EQUIPMENT SATISFACTORY CONTINUING CONTROL PROCESS

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GLOSSARY

Equipment - Tangible, non-expendable personal property having a useful life of more than one year and an per-unit acquisition cost that meets or exceeds the federal capitalization threshold as defined in 2 CFR 200.1 (currently $10,000).

Subrecipient - An entity that receives FTA funds through FDOT for the purpose of carrying out an eligible transit project.

Satisfactory Continuing Control (SCC) – The legal assurance that project property will remain available to be used for its authorized purpose until disposition.

PURPOSE

The Florida Department of Transportation (FDOT) Central Office has established procedures for the management of rolling stock, equipment, and real property funded projects using FTA pass-through funding (Sections 5310, 5311, and 5339) or where FDOT participates in 50 percent or more of the public transit capital purchase price. This may include capital items purchased under the State Transit Block Grant Program, State Transit Service Development Program, or other applicable FDOT transit programs.

The purpose of these procedures is to ensure that assets remain available for their originally authorized purpose throughout their useful life until disposition (Satisfactory Continuing Control), and ensure all real property is safeguarded to prevent misuse, misappropriation, waste, or unwarranted deterioration or destruction. FDOT has classified property management into three focus areas: rolling stock, equipment, and real property.

This document outlines Central Office (CO), District Office (DO), and subrecipient responsibilities related to federally funded equipment in accordance with Federal Transit Administration (FTA) requirements including, but not limited to, 2 CFR 200, 2 CFR 200.313, and FTA Circular 5010.1F.

INTRODUCTION

FDOT is responsible for ensuring that equipment purchased with FTA funds is properly inventoried, used for authorized purposes, maintained in good working condition, and disposed of in accordance with Federal requirements.

This process applies to all non-expendable equipment acquired in whole or in part with FTA assistance and administered by FDOT through its transit grant programs. “Equipment” is defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds $10,000, including non-revenue service vehicles.

AUTHORITY

This procedure is governed by:

- 2 CFR 200 (Uniform Guidance)
- 2 CFR 200.313 (Equipment)
- FTA Circular 5010.1F

- FDOT State Management Plan

RESPONSIBILITIES

FDOT Central Office (CO) is responsible for:

- Establishing and maintaining procedures to ensure satisfactory continuing control over federally funded equipment
- Requiring subrecipients to maintain an equipment inventory
- Maintaining oversight of statewide equipment inventory reporting (if consolidated system is implemented)
- Reviewing equipment inventories and supporting documentation
- Approving equipment disposition when required
- Coordinating return of Federal funds to FTA when applicable
- Documenting compliance through monitoring activities

District Offices (DO) support satisfactory continuing control by:

- Reviewing subrecipient equipment inventories and updates on an annual basis
- Conducting desk reviews and on-site monitoring activities
- Verifying the existence, condition, and authorized use of equipment during monitoring and triennial reviews
- Documenting verification activities and follow-up actions

Subrecipients are responsible for:

- Maintaining an up-to-date inventory of all federally funded equipment
- Using equipment only for authorized transit purposes
- Maintaining equipment in good working condition
- Including equipment maintenance provisions in the maintenance plan
  Retaining supporting documentation related to acquisition, use, maintenance, and disposition
  Requesting DO approval prior to disposition, when required
- Carry insurance to cover the federal interest and state interest in the asset
- Notifying DO in writing of any equipment loss or damage

INVENTORY REQUIREMENTS

Subrecipients must maintain an equipment inventory in a spreadsheet or similar format that includes, at minimum:

- Description of the equipment
- Serial or identification number
- Acquisition date
- Acquisition cost (per-unit)
- Funding source(s)
- Federal participation percentage

- Location
- Condition
- Status (in service, out of service, disposed)

FDOT may maintain or require submission of equipment inventory information for statewide tracking and monitoring purposes. Equipment, such as a wheelchair lift, that is installed after the asset is in active service does need to be separately inventoried. Equipment is to be depreciated in accordance with generally accepted accounting principles. However, depreciation expense is not an allowable reimbursable cost to federal programs if purchased, in part or in whole, with federal funds.

Inventory Review and Verification

FDOT verifies the existence, condition, and continued authorized use of equipment through desk reviews, triennial reviews, and on-site monitoring activities. DO will reconcile the Statewide Equipment Inventory with each subrecipient's list annually by February 15.

USEFUL LIFE

Equipment must remain in service for its established useful life unless otherwise approved by FDOT and FTA.FDOT applies useful life standards consistent with FTA guidance. Where a useful life policy has not been defined by FTA, CO will determine a useful life for the capital asset. In the grant application, the subrecipient shall propose and identify a useful life for the capital asset to be purchased with Federal funds. Acceptable methods to determine useful life include but are not limited to:

- Generally accepted accounting principles
- Independent evaluation
- Manufacturer's estimated useful life
- Internal Revenue Service guidelines
- Industry standards
- The grantee's independent auditor who needs to concur that the useful life is reasonable for depreciation purposes
- Proven useful life developed at a Federal test facility

Useful life determinations are documented at the time of acquisition and maintained in inventory records. Early disposition requires prior approval by CO.

