U.S. Department
of Transportation

Federal Transit Administration

CIRCULAR

FTA C 6100.1E

May 11, 2015

Subject: RESEARCH, TECHNICAL ASSISTANCE, AND TRAINING PROGRAMS: APPLICATION INSTRUCTIONS AND PROGRAM MANAGEMENT GUIDELINES

1. PURPOSE. This circular is a reissuance of guidance on application procedures and project management responsibilities for FTA's Research Programs. This revision incorporates provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21), Pub. L. 112-141, July 6, 2012, and includes the most current available guidance as of the date of publication. These requirements are intended to assist recipients in administering FTA-funded projects and in meeting Federal assistance responsibilities and reporting requirements. Recipients have a responsibility to comply with Federal statutory and regulatory requirements and to be aware of all guidance and pertinent documents to assist in the management of Federal assistance.

2. CANCELLATION. This circular, when final, will cancel FTA Circular 6100.1D, "Transit Research and Technology Programs: Application Instructions and Program Management Guidelines," dated 5-1-2011.

3. AUTHORITY.

   a. Federal Transit Laws, codified at 49 U.S.C. chapter 53.

   b. 49 CFR 1.51.

4. WAIVER. FTA reserves the right to waive any provision of this circular to the extent permitted by Federal law or regulation.

5. FEDERAL REGISTER NOTICE. In conjuction with publication of this circular, FTA published a notice in the Federal Register on April 10, 2015, addressing comments received during development of the circular.

6. AMENDMENTS TO THE CIRCULAR. FTA reserves the right to update this circular to reflect changes in other revised or new guidance and regulations that undergo notice and comment without further notice and comment on this circular. FTA will post updates on our website: http://www.fta.dot.gov. The website allows the public to register for notification when FTA issues *Federal Register* notices or new guidance. Please visit the website and click on "Connect with FTA" for more information.

Distribution: FTA Headquarters Offices (T-W-2)
FTA Regional Offices (T-X-2)

OPI: Office of Research, Demonstration and Innovation

7. ACCESSIBLE FORMATS. This document is available in accessible formats upon request. To obtain paper copies of this circular as well as information regarding these accessible formats, telephone FTA's Administrative Services Help Desk, at 202-366-4865. Individuals with hearing impairments may contact the Federal Relay Service at 800-877-8339 for assistance with the call.

_____/S/ Orginial Signed By_____
Therese W. McMillan
Acting Administrator

6100.1E RESEARCH, TECHNICAL ASSISTANCE, AND TRAINING PROGRAM CIRCULAR

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CHAPTER I

INTRODUCTION AND BACKGROUND

1. THE FEDERAL TRANSIT ADMINISTRATION (FTA). The Federal Transit Administration (FTA) is one of ten operating administrations within the U.S. Department of Transportation (U.S. DOT), and is headed by an administrator appointed by the president of the United States. The FTA functions through a headquarters office in Washington, DC, ten regional offices, and five metropolitan offices. These offices assist transit agencies in all fifty states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and federally recognized Indian Tribes.

   Public transportation means regular, continuing, shared-ride surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income. Public transportation generally includes, but is not limited to, transportation services provided by buses, heavy rail, light rail, commuter rail, fixed guideway, bus rapid transit, passenger ferry boats, trolleys, inclined railways, people movers, vans, streetcars, jitneys, and aerial tramways. Public transportation can be either fixed-route or demand-response service, but excludes intercity passenger rail provided by Amtrak, intercity bus service, charter bus service, school bus service, sightseeing service, courtesy shuttle service for patrons of one or more specific establishments, and intraterminal or intrafacility shuttle service.

   The Federal Government, through FTA, provides financial assistance to develop new transit systems and improve, maintain, and operate existing systems. FTA oversees thousands of grants to hundreds of state and local transit providers, primarily through its ten regional offices. These recipients are responsible for managing their programs in accordance with Federal requirements, and FTA is responsible for ensuring that recipients follow Federal statutory and administrative requirements.

2. AUTHORIZING LEGISLATION. Most Federal transit laws are codified at Title 49, United States Code, chapter 53 (49 U.S.C. chapter 53). Authorizing legislation is substantive legislation enacted by Congress that establishes or continues the legal operation of a Federal program or agency. FTA's most recent authorizing legislation is the Moving Ahead for Progress in the 21st Century Act (MAP-21), Pub. L. 112-141, signed into law on July 6, 2012, and effective on October 1, 2012. This circular reflects changes to Federal transit law as well as changes required by other laws that have become effective since the circular was last published on May 1, 2011.

3. HOW TO CONTACT FTA HEADQUARTERS. Visit FTA's website, http://www.fta.dot.gov, or contact FTA headquarters at the following address and phone number:

Federal Transit Administration
Office of Communication and Congressional Affairs
1200 New Jersey Avenue, SE
East Building
Washington, DC 20590
Phone: 202-366-4043
Fax: 202-366-3472

4. HOW TO CONTACT FTA REGIONAL OFFICES. FTA regional and metropolitan offices work with local transit officials in developing and processing Federal assistance (grant and cooperative agreement) applications. Major metropolitan areas have additional support located in those cities. General program information and policy is set at the FTA headquarters in Washington, DC. A complete list of FTA regional and metropolitan offices can be found by visiting FTA's website, http://www.fta.dot.gov, or by using your internet search tool if a website should be changed.

5. GRANTS.GOV. FTA posts all competitive grant and cooperative agreement opportunities on *Grants.gov*. Grants.gov is the one website for information on all discretionary Federal assistance opportunities to pursue Federal grants and cooperative agreements. Grants.gov was established as a governmental resource named the E-Grants Initiative, part of the president's 2002 fiscal year management agenda to improve government services to the public. The concept has its origins in the Federal Financial Assistance Management Improvement Act of 1999, also known as Public Law 106-107. Grants.gov assists the Federal financial assistance community with delivery, management, coordination, and accountability of Federal grants and cooperative agreements. Today, Grants.gov is a central storehouse for information on over 1,000 Federal assistance programs and provides access to approximately $500 billion in annual awards. More information about *Grants.gov* is available at http://www.grants.gov.

6. DEFINITIONS. All definitions in 49 U.S.C. 5302 apply to this circular as well as the following definitions:

   a. Accrual Basis of Accounting. The accounting method in which income is recognized when earned instead of when received and expenses are recognized when incurred instead of when paid.

   b. Acquisition Cost of Project Property. The purchase price of property. This is the net invoice unit price, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the intended purpose. Other charges such as the cost of inspection, installation, transportation, taxes, duty, or protective in-transit insurance should be treated, in accordance with the recipient's regular accounting practices, as separate line items. The cost of items separately

installed and removable from rolling stock, such as fare boxes and radios, is treated as a separate acquisition and not as part of the cost of the vehicle.

c. Activity Line Item (ALI). The description and dollar amount contained in the budget for an approved project activity associated within a particular scope approved as part of a cooperative agreement, grant agreement, or other agreement. ALIs under each scope are informational and are used as tools for FTA and the recipient to manage the agreement.

d. Administering Office. The headquarters, regional, or metropolitan office responsible for the award and administration of an FTA or FTA-assisted project covered by this circular.

e. Administrative Amendment. A minor change in a cooperative agreement, grant agreement, or other agreement normally initiated by FTA to modify or clarify certain terms, conditions, or provisions of a project.

f. Agreement. Includes a cooperative agreement, grant agreement, or other agreement.

g. Applicant. In this circular, the term "applicant" is used to identify an entity that is seeking, but has not yet been awarded, specific Federal assistance directly from FTA.

h. Budget Revision. Any change within the scope of the project that has an impact on the budget allocations of the original project. A budget revision may be a transfer of Federal assistance within a project scope or between existing activity line items (ALIs) within an approved project. It could also include the addition or deletion of an ALI.

i. Cash Basis of Accounting. Cash basis of accounting is the method in which revenue is recorded when received, rather than when earned, and expenses are recorded when paid, rather than incurred. FTA does not permit the Federal financial report (FFR) to be prepared in the cash method of accounting.

j. Catalog of Federal Domestic Assistance (CFDA). The Catalog of Federal Domestic Assistance is a governmentwide compendium of Federal programs, projects, services, and activities that provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and agencies of the Federal Government. As the basic reference source of Federal programs, the primary purpose of CFDA is to assist users in identifying programs that meet specific objectives of the potential applicant and to obtain general information on Federal assistance programs. In addition, the intent of CFDA is to improve coordination and communication between the Federal Government and state and local governments. The CFDA number assigned to each program is used to report and track audit findings related to federally assisted projects.

k. Common Rules. The current common rule is U.S. DOT regulations, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," 2 CFR part 1201 which incorporates by reference U.S. OMB "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," 2 CFR part 200, applies to Awards and Amendments made on or after December 26, 2014, to any Award. The previous common rules, U.S. DOT's Uniform Administrative Requirements, former 49 CFR parts 18 or 19, and Federal Cost Principles, former 2 CFR part 220, 225, or 230, apply to Awards and Amendments to any Award made before December 26, 2014.

l. Cooperative Agreement. An award of Federal assistance in the form of money, or property in lieu of money, to a recipient in which the Federal Government anticipates a substantial role, as set forth in 31 U.S.C. 6305. At a minimum, FTA's role includes the right to participate in decisions to redirect and reprioritize project activities, goals, and deliverables. For this circular, the term "Federal assistance" is inclusive of cooperative agreements and grant agreements unless specified otherwise.

m. Cost of Project Property. The purchase price of project property. This is the net invoice unit price, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the intended purpose. Other charges such as the cost of inspection, installation, transportation, taxes, duty, or in-transit insurance should be treated in accordance with the recipient's regular accounting practices, in the same line items or separate line items. The cost of items separately installed and removable from rolling stock, such as fare boxes and radios, is treated as a separate acquisition and not as part of the cost of the vehicle if not included in the procurement of rolling stock.

n. Depreciation. Method used to calculate the reduction in value of an item of personal or real property over time. Depreciation is the term most often used to indicate that personal property has declined in service potential. For the purpose of this circular, it is also a method of determining fair market value when disposing of an asset prior to the end of its useful life.

o. Discretionary Funding. Federal assistance distributed at the discretion of the agency as distinct from formula funding.

p. Delphi eInvoicing System. eInvoicing is a Department of Transportation (DOT)Web-based application system that processes payment requests from FTA cooperative agreement recipients.

q. Electronic Clearing House Operation (ECHO) System. ECHO is an FTA Web-based application system that processes payment requests from FTA grant recipients.

r. Electronic Award and Management System. A system that applicants, recipients, and FTA use to manage Federal assistance applications, including the review, approval, and management of all grants. Applicants use this system to submit financial status reports and milestone progress reports and to submit requests for modifications to their grant or Cooperative Agreement modification requests; this term includes FTA's Transportation Electronic Award and Management System (TEAM) and its successor.

s. Equipment. An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost that equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or $5,000. Equipment includes rolling stock and all other such property used in the provision of public transit service.

t. Equipment Inventory. A physical inventory of personal property (other than real property) taken with the results reconciled with the recipient's personal property records.

u. Excess Property. Property that the recipient determines is no longer required for its public transportation needs or fulfillment of its responsibilities that has not met its useful life under an FTA-assisted project.

v. Fair Market Value. The most probable price equipment or real property would bring in a competitive and open market.

w. Federal Assistance. Refers to the transfer of money, property, services, or anything of value by the Federal Government, the principal purpose of which is to accomplish a public purpose of support or stimulation authorized by Federal law. Federal assistance includes Federal financial assistance or other benefits for a governmental or nongovernmental entity other than a department or agency of the Federal Government. For FTA's research programs, Federal assistance is most frequently awarded through cooperative agreements, and less often through grant agreements, other agreements, other transactions, or subagreements. A financial assistance instrument may also fund more than one project or a portion of a project.

x. Grant. An award of Federal assistance in the form of money, or property in lieu of money, to an eligible recipient in which the Federal Government does not anticipates a substantial role, as set forth in 31 U.S.C. 6304. Used interchangeably with Grant Agreement.

y. Grantee. Grantee means a recipient to which FTA awards a Grant directly to support a specific project in which FTA does not take an active role or retain substantial control, as set forth in 31 U.S.C. 6302 and 6304. In this circular FTA uses the term "grantee" interchangeably with "grant recipient," and "direct recipient."

z. Grant Period. See "Period of Performance."

aa. Grant Scope. See "Scope of the Project."

bb. Incidental Use of Project Property and Equipment. The authorized use of real property and equipment acquired with FTA assistance for purposes of transit service but which also has limited nontransit use due to transit operating circumstances. Such use must be compatible with the approved purposes of the project and not interfere with intended public transportation uses of project assets.

cc. Key Person. The recipient's principal investigator or project manager of a research project and anyone identified in the project award as key personnel. Changes in key persons specified in the application, cooperative agreement, grant agreement, or other agreement must receive prior approval.

dd. Master Agreement. The official FTA document containing FTA and other cross-cutting Federal requirements applicable to the FTA recipient and its project(s). The Master Agreement is incorporated by reference and made part of each FTA cooperative agreement, grant agreement, or other agreement, and amendment thereto.

ee. National Environmental Policy Act (NEPA). The National Environmental Policy Act (NEPA), signed into law on January 1, 1970, 42 U.S.C. 4321–4370d, declares a national policy to safeguard the environment and created the Council on Environmental Quality in the Executive Office of the President. To implement the national environmental policy, NEPA requires that environmental factors such as noise, air, vibration, groundwater, habitat, wildlife, and historic resources be considered when Federal agencies make decisions and that a detailed statement of environmental impacts be prepared for all major Federal actions significantly affecting the quality of the human environment.

