

3. TECHNICAL CAPACITY – AWARD MANAGEMENT

PURPOSE OF THIS REVIEW AREA

The recipient must report progress of projects in awards to the Federal Transit Administration timely.

QUESTIONS TO BE EXAMINED

1. Has the recipient submitted milestone progress reports (MPRs) and Federal Financial Reports (FFRs) to FTA on time?
2. Are the recipient's FFRs complete and accurate?
3. Are the recipient's MPRs complete and accurate?
4. Has the recipient submitted complete Program of Projects (POP) Status Reports on time?
5. Does the recipient ensure timely expenditure of funds and close out of awards?

INFORMATION NEEDED FROM RECIPIENT

Recipient Information Request

- Award management and reporting procedures, if written
- Closeout schedule for all open awards

Recipient Follow-up

- Correspondence from FTA regional office regarding reporting issues

TC-AM1. Has the recipient submitted milestone progress reports (MPRs) and Federal Financial Reports (FFRs) to FTA on time?

BASIC REQUIREMENT

Recipients must report progress to FTA via submittal of complete, accurate, and timely MPRs and FFRs at the required intervals.

APPLICABILITY

All recipients

DETAILED EXPLANATION FOR REVIEWER

Recipients are required to submit MPRs and FFRs based on the reporting frequency established by FTA. The reporting frequency depends on award program, award amount, recipient location, project type, and risk. Overall reporting schedules are established in FTA C. 5010.1E, Award Management Requirements, that outlines recipients in urbanized areas over 200,000 in population to report quarterly, but the circular also permits FTA to adopt a risk-based approach to change the frequency of reporting. Since October 1, 2017, awards of \$2 million or less awarded to recipients located in urbanized areas over 200,000 in population may be reported annually instead of quarterly unless FTA has identified a specific risk. FTA's risk-based approach reduced the frequency of reporting for some recipients.

The following table shows the prior and current reporting frequency for MPRs and FFRs by program. FTA, at its discretion, can require more frequent reporting.

Because submitting late reports is a risk factor, patterns of late or unsubmitted reports may prompt FTA to take remedial action and increase reporting frequency requirements.

MPR and FFR Reporting Frequency		
Recipient/Program	Project	Reporting Frequency
Non-state recipients in large UZAs (>200,000) >\$1 million in FTA awards	All	Quarterly
	Beginning October 1, 2017, for awards <\$2 million	Annually
Recipients in large UZAs (>200,000) <\$1 million in FTA awards	Section 5309-funded facility construction projects	Quarterly
Recipients in small UZAs (<200,000)	Section 5329	
State-administered programs	All other projects	Annually

INDICATORS OF COMPLIANCE

- a. *How often is the recipient required to submit MPRs and FFRs? Has FTA specified a different reporting frequency from the chart above? If yes, what is that frequency?*
- b. *Did the recipient submit all MPRs and FFRs on time? If not, how many reports were missing/late during any reporting period?*

Late or missing MPRs or FFRs by reporting period due dates								
Year	Quarter 1 (Jan 1 – Jan 30)		Quarter 2 (Apr 1 – Apr 30)		Quarter 3 (July 1 – July 30)		Quarter 4/Annual (Oct 1 – Oct 30)	
	MPR	FFR	MPR	FFR	MPR	FFR	MPR	FFR
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INSTRUCTIONS FOR REVIEWER

Discuss with the FTA regional office required reporting frequencies and if any more frequent reporting frequencies have been required of the recipient in the past three years or if the recipient or specific award has a different reporting schedule based on a risk analysis. For each program, sample three awards for the most recent reporting period. If there is a pattern of late reporting, discuss with the regional office. Confirm reporting frequency with the recipient.

POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if it does not submit MPRs and FFRs for each open award, does not submit them at the required intervals or submits them late.

DEFICIENCY CODE TC-AM1-1: Late MPRs/FFRs

SUGGESTED CORRECTIVE ACTION: The recipient must submit the delinquent report(s) for the most recent reporting period, and submit to the FTA regional office procedures for submitting future reports on time. If the recipient is no longer able to submit the reports electronically, it must upload hard copies of the reports to TrAMS and notify the FTA regional office when the delinquent reports are submitted.

GOVERNING DIRECTIVE

2 CFR 200.327 Financial reporting.

Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

2 CFR 200.328 Monitoring and reporting program performance.

(b) Non-construction performance reports. The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).

(1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

(c) Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.