PERMISSIBLE USES

Any equipment acquired with FTA funds must serve the primary purpose of providing public transportation service. Subrecipients may use federally funded assets (rolling stock, equipment, and real property) for uses other than its originally authorized purpose when the use qualifies as an incidental use as defined in FTA C 5010.1F. Incidental use of federally funded assets is permitted for subrecipients of funding under all FTA programs. The incidental use cannot interfere with the purpose of the original grant (2 CFR 200.313). Incidental use is addressed as part of FDOT's on-site compliance reviews.

If a subrecipient wishes to lease FTA-funded equipment to another entity, written permission must be obtained from FDOT in advance.

DISPOSITION

When equipment purchased with Federal funds has met the required useful life and is no longer needed for public transportation services, disposition must comply with FTA Circular 5010.1F, the FDOT State Management Plan, and 2 CFR Part 200.

The equipment's fair market value must be determined by CO to calculate any remaining Federal and State interest.

- If fair market value is less than $10,000, subrecipients may retain all proceeds. There is no remaining Federal interest.
- If fair market value is $10,000 or more, subrecipients may retain $5,000 plus the percentage of the local share of the remaining proceeds. The remaining Federal share (typically 80%) must be returned to FTA and the State share (typically 10%) returned to FDOT.
- If equipment is lost or damaged due to fire, casualty, or natural disaster, Federal and State interest will be calculated based on condition immediately prior to the event.
- Insurance proceeds must either:
    - Be applied toward replacement property (with Federal interest retained), or
    - Be returned in an amount equal to the remaining Federal and State interest.

CO must approve the fair market value prior to disposal.

Detailed procedures for returning funds to FTA are provided in Appendix A.

AUDIT AND COMPLIANCE

FDOT documents satisfactory continuing control through:

- Monitoring activities
- Inventory reviews
- Triennial review process
- Audit oversight

Findings related to equipment control are addressed through documented corrective action. See the Triennial Review Guides located on the FDOT Public Transit Office website for further guidance.

APPENDIX A - PROCESS FOR RETURNING FUNDS TO FTA

PROCESS FOR RETURNING FUNDS TO FTA

This process details the steps on how funds are returned to FTA when a Subrecipient disposes of equipment. Funds are returned to FTA when one of the following occurs:

- Equipment that have met useful life and have a Fair Market Value of more than $10,000
- Disposals Due to Casualty or Loss – Insurance Proceeds

Determine the Amount of Funds to Returned to FTA	
1.	The Central Office (CO) Operations Manager will draft the *Disposal Calculation Worksheet* and will provide the Worksheet to the District Office for review.
2.	If needed, the District Offices will work with the Subrecipient to complete any blank fields on the *Disposal Calculation Worksheet* and will return it to the CO Grant Programs Administrator and the Operations Manager for final review and approval.
3.	The CO Grant Programs Administrator or the CO Operations Manager will review the completed *Disposal Calculation Worksheet* and provide final approval to District Offices. District Offices will notify the Subrecipient of the final approval and next steps.
4.	The Subrecipient has two options for how to return the funds, (1) issue a "paper" check or (2) send a wire transfer to Central Office. The Subrecipient must notify the Central and/or District Office of how the funds will be sent to Central Office. This information must be noted on the *Disposal Calculation Worksheet.* **Instructions for issuing a "paper" check are:** Check issued to: Florida Department of Transportation Mailed to: FL Department of Transportation - Public Transit Office 605 Suwannee Street, MS-26, Tallahassee, FL 32399 Attn: Grant Programs Administrator **Instructions for issuing an ACH or Wire Transfer are:** • District Offices should obtain the wire transfer instructions at: FDOT Wire Instructions.pdf and provide them to the Subrecipient • The Subrecipient should enter the District that they received the funding from in the "Re:" area. For example, Re: DOT – District XX
5.	When the Subrecipient submits the returned funds via **wire transfer**, the CO Grant Programs Administrator will provide the final *Disposal Calculation Summary* and the *FTA Notification Letter* to the CO Federal Accounts Receivable (FAR) Unit and the CO Cashier's Office. When the Subrecipient submits the returned funds via **check** and it is received, the CO Grant Programs Administrator will work with the CO FAR to deposit the check into the state treasury no later than seven (7) working days from the close of the week in which the check is received. (Chapter 116.01, F.S.) The *Disposal Calculation Summary* and the *FTA Notification Letter* will be provided to the CO FAR and the CO Cashier's Office.
6.	The CO Grants Section will coordinate with the CO FAR to determine if the funds can be netted via the ECHO-Web system or if a warrant is needed to return the funds FTA.

