assessment tool output—Worksheet 1.Summary of the Excel file)

Risk Determination: ☐ Low Risk ☐ Moderate Risk ☐ High Risk

Date Risk Assessment Completed for Determination : Click or tap to enter a date.

If the Project Manager does not concur with the risk determination, the District Transit Program Administrator may grant an override in the section below.

Risk Mitigation Plan

A Risk Mitigation Plan is ☐ Not Required ☐ Required (complete rest of section)

Briefly describe the nature of the risk(s) to be mitigated:

Click or tap here to enter text.

Monitoring activities to be undertaken and frequency in response to the identified risk:

Click or tap here to enter text.

Additional Comments:

Click or tap here to enter text.

Pre-Award Risk Assessment Completed By:

FDOT Project Manager Name Click or tap here to enter text.

FDOT Project Manager Signature _____

Date Click or tap to enter a date.

A copy of the risk assessment tool output (Worksheet 1.Summary of the Excel file) and this certification form should be filed in TransCIP under the agency's "Important Documents" tab.

District Transit Programs Administrator Review

If the Project Manager does not concur with the risk rating, an override may be granted by the Transit Programs Administrator. Please complete the information below with reason/explanation for the change: Click or tap here to enter text.

Final Risk Determination: ☐ Low Risk ☐ Moderate Risk ☐ High Risk

FDOT Project Manager Signature _____

Date Click or tap to enter a date.