FTA Circular 5010.1E, Chapter. III, Section 3. Reporting Requirements

e. Report Due Dates. For FFRs and MPRs, the following reporting dates apply:

- (1) Recipients located in urbanized areas of 200,000 or more populations. Recipients located in urbanized areas of 200,000 or more populations who receive more than \$1 million in funds from FTA, FFRs and MPRs must be submitted and are due to FTA within 30 days after the end of each quarter, *i.e.*, by January 30, April 30, July 30, and October 30. The FTA regional or metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting. Recipients located in urbanized areas of 200,000 or more populations who receive less than \$1 million in funds from FTA, FFRs and MPRs must be submitted and are due October 30, one month after the federal fiscal year (FY) ends. The FTA regional or metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting.
- (2) Recipients located in urbanized areas of less than 200,000 populations. FFRs and MPRs must be submitted and are due October 30, one month after the federal fiscal year (FY)

ends. The FTA regional or metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting.

(3) FTA may utilize a risk based approach to change the frequency of reporting requirements for a particular Award or recipient. This will be noted in the Grant Agreement or Cooperative Agreement.

(4) Exceptions:

(a) Section 5309 Grants: All grant recipients, regardless of location and population area, are required to submit quarterly reports in TrAMS according to the dates in subsection 3.e.(1) above when grants include construction of facility.

(b) State Departments of Transportation (State DOTs): State DOTs are required to report annually for all state administered programs; this includes Sections 5303, 5304, 5307 (Governor's Apportionment), 5310, 5311, former Section 5316, and former Section 5317 programs. The exception described in the preceding paragraph applies to the State DOTs.

(c) If the provisions of this FTA Circular 5010.1 differ from the provisions of the applicable FTA Programmatic Circular, the Program Circular takes precedence. FTA at its discretion may always require more stringent reporting or specialized reports. Depending on project complexity, at its discretion, FTA may also request other special reports or quarterly project management meetings."

FTA Dear Colleague Letter on Risk-Based Reporting Policy, October 9, 2017

TC-AM2. Are the recipient's FFRs complete and accurate?

BASIC REQUIREMENT

Recipients are required to provide a current, complete, and accurate financial picture of each award through the submission of FFRs.

APPLICABILITY

All recipients

DETAILED EXPLANATION FOR REVIEWER

FFRs accompany MPRs. The FFR reports on the use of project funds and is submitted on the same schedule as MPRs for each open award. Reports are submitted electronically using TrAMS. Recipients report the following financial data in FFRs:

- **Federal cash receipts** are the amount of FTA funds received for the period and are reported on a cash basis—when the funds are actually received.
- **Federal cash disbursements** are the amount of FTA funds disbursed as of the end of the reporting period and are reported on a cash basis, i.e., when the funds are actually disbursed. For recipients that draw funds on a reimbursement basis, Federal funds are reported as disbursed only after they are received.
- **Unliquidated obligations** are binding commitments that have been entered into and for which expenditures have not yet been recorded because goods and services have not been received and are reported on an accrual basis. Examples of these are: a signed contract for bus purchases for which delivery of vehicles has not yet occurred, a contract for construction

services not rendered, open purchase orders, contract retentions, and unexpended portions of signed subrecipient agreements.

- **Unobligated balance** is the amount of an award that has not been expended and is not covered by a binding commitment (unliquidated obligation) and is reported on an accrual basis.
- **Indirect expense** is the amount of indirect costs charged to an award by the reporting organization and is reported on an accrual basis. The rate must be based on a previously approved cost allocation plan or indirect cost proposal. The recipient must report the total amount of indirect expenses incurred on a cumulative basis. The information should include the type of rate (whether it is provisional, predetermined, final or fixed), the rate approved by the cognizant agency, the total base amount from which the indirect cost rate is determined, the period covered by the approved rate, amount charged to the award, and the Federal share of the indirect expenses charged. For indirect costs of other organizations or subrecipients that are charged to the award, notes are added to the FFR regarding the rates of these organizations.
- The recipient should address any **FTA comments** either in a revised or the next report. Addressing inconsistencies may prevent returned reports, complies with FTA's instructions, and may eliminate confusion with FTA's Program Office and Oversight Reviews.

The recipient should ensure that FFRs are accurate. Many recipients have program managers that prepare MPRs while financial personnel prepare FFRs. FTA has found frequent instances of data in FFRs not being reflected in MPRs and vice versa. For example, an MPR may indicate that the recipient has awarded a construction contract but the FFR does not report unliquidated obligations.