ff. Net Present Value. The discounted monetized value of expected net benefits (*i.e.*, benefits minus costs). It is calculated by assigning monetary values to benefits and costs, discounting future benefits and costs using an appropriate discount rate to obtain a present value, and subtracting the sum total of discounted costs from the sum total of discounted benefits.

gg. Net Proceeds from the Sale of Project Equipment and Real Property. The amount realized from the sale of property no longer needed for transit purposes minus the expense of any actual and reasonable selling and any other necessary expenses associated with repairs to make saleable.

hh. Period of Performance. The period established in the award document during which Federal sponsorship begins and ends.

ii. Principal Investigator. The principal investigator or project manager is the individual representing the recipient responsible for controlling the technical direction and quality of the project and ensuring that the project is carried out in compliance with all pertinent laws, regulations, policies, and award terms.

jj. Prior Approval. Means prior written or electronic approval from an authorized FTA official. Prior approval can take the form of FTA's acceptance of the proposal and/or proposal budget and subsequent incorporation into the award, or written or electronic approval of a separate request submitted by the recipient.

kk. Program Income. Gross income received by the recipient or subrecipient directly produced by a project supported activity or earned only as a result of the federally assisted project during the project period (the time between the effective date of the Federal assistance award and the ending date of the project supported by that award reflected in the final financial report).

ll. Project Amendment. The modification of a project that includes a change in scope and/or change in amount of Federal assistance.

mm. Project. For the purposes of the FTA program, public transportation research activities with a specific goal financed under one or more Federal assistance agreements, such as a cooperative agreement, grant agreement, or other agreement. An agreement may also finance more than one project or a portion of a project.

nn. Project Manager. See Principal Investigator.

oo. Project Property. Includes rolling stock and other equipment, real property, and supplies.

pp. Project Scope. See "Scope of the Project."

qq. Public Transportation. The term "public transportation" means regular, continuing shared-ride surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income; and does not include: intercity passenger rail transportation provided by the entity described in 49 U.S.C. chapter 243 (AMTRAK or a successor to such entity), intercity bus service, charter bus service, school bus service, sightseeing service, courtesy shuttle service for patrons of one or more specific establishments, or intraterminal or intrafacility shuttle services.

rr. Real Property. Land, including affixed land improvements, structures, and appurtenances. Real property does not include movable machinery and equipment.

ss. Recipient. Recipient means an entity that receives funds from FTA to carry-out an activity under a federal program. For purpose of this circular, a recipient can be a recipient of federal assistance through a cooperative agreement, grant recipient, grantee, or a direct recipient. The term recipient does not include subrecipient.

tt. Remaining Federal Interest for Dispositions before the End of Useful Life. The amount calculated by multiplying the current fair market value or proceeds from a sale by FTA's Federal interest in the property. Fair market value is the greater of the unamortized value of the remaining service life based on straight line depreciation of the original purchase price of the property or the Federal share of the sales proceeds.

uu. Research and Development. Research and development includes all research activities, both basic and applied, and all development activities that are supported at universities, colleges, other nonprofit institutions, for-profit, and governmental entities. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems or methods, including design and development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

vv. Sales Proceeds. Sales proceeds are the net proceeds resulting from the disposition of excess real property or equipment that was purchased in whole or in part with Federal assistance provided by FTA.

ww. Scope of the Project. The broad purpose of a specific project supported by the cooperative agreement, grant Agreement, or other agreement. There may be multiple scopes identifying each of the different activities within a cooperative agreement, grant agreement, or other agreement and each scope may contain a number of activities or tasks that represent the estimate of actions needed to complete the project. FTA reserves the right to consider other information in determining the "scope of the project" when that term is used for legal purposes. See the Master Agreement, supra.

xx. Straight Line Depreciation. In the absence of fair market value or when FTA determines that the use of the fair market value is inappropriate, the straight line depreciation method is used to determine the remaining useful life of property. This method is considered as a function of time instead of a function of usage. This method is widely used in practice because of its simplicity. It basically assumes that the asset's economic usefulness is the same each year.

yy. Subrecipient. An entity that receives FTA assistance through a pass-through agreement with a direct recipient or designated recipient, whereby the original recipient remains

responsible for compliance with all terms, conditions, and requirements associated with the cooperative agreement, grant agreement, or other agreement.

zz. Supplies. All tangible personal property other than equipment with a unit value of less than $5,000.

aaa. Unliquidated Obligations. A recipient's funding commitments that have been incurred, but for which outlays have not yet been recorded because goods and services have not been received. Unliquidated obligations should be accounted for on Lines I and J of the Federal financial report (FFR).

CHAPTER II

PROGRAM OVERVIEW

1. STATUTORY AUTHORITY. The Federal Transit Administration's (FTA) Research, Development, Demonstration, Deployment, Cooperative Research, Technical Assistance, Standards Development, and Human Resources and Training programs are generally authorized at 49 U.S.C. 5312, 5313, 5314, and 5322, although other research programs with national implications have been and can be authorized under other Federal laws. The code assigned to the FTA research program in the Catalog of Federal Domestic Assistance (CFDA) is 20.514.

   Section 5312 has been amended extensively to group various research and development activities into separate categories.

   In broad terms, Section 5312(a) authorizes the Secretary of Transportation to make grants and enter into contracts, cooperative agreements, and other agreements for research, development, demonstration, and deployment projects and evaluation of research and technology of national significance to public transportation, and that the Secretary determines will improve public transportation.

   Section 5312(b) focuses on public transportation research projects with the goal of developing and deploying new and innovative ideas, practices, and approaches.

   Section 5312(c) authorizes public transportation innovation and development projects seeking to improve public transportation systems nationwide by providing more efficient and effective delivery of public transportation services, including through technology and technological capacity improvements.

   Section 5312(d)(1) – (4) establishes a program to promote the early deployment and demonstration of innovation in public transportation that has broad applicability.

   Section 5312(d)(1)(5) establishes a program within FTA's research program to support low or no emission vehicle deployment.

   Depending on the statutory section under which a project is undertaken, Section 5312 authorizes the Secretary to make grants to and enter into contracts, cooperative agreements, and other agreements with departments, agencies, and instrumentalities of the government, including Federal laboratories; state and local governmental entities; providers of public transportation; private or nonprofit organizations; institutions of higher education; and technical and community colleges.

   Section 5313 authorizes the Secretary to make grants to, and cooperative agreements with, the National Academy of Sciences to carry out a public transportation cooperative research program.

Section 5314(a) authorizes the Secretary to assist in the development of voluntary and consensus-based standards and best practices by the public transportation industry.

Support for compliance with Americans with Disabilities act of 1990 (ADA) (42 U.S.C. 12101 *et seq.*) is codified in Section 5314(b), which authorizes the Secretary to make grants and enter into contracts, cooperative agreements, and other agreements to provide public transportation-related technical assistance to comply with the ADA; comply with human services transportation coordination requirements and enhance the coordination of related Federal resources; meet the transportation needs of elderly individuals; assist market-based development around transit stations; address transportation equity for low-income and minority individuals; and any other technical assistance activity that the Secretary determines is necessary to advance the interests of public transportation.

Section 5322(a) authorizes the Secretary to undertake, or make grants and contracts for, programs that address human resource needs as they apply to public transportation activities including employment training, outreach to minority and female candidates, research on public transportation personnel and training needs, and training and assistance for minority business opportunities.

Section 5322(b) directs the Secretary to establish an innovative public transportation workforce development program to assist the development of innovative activities in these areas.

In addition, Section 5322(d) directs the Secretary to establish a national transit institute and award grants to a public four-year degree-granting institution of higher education to develop and conduct training and educational programs for Federal, state, and local transportation employees, United States citizens, and foreign nationals engaged or to be engaged in government aid public transportation work.

2. RESPONSIBILITIES OF PROJECT MANAGEMENT. Recipients are responsible for the day-to-day management of their federally assisted projects and of project-supported activities. FTA monitors federally assisted projects and project-supported activities to confirm that recipients establish and follow procedures that comply with Federal requirements. Chapter III of this circular describes application procedures under the FTA research program. Chapter IV of this circular describes the mechanics and requirements for project administration. Chapter V describes the requirements for financial management.

   a. Recipient's Role. Recipients must monitor federally supported projects and activities to ensure compliance with Federal requirements. This includes the administration and management of the project in compliance with the Federal law; Federal regulations; their cooperative agreement, grant agreement, or other agreement; and in accordance with applicable FTA circulars. The recipient is also responsible for Federal assistance that "passes through" to a subrecipient. In general, submission of the recipient's annual certifications and assurances stands in lieu of detailed FTA oversight before approval of a federally assisted project; however, the results of ongoing or routine FTA oversight activities also will be considered as applicable. Annual independent organization-wide

audits (A-133 audits), audits of recipients, and other recurring and specialized reviews give FTA an opportunity to verify the recipient's annual certifications and assurances. The recipient's responsibilities include, but are not limited to, actions that:

(1) Demonstrate legal, financial, and technical capacity to carry out the project, including safety and security aspects of the project.

(2) Provide administrative and management support of project implementation.

(3) Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.

(4) Ensure conformity with cooperative agreements, grant agreements, or other agreements, applicable laws, regulations, codes, ordinances, and safety standards.

(5) Maintain the project work schedule agreed to by FTA and the recipient, and monitor project activities to assure that schedules are met and other performance goals are achieved.

(6) Keep expenditures within the latest approved project budget.

(7) Ensure compliance with FTA requirements by subrecipients, agencies, consultants, contractors, and subcontractors working under approved subagreements, third-party contracts, or interagency agreements.

(8) Request and withdraw Federal assistance for eligible activities only in amounts and when needed to make payments for project costs that are due and payable within three business days and retain receipts to substantiate withdrawals.

(9) Account for project property and maintain property inventory records that contain all the elements required.

(10) Demonstrate and retain satisfactory continuing control over the use of project property.

(11) Demonstrate procedures for asset management and adequate maintenance of equipment and facilities.

(12) Ensure that an annual independent organization-wide audit is conducted in accordance with the Office of Management and Budget (OMB) Circular A–133, "Audits of States, Local Governments, and Non-Profit Organizations."

(13) Prepare cost allocation plans (CAPs) or indirect cost proposals and submit and obtain approval if applicable before incurring costs.

(14) Prepare and submit FTA required reports (see Chapter IV, Section 4, "Reporting Requirements," of this circular).

(15) Update and retain FTA required reports and records for availability during audits or oversight reviews.

(16) Ensure that effective control and accountability is maintained for all projects and subrecipient projects, cash, real and personal property, and other assets. Recipients and subrecipients must ensure that resources are properly used and safeguarded, and that they are used solely for authorized purposes.

(17) Obtain all necessary prior approvals and/or waivers before incurring costs or taking the requested action.

b. Headquarters' Role. FTA headquarters in Washington, DC, serves a broad, program-level role in the administration of the programs. FTA headquarters:

(1) Provides overall policy and is primarily responsible for policy and program guidance for all FTA programs, and ensures that programs are consistent with the law.

(2) Ensures consistent administration of programs by the administering office.

(3) Develops and implements financial management procedures.

(4) Initiates and manages program support activities, such as training, courses, regional consistency, and oversight reviews.

(5) Conducts national program reviews and evaluations.

(6) Carries out responsibility for national compliance with program requirements.

(7) Develops national standard operating practices.

c. Administering Office Role. FTA headquarters, regional, and metropolitan offices are responsible for the day-to-day administration or oversight of projects and programs. Depending on the office administering the project, responsibilities include, but are not limited to, actions that:

(1) Review and approve Federal assistance applications, project amendments, and budget revisions, as necessary.

(2) Obligate and deobligate Federal assistance.

(3) Work with recipients to implement and manage the programs and projects and ensure recipient compliance.

(4) Provide technical assistance.

(5) Review milestone progress reports (MPRs) including quarterly narrative reports and Federal financial reports (FFRs) as well as monitor and close grants.

(6) Conduct reviews as necessary.

(7) In the case of cooperative agreements, provide substantial involvement in project activities or at a minimum the right to redirect project activities.

3. CIVIL RIGHTS REQUIREMENTS. The recipient agrees to comply with all applicable civil rights laws and implementing regulations including, but not limited to, the following:

a. Nondiscrimination in Federal Public Transportation Programs. The recipient agrees to comply, and assures the compliance of each third-party contractor at any tier and each subrecipient at any tier under the project, with the provisions of 49 U.S.C. 5332. These provisions prohibit discrimination on the basis of race, color, religion, national origin, sex, disability, or age, and prohibit discrimination in employment or business opportunity.

b. Nondiscrimination on the Basis of Disability. The recipient agrees to comply, and assures the compliance of each third-party contractor and each subrecipient at any tier of the project, with the applicable laws and regulations, discussed below, for nondiscrimination on the basis of disability.

(1) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), prohibits discrimination on the basis of disability by recipients of Federal financial assistance.

(2) The ADA, as amended (42 U.S.C. 12101 *et seq*.), prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of public entities, as well as imposes specific requirements on public and private providers of public transportation.

(3) U.S. DOT regulations implementing Section 504 and the ADA include 49 CFR parts 27, 37, 38, and 39. Among other provisions, the regulations specify accessibility requirements for the design and construction of new transportation facilities and vehicles; require that vehicles acquired (with limited exceptions) be accessible to and usable by individuals with disabilities, including individuals using wheelchairs; require public entities (including private entities "standing in the shoes" of a public entity as a subrecipient or under a contract or other arrangement) providing fixed-route service to provide complementary paratransit service to individuals with disabilities who cannot use the fixed-route service; and include service requirements intended to ensure that individuals with disabilities are afforded equal opportunity to use transportation systems.