FUNDS RETURNED VIA ECHO OR WARRANT

The CO Grants Section will determine if the FTA grant award that coincides with the Subrecipient award for which the funds are being returned is still active in TrAMS.

- If the FTA grant award is still active, funds can be netted against requested funds via the ECHO-Web system.
- If the FTA grant award is closed, or there is not sufficient remaining balance, funds must be returned to FTA via a warrant.
    - Before proceeding with the process for generating a warrant, the CO Grants Section will coordinate with the GAO Revenue Administrator or the Deputy Comptroller, to verify there is sufficient budget authority to support this payment.
    - A request for refund warrant should not proceed until such time as sufficient budget authority is confirmed, to support this refund disbursement transaction.

Return Funds to FTA via ECHO	
Per Circular 5010.1F, Chapter VI, 3 Return of Federal Assistance: While ECHO-Web is primarily designed as a payment request system, the system does not allow funds to be returned directly. Therefore, any amount being returned to FTA must be netted against a future drawdown. The recipient (FDOT) can make a return payment only when requesting a new payment. The Total Requested Amount (which calculates the Request minus the Return) must be a positive number.	
When the applicable FTA grant is active, “funding returns” may be made through the ECHO-Web system. In effect, FDOT is utilizing ECHO-Web to manage the return of the federal share of the reimbursement by opting not to drawdown the full amount of federal funds for the corresponding grant.	
1.	The CO Grants Section will provide the *Disposal Calculation Summary,* and the *FTA Notification Letter* to: • CO FAR Unit • CO Cashier’s Office • FTA Region 4 – Community Planner for FDOT
2.	During the quarterly federal grants drawdown process, the CO FAR will net the Federal portion of the returned funds (as identified on the *Disposal Calculation Summary*) to the grant from which funds were returned from the Subrecipient. The amount to be netted will be recorded on the Federal Financial Form (SF425). If necessary, when the funds returned from the Subrecipient exceed the earned federal funds (expenditures) during a quarterly drawdown period, the netting may be carried out over more than one future draw, provided that the full amount is netted **prior to** grant closeout. Net amounts will be recorded and tracked on the SF425.
3.	The CO FAR provides SF425 to the CO Grants Section for review and approval.
4.	Once approved, the CO GAO completes the ECHO Draw process outlined in the *Overview of Financial Drawdown Reporting* process.

Return Funds to FTA via Warrant	
1.	The CO Grants Section will provide the *Disposal Calculation Summary*, and the *FTA Notification Letter* to: • CO FAR Unit • CO Cashier's Office • FTA Region 4 – Community Planner for FDOT
2.	The CO Cashier's Office will request a warrant to FTA, through the CO Disbursement Operations Office (DOO), for the Federal portion of the returned funds as identified on the *Disposal Calculation Summary*.
3.	The CO Cashier's Office will provide a copy of the warrant to the CO Grant Programs Administrator.

4.	The following steps should be followed (per Circular 5010.1F, Chapter VI, Item 10:
	• Warrants should be payable to the "Federal Transit Administration" (**FTA's FEIN#: 84-1024566**)
	• Mail all checks to the FAA/Federal Transit Account as follows:
	  o DOT/Federal Transit Administration, C/O Mike Monroney Aeronautical Center, P.O. Box 25770, Attn: AMK-324, Oklahoma City, OK 73125
	  o Specify the applicable FAIN(s) or project number(s) on the warrant
	  o Provide a written explanation as to the purpose of payment (Letter provided by CO Grants Section)
	  o Send a copy of the check and the explanatory letter to the recipient's Regional Office (completed by the CO Grants Section)

DIRECT RECIPIENT FUNDS RETURNED VIA PAY.GOV

When it has been determined that the FTA grant award is closed or there is not sufficient remaining balance **and** the Subrecipient is an FTA Direct Recipient the following steps should be followed.

Direct Recipient Return Funds to FTA via PAY.gov	
1.	The CO Grants Section will prepare and provide the *Disposal Calculation Summary* to: • District Office • Direct Recipient • FTA Region 4 – Community Planner for FDOT
2.	The Direct Recipient must include the *Disposal Calculation Summary* when remitting the returned funds to FTA through PAY.gov.
3.	The Direct Recipient should follow the steps below when electronically returning Federal assistance: • Access the U.S. Treasury's Pay.Gov Financial Collection System. • Once access is gained: (1) click on "Make a Payment;" (2) scroll down to "Search by keyword" and enter "FTA;" and (3) choose the appropriate form (FOIA Fee, **Grantee Refunds/Over Payments**, or Vendors/Employees). The recipient must provide the requested information and submit ***Note:*** *If making an ACH payment from a bank account, please select "ACH Direct Debit" as the payment type.*
4.	The Direct Recipient must provide confirmation of the funds remitted to FTA through PAY.gov: • CO Grant Programs Administrator • District Office