INDICATORS OF COMPLIANCE

- a. Are Federal cash receipts and disbursements reported correctly? Are they reported on a cash basis?*
- b. Does the recipient report outlays and unliquidated obligations on an accrual basis of accounting? Are elements E-U reported correctly?*
- c. Does the information in the FFR match the last award budget? Are any identified cost overruns or identified savings explained?*
- d. Is cash on hand reported in any FFR? If yes, has the recipient provided an explanation? Did the FTA regional office determine the explanation was adequate?*
- e. How does the recipient calculate unliquidated obligations? Is the calculation consistent with 2 CFR §200.97 Unliquidated Obligations? Are unliquidated obligations reported accurately? Are any not reported?*
- f. If the recipient charges indirect costs to awards, have the correct rates and amounts been entered in the FFR?*
- g. Are there any discrepancies in information or data reported on MPRs and FFRs? If yes, obtain an explanation from the recipient?*
- h. Has the recipient responded to any FTA comments on FFRs?*

INSTRUCTIONS FOR REVIEWER

For each program, sample three awards for the most recent reporting period. Discuss with the FTA regional office what awards to review, as multiple awards may be funding the same project.

- Determine if Federal cash receipts and disbursements are reported on a cash basis and expenses are recorded when incurred instead of when paid.
- Review award budgets and ensure information on FFRs matches. If it does not, ascertain the reason for the difference.
- If FFRs contain reconciliations, ascertain the reason the reconciliations were required.
- If cash on hand is reported, determine if an explanation is provided in the remarks and certifications tab. Discuss with the FTA regional office whether the explanation of cash on hand is adequate.
- Review FFRs, MPRs, and award dates of procurements to determine if unliquidated obligations are not reported and should be. For example, an MPR may indicate that the recipient has awarded a construction contract but the FFR does not report unliquidated obligations. During the site visit, discuss with the recipient how it calculates unliquidated obligations and confirm the calculation is based on obligations incurred by the non-Federal entity for which an expenditure has not been recorded.
- If indirect costs are charged, confirm the recipient is charging the approved rate or the de minimis rate, if allowed.
- Review FTA comments in TrAMS regarding reports and look for evidence the recipient has addressed the comments. Discuss the adequacy of the recipient's responses with the FTA regional office. During the site visit, follow up with the recipient on any outstanding FTA comments.
- Review financial management procedures for discussion on how the recipient captures and reports information in the progress reports.

POTENTIAL DEFICIENCY DETERMINATIONS

The recipient is deficient if it does not:

- Use accrual basis of accounting for lines other than b and c
- Properly report Federal cash receipts or disbursements
- Explain Federal cash on hand
- Report unliquidated obligations correctly
- Report indirect costs correctly
- Respond to FTA comments

DEFICIENCY CODE TC-AM2-1: Incorrect FFR reporting

SUGGESTED CORRECTIVE ACTION: The recipient must submit revised reports that include the missing/corrected information and/or addresses FTA comments and submit to the FTA regional office procedures for including all required information in future reports. If the recipient is no longer able to submit the reports electronically, it must upload hard copies of the reports to TrAMS and notify the regional office when the revised reports are submitted.

The recipient is deficient if data in the FFR do not reflect the data in the MPR.

DEFICIENCY CODE TC-AM2-2: MPR/FFR do not agree

SUGGESTED CORRECTIVE ACTION: The recipient must submit revised reports that address review comments and submit to the FTA regional office procedures for reconciling FFRs and MPRs. The recipient must notify the regional office when the next reports are submitted.

GOVERNING DIRECTIVE

2 CFR 200.327 Financial reporting

Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

2 CFR 200.97 Unliquidated obligations

Unliquidated obligations means, for financial reports prepared on a cash basis, obligations incurred by the non-Federal entity that have not been paid (liquidated). For reports prepared on an accrual expenditure basis, these are obligations incurred by the non-Federal entity for which an expenditure has not been recorded.

FTA Circular 5010.1E, Chapter. III, Section 3. Reporting Requirements

c. Federal Financial Report (FFR). FTA's electronic FFR report is consistent with and includes information identified in OMB's Standard Form FFR (SF FFR). A recipient must submit an FFR for each active Award. The FFR accompanies the MPR (described below) and is used to monitor the federal assistance awarded. The purpose of the FFR is to provide a current, complete, and accurate financial picture of the Award. This report is submitted electronically through TrAMS and must be prepared on the accrual basis of accounting; that is, income is recorded when earned instead of when received, and expenses are recorded when incurred instead of when paid. The FFR may not be prepared on the cash basis of accounting, even though a recipient may keep its books on the cash basis during its accounting year. If this is the case, at the submission of the FFR, the recipient must prepare the necessary accruals and submit the FFR on the accrual basis of accounting. (See Appendix B, "Federal Financial Report").

The FFR must contain the following elements:

- (1) All financial facts (e.g., expenditures and obligations) relating to the Award (scope of work and supporting activities); the purpose of each financial report and applicable reporting period should be completely and clearly displayed in the reports.
- (2) Reported financial data should be accurate to the last Award Budget (this may be the initial Award, or last revision to the Award Budget or amendment to the Award) and the reporting period. The requirement for accuracy does not rule out inclusion of reasonable estimates when precise measurement is impractical, uneconomical, unnecessary, or conducive to delay. Financial data reported may reconcile data included in the prior report, and must be explained in the explanation/remarks section of the report.
- (3) Financial reports must be based on the required supporting documentation maintained in the recipient's official financial management system that produces information that objectively discloses financial aspects of events or transactions.
- (4) Financial data reported should be derived from accounts that are maintained on a consistent, periodic basis; material changes in accounting policies or methods and their effect must be clearly explained.