(4) Providers of fixed-route service must generally utilize accessible vehicles. Private entities may utilize nonaccessible vehicles if they can provide equivalent service in terms of schedules and headways, in addition to the equivalent service requirements described above for demand responsive service. Public entities must also provide

complementary paratransit service to fixed-route service as defined in 49 CFR 37.121.

(5) Providers of demand responsive service must utilize accessible vehicles, as defined at 49 CFR 37.7, or meet the applicable equivalent service standard. For private and public entities, the service must be equivalent in regards to schedules, response times, geographic areas of service, hours and days of service, availability of information, reservations capability, constraints on capacity or service availability, and restrictions based on trip purpose.

(6) In addition, Recipients of any FTA assistance should be aware that they also have responsibilities under Titles I, II, III, IV, and V of the ADA in the areas of employment, public services, public accommodations, telecommunications, and other provisions, many of which are subject to regulations issued by other Federal agencies.

c. Nondiscrimination—Title VI. The recipient agrees to comply, and assures the compliance of each third-party contractor at any tier and each subrecipient at any tier of the project, with all of the following requirements under Title VI of the Civil Rights Act of 1964:

(1) Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d *et seq.*), provides that no person in the United States must, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance;

(2) U.S. DOT regulations, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964," 49 CFR part 21;

(3) FTA Circular 4702.1B "Title VI Requirements and Guidelines for Federal Transit Administration Recipients". This document provides FTA recipients and subrecipients with guidance and instructions necessary to carry out U.S. DOT Title VI regulations (49 CFR part 21), U.S. DOT's Order 5610.2 on Environmental Justice (62 FR 18377, Apr. 15, 1997), and U.S. DOT Policy Guidance Concerning Recipient's Responsibilities to Limited English Proficient (LEP) Persons (70 FR 74087, Dec. 14, 2005);

(4) U.S. DOT Policy Guidance Concerning Recipients' Responsibilities to Limited English Proficient (LEP) Persons (December 14, 2005). This Executive Order 13166 guidance clarifies the responsibilities of recipients of Federal financial assistance from U.S. DOT and assists them in fulfilling their responsibilities to LEP persons, pursuant to Title VI of the Civil Rights Act of 1964 and Executive Order 13166.

(5) FTA Circular 4703.1 "Environmental Justice Policy Guidance for Federal Transit Administration Recipients." This document provides FTA recipients and subrecipients with guidance and instructions necessary to carry out U.S. DOT Order

5610.2 to Address Environmental Justice in Minority Populations and Low-Income Populations, and Executive Order 12898 on Environmental Justice that describes the process that the office of the Secretary of Transportation and each operating administration will use to incorporate environmental justice principles into existing programs, policies, and activities.

(6) U.S. DOT Order to Address Environmental Justice in Minority Populations and Low-Income Populations. U.S. DOT Order 5610.2 describes the process that the office of the Secretary of Transportation and each operating administration will use to incorporate environmental justice principles (as embodied in Executive Order 12898 on environmental justice) into existing programs, policies, and activities.

d. Equal Employment Opportunity. The recipient agrees to comply, and assures the compliance of each third-party contractor and each subrecipient at any tier of the project, with all equal employment opportunity (EEO) requirements of Title VII of the Civil Rights Act of 1964, as amended, (42 U.S.C. 2000e), and with 49 U.S.C. 5332 and any implementing regulations U.S. DOT may issue.

e. Nondiscrimination on the Basis of Sex. The recipient agrees to comply with all applicable requirements of Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681 *et seq*.), with U.S. DOT implementing regulations, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," 49 CFR part 25.

f. Nondiscrimination on the Basis of Age. The recipient agrees to comply with all applicable requirements of the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 *et seq*.), and Department of Health and Human Services (DHHS) is implementing regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," (45 CFR part 90), which prohibit discrimination against individuals on the basis of age. In addition, the recipient agrees to comply with all applicable requirements of the Age Discrimination in Employment Act (ADEA), 29 U.S.C. 621 through 634, and Equal Employment Opportunity Commission (EEOC) implementing regulations, "Age Discrimination in Employment Act" (29 CFR part 1625), which prohibit employment discrimination against individuals on the basis of age.

g. Nondiscrimination on the Basis of Disability. The recipient agrees to comply, and assures the compliance of each third-party contractor and each subrecipient at any tier of the project, with the applicable laws and regulations, discussed below, for nondiscrimination on the basis of disability.

(1) Section 504 of the Rehabilitation Act of 1973 (Section 504), as amended (29 U.S.C. 794), prohibits discrimination on the basis of disability by recipients of Federal assistance.

(2) The Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. 12101 *et seq*.), prohibits discrimination against qualified individuals with disabilities in all

programs, activities, and services of public entities as well as imposes specific requirements on public and private providers of transportation.

(3) U.S. DOT regulations implementing Section 504 and the ADA include 49 CFR parts 27, 37, 38, and 39. Among other provisions, the regulations specify accessibility requirements for the design and construction of new transportation facilities and vehicles; require that vehicles acquired (with limited exceptions) be accessible to and usable by individuals with disabilities, including individuals using wheelchairs; require public entities (including private entities "standing in the shoes" of a public entity as a subrecipient or under a contract or other arrangement) providing fixed-route service to provide complementary paratransit service to individuals with disabilities who cannot use the fixed-route service; and include service requirements intended to ensure that individuals with disabilities are afforded equal opportunity to use transportation systems.

(4) In addition, recipients of any FTA assistance should be aware that they also have responsibilities under Titles I, II, III, IV, and V of the ADA in the areas of employment, public services, public accommodations, telecommunications, and other provisions, many of which are subject to regulations issued by other Federal agencies.

h. Disadvantaged Business Enterprise (DBE). To the extent required by Federal law, regulation, or directive, the recipient agrees to take the following measures to facilitate participation by DBEs:

(1) The recipient agrees and assures that it will comply with MAP-21 Section 1101(b) 23 U.S.C. 101, which directs the Secretary of Transportation to expend not less than 10 percent of authorized Federal funds with DBEs. This 10 percent national goal is aspirational and is used by the U.S. DOT to help monitor and evaluate DBE participation in U.S. DOT-assisted contracting opportunities.

(2) The recipient agrees and assures that it will comply with U.S. DOT regulation, "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs," 49 CFR part 26. Among other provisions, this regulation requires certain recipients of U.S. DOT Federal assistance, namely state and local transportation agencies, to establish goals for the participation of disadvantaged entrepreneurs and certify the eligibility of DBE firms to participate in their U.S. DOT-assisted contracts.

(3) The recipient agrees and assures that it must not discriminate on the basis of race, color, sex, or national origin, in the award and performance of any third-party contract, or subagreement supported with Federal assistance derived from U.S. DOT, or in the administration of its DBE program, and will comply with the requirements of 49 CFR part 26. The recipient agrees to take all necessary and reasonable steps set forth in 49 CFR part 26 to ensure nondiscrimination in the award and administration of all third party contracts and subagreements supported with Federal assistance derived from U.S. DOT. As required by 49 CFR part 26 and approved by U.S. DOT,

the recipient's DBE program is incorporated by reference and made part of the cooperative agreement, grant agreement, or other agreement. The recipient agrees that implementation of this DBE program is a legal obligation, and that failure to carry out its terms must be treated as a violation of the cooperative agreement, grant agreement, or other agreement. Upon notification by U.S. DOT to the recipient of a failure to implement its approved DBE program, U.S. DOT may impose sanctions as provided for under 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001, and/or the Program Fraud Civil Remedies Act, (31 U.S.C. 3801 *et seq.*).

For further guidance, refer to the Federal laws, regulations, and executive orders cited in this chapter. FTA's regional civil rights officers or headquarters civil rights staff will also provide current guidance upon request.

4. CROSS-CUTTING REQUIREMENTS. The recipient understands and agrees that it must comply with all applicable Federal laws, regulations, and directives, except to the extent that FTA determines otherwise in writing. Refer to FTA's Master Agreement for a list of applicable laws, regulations, and directives. FTA updates the Master Agreement annually.

CHAPTER III

APPLICATION INSTRUCTIONS

1. OVERVIEW. This chapter discusses the requirements and provides guidance for applying for Federal Transit Administration (FTA) assistance to fund cooperative agreements, grant agreements, or other agreements (Agreements). Project management requirements are described in Chapter IV. Financial management requirements are described in Chapter V.

2. AGREEMENT LIFE CYCLE. The life cycle for a Federal assistance awarded under this circular is:

   a. The applicant creates its application for Federal assistance,

   b. FTA assigns a project number,

   c. The applicant submits its application,

   d. FTA obtains the necessary concurrences and approvals,

   e. FTA reserves Federal assistance for the agreement,

   f. The Federal assistance is awarded through a cooperative agreement, grant agreement, or other agreement,;

   g. The recipient executes the agreement,

   h. The recipient and FTA implement, manage, and oversee projects and activities supported by the agreement,

   i. The period of performance is completed,

   j. The recipient delivers the final report, independent evaluation, and other products due FTA as described in the agreement,

   k. The recipient disposes of any excess equipment and property acquired with Federal assistance, with FTA approval if needed,

   l. The final Federal financial report, budget revision, and actual milestones accomplished are recorded in FTA's electronic award and management system and approved by FTA, and

   m. FTA closes the Project.

3. APPLICATION PROCESS. FTA provides a streamlined electronic interface between applicants and FTA that allows complete electronic application submission, review, approval, and management of all federally assisted projects. Among other things, FTA's electronic award and management system permits applicants to apply for Federal assistance for their projects and project activities, inquire about the status of their applications or projects after FTA awards funding for them, file the required financial status and milestone progress reports, and submit annual certifications and assurances.

   FTA's enabling legislation requires certain awards to be made through a competitive bid process or a competitive program. FTA submits competitive opportunities for Federal assistance for publication on Grants.gov and/or *Federal Register* under CFDA number 20.514. Each posting provides information on the types of projects solicited, as well as instructions. If the project is selected for further consideration, FTA may require a pre-application proposal and a formal application in FTA's current electronic award and management system. FTA will advise applicants if their proposed project is not being considered for funding.

   FTA staff notifies recipients by phone and/or email of project approval. Applicants also can check the status of their applications in FTA's current electronic award and management system to determine when Federal assistance has been awarded. The cooperative agreement, grant agreement, or other agreement includes the "FTA Award" which, among other things, specifies FTA's financial commitment and incorporates a Master Agreement setting forth standard terms and conditions for the FTA-assisted project. The approved project budget is incorporated by reference, and made part of the agreement. Conditions of award that apply to a specific project may be included in the award, sometimes as amendments to the current Master Agreement. Conditions of award, if any, are displayed in the electronic agreement. Conditions of award may also be included in documents authorizing preaward authority for a project, if applicable. In certain cases, preaward authority may be available for incurring project-related costs prior to approval of an application.

   Once FTA awards Federal assistance through a cooperative agreement, grant agreement, or other agreement, the recipient executes the agreement in FTA's current electronic award and management system. The recipient's electronic execution of the agreement signifies that the project is active and post-award project requirements apply.

4. SYSTEM REGISTRATION REQUIREMENTS. The use of FTA's electronic award and management system, and other Federal Government application and reporting systems, require advance registration by recipients. These include:

   a. Electronic Award and Management System. The administering office can provide guidance on requirements to establish a user ID in the current FTA electronic award and management system and will provide assistance, as needed.

b. Unique Entity Identifier [Data Universal Numbering System (DUNS)]. OMB's Super Circular, 2 CFR part 200 replaces "DUNS" with "unique entity identifier." However, in the case of FTA, that number continues to be the "DUNS" number. In fact, OMB's Grants.gov website, www.grants.gov, has not yet been updated to replace the information about the DUNS number. The Data Universal Numbering System (DUNS) number is a unique nine-digit identification number provided by the company Dun & Bradstreet (D&B). All entities doing business with the U.S. government can receive a DUNS number FREE of charge and, under normal circumstances, within 1-2 business days when using the D&B web form process. Call D&B at 866-705-5711, or use email to govt@dnb.com, if you do not have a DUNS number. At the date of publication of this circular, FTA is continuing to treat the DUNS number as the "unique entity identifier" required by OMB.