- (5) Reporting terminology used in financial reports to FTA should be consistent with receipt and expense classifications included in the latest Award.
- (6) The recipient is responsible for indicating whether or not it is charging indirect costs to the Award at the time of application. If the recipient is charging indirect costs to the Award, the recipient is responsible for having an approved Indirect Cost Rate Proposal or Cost Allocation Plan approved by the cognizant agency on file, and uploading the documentation into their TrAMS "Recipient Profile." The recipient must report on related indirect expenditures.
- (7) The recipient must provide financial information related to the FFR categories: Federal Cash, Recipient Share, Unliquidated Obligations, and Program Income.

TC-AM3. Are the recipient's MPRs complete and accurate?

BASIC REQUIREMENT

Recipients are required to submit MPRs that discuss progress toward project objectives and any potential problem areas.

APPLICABILITY

All recipients

DETAILED EXPLANATION FOR REVIEWER

Progress reports are the primary written communication between recipients and FTA. Recipients must submit MPRs in TrAMS for each open award within 30 days of the end of the reporting period. Reports must be submitted for all active/executed awards, even if no activity occurred on those awards since the last report. 2 CFR part 200 Subpart D and FTA C. 5010.1E detail the information that, at a minimum, must be included in these reports. Reporting on operating assistance is limited to the estimated and actual date when funding has been expended.

Because submitting late reports is a risk factor, patterns of late or unsubmitted reports may prompt FTA to take remedial action and increase reporting frequency requirements.

INDICATORS OF COMPLIANCE

- a. *Does the MPR provide the status of each milestone that has passed during the prior reporting period including the actual completion dates for any milestones and revised completion dates for any milestones not met?*
- b. *Does the MPR contain a narrative of activity status and any problems encountered in implementation, specification preparation, bid solicitation, resolution of protests, or third-party contract awards?*
- c. *If there were award budget changes, is there discussion of the change?*
- d. *Is there an analysis of each significant project cost variance? Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project using quantitative measures, such as hours worked, sections completed, or units delivered.*
- e. *If there were schedule changes, is there:*
 - *An explanation of why scheduled milestones or completion dates were not met?*

- *Identification of problem areas and a narrative on how the problems will be solved?*
 - *A discussion of the expected impacts and the efforts to recover from the delays?*
- f. *If there are rolling stock ALIs, is a contract award milestone included?*
- g. *If there were outstanding claims exceeding \$100,000 or claims settled during the reporting period, is a brief description, estimated costs, and the reasons for the claims included?*
- h. *If change orders are listed for the reporting period, is a description provided, including amount exceeding \$100,000, and which are pending or settled?*
- i. *If real property was acquired since the last Comprehensive Review, were all actions, including just compensation, property or properties under litigation, administrative settlements, and condemnation for each parcel reported?*

INSTRUCTIONS FOR REVIEWER

For each program, sample three awards for the most recent reporting period to determine if MPRs include the required information in the indicators above. Determine if the regional office has any issues with MPRs.

Review project budgets in TrAMS to determine if budget changes were made, verify they were properly included in the correct MPRs, and determine if the recipient is reporting changes prior to them being made.

Review the recipient's list of change orders and verify the MPRs indicated potential and executed change orders, as defined in Circular 4220.1, where amounts exceeded \$100,000. Verify that any additional change orders identified in the Procurement section of the review are included in the appropriate MPRs.

Review all claims or litigation involving third-party contracts, potential third-party contracts discussed, or other parties in the Legal section to ensure that any exceeding \$100,000 or involving a controversial matter or highly publicized matter were included in MPRs.

Review the recipient's real property inventory to determine if any real property was acquired in the past three years and verify all actions, including just compensation, property or properties under litigation, administrative settlements, and condemnation for each parcel are included in the MPR during the reporting period.

POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if progress reports are not complete, or fail to highlight progress towards meeting project objectives and any potential problem areas, as detailed in the governing directive below.

DEFICIENCY CODE TC-AM3-1: MPRs lack required information.

SUGGESTED CORRECTIVE ACTION: The recipient must submit revised reports that include the missing information and submit to the FTA regional office procedures for ensuring all required information is included in future reports. If the recipient is no longer able to submit the reports electronically, it must upload hard copies of the reports to TrAMS and notify the regional office when the revised reports are submitted.