You must first obtain a DUNS number in order to begin the registration process for a number of systems in the System for Award Management (SAM). SAM is the Official U.S. Government system that consolidates Federal procurement systems with the Catalog of Federal Domestic Assistance (https://www.uscontractorregistration.com/) On July 30, 2012, the Central Contractor Registration (CCR), *Federal Register,* and Excluded Parties List System (EPLS) were transferred to SAM. There is NO fee to register for this site. A DUNS number is also required to access to FTA's current electronic award and management system, to register with SAM, to register with Grants.gov, and to register for the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). At the date of publication of this circular, FTA is continuing to treat the DUNS number as the "unique entity identifier" required by OMB.

c. System for Award Management Requirements. Any organization applying for FTA financial assistance must register in SAM and keep its registration current until it submits its final financial report required under its cooperative agreement, grant agreement, or other agreement with FTA or receives its final payment under the project, whichever is later. The recipient must review and update its information in SAM at least annually after the initial registration, and more frequently if required by changes in its information or another provision of a Federal or federally assisted agreement, law, regulation, or regulatory guidance.

d. Former CCR Registrants. If you had an active record in CCR, you have an active record in SAM. You do not need to do anything in SAM at this time, unless a change in your business circumstances requires updates to your applicant or recipient's record(s) in order for your applicant or recipient to be paid or to receive an award or you need to renew your applicant or recipient's registration prior to its expiration. SAM will send notifications to the registered user via email 60, 30, and 15 days prior to expiration of the entity. To update or renew your entity records(s) in SAM you will need to create a SAM user account and link it to your migrated entity records. You do not need a user account to search for registered entities in SAM. Instead, you can type the DUNS number or business name into the search box.

f. Grants.Gov. Some funding opportunities are posted on www.grants.gov. In order to apply through www.grants.gov, proposers should initiate the process of registering on the www.grants.gov site well in advance of any deadline to ensure completion of registration before the deadline for submission. Complete instructions on how to register can be found at www.grants.gov. Please be aware that according to the www.grants.gov website, the registration process can take between three to five business days up to four weeks and must be completed before any application can be submitted. Note that you must first obtain a DUNS number and then register with the SAM before registering with www.grants.gov.

g. The Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS). Recipients awarded new Federal assistance greater than or equal to $25,000 as of October 1, 2010, are subject to FFATA subaward and executive compensation reporting requirements as outlined in the Office of Management and Budget's guidance issued August 27, 2010. Instructions and the FFATA Subaward Reporting System (FSRS) can be found at the FSRS website: https://www.fsrs.gov/. Note that you must first obtain a DUNS number and then register with the SAM before registering with FSRS.

5. Proposal and Pre-application Guidelines. FTA may use pre-applications to screen proposals as part of a competitive process announced on Grants.gov and/or the *Federal Register*. This process is used to select what projects will be funded. Applicants should review requirements set forth in Grants.gov and/or the *Federal Register*.

a. Project Narrative. The applicant should submit a project narrative statement describing the objective, proposed work tasks, output, and benefits of the proposed project for which Federal assistance is being requested. The narrative should also indicate whether matching funds would be provided, the expected duration of the project, and other information that would assist FTA to understand and evaluate the project.

The standard submission for a project narrative statement should not exceed fifteen pages and must include the information listed in the outline below:

(1) Project Objective. A concise statement of the intended project goal.

(2) Statement of the Problem(s). A description of the problem to be addressed by the proposed project.

(3) Literature Review. A highly focused synopsis, with full citations, of existing research findings, best practices, best technology, as appropriate, explaining the

specific gap, in the literature, practice, or technology that the proposed research would fill. Please include full citations.

(4) Project Description. A description of the proposed project including:

(a) The relationship of the proposed project to the problem(s) identified in the statement of the problems.

(b) Identification of the activities to be undertaken in detail by major task with principal output.

(c) Identification of the key person(s) or organization to be responsible for the development, coordination, and management of specific activities.

(d) The geographic location of the project.

(5) Identify Major Technology Transfer/Dissemination/Outputs. For example, reports (interim, final, or other), products, brochures, outreach meetings, and so forth.

(6) Project Schedule. A project schedule must be presented, including a schedule of major tasks, and an overall project schedule. The schedule should be realistic.

(7) Benefits and Beneficiaries. A description of the anticipated benefits and the targeted beneficiaries, including quantification or measure of the potential impact. Describe specifically how the work to be performed will benefit the transit industry. Be as specific as possible.

(8) Strategic Goals. List which goals and objectives of the latest FTA strategic research plan will be furthered by the project and describe how the project will measurably contribute to the objectives listed.

(9) Justification of the Project Budget. If appropriate, discuss specifics about the proposed project budget or breakdown by the given categories and supplemental information to justify the need for such expenditures. If the budget line items are self-evident, no justification will be necessary. For guidance on allowable costs, refer to the appropriate administrative circular issued by the OMB that applies. See Chapter V, Section 4, "General Principles for Determining Allowable Costs," of this circular.

(10) Project Timing. If appropriate, discuss other pending projects or program activities that may relate to and affect the timing of the proposed project. If there are no special considerations affecting the timing of the proposed project, indicate "N/A."

(11) Evaluation Criteria. Address any evaluation criteria described in the announcement if not addressed in subsections (1) to (10) above.

6. Formal Application Procedures. FTA will ask an applicant whose pre-application- has received a favorable review to submit a formal application in FTA's electronic award and management system.

a. Using FTA's Current Electronic Award and Management System. In order to submit an application electronically, an applicant must provide the information requested by FTA's current electronic award and management system and follow the instructions therein. FTA's electronic award and management system will have a "user guide" or a tutorial, as well as training sessions and webinars available for new users. Please contact your FTA project manager for assistance with training issues.

b. Contents for a Formal Application. Each application must contain the following:

(1) Information normally found in the Standard Form. All information normally required by OMB Standard Form 424, "Application for Federal Assistance," must be entered in the appropriate fields of FTA's current electronic award and management system. This information must be completed in its entirety. The authorized official identified in the relevant authorizing resolution that is designated to provide the annual certifications and assurances, must attest to information pertaining to any delinquent indebtedness to the Federal Government. An applicant must retain the original/signature authorizing resolution in its official file (to the extent the applicant is required to obtain a resolution before it may act) or other indicia of its authority to act, and Opinion of Counsel, unless requested in writing by FTA. Standard Form 424 can be found at: http://www.whitehouse.gov.

(2) Project Budget. FTA has developed a single coded line item structure that can be used for any FTA project budget. The total project budget must be allocated between one or more of a series of scope codes and activity line items (ALIs). The budget includes only that Federal assistance being requested from FTA with any matching share that the applicant proposes to provide for a single, defined project. Any potential future Federal assistance should not be included in the budget.

(a) Every project consists of: (1) one or more scopes (major code/subject area), and (2) subdivisions (ALIs). Collectively, the scope and its group of activities form the project tasks to be undertaken.

(b) Under the scope, a set of related activities are brought together to help achieve the project's purpose/scope.

products and an overall project completion date. The overall project completion date should allow for audit and closeout of all third-party contracts. For each milestone, any detailed information should be placed in the remarks or comment area.

(5) Intergovernmental Review of Federal Programs Process Required by Executive Order 12372. Executive Order 12372, "Intergovernmental Review of Federal Programs," 31 U.S.C. 6506 note, establishes a system of intergovernmental consultation between state and local officials that involves a state process for reviewing Federal programs and activities. The requirement is to ensure that the appropriate state authorities are informed about and provided an opportunity to comment on projects for which Federal assistance is being requested within the state. Many states have their own review procedures that describe what applicants need to do to satisfy intergovernmental review requirements. Each applicant is required to submit with each application a certification of compliance with this intergovernmental review requirement. If there is no intergovernmental review process in the applicant's state, then programming of a project in the metropolitan Transportation Improvement Program (TIP) and Statewide Transportation Improvement Program (STIP), or Unified Planning Work Program (UPWP), as appropriate, will be considered by FTA as meeting the need for intergovernmental review. U.S. DOT has issued implementing regulations, "Intergovernmental Review of Department of Transportation Programs and Activities," 49 CFR part 17.

Any comments on the proposed activities received through the state process prior to filing the application should be included. The official list of single point of contact (SPOC) entities can be found at the OMB website: http://www.whitehouse.gov/omb/grants_spoc/.

States that are not listed on this webpage have chosen not to participate in the intergovernmental review process; and, therefore, do not have an SPOC. If the applicant is located within a state that does not have an SPOC, the applicant may send application materials directly to FTA.

(6) Certifications and Assurances for the Current Fiscal Year. Before FTA may award a project, the applicant must provide to FTA all certifications and assurances required of the applicant by Federal laws and regulations. Applicants should enter their certifications and assurances in electronic format in FTA's current electronic award and management system. In limited circumstances FTA may permit the applicant to submit the signature page in hard copy. The certifications and assurances are consolidated by FTA each Federal fiscal year (FY) into a single document that provides the text of the certifications and assurances to be used in

connection with all Federal assistance programs administered by FTA during that fiscal year. The certifications and assurances are published in the *Federal Register* notice, normally near the beginning of the fiscal year.

(a) Annual Submission. An applicant need only submit the certifications and assurances once annually. FTA is required to obtain specific assurances pertaining to FTA research programs. The certification required by U.S. DOT regulation, "Intergovernmental Review of Department of Transportation Programs and Activities," 49 CFR part 17, is submitted with each application. The certifications and assurances the applicant attests to will remain valid for one year or until FTA publishes the next version. Recipients must also submit annual certifications and assurances as long as the project remains active, even if the recipient is not applying for more funding.

(b) Electronic Submittal. FTA expects applicants to submit their applications and certifications and assurances electronically, by means of FTA's current electronic award and management system.

(c) Compliance. The certifications and assurances, when properly attested to and submitted to FTA through FTA's current electronic award and management system, assure FTA that the applicant intends to comply with the requirements for the specific program involved.

(d) Timing. The certifications and assurances must be submitted and attested to annually by an applicant or recipient or with the applicant's first Federal assistance application in the Federal fiscal year, whichever is first.

(e) Action Required. The authorized representative of the applicant must make the requisite certifications and assurances by:

1 Selecting each certification or assurance category that will apply to the applicant's projects for the fiscal year, or

2 Selecting the first item at the top of that page, signifying that the applicant will comply with all categories of certifications and assurances, and

3 Attesting to the certifications and assurances electronically with a personal identification number (PIN).

(f) Requirement for Current Affirmation. FTA requires a current attorney's affirmation of the applicant or recipient's legal authority to certify compliance

with the FTA's certifications and assurances required for Federal assistance for that fiscal year. The attorney's affirmation from a previous year is not acceptable.

(g) Supplementary Information. These certifications and assurances are used for all FTA assistance programs. FTA also uses these certifications and assurances for Federal assistance programs authorized or funded under Title 23, U.S.C. administered by FTA.

(7) Environmental Considerations. FTA's environmental review process has two primary objectives: to fully disclose the probable environmental impacts resulting from a proposed project and to develop measures that will avoid, minimize, or mitigate adverse environmental effects. All projects seeking FTA financial assistance require compliance with the Council on Environmental Quality's regulations that implement the National Environmental Policy Act (NEPA), 40 CFR 1500-1508, the joint Federal Highway Administration/Federal Transit Administration (FHWA/FTA) "Environmental Impact and Related Procedures," 23 CFR part 771, Efficient Environmental Reviews for Project Decisionmaking, 23 U.S.C. 139, and numerous other environmental laws, regulations, and orders, such as Section 106 of the National Historic Preservation Act, 36 CFR part 800, the Clean Water Act, and the Endangered Species Act. Project sponsors should consult with the FTA regional office early in project development to identify the appropriate class of action (categorical exclusion [CE], environmental assessment [EA], or environmental impact statement [EIS]) for the NEPA review and any other environmental requirements. Project sponsors should not move forward with any steps to develop the project that would preclude the fair consideration of alternatives (*e.g.*, final design and construction) until FTA concludes the NEPA process by issuing a ROD, FONSI, or CE. Property acquisition, other than for the linear right-of-way needed for the project (as determined in close consultation with FTA staff), should not take place until an ROD, FOSNI, or CE is issued. Please contact the FTA office of planning and environment for further information.

(a) Typical Projects. Projects under this circular usually involve research and technical assistance for a defined problem, technology development or demonstration, transit service development or demonstration, changes in administrative or institutional procedures or services, and so forth, that rarely would have significant environmental effects**. So, it is unlikely that applicants for Sections 5312, 5313, 5314, or 5322 or other research or technology agreements would be required to prepare an EIS**. However, the applicant and the responsible FTA official reviewing the project must determine what Class (I, II, or III) environmental action is being considered

and proceed accordingly. FTA's policy is to comply with and require its applicants and recipients to comply with all related environmental laws and regulations, to the fullest extent possible, within any environmental document submitted for compliance with NEPA.

(b) Classes of Environmental Actions. FTA's environmental regulation identifies three classes of actions requiring different levels of environmental documentation and gives examples of typical projects in each class.

1 Class I actions are projects that have significant environmental effects and, therefore, require preparation of an EIS. Either as a result of an EA or because of certain project characteristics evident at the outset of project planning, significant environmental impacts are identified or known to exist, if an EIS will be required. For example, a demonstration or deployment project that involves the new construction or extension of a separate guideway or roadway for high-occupancy vehicles (HOVs) not located within an existing highway right-of-way would typically require an EIS.

2 Class II actions are those that, normally, do not involve significant environmental effects and, therefore, do not require any environmental document. The joint FHWA/FTA environmental impact regulations, 23 CFR part 771, use the term "categorical exclusion" (CE) to describe classes of projects that do not involve significant environmental impacts and, therefore, do not require preparation of either an EA or an EIS. CEs fall into two categories: those that are listed specifically in 23 CFR 771.117(c), and need no further analysis, and those that require additional documentation under 23 CFR 771.117(d) in order to assure their suitability for a CE. Applicants should consult each list to determine whether a particular project may be categorically excluded from the need to prepare either an EA or an EIS. For example, projects that involve construction have greater potential for on-site and off-site environmental impacts and, therefore, are subject to additional analysis. Experience has shown, however, that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, nonresidential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as documented CEs if the applicant provides an administrative record demonstrating that the conditions stated above in this paragraph are met and that no significant adverse effects will result.

3 Class III actions are projects for which FTA is uncertain as to the significance of environmental effects. An EA is required in order to determine the significance of the effects. The joint FHWA/FTA environmental regulations describe environmental processing for all three classes of actions. For any project not meeting the conditions for a CE, the applicant must, at a minimum, prepare an EA. In addition to documenting the impacts of the proposed project, an EA requires the applicant to consider alternatives as required by section 102(2)(E) of NEPA, 42 U.S.C. 4332(2). An EA is also subject to public comment. Once the EA has been completed, and when warranted, FTA may issue a Finding of No Significant Impact (FONSI) or a mitigated FONSI which concludes the NEPA process.