GOVERNING DIRECTIVE

2 CFR 200.328 Monitoring and reporting program performance.

(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its

activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.

(b) Non-construction performance reports. The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).

(1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

(2) The non-Federal entity must submit performance reports using OMB-approved government wide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:

(i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

(ii) The reasons why established goals were not met, if appropriate.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(c) Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.

(d) Significant developments. Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

(2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

(e) The Federal awarding agency may make site visits as warranted by program needs.

(f) The Federal awarding agency may waive any performance report required by this part if not needed.

FTA Circular 5010.1E, Chapter. III, Section 3. Reporting Requirements

d. Milestone Progress Reports (MPR). The MPRs must be submitted for each active Award. The MPR is the primary written communication between the recipient and FTA. This report must be submitted electronically. If only operating assistance is included in the Award, the reporting requirements are limited to the actual dates when all federal assistance has been expended.

The information provided in MPR reports should be as complete as possible, highlighting progress toward project objectives and any potential problem areas.

Each MPR must include the following data as appropriate:

- (1) The current status, at a minimum, of each milestone that has passed during the prior reporting period, within an active Award. FTA, at its discretion, may request a recipient to update each milestone within an active Award. MPRs should identify:
 - The actual completion dates for any milestones completed during the reporting period, and
 - Any revised dates when any original (or last revised) completion dates were not met.
- (2) A narrative of the activity status, any problems encountered in implementation, specification preparation, bid solicitation, resolution of protests, and third-party contract Awards.
- (3) A detailed discussion of all Award Budget or schedule changes.
- (4) An explanation of why scheduled milestones or completion dates were not met.
- (5) Identification of problem areas and a narrative on how the problems will be solved.
- (6) A discussion of the expected impacts and the efforts to recover from the delays.
- (7) An analysis of each significant project cost variance: Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed, or units delivered.
- (8) A list of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.
- (9) A list of all potential and executed change orders, as defined in Circular 4220.1, and amounts exceeding \$100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description. Identification of change orders does not imply notification, acceptance, or approval of budgetary changes that might be required.

(10)A list of claims or litigation involving third-party contracts and potential third-party contracts that:

- Have a value exceeding \$100,000;
- Involve a controversial matter, irrespective of amount; or
- Involve a highly publicized matter, irrespective of amount.

(11)A list of all real property acquisition actions, including just compensation, property or properties under litigation, administrative settlements, and condemnation for each parcel during the reporting period.

(12)All rolling stock ALIs must include a milestone for Contract Award.

TC-AM4. Has the recipient submitted complete Program of Projects (POP) Status Reports on time?

BASIC REQUIREMENT

Recipients of Sections 5310 and 5311 awards must submit their Program of Projects Status Reports to FTA.

APPLICABILITY

Designated 5310 and 5311 recipients with subrecipients

DETAILED EXPLANATION FOR REVIEWER

Designated recipients of Sections 5310 and 5311 funds must submit program of projects status reports for each open award annually, except designated 5310 recipients in large urbanized areas with awards exceeding \$2 million which must submit quarterly status reports. If the required information is not included in the MPRs, these reports should be attached to the recipient's corresponding MPR in the TrAMS.

Reports must include:

1. Updated program of projects for each approved award that contains active projects reflecting revised project descriptions, changes in projects from one category to another, and adjustments within budget categories
2. Budget revisions for changes in line item budgets, if required by the regional office
3. Significant civil rights compliance issues, such as Title VI, Equal Employment Opportunity, or Disadvantaged Business Enterprise complaints against the recipient or subrecipients
4. Notable accomplishments or problems involving subrecipients

INDICATORS OF COMPLIANCE

- a. *Did the recipient submit all status reports on time? If not, how many reports were missing/late during any reporting period?*

Late or missing Program of Project Status Reports by due date					
Year	Quarter 1 (Jan 1 – Jan 30)	Quarter 2 (Apr 1 – Apr 30)	Quarter 3 (July 1 – July 30)	Quarter 4/Annual (Oct 1 – Oct 31)	
	5310	5310	5310	5310	5311
FY 20XX					

- b. Do status reports include an updated program of projects for each approved award that contains active projects?
- c. Does the updated program of projects reflect revised project descriptions, changes in projects from one category to another, and adjustments within budget categories?
- d. Were any changes to line item budgets for the award submitted as budget revisions?
- e. Were any significant civil rights compliance issues addressed?

INSTRUCTIONS FOR REVIEWER

Sample three awards for the most recent reporting period to determine if they have been submitted on time and include the required information for the Annual Program of Projects Status Reports as detailed in indicators above. If there is a pattern of late reporting, discuss with the regional office. Ask the regional office if it requires annual budget revisions. All recipients of Sections 5310 and 5311 funding must submit status reports annually (prior to October 31), except designated 5310 recipients in large urbanized areas with awards exceeding \$2 million which must submit quarterly status reports.

If changes were made to line item budgets, verify these were submitted as budget revisions.

Discuss with the FTA Regional Civil Rights Officer whether or not the recipient had any significant civil rights compliance issues. If so, verify they were included in the status reports.

During the site visit, discuss any concerns noted.

POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if it does not submit Annual Program of Projects Status Reports or the reports do not include all the required information.

DEFICIENCY CODE TC-AM4-1: Annual Status reports missing or lacking required information

SUGGESTED CORRECTIVE ACTION: The recipient must submit in TrAMS the Annual Program of Projects Status Reports for the past year and submit to the FTA regional office procedures for submitting the reports with the required information at the required interval.

GOVERNING DIRECTIVE

FTA Circular 9040.1G, Chapter. V, Section 19. Reporting Requirements

- a. Annual Program of Projects Status Reports. By October 31 each year, the state shall submit to FTA a program status report for each active grant, covering the twelve-month period ending September 30. Status reports are intended to meet minimal program information needs at the regional and national levels. Reports should include an updated program of projects for each approved grant that contains active projects. The updated program of projects should reflect revised project descriptions, changes in projects from one category to another, and adjustments within budget categories. The updated program of projects can be attached in the electronic status

report. If revisions to the program of projects result in changes to the line item budget for the grant, these changes should be submitted as budget revisions. Significant civil rights compliance issues occurring during the year (such as Title VI, Equal Employment Opportunity [EEO], or Disadvantaged Business Enterprise [DBE] complaints against the state or subrecipients) should be addressed in the annual status report. In addition, the state may report notable accomplishments or problems involving Section 5311 subrecipients.

FTA Circular 9070.1G, Chapter. VI, Section 23. Reporting Requirements

a. Annual Program of Projects Status Reports. By October 31 each year, the state or designated recipient should submit to FTA a program status report for each active grant, covering the twelve-month period ending September 30. Designated recipients in large urbanized areas must submit quarterly status reports. The status reports should be submitted electronically and are intended to meet minimal program information needs at the regional and national levels. Reports should include an updated POP for each approved grant that contains active projects. The updated POP should reflect revised project descriptions, changes in projects from one category to another, and adjustments within budget categories, if applicable. The updated POP can be imported as text into the project summary section of the electronic status report.

If revisions to the POP result in changes to the line item budget for the grant, these changes should be submitted as budget revisions. Significant civil rights compliance issues occurring during the year (such as Title VI, Equal Employment Opportunity (EEO), or Disadvantaged Business Enterprise (DBE) complaints against the recipient or subrecipients), should be addressed in the annual status report. In addition, the recipient may report notable accomplishments or problems involving Section 5310 subrecipients.

TC-AM5. Does the recipient ensure timely expenditure of funds and close out of awards?

APPLICABILITY

All recipients

BASIC REQUIREMENT

The recipient must expend awards timely and close out projects and awards when project activity is completed.

DETAILED EXPLANATION FOR REVIEWER

FTA expects projects to be completed within a reasonable, specified time and as scheduled in the award agreement and updated in progress reports.

For Sections 5305, 5307, 5309, and 5339 projects, a good “rule of thumb” is to complete the project within the period of availability of funds. Once award funds are past the period of availability, the ability to amend the award to change the scope is limited, thus restricting the use of remaining funds to the original scope. For large, complicated construction or technology projects, completing the project and closing the award within the period of availability may not be feasible. Sections 5310 and 5311 programs of projects should be implemented within two to three years of award approval. Recipients should take into account the status of current awards before awarding a subrecipient an award for a new project.

Funds deobligated within the period of availability are available for re-obligation to a new award. The following table shows the period of availability of funds for selected programs.

Period of Availability of Funds	
Program	MAP-21/FAST Act
5305	Year of apportionment plus 3
5307	Year of apportionment plus 5
5309 discretionary	Year of apportionment plus 4
5310	Year of apportionment plus 2
5311	Year of apportionment plus 2
5329	Year of apportionment plus 2
5337	Year of apportionment plus 3
5339	Year of apportionment plus 3

Recipients may not excessively prolong the life of the award merely for the purpose of expending all award funds. Frequently, recipients allow small balances in completed projects to delay closeout. The recipient should have procedures for tracking project funds and reprogramming unused balances to other projects or closing out the award if funds cannot be utilized.

The recipient should initiate award closeout with subrecipients within 90 days after the end of the period of performance, when all funds are expended or when the award's scope of work is completed. A final FFR, budget, and, for Sections 5310 and 5311 awards, the POP, are required at the time of closeout. It is not necessary to wait for the Single Audit before closing an award.