4 The applicant must submit its environmental information in an electronic window designed to accept this information within FTA's current electronic award and management system.

c. Possible Project Requirements. The following requirements may, or may not, apply to the proposed project. Relevance is determined by various factors involved in the project. Applicants should communicate with the FTA project manager in order to develop an understanding of these requirements. If steps are not taken to meet applicable requirements, delays may occur in project approval.

(1) Labor Protections.

(a) Davis-Bacon Act. For FTA programs, 49 U.S.C. 5333(a) imposes Davis-Bacon Act prevailing wage requirements. This provision applies only to construction projects. The Secretary of Transportation must ensure that laborers and mechanics employed by contractors and subcontractors in construction work financed with a grant or loan under this chapter are paid wages that are not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor under sections 3141 through 3144, 3146, and 3147 of title 40. The Secretary of Transportation may approve a grant or loan only after being assured that required labor standards will be maintained on the construction work. For a labor standard under this subsection, the Secretary of Labor has the same duties and powers stated in Reorganization Plan No. 14 of 1950 (eff. May 24, 1950, 64 Stat. 1267) and section 3145 of title 40. This assurance is obtained when recipients execute the Master Agreement.

(b) Transit Employee Protection. Before FTA may award Federal assistance for a Section 5312 project involving transit operations, fair and equitable arrangements must be made to protect the interests of transit employees

affected by the proposed FTA assistance, 49 U.S.C. 5333(b) (originally section 13(c) of the Federal Transit Act). Those arrangements must be certified by the Secretary of Labor as meeting the requirements of the law. Applicants whose projects affect transit operations will need to furnish specific information as to involvement in the project of employees who are not managers. If applicable, this exhibit should describe the labor unions (a list of names of the local affiliates) representing employees of the transit system(s) affected by the project. Applicants whose projects do not affect transit operations, and which, therefore, are not affected by this requirement, should provide a statement to that effect. Ordinarily, Section 5333(b) certification may not be required if the project does not involve or affect transit operations. FTA will make a determination on the need for Department of Labor (DOL) clearance. Applicants should consult the FTA project manager for further information regarding the need for DOL clearance. Apart from the need for DOL clearance, questions concerning employee protective arrangements and related matters pertaining to transit employees should be addressed to the Division of Statutory Programs, Office of Labor-Management Standards, U.S. Department of Labor, http://www.dol.gov/olms/regs/compliance/compltransit.htm.

(2) Civil Rights Submission. See Chapter II, Section 4, "Civil Rights Requirements," of this circular.

(3) Lobbying Disclosure. Federal financial assistance may not be used to influence any member of Congress or an officer or employee of any agency in connection with the making of any Federal cooperative agreement, grant agreement, or other agreement. For example, Federal funds may not be used for lobbying congressional representatives or senators indirectly, such as by contributing to a lobbying organization or funding a grass-roots campaign to influence legislation (31 U.S.C. 1352). These laws do not prohibit general advocacy for transit. Providing information to legislators about the services an applicant provides in the community is not prohibited, nor is using other than Federal funds for lobbying, so long as the required disclosures are made. A certification and, when appropriate, a completed disclosure form must be submitted by the applicant in accordance with 31 U.S.C. 1352, "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions," and U.S. DOT implementing regulations, "New Restrictions on Lobbying," 49 CFR part 20. Section 1352 requires that all persons (meaning organizations, as well as individuals) that request or receive Federal cooperative agreements, grant agreements, or other agreements exceeding $100,000 submit a certification that Federal appropriated

funds were not used to influence or attempt to influence the transactions. Applicants, recipients, and third-party contractors are required to disclose certain lobbying activities conducted with funds derived from other than Federal sources. If anyone is hired to lobby on behalf of the potential recipient requesting the Federal assistance, Section 1352 requires that a disclosure statement, OMB Standard Form LLL (rev. 7–97) "Disclosure of Lobbying Activities," be completed naming the lobbyists and the amounts paid to them. These requirements also apply to subrecipients and subcontractors.

(4) Minimum Useful Life of Vehicles and Equipment. If the project requires purchase of vehicles or equipment with an expected useful life longer than the period of performance of the project, the recipient should propose a reasonable minimum useful life for each such item for purposes of computing the residual Federal interest in the item when no longer needed for the project. If FTA concurs with the proposal, it may include a special condition in the cooperative agreement, grant agreement, or other agreement stating the expected minimum useful life of those items.

7. PEER REVIEW AND INDEPENDENT EVALUATION. FTA may request applicants to participate in peer review programs, including submitting proposed statements of work to peer review panels and participating in peer review panels of other proposals. Each research project supported by FTA is subject to an independent evaluation within two years after award of the agreement. The FTA project manager will provide specific instructions for the scope and conduct of the independent evaluation.

8. COMPLETE APPLICATION. For a Federal assistance application to be complete, all planning, programming, and ancillary activities must be completed. To merit FTA approval, all requisite certifications, assurances, and other documentation must be completed and the application must be sufficiently complete, with all required information and documentation provided, except for the labor protection certification, which is issued by DOL. All intergovernmental review and all applicable civil rights, alcohol misuse, and prohibited drug use program requirements must have been met.

9. MASTER AGREEMENT. FTA uses an abbreviated cooperative agreement, grant agreement, or other agreement that incorporates by reference a Master Agreement in which most terms and conditions are stated that will apply to the cooperative agreement, grant agreement, or other agreement used for the project. The Master Agreement incorporates statutory and other standard conditions that are agreed to, in writing, by the recipient when the recipient executes the cooperative agreement, grant agreement, or other agreement for its project. FTA Master Agreements are available for review on FTA's website, http://www.fta.dot.gov. Each recipient is expected to retain the applicable Master

Agreement on file. Certain types of FTA projects, for example, joint partnership projects, may use "Other Agreements" with revised terms and conditions.

10. AWARDING INSTRUMENT. FTA can award Federal assistance through cooperative agreements, grant agreements, or other agreements. Most research projects are awarded as cooperative agreements because FTA anticipates substantive involvement and interest in the results of the project. The cooperative agreement document in FTA's current electronic award and management system will specify both the FTA's role and the recipient's role. At a minimum, the FTA role usually includes FTA's right to participate in the redirection of project activities. FTA will primarily use Grant Agreements for projects in which FTA involvement is not expected to be substantial. FTA will inform the applicant, as it completes its application, whether the project will be awarded as a cooperative agreement or a grant agreement. Except for the inclusion of the Federal role in the project, cooperative agreements and grant agreements are subject to the same administrative requirements, and this circular refers to them, collectively, as Federal assistance.

11. COST SHARE. Most research programs for which funding is made available by MAP-21 requires a local share. In addition, if FTA determines that there would be a clear and direct financial benefit to an entity under a cooperative agreement, grant agreement, or other agreement for projects funded under the authority of 49 U.S.C. 5312 and 5313, FTA must establish a Federal share consistent with the benefit. Cost sharing is intended to serve the mutual interest of the Federal Government and recipient organizations by ensuring maximum utilization of the available funding resources. Usually, the amount of cost sharing for Section 5312, 5313, 5314, and 5322 projects is considered in the evaluation of application proposals and determined by mutual agreement between FTA and the applicant, and may be in the form of in-kind contributions, as well as cash.

    While MAP-21 provides the local share requirements, the actual local share requirement for a specific program may vary depending on specific language in annual appropriations acts, MAP-21, and any subsequent amendments thereto. Therefore, to determine the proper local share, the applicant should check the appropriate *Federal Register* notice for the program, or check with FTA's research office.

    a. Establishing the Cost Share. Factors to be considered in negotiating the amount of cost sharing include the following:

        (1) Program requirements for specific programs authorized by MAP-21.

            (a) Section 5312 requires a local share of no less than 20 percent of the project costs. For low or no emission vehicle deployment projects, the local share for vehicles complying with the Clean Air Act is 15 percent.

(b) Section 5314 requires a local share of no less than 20 percent for grants.

(c) Section 5322(a) and (b). The Federal share of projects funded under the human resources and training program and projects funded under the innovative public transportation workforce development program require a local share of 50 percent of the allowable costs of the program.

(2) Type of project and nature of the applicant.

(a) In the case of other Sections 5312 and 5314 cooperative agreements, grant agreements, or other agreements with commercial or industrial organizations, greater private contribution to cost sharing would be expected if the project were likely to enhance that organization's capability, expertise, or competitive position to its financial advantage. Organizations predominantly engaged in research and development with little or no production capability may not be in a position to derive a monetary benefit from such participation. Thus, cost participation by commercial or industrial organizations could reasonably range from no cost to participants to as much as 50 percent or more of the project costs.

(b) In the case of cooperative agreements or grant agreements with educational institutions and other nonprofit organizations, a higher percentage of local share is expected when the direct cost of the project consists primarily of the academic year salaries of faculty members.

(3) Relative Interest of the Federal Government.

A relatively low degree of cost sharing may be appropriate if it is determined that an area of research or initiative that requires special stimulus is in the national interest, such as high priority research projects identified in FTA's strategic research plan.

(4) Risk to the applicant for the outcome of the project.

b. Third-Party Contractor/Joint Venture Participation. Third-party contractors and other for-profit entities participating as performers or contractors in a project venture also may affect the amount of local share to be provided. When negotiating about the extent of cost-sharing or local share requirements, no cost or contributions counted toward other federally assisted cost-sharing projects may be considered for the proposed FTA-assisted project. **Neither costs nor the values of third party, in-kind contributions may count toward satisfying a cost-sharing or matching requirement of a Federal or federally assisted project, if they have been or will be counted toward satisfying**

a cost-sharing or matching requirement of another Federal or federally assisted project, a Federal procurement contract, or any other award of Federal assistance.

c. Program Income. During the application review process, the applicant may request authorization from FTA to use any potential program income to meet the cost-sharing or matching requirement of the agreement. In such cases, the amount of the Federal share proposed for the cooperative agreement or grant agreement would not be reduced until the time of project completion, when the FTA and local share would be reduced on a prorated basis and verified by an audit, unless FTA determines otherwise in writing. In a few cases as authorized by Federal law, regulation, or guidance, program income earned as a result of the project can be used to defer the cost of the project from which the Federal assistance was derived. In other circumstances, program income can serve as local share for other FTA-assisted projects.

Examples of potential income-producing ventures for projects include: registration fees collected for attendance at project-sponsored conferences, training workshops, seminars and symposiums, fees collected from certain projects, for example, revolving loan fund and bonding assistance type projects, advertising or concession fees, or farebox revenues resulting from a previous rants or cooperative agreement.

d. Local Share. The recipient pays for all project costs and is reimbursed in part by the Federal Government. The portion not reimbursed by the Federal Government is referred to as the non-Federal share or local share. The Federal Government expects to share in the costs of all tasks of a project. The Federal Government evaluates the quality of cost share in the following terms:

(1) High-Quality Cost Share. These are financial resources that will be expended by the recipient on the proposed project's SOW and will be subject to the direction of the project management team. This basically means the funds the non-Federal participant will spend for labor hours, materials, new equipment (prorated if appropriate), and subcontractor efforts expended on the project's SOW, and restocking the parts and material consumed. High-quality cost share can include new independent research and development funded by the recipient, but only if those funds are offered by the proposer to be spent on the SOW, and subject to the direction of the project management team.

(2) Low-Quality Cost Share. These are nonfinancial resources that will be expended on the proposed project's SOW and will be subject to the direction of the project management team. This is typically wear-and-tear on in-place capital assets, such as machinery or the prorated value of space used for the project.

(3) Unacceptable Cost Share. This is a resource that either: (1) will not be expended on the project's SOW, or (2) will not be subject to the direction of the management team as discussed above in paragraphs (1) and (2). Unacceptable cost share will be subtracted from the proposer's claimed total cost for the project, and the required cost share will be recalculated. Unacceptable cost share examples include:

(a) Sunk costs (*i.e.*, costs incurred before the start of the proposed project),

(b) Forgone fees or profits,

(c) Forgone general and administrative or cost of money applied to a base of independent research and development,

(d) Bid and proposal costs,

(e) Value claimed for intellectual property or prior research, unless the value is diminished by the project, and

(f) Parallel research or investment, for example, research or other investments that might be related to the proposed project but which will not be part of the SOW or subject to the direction of the project management team. Typically, these research or investment activities will be undertaken regardless of whether or not the proposed project proceeds. They include off-budget resources, for example, resources that will not be used by the proposer in implementing the SOW and will not be considered when FTA evaluates cost share.

12. PROJECT APPROVAL.

a. Notification. After FTA has awarded Federal assistance for a project, the applicant will be notified of the award by the FTA project manager. The award will indicate the "date of the award" and set forth any special conditions under which the project is approved. The date of award is the date that authorizes the recipient to incur project costs. **NOTE:** A recipient of an FTA award of funding can begin work on its project, but it must execute its cooperative agreement, grant agreement, or other agreement before FTA can pay for any project costs incurred. Absent a letter of no prejudice, costs incurred prior to an FTA award are not eligible project expenses.

b. Execution of the FTA Agreement. The recipient's authorizing official should execute the cooperative agreement, grant agreement, or other agreement by entering his or her personal identification number (PIN) in the appropriate place, which will then appear in

FTA's current electronic award and management system. The recipient should contact the FTA project manager to alert him or her, that the project has been executed.

c. Cost Eligibility and Payment Method.