Examples of good award management practices include:

- 1) As part of the annual development process, identify available funds in existing awards before applying for new funds
- 2) Unless directed by the region, apply for remaining apportionments in the next year's award instead of amending awards to add apportionment balances. An award may contain multiple years' apportionments
- 3) Spend oldest funds first for on-going expenses such as program administration (financial purpose code (FPC 6), operating assistance (FPC 4), ADA complementary paratransit (FPC 8), and preventive maintenance (FPC 0)
- 4) Accumulate program administrative expenses in a generic account and then draw from the oldest award with available program administrative funds instead of charging the expenses directly to awards
- 5) Set project time limits (less than two years)
- 6) Transfer small remaining balances to new line items
- 7) Move delayed projects to newer awards and active projects to older awards

- 8) Deobligate project balances and reapply for funds (if within period of availability and allowed by the FTA regional office)
- 9) Regularly reconcile balances with those in TRAMS
- 10) Tie third party contracts to projects, then tie projects to award
- 11) When funding a project out of multiple awards, develop a drawdown plan
- 12) When funding a project out of multiple awards, charge retainage to the newest award (and report it as an unliquidated obligation) to enable the closing of older awards

FTA places a priority on closing out awards for which activity has ceased. FTA identifies awards that should be potentially closed out as those that are 100 percent disbursed or those that were obligated more than three years before and have not had a disbursement within the past 12 months.

Awards that have been inactive for a substantial length of time should also be closed unless the recipient has a plan and is likely to resume activity soon. Inactivity may be a result of delays in project implementation or lack of resources.

If an award has been delayed for a substantial period of time and the recipient does not have a reasonable explanation, FTA may determine that the funds should be deobligated and the award closed. Occasionally, a project may be delayed indefinitely because of factors beyond the recipient's control. If there is no realistic chance of a project going forward, FTA will deobligate the funds and make them available for other projects that are ready to proceed.

INDICATORS OF COMPLIANCE

- a. *As part of the development of the annual program of projects, does the recipient look to available funds in existing awards before applying for new funds?*
- b. *Does the recipient take into account the status of current awards before awarding a subrecipient a subaward for a new project?*
- c. *Does the recipient have any delayed or inactive awards that should be closed?*
- d. *Do the recipient's procedures for initiating closeout with subrecipients ensure that the closeout occurs within 90 days after the award end date or when funds are expended/reassigned and all work activities for the project are completed before the end date?*
- e. *Do the recipient's procedures for initiating closeout with subrecipients ensure that the closeout occurs by the time the award is closed with FTA?*
- f. *Does the recipient initiate award closeout with FTA within 90 days of completion of all activity in the program of projects and/or after the applicable Federal assistance has been expended for all eligible costs?*

INSTRUCTIONS FOR REVIEWER

Review procedures for documentation of award management and closeout processes. Review the projected close-out dates for open awards. For on-going expenses, such as operating assistance, determine whether the recipient draws from the oldest funds first. Identify awards that are old, have small balances remaining, or are more than three years old and have not had disbursement activity within the past 12 months. Review progress reports in TrAMS and other correspondence to identify major delays in projects or, if and when, projects have been completed. Prior to the site visit, discuss the status of awards with FTA regional office staff.

Review state/program management plans and subrecipient agreements for time limits on subawards. Obtain and review a schedule for closing all open awards. During the site visit, discuss award management procedures and the status of any delayed or inactive awards that should be closed.

POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if it does not spend the oldest funds first, track the progress of projects, close out completed awards, reprogram unused balances to other activities, initiate award closeout timely, or has open awards that should be closed.

DEFICIENCY CODE TC-AM5-1: Inactive award/untimely closeouts

SUGGESTED CORRECTIVE ACTION: The recipient must submit to the FTA regional office an award closeout plan.

The recipient must submit to the FTA regional office more effective procedures for award management (spending older funds first, tracking project progress, identifying project balances, reprogramming unused project funds to other projects, reassigning older projects to newer awards, or closing out projects) to enable it to close awards more timely.

The recipient must work with the FTA regional office to revise award budgets with the existing award schedule to assure funds can be spent and drawn down in active awards.

The recipient must work with the FTA regional office to deobligate funds and close awards if funds remain in inactive awards or if projects are indefinitely delayed.

GOVERNING DIRECTIVE

2 CFR 200.343 Closeout

The Federal awarding agency or pass-through entity will close-out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity. This section specifies the actions the non-Federal entity and Federal awarding agency or pass-through entity must take to complete this process at the end of the period of performance.

(a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.

(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

(c) The Federal awarding agency or pass-through entity must make prompt payments to the non-Federal entity for allowable reimbursable costs under the Federal award being closed out.

(d) The non-Federal entity must promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the non-Federal entity for use in other projects. See OMB Circular A-129 and see §200.345 Collection of amounts due, for requirements regarding unreturned amounts that become delinquent debts.

(e) Consistent with the terms and conditions of the Federal award, the Federal awarding agency or pass-through entity must make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.

(f) The non-Federal entity must account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with §200.310 Insurance coverage through 200.316 Property trust relationship and 200.329 Reporting on real property.

(g) The Federal awarding agency or pass-through entity should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports.

FTA Circular 5010.1E, Chapter III: Administration of the Award

5. AWARD CLOSEOUT. Closeout, in general, is the term used to signify the process by which the recipient and FTA agree that all activities approved for the Award have been completed and/or the federal assistance awarded has been expended for eligible costs. Recipients are required to close an Award 90 days after the end of the period of performance. FTA, or the recipient, may initiate the closeout process. Closeout, by either party, does not preclude FTA's ability to seek repayment or other remedies for a recipient's breach of the terms and conditions of the Grant or Cooperative Agreement.

- a. Closeout by Recipient. "The recipient is responsible to initiate closeout of the Award, within 90 days after the end of the period of performance, or after all approved activities are completed and/or the applicable federal assistance has been expended for all eligible costs. Any deviation from the approved Award must be documented in the closeout amendment.

FTA Circular 9040.1G, Chapter V Program Management and Administrative Requirements

15. CLOSEOUT. States should initiate project closeout with subrecipients within ninety days after all funds are expended and all work activities for the project are completed. The states should similarly initiate program of project closeout with FTA within ninety days after all work activities for the program of projects are completed. A final federal financial report (SF 424), final budget, and final program of projects must be submitted electronically via the FTA electronic award management system at the time of closeout.

FTA expects grants awarded for a specific program of projects to be completed within a reasonable, specified time frame, generally two to three years. If small amounts of funds remain in an inactive grant, the state should request that the funds be deobligated and the project closed out. If the deobligated funds are still within their period of availability, FTA can reobligate the funds in a new grant to the state along with other currently available funds. Otherwise, the deobligated funds lapse and are reapportioned by FTA among all the states in a subsequent year.

FTA Circular 9070.1G, Chapter VI Program Management and Administrative Requirements

19. CLOSEOUT. Recipients should initiate project closeout with subrecipients within ninety days after all funds are expended and all work activities for the project are completed. Recipients should similarly initiate POP closeout with FTA within ninety days after all work activities for the POP are completed. A final Federal Financial Report, final budget, and final POP must be submitted electronically via the electronic grant management system at the time of closeout.

FTA expects grants awarded for a specific POP to be completed within a reasonable, specified time frame, generally not to exceed two to three years. Although this circular provides recipients with a great deal of flexibility in developing and subsequently revising programs of projects, it is not FTA's intent that grants be continually revised or amended in ways that will excessively prolong the life of the grant, and consequently result in a large number of active Section 5310 grants. If small amounts of funds remain in an inactive grant, the recipient should request that the funds be deobligated and the project closed out. If the deobligated funds are still within their period of availability, FTA can reobligate the funds in a new grant to the recipient along with other currently available funds. Otherwise the deobligated funds lapse and are reapportioned by FTA among states and UZAs in a subsequent year.

ISSUES/AREAS OF CONCERN FOR FTA AWARENESS

1. Were any concerns identified in the recipient's award management procedures in the FTA's Oversight Assessment Tool (OAT)? Did background research and/or onsite observations support these concerns?
2. Do the data in the MPRs, program status reports and FFRs; the award closeout history; and the information from FTA regional office staff indicate that the recipient may have a weakness with award management practices? If yes, explain.
3. If there are FTA comments on FFRs or MPRs, does the recipient appear to understand them and has it responded appropriately?
4. If the recipient has a significant number of open and inactive awards, is the recipient lacking the capacity to adequately track and monitor awards and/or close them out?
5. Are there concerns about the organizational structure, staffing resources and/or turnover, experience or training to ensure sufficient technical capacity for the administration of FTA award program?
6. Did background research or site visit observations reveal any other potential issues or concerns about the recipient's technical capacity to manage FTA awards not covered previously in this section?

REFERENCES

1. 49 U.S.C. Chapter 53, Federal Transit Laws
2. 2 CFR Parts 200 and 1201, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"
3. FTA Circular 5010.1E, "Award Management Requirements"
4. FTA Circular 9040.1G, "Formula Grants for Rural Areas: Program Guidance and Application Instructions"
5. FTA Circular 9070.1G "Enhanced Mobility of Seniors and Individuals with Disabilities Program Guidance and Application Instructions"

USEFUL WEBLINKS

1. The Federal Financial Report (FFR)
2. FFR Instruction Guide for Recipients
3. State Transit Program Manager's Guide on Administration and Oversight of FTA Grant Programs

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