(1) Absent any type of preaward authority, the recipient may begin to incur project costs as of the date the authorized FTA official signs (or PINs) the award.

(2) Requests for reimbursements will not be honored until the Federal assistance has been awarded by FTA and executed by the recipient.

(3) FTA will not honor project costs the recipient may incur after the project period ends without approving an extension of the project period.

(4) For amendments, absent of any type of preaward authority, the recipient may not incur costs using Federal assistance provided in the amendment before the award date of the amendment.

d. Reimbursement Procedures for Research, Technical Assistance, and Training Programs. Grant recipients of cooperative agreements for research, technical assistance, and training programs must request reimbursements using the Department's DELPHI eInvoicing system. The recipients must upload invoices for review and approval to the designated FTA Project Manager prior to receipt of payment. The Project Manager and the Grant recipient must complete and submit a DELPHI user access form to FTA DELPHI security officers, in the Office of Finanical Systems to gain access to the eInvoicing system. Once the Grant recipient's access is authorized, the eInvoicing Helpdesk will forward a Web-based training tutorial to the recipient to assist in navigating and processing requests for reimbursements using the eInvoicing system.

CHAPTER IV

PROJECT ADMINISTRATION

1. OVERVIEW. This chapter discusses the mechanics and requirements for post-award project administration. Financial management requirements are described in Chapter V of this circular at the time of its publication. The following sections emphasize the requirements associated with administering and managing a federally assisted project after Federal assistance for the cooperative agreement, grant agreement, or other agreement has been awarded and executed in FTA's electronic award and management system.

2. APPLICATION PROCESS. FTA provides a streamlined electronic interface between recipients and FTA that allows complete electronic application submission, review, approval, and management of all FTA-assisted projects. This is done through FTA's Web-based electronic award and management system. Among other things, recipients apply for Federal assistance, inquire about the status of projects, file the required financial status and milestone progress reports, and submit annual certifications and assurances in FTA's electronic award and management system. A user guide can be found at FTA's website in the "Grants and Financing" section under "Apply for and Manage Grants" located at: http://ftateamweb.fta.dot.gov/static/userguide.html.

3. PROJECT IDENTIFICATION. The recipient understands and agrees that each tangible product resulting from FTA research program projects must contain or include an appropriate sign, designation, or notification stating that the project has been financed with Federal assistance provided by U.S. DOT/FTA. Unless FTA determines otherwise in writing, this requirement applies to all equipment, prototypes, construction, reports, data, software, internet pages, or any similar items produced in the course of the cooperative agreement, grant agreement, or other agreement for the project that are part of the project's deliverables visible to the public, or are made available to other research organizations or public transportation providers. Reports must also include the disclaimer described in Chapter IV, subsection 4.g.

4. REPORTING REQUIREMENTS. Once a project is active, a recipient will be subject to one or more of the following types of post-award reporting requirements, several of which can be accomplished using FTA's electronic award and management system. The reporting requirements may vary depending on the size of the recipient, the type and amount of Federal assistance a recipient receives, or the Federal interest in the project. Unless otherwise permitted in writing, quarterly reporting is required. Please contact the FTA administering office if there are questions regarding the applicability of the following reporting requirements.

   a. Financial and Progress Reports. FTA uses the Federal financial reports (FFRs) and milestone progress reports (MPRs) to evaluate several elements of the project's status, such as the extent to which:

      (1) The purposes of the project are being achieved,

(2) The project is progressing on time and within budget,

(3) The recipient is demonstrating competence and control in implementing the project,

(4) The project meets all program requirements, or

(5) A problem is developing which may require FTA resources to resolve.

FTA monitors project activities to ensure proper recipient stewardship of Federal assistance and compliance with the laws and regulations that govern its Federal assistance programs. FTA also must be able to report on program results, industry trends, and its own oversight responsibilities. The information FTA needs for program forecasting, management, and reporting is furnished through FFRs and MPRs submitted by recipients about significant events, relevant project activities, and any changes to or variances in the project schedule or budget.

FTA staff is available to meet with recipients to agree on the appropriate level of reporting detail and formats for reporting in FTA's electronic award and management system. This will ensure that FTA has the information needed to manage its overall program.

All recipients should report significant developments or changes as they occur, including any problems, delays or adverse conditions that may materially impair their ability to meet the objective of the award, as well as any favorable developments that may enable meeting time schedules and objectives sooner or at a cost substantially less than expected in FFRs.

If necessary, attachments can accompany FFRs and MPRs by using the "paperclip" or the "upload/manage documents" feature in FTA's electronic award and management system.

FTA may withhold payment for failure to submit either FFRs or MPRs in a timely manner. In individual cases, FTA may approve extensions of report due dates for good cause.

Report due dates and additional information about the FFRs and MPRs are described below in subsection 4b. Please contact the administering office for questions regarding any of these reports.

b. Report Due Dates.

(1) Quarterly Reports—FFRs and MPRs. These reports are due to FTA within thirty days after the end of each quarter, for example, by January 30, April 30, July 30, and October 30.

(2) Final Reports. Final FFRs and MPRs are due ninety calendar days after the expiration or termination of the project.

c. Federal Financial Report (FFR). A recipient must submit an FFR for each active cooperative agreement, grant agreement, or other agreement it has executed. The requirement for an FFR applies to all FTA-assisted projects covered by this circular. The FFR accompanies the MPRs (described below in subsection d) and is used to monitor project funds. The purpose of the FFR is to provide a current, complete, and accurate financial picture of the project. This report is submitted electronically in the FFR section of FTA's electronic award and management system and must be prepared on the accrual basis of accounting: income is recognized when earned instead of when received, and expenses are recognized when incurred instead of when paid. FTA does not permit the FFR to be prepared in the cash method of accounting. 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.

The FFR must comply with the following requirements:

(1) All financial facts (*e.g.*, expenditures and obligations) relating to the scope and 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 and up to date; the requirement for accuracy does not rule out inclusion of reasonable estimates when precise measurement is impractical, uneconomical, unnecessary, or conducive to delay,

(3) Financial reports should 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 approved project, and

(6) Detailed instructions for completing the FFR are provided in Appendix A.

d. Milestone Progress Reports (MPR). MPRs must be submitted for all active projects executed by the recipient and covered by this circular. The MPR is the primary written communication between the recipient and FTA.

All recipients must complete the basic of the milestone progress report section of FTA's electronic award and management system and either complete the milestone

progress tab or attach a quarterly narrative report as directed by the FTA project manager. Procedures for submitting MPRs are described in the user guide and are available from the FTA administering office.

Normally a quarterly narrative report is required for research projects because it permits the inclusion of more technical information as well as charts or photos. For projects funded by multiple agreements, the recipient may submit one quarterly narrative report for the entire project with prior approval of the FTA project manager. A copy must be attached for each agreement in FTA's electronic award and management system.

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

At a minimum, each quarterly narrative report should address the following:

(1) A summary narrative on task elements and milestone status of project activities during the reporting period, including a comparison of actual accomplishments to the objectives established for the period. Accomplishments should include items such as:

   (a) Significant results and major work tasks started, completed, or documented,

   (b) The percent of the budget expended by task, if appropriate; where possible, accomplishments should be related to expenditures for the same period,

   (c) An activity schedule (bar chart or critical path exhibit) in each quarterly report, and

   (d) Expenditures incurred by each task by ALIs so that it matches with any financial report submitted to the FTA project manager,

(2) Reasons why any project objectives are not being met, identifying problem areas and the planned approach to resolve the problems,

(3) Significant events affecting the progress of the project, both positively and negatively,

(4) Whether the project is within the approved project budget. If a cost overrun appears likely, explain the reason for the overrun and the measures taken to complete the project within budget, such as modifying or curtailing the scope of the project or securing additional financing from sources other than FTA. **NOTE:** Since the recipient agreed to carry out the project within a specific budget, reducing the scope of a project may require renegotiating downward the project budget and Federal share,

(5) Whether the project is on schedule. If the project completion date will be delayed, indicate the steps taken to:

(a) Bring the project back on schedule, or

(b) Adjust other activities that may depend on project completion,

(6) Projected activities for the next quarter and steps anticipated in carrying them out, and

(7) Estimated completion dates, percent completed, and Federal assistance required for completion.

Depending on project complexity, at its discretion, FTA may also request other special reports or quarterly project management meetings.

e. Reports of Significant Events. Unforeseen events that impact the schedule, cost, capacity, usefulness, or purpose of the project should be reported to FTA immediately after detection and then reflected in the next quarterly MPR. Special reports should be submitted when:

(1) Problems, delays, or adverse conditions will affect the recipient's ability to achieve project objectives within the scheduled time period or within the approved project budget. The report should discuss actions taken and/or contemplated and any Federal assistance needed to resolve the situation; or

(2) Favorable developments will enable the recipient to achieve project goals and complete project activities ahead of schedule or at lower cost.

f. Federal Funding Accountability and Transparency Act (FFATA) Subaward and Executive Compensation Reporting. Recipients awarded new Federal assistance greater than or equal to $25,000 as of October 1, 2010, are subject to FFATA subaward and executive compensation reporting requirements as outlined in the Office of Management and Budget's guidance issued August 27, 2010. These recipients must file an FFATA subaward report by the end of the month following the month in which the recipient awards any subaward greater than or equal to $25,000. Additionally, all recipients must report the names and compensation of their five most highly compensated officers, and first-tier subrecipients must report the names and compensation of their five most highly compensated officers, if in the preceding fiscal year they received 80 percent or more of its annual gross revenues in Federal awards; and $25,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of those recipients or subrecipients through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

Instructions and the FFATA Subaward Reporting System (FSRS) can be found at: https://www.fsrs.gov.

g. Reports and Other Materials Produced by the Recipient. All reports, presentations, and other products resulting from FTA sponsorship reports must contain the following acknowledgment and disclaimer:

DISCLAIMER NOTICE

This document is disseminated under the sponsorship of the United States Department of Transportation, Federal Transit Administration, in the interest of information exchange. The United States government assumes no liability for the contents or use thereof.

The United States government does not endorse products or manufacturers. Any trade or manufacturers' names appear herein solely because they are considered essential to the contents of the report.

h. Final Report. All recipients must submit a final report. Unless otherwise directed, any recipients of technical assistance and training projects must submit a final narrative progress report in FTA's electronic award and management system detailing the actual completion date of each task and a discussion of each task. Recipients of research and development projects must submit a final technical report.

i. Final and Other Major Technical Reports Produced by the Recipients. A final technical report documenting project performance and the final results of research, development, demonstration, deployment, or technical evaluation projects, including an executive summary, must be submitted by the recipient or third-party contractor to the FTA project manager at the conclusion of the project. Some projects may produce multiple technical reports for each subtask rather than one final report covering the entire project. For projects funded with multiple agreements, the recipient may submit one final report for the all the projects with prior approval of the FTA project manager. A copy must be attached for each agreement in FTA's electronic award and management System. All reports and supporting documentation must be provided to the FTA project manager in an electronic/Web-ready format, as specified by FTA.

(1) National Technical Information Service (NTIS). All FTA-sponsored research, development, demonstration, deployment, or technical evaluation documents must be entered into the National Technical Information Service (NTIS) system. All FTA-sponsored publications are available to the public from NTIS at http://www.ntis.gov/.

(2) Electronic Copy of Report/Section 508 Compliant. Text supplied electronically may be provided in one or more of the following formats to facilitate posting on the FTA website: hypertext mark-up language (HTML), or searchable portable document file (PDF/Adobe Acrobat). All accompanying graphics must be provided in graphic interchange format (GIF) or joint photographic experts group (JPEG) format or a format acceptable to FTA, in addition to their native format (*e.g.*, tag image file format [TIFF]).

(a) Electronic Published Documents (Internet). All published documents (including graphics) must comply and be accessible in accordance with current requirements of Section 508 of the Rehabilitation Act of 1973, as amended. FTA must approve all documentation before distribution to the public and it must be prepared in a format specified by FTA. FTA is required by law to develop its website and documentation therein to meet the requirements of Section 508 of the Rehabilitation Act, as amended (29 U.S.C. 794d).

(b) U.S. Access Board. Recipients of Federal assistance are responsible for consulting sources such as the Access Board http://www.access-board.gov/508.htm, and the section 508 website http://www.section508.gov.

(c) Section 508 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794(d). Federal agencies must make their electronic and information technology accessible to people with disabilities in compliance with electronic and information technology requirements. The access board has stated that, "Section 508 [of the Rehabilitation Act] . . . applies to all Federal agencies when they develop, procure, maintain, or use electronic and information technology. Federal agencies must ensure that this technology is accessible to employees and members of the public with disabilities to the extent it does not pose an 'undue burden."

(3) Report Organization, Elements and Style. FTA requires all documents to be compliant with Section 508 and meet a high standard of organization and clarity of writing. The report must be organized with specific publication elements and report style guide at http://www.fta.dot.gov/research/program_requirements. Contact the FTA project manager for further information.

(4) All FTA-sponsored reports must contain the following disclaimers on the inside front cover if published in hard copy or in a comparable prominent location if published electronically:

DISCLAIMER NOTICE

This document is disseminated under the sponsorship of the United States Department of Transportation, Federal Transit Administration, in the interest of information exchange. The United States government assumes no liability for the contents or use thereof.

The United States government does not endorse products or manufacturers. Any trade or manufacturers' names appear herein solely because they are considered essential to the contents of the report.

(5) A report documentation page, Standard Form 298, "Report Documentation Page," must be in the front of all published research and technology reports. SF-298 is located at: http://www.fta.dot.gov/documents/SF_298.pdf.

5. PRIOR APPROVALS. Prior approval requirements depend on whether the recipient is a state or local government, in which case it is covered by 2 CFR part 1201 or former 49 CFR part 18, as applicable. If the recipient is an institution of higher education, hospital, and other nonprofit organization, it is covered by 2 CFR part 1201 or former 49 CFR part 19. The requirements of 2 CFR part 1201 or former 49 CFR part 19 are also applied to for-profit organizations, except to the extent FTA has determined otherwise in writing. Prior approvals is also determined by the applicable cost principles.

   a. Definition of Prior Approval. "Prior approval" means prior written or electronic approval from an authorized FTA official before the expense is incurred or action takes place requiring prior approval. Prior approval can take the form of FTA's acceptance of the proposal and/or proposal budget and subsequent incorporation into the award or written or electronic approval of a separate request submitted by the recipient.

   b. Requirements for Prior Approvals. Although the wording in 2 CFR part 1201 and former 49 CFR parts 18 and 19 is slightly different, the following actions require prior approval for all entities unless noted.

      (1) Scope or Objective Change. Change in the scope or the objective of the project or program (even if there is no associated budget revision).

      (2) Key Personnel Change. Change in a key person specified in the application or award document.

      (3) Additional Federal Assistance. The need for additional Federal assistance.

      (4) Transfer of Training Allowances. The transfer of training allowances (direct payment to trainees) to other categories of expense.

      (5) Transfer of Work. Unless described in the application and specified in the cooperative agreement, grant agreement, or other agreement, the subaward, transfer, or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment, or general support services. However, see the requirements for equipment below under Federal cost principles.

      (6) Preaward Costs. If approved, all preaward costs are incurred at the recipient's risk (*e.g.*, FTA is under no obligation to reimburse such costs if for any reason the recipient does not receive an award, or if the award is less than anticipated and inadequate to cover such costs).

      (7) Time Extensions. To initiate an extension of the expiration date of the award.

      (8) Transfers of Financial Assistance. The transfer of financial assistance between direct cost categories and activity line items (ALIs). See "Project Budget," Chapter III, paragraph 6.b(2), in which the Federal share of the project exceeds $100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 20

percent of the total budget as last approved. No transfer can be made to be used for purposes other than those consistent with the original intent of the appropriation and the cooperative agreement, grant agreement, or other agreement.

(9) Reduction of Effort. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the project manager or by the principal investigator (institutes of higher education, hospitals, nonprofits, and for-profits).

(10) Transfers Between Indirect Costs and Direct Costs. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa (institutes of higher education, hospitals, nonprofits, and for-profits only).

(11) Federal Cost Principles. The inclusion of costs that require prior approval in accordance with the cost principles. The applicable cost principles (see Chapter V of this circular, "Financial Management") for each type of institution lists cost elements that require prior approval to be included in an approved project budget. Recipients should refer to the Guidance for Grants and Agreements sections in 2 CFR part 1201 for awards and amendments made on or after December 26, 2014, to awards. Recipients of awards and amendments made before December26, 2014, to awards should refer to former 2 CFR part 220 (OMB Circular A-21, "Cost Principles for Educational Institutions"); former 2 CFR part 225 (OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments"); former 2 CFR part 230 (OMB Circular A-122, "Cost Principles for Non-Profit Organizations"); or Federal acquisition regulations subpart 31.2 (48 CFR chapter I, subpart 31.2), which covers for-profit organizations. The following list contains examples of cost elements that might require prior approval:

(a) Capital expenditures (Note: All equipment [see Definitions] not identified and approved in the award document requires prior approval).

(b) Costs of membership in civic, community, and social organizations as a direct cost,

(c) Preaward costs,

(d) Proposal costs as a direct charge,

(e) Travel costs of certain officials and foreign travel,

(f) Premiums for overtime, training, and education costs, and

(g) Travel costs higher than maximum per diem rates.

c. Obtaining Prior Approval.

(1) Budget Approvals. Cost elements included in the original application and approved project budget constitute prior approval. Prior approvals related to the

changes in the approved project budget or cost elements should be submitted as a budget revision in FTA's electronic award and management system no later than thirty days before the proposed change (see Section 6 below, "Project Modifications").

(2) Other Prior Approvals. Other requests for approvals should be submitted to the FTA administering office in writing or by email by an authorized official of the recipient with an explanation of the prior approval requested no later than thirty days before the proposed change.

(3) Authorized FTA Official. An authorized FTA official may grant prior approval in writing, by email, or through approval in FTA's electronic award and management system.

(4) Failure to Obtain Prior Approval. Failure to obtain required prior approval from the appropriate administering office may result in the disallowance of costs, termination of the award, or other enforcement action within FTA's authority.

6. PROJECT MODIFICATIONS. The recipient is responsible for controlling and monitoring all project activities to ensure that they are carried out in accordance with the approved project budget. The manner in which an approved project budget is initially structured during the application phase can facilitate or impede project management, particularly when unforeseen events require changes in the project.

Nevertheless, it may be necessary to modify a cooperative agreement, grant agreement, or other agreement after Federal assistance has been awarded by revising the approved project budget or amending the agreement. There are three ways to modify a project after Federal assistance has been awarded: (1) through a budget revision, (2) through an administrative amendment, or (3) through an amendment to the agreement. Whether a budget revision may be permitted (with or without prior FTA approval before incurring costs), or whether an amendment to the project will be necessary, depends on the effect of the proposed change on the scope of the project. If an ALI is added to an existing scope, the budget revision may be sent to the DOL for informational purposes, but the labor protection arrangements for the original project will apply to any project modifications without further DOL certification. Recipients should contact the administering office for questions relating to project modification requests, including which project modification is appropriate for the proposed action.

Project modifications are electronically submitted, reviewed, and approved in FTA's electronic award and management system.

a. Budget Revision.

(1) General. Budget revisions may be made as long as there is no change in the recipient, purpose, scope codes, and Federal funding for the project, regardless of the fiscal year the Federal assistance for which the funding was appropriated.

Budget revisions generally are changes to ALI amounts or descriptions. A budget revision cannot be used to materially change the purpose or intent, such as the scope, or Federal dollar amount of the Federal assistance award. Budget revisions must be consistent with the activities contained in the SOW.

(2) Procedures. Recipients must submit a budget revision in FTA's electronic award and management system using the "revise project budget" screen. Budget revision requests must include a reason for the revision. For each ALI being adjusted, either by quantity or dollar amount, recipients must include a brief explanation and impact to the project in the "details" section for the change being requested. If necessary, additional information can be provided using the attachments feature in FTA's electronic award and management system. The FTA reviewer will return incomplete budget revisions to the recipient for inclusion of additional information. For assistance with completing budget revisions, please contact the FTA administering office.

A recipient may request a budget revision either before or after incurring costs, depending on the nature of the request. If the budget revision meets the criteria outlined below in paragraph (3), FTA concurrence is required before incurring costs associated with the proposed change.

(3) Budget Revisions that Require Prior Approval. Under certain circumstances, a recipient must obtain FTA approval before incurring costs for proposed budget revisions. For these projects, the proposed budget revision must be submitted in FTA's electronic award and management system and approved before incurring costs associated with the budget revision. If FTA determines the proposed budget revision does not meet the criteria for a budget revision, alternative methods for modifying the project, such as an amendment to the cooperative agreement, grant agreement, or other agreement, may be recommended. The FTA administering office will make this determination during its review. Prior FTA approval must be obtained if the proposed budget revision meets any of the following criteria:

(a) The Federal share of the project exceeds $100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 20 percent of the total budget as last approved.

(b) The addition of an ALI to an existing scope included in the project, provided that the request does not change the amount of Federal assistance awarded in original the cooperative agreement, grant agreement, or other agreement or change the scope of the project as stated in the agreement.

(c) See subsection 5b, "Requirements for Prior Approvals," of this circular above for a listing of other budget revisions that require prior approval.

b. Administrative Amendment. An administrative amendment is usually initiated by FTA and may only be used when no change will result in the scope, amount, or purpose of the project. An administrative amendment may be used to change or clarify the terms,

conditions or provisions of a cooperative agreement, grant agreement, or other agreement. An administrative amendment is also used to change the year or type of Federal assistance obligated for a project to transfer equipment from one recipient to another, to reflect a change in the recipient or recipient's name, or to deobligate Federal assistance that is no longer needed to complete the scope or purpose of the approved project.

c. Amendment to the Agreement.

(1) General. An amendment to the cooperative agreement, grant agreement, or other agreement is required when there is either a change in the scope or an addition of Federal assistance to an existing agreement. Amendments to those agreements are subject to the same application requirements as a new Federal assistance request. Amendments are subject to DOL certification, if applicable.

(2) Procedure. Recipients must submit requests for amendments to their agreements in FTA's electronic award and management system using the "Create Amendment" screen. Amendments revise a cooperative agreement, grant agreement, or other agreement, including a revised budget, and may require a change in the amount of Federal assistance obligated under that agreement. An amendment is subject to the same requirements as a new Federal assistance request except that the recipient need not resubmit portions of its original application that are unaffected by the change. The recipient must submit a detailed description of the changes and a revised project budget. For example, in FTA's electronic award and management system under the project details section for the project, recipients should include a header, "Amendment #1 (or the appropriate number)," and describe the reason for the amendment and the changes to the project or budget or both.

(3) Change of Scope. FTA requires an amendment if the request changes the overall scope of a project or changes the project scopes within the cooperative agreement, grant agreement, or other agreement. Examples of changes in scope and an exception to changes in scope that result in an amendment to the agreement include:

(a) Examples of change in scope.

1 A change in the central tasks outlined in the SOW, or

2 The addition of a new project scope code or the deletion of a project scope code if the deletion affects the intent or objectives of the project.

(b) Exception to change in scope. For earmarks, all changes to the project after award of Federal assistance **must be consistent with the original intent of the congressional language.** Your FTA administering office will assist you in making this determination. For example, if the earmark is for research on fuel cells, an amendment to the cooperative agreement, grant agreement, or other

agreement cannot be executed to change the scope to research on flywheels without explicit direction from Congress to FTA to change the earmark.

(4) Change in Federal Assistance. FTA requires an amendment to the cooperative agreement, grant agreement, or other agreement if the request changes the total amount of Federal assistance for the agreement. The one exception is that if the scope of a project is unchanged and the only action is the deobligation of Federal assistance, an administrative amendment is used to process the modification. See section 6.b, "Administrative Amendment," of this chapter above.

7. EQUIPMENT. Certain management standards apply to equipment purchased with Federal assistance:

a. Title. Title to equipment acquired by a recipient or subrecipient with Federal assistance must vest in the recipient or subrecipient, respectively, subject to conditions of this section.

b. State Recipients. A state may use, manage and dispose of equipment acquired under a project by the state in accordance with state laws and procedures, as long as the state complies with Federal requirements. See 2 CFR 1201 or former 49 CFR part 18, as applicable.

c. Recipients Other than States. Other recipients must follow FTA requirements and procedures outlined below.

(1) Use for the Project. The recipient must use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal assistance, and may not encumber the equipment without approval of FTA. When no longer needed for the original project or program, the recipient must use the equipment in connection with its other federally sponsored activities, in the following order of priority:

(a) Activities sponsored by FTA, then

(b) Activities sponsored by other Federal awarding agencies.

(2) Use Outside the Project. During the time that equipment is used for the project or program for which it was acquired, the recipient must make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use must be given to other projects or programs sponsored by FTA, and second preference must be given to projects or programs sponsored by other Federal awarding agencies. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government may be permissible if authorized by FTA. User charges must be treated as program income.

(3) Fees for Other than Project Use. The recipient may not use equipment acquired with Federal assistance to provide services to an entity for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal law, for as long as the Federal Government retains an interest in the equipment.

(4) Acquiring Replacement Property. When acquiring replacement equipment, the recipient may use the equipment to be replaced for trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment, subject to FTA approval.

(5) Property Management Standards. The recipient's property management standards for equipment acquired with Federal assistance and federally owned equipment must include all of the following:

(a) Equipment Records. Accurate equipment records must be maintained and must include the following information:

1 A description of the equipment.

2 The manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number,

3 The source of the equipment, including the award number,

4 Whether title vests in the recipient or the Federal Government,

5 Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

6 Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government),

7 The location and condition of the equipment and the date the information was reported,

8 The unit acquisition cost, and

9 The Ultimate disposition data, including date of disposal and sales price, or the method used to determine current fair market value where a recipient compensates FTA for its share.

(b) Federal Ownership. Equipment owned by the Federal Government must be identified to indicate Federal ownership.

(c) Inventory. A physical inventory of equipment must be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records must be investigated to determine the causes of the difference. The recipient must, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

(d) Control. A control system must be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment must be investigated and fully documented. If the equipment was owned by the Federal Government, the recipient must promptly notify the FTA.

(e) Maintenance. Adequate maintenance procedures must be implemented to keep the equipment in good condition.

(f) Disposition. When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards of the Common Rules, 2 CFR part 1201 or former 49 CFR part 18 or 19, as applicable:

1 Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold, or otherwise disposed of with no further obligation to FTA.

2 For equipment with a current per unit fair market value of $5,000 or more, the recipient may retain the equipment for other uses provided that compensation is made to FTA or its successor. The amount of compensation must be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment.

3 If the recipient has no need for the equipment, the recipient must request disposition instructions from the FTA. FTA must determine whether the equipment can be used to meet its requirements. If no requirement exists within FTA, FTA must report the availability of the equipment to the General Services Administration (GSA) by FTA to determine whether a requirement for the equipment exists in other Federal agencies. FTA must issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures must govern.

a If so instructed, or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient must sell the equipment and reimburse FTA an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the equipmentm. However, the recipient must be permitted to deduct and

retain from the Federal share $500 or 10 percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.

b If the recipient is instructed to ship the equipment elsewhere, the recipient FTA must reimiburse the recipient an amount which is computed by applying the percentage of the recipient's participation in the cost of the equipment sold to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

c If the recipient is instructed to dispose of the equipment otherwise, FTA must reimburse the recipient the proportionate amount of the recipient's interest in such equipment and such costs incurred in the disposition of that equipment.

4 FTA may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when the third party is otherwise eligible under existing laws. Such transfer must be subject to the following standards:

a The equipment must be appropriately identified in the award or otherwise made known to the recipient in writing,

b FTA must issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory must list all equipment acquired with Federal assistance for the project and federally owned equipment. If FTA fails to issue disposition instructions within the 120-calendar-day period, the recipient must apply the standards of this section, as appropriate, and

c When FTA exercises its right to take title, the equipment must be subject to the provisions for federally owned equipment.

5 Sales Procedures. Where the recipient is authorized or required to sell the equipment, proper sales procedures must be established that provide for competition to the extent practicable and result in the highest possible return.

(g) FTA's Special Disposition Authority. Under 49 U.S.C. 5334(h), FTA may authorize the recipient to transfer property acquired with financial assistance under 49 U.S.C. chapter 53 to a local governmental authority to be used for a public purpose with no further obligation to the Federal Government, if FTA determines in writing that:

1 The property will remain in public use for at least five years after the date transferred;

2 There is no purpose eligible for assistance under 49 U.S.C. chapter 53 for which the property should be used;

3 The overall benefit of allowing the transfer is greater than the interest of the Federal Government in liquidation and return of the financial interest of the government in the property, after considering fair market value and other factors; and

4 Through an appropriate screening or survey process, there is no interest in acquiring the property, if land or a facility, for Federal Government use.

(h) Special Authority for Nonprofit Institutions of Higher Education or Educational Institutions and Nonprofit Scientific Research Organizations. FTA may vest title in tangible personal property in a nonprofit institution of higher education or in a nonprofit organization whose primary purpose is conducting scientific research:

1 When the property is bought with amounts provided under a cooperative agreement, grant agreement, or direct procurement contract with the institution or organization to conduct basic or applied scientific research,

2 When FTA decides the vesting furthers the objectives of the agency,

3 Without further obligation to the Federal Government, and

4 Under conditions FTA considers appropriate.

8. INTANGIBLE PROPERTY. Certain standards apply to intangible property resulting from Federal assistance.

a. Recipients are subject to applicable regulations governing patents and inventions, including governmentwide regulations issued by the Department of Commerce at 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements."

b. The recipient may copyright any work that is subject to copyright and was developed, or for which ownership was purchased with Federal assistance. FTA reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

c. The Federal Government has the right to:

(1) Obtain, reproduce, publish, or otherwise use the data first produced under an award, and

(2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

d. Special provisions for research, development, demonstration, deployment, and technical evaluation projects apply. FTA's standard position pertaining to rights in data developed under a research, development, demonstration, deployment, or technical evaluation project is to increase transportation knowledge, rather than limit the benefits of the project to project participants. Therefore, FTA generally expects the recipient to provide a report at the end of the project that FTA may publish or make available for publication on the internet, in addition to any report that FTA may request that would contain proprietary information.

Except to the extent that FTA determines otherwise in writing, the recipient of Federal assistance to support a research, development, demonstration, or a special studies project agrees that, in addition to the rights in data and copyrights that it must provide to the Federal Government, the rights described in U.S. DOT regulations, 2 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable. However, FTA's Master Agreement also states the Recipient's agreement that FTA may make available to any FTA recipient, subrecipient, third-party contractor, third-party subcontractor, or other participant at any tier of the project, either FTA's license in the copyright to the subject data or a copy of the subject data. FTA provides an exception for adaptations of automatic data processing equipment or programs for the recipient's use when the costs thereof are financed through an FTA capital program.

e. In addition, in response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under an award that were used by the Federal Government in developing an agency action that has the force and effect of law, FTA must request, and the recipient must provide within a reasonable time, the research data so that data can be made available to the public through the procedures established under the FOIA. If FTA obtains the research data solely in response to a FOIA request, the Federal agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the agency, the recipient, and applicable subrecipients. This fee is in addition to any fees the agency may assess under the FOIA. See 5 U.S.C. 552(a)(4)(A).

(1) The following definitions apply for purposes of this Subsection 8.e:

(a) "Research data" is defined as the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This "recorded" material excludes physical objects (*e.g.*, laboratory samples). Research data also do not include: (1) trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information that is protected under law; and (2) personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of

personal privacy, such as information that could be used to identify a particular person in a research study.

(b) "Published" is defined as either when:

1 Research findings are published in a peer-reviewed scientific or technical journal, or

2 A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

(c) "Used by the Federal Government in developing an agency action that has the force and effect of law" is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

f. Title to intangible property and debt instruments acquired under an award or subaward vests upon acquisition in the recipient. The recipient must use that property for the originally authorized purpose and the recipient must not encumber the property without FTA approval.

g. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur using procedures similar to those of Chapter IV, paragraph 7.c of this circular, as applicable.

9. SUPPLIES. Certain management standards apply to supplies purchased with Federal assistance. Supplies are all tangible personal property other than equipment with a unit value of less than $5,000.

a. Title to supplies and other expendable property must vest in the recipient upon acquisition. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate fair market value upon termination or completion of the project or program, and if the supplies are not needed for any other federally sponsored project or program, the recipient may retain the supplies for use on federally sponsored activities or sell them, but must, in either case, compensate the Federal Government for the Federal share. The amount of compensation must be computed in the same manner as for equipment.

b. The recipient may not use supplies acquired with Federal assistance to provide services to other than Federal organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal law as long as the Federal Government retains an interest in the supplies.

10. THIRD-PARTY PROCUREMENT.

a. Recipient's Administrative Responsibilities. The recipient is the responsible authority, without recourse to FTA, regarding the settlement and satisfaction of all contractual

and administrative issues arising out of procurements entered in support of a project. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature. Matters concerning violation of a law are to be referred to such Federal, state, or local authority as may have proper jurisdiction.

b. FTA Procurement Guidance. The most important and comprehensive source of third-party procurement information for FTA-assisted projects is contained in FTA Circular 4220.1F, "Third Party Contracting Guidance." The circular provides guidance on FTA's procurement requirements in light of the Common Rules, 49 CFR part 1201 or former 49 CFR part 18 or 19, as applicable. We strongly recommend that the recipient thoroughly review the laws and regulations set forth in the latest edition of Appendix A of FTA Circular 4220.1F and FTA's recommendations within the circular on how to comply with the statutory and regulatory requirements that apply to contracts supported by FTA assistance.

c. Third-Party Contract Checklists. See Appendix D of FTA Circular 4220.1F, "Third Party Contracting Guidelines," for a list of applicable matters to be considered when entering into third-party contracts.

11. PROJECT CLOSEOUT. Project closeout is the term used to signify the process by which FTA determines that all activities in a project are complete and Federal assistance has been expended. Project closeout does not preclude FTA's ability to seek repayment or other remedies for a recipient's breach of project terms and conditions.

a. Recipient's Role and Responsibilities. The recipient must initiate closeout of a project when all approved activities are completed and the applicable Federal assistance is expended. All closeout documentation must be submitted within ninety days of the completion of all activities in the project or completion of the project period. This requires notifying FTA by letter or email that the project is ready for closeout. The recipient should electronically submit the following in FTA's electronic award and management system as part of the project closeout process:

(1) A final budget reflecting actual project costs by scope and activity,

(2) A final FFR,

(3) A final narrative MPR or final technical report indicating the actual completion date of each task and a discussion of each task contained in the final budget,

(4) An inventory list of any federally owned equipment used in the project and an inventory of equipment acquired with project funds. When the project ends, it is FTA's view that the project property is no longer needed for research, development, or demonstration purposes. FTA may authorize the transfer of that property in accordance with at 49 CFR part 1201, former 49 CFR parts 18 or 19, 49 U.S.C. 5334(g) and (h), or 31 U.S.C. 6306, as applicable. The FTA project

manager will issue disposition instructions within 120 calendar days after receipt of the final inventory list,

(5) A request to deobligate any unexpended balance of Federal assistance, and

(6) Any other reports required as part of the terms and conditions of the cooperative agreement, grant agreement, or other agreement.

b. Closeout by FTA. FTA may unilaterally initiate project closeout. Circumstances that could cause FTA to close out a project in whole or in part at any time before project completion include:

(1) The recipient's failure to comply with the terms or conditions of the cooperative agreement, grant agreement, other agreement, or other Federal requirements,

(2) Continuation of the project would not produce results commensurate with further expenditure of Federal assistance,

(3) Federal assistance is no longer needed to accomplish the purpose of the project,

(4) Failure by the recipient to make reasonable progress to complete the approved project activities, or

(5) A determination that the project has been essentially completed and/or approved and Federal assistance has been substantially drawn down.

c. Adjustments to the Federal Share of Costs. Necessary adjustments to the Federal share of project costs are made after FTA receives and reviews the required project closeout information. Adjustments may also be necessary after the annual audit required by 2 CFR part 1201 is performed. After a project has been closed, FTA assistance is not available for audit or other project activities. Additional information on the 2 CFR part 1201 annual audit is contained in Chapter V, "Financial Management," of this circular. Any Federal assistance received for the project by the recipient but not expended must be returned to FTA. For more information on returning Federal assistance to FTA, see Chapter V, "Financial Management."

12. SUSPENSION. The suspension of a cooperative agreement, grant agreement, or other agreement is an action by FTA which temporarily suspends Federal assistance for a project pending corrective action by the recipient or pending a decision by FTA to terminate the agreement. If FTA determines that the recipient has failed to comply with the terms and conditions of the agreement, including the Federal civil rights requirements, FTA notifies the recipient in writing of its intent to suspend its Federal assistance award. FTA may withhold further payments and/or prohibit the recipient from incurring additional obligations pending corrective action by the recipient or a decision to terminate the agreement for cause. This includes work being performed by third-party contractors or consultants. Unless FTA notifies the recipient otherwise, suspension will not invalidate

obligations properly incurred by the recipient prior to the date of suspension to the extent that they cannot be cancelled.

13. TERMINATION.

a. Termination for Cause. FTA may terminate a cooperative agreement, grant agreement, or other agreement, in whole or in part, at any time before project completion, whenever FTA determines that the recipient failed to comply with the terms and conditions of the agreement including failure to make reasonable progress. FTA will promptly notify the recipient in writing of its intent to terminate Federal assistance and the reasons therefor, and the effective date. Payments made to the recipient or recoveries by FTA are in accordance with the terms of the agreement and the legal rights and liabilities of both parties as defined in the agreement.

b. Termination for Purposes of Law. By signing the agreement, the recipient agrees at the outset to a termination in the event the Federal Government determines that the purposes of the laws authorizing the project would not be adequately served by the continuation of Federal assistance for the project.

c. Termination for Convenience. FTA and the recipient may terminate a cooperative agreement, grant agreement, or other agreement as follows:

(1) By FTA with the consent of the recipient, in which case FTA and the recipient must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated, or

(2) By the recipient upon sending to FTA written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if FTA determines in the case of partial termination that the reduced or modified portion of the project will not accomplish the purposes for which the Federal assistance was awarded, FTA may terminate the agreement in its entirety.

The recipient may not incur new obligations for the terminated portion of the project after the effective date of the termination and must cancel as many outstanding obligations as possible. FTA evaluates each obligation to determine its eligibility for inclusion in project costs. Settlement is made in accordance with terms and conditions of the cooperative agreement, grant agreement, or other agreement. FTA allows full credit to the recipient for the Federal share of the obligations (that cannot be cancelled) when properly incurred by the recipient prior to termination.

d. Partial Termination. In some cases, FTA may deobligate FTA assistance in an approved project before closeout because FTA assistance is no longer needed to accomplish the purpose of the project.

14. RETENTION AND ACCESS REQUIREMENTS FOR RECORDS.

a. Applicability. This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of recipients. Records retention and access requirements must apply to the recipient's contractors, subcontractors, and subrecipients. Recipients must include this requirement in recipient contracts and/or subagreements. These records include:

(1) Those records required to be maintained by this circular or by the terms of the cooperative agreement, grant agreement, other agreement, or otherwise considered pertinent to FTA program requirements or the Master Agreement, and

(2) Those records executed electronically which may be retained in that same manner.

Copies made by microfilming, photocopying, or similar methods may be substituted for the original records. Files must be accessible for possible review, audit, or downloading to paper when required.

b. Length of Retention Period.

(1) Except as otherwise specified, records must be retained for three years from the starting date as specified below in Chapter IV, subsection 14.c of this circular, and

(2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records must be retained for three years after completion of the action and resolution of all issues that arise from it.

To avoid duplicate record keeping, FTA may make special arrangements with recipients (including subrecipients, as appropriate) to retain any records that are continually needed for joint use. FTA will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by FTA, the three-year retention requirement is not applicable to the recipient.

c. Starting Date of Retention Period.

(1) General. The starting date for retention of records related to multiyear projects is the date of submission of the final FFR upon project completion or, if waived, the date it would have been due.

(2) Equipment records. The retention period for the equipment records starts from the date of the equipment's disposition, replacement, or transfer at FTA's direction.

(3) Records for income transactions after project closeout. In some cases recipients must report income after a project is closed out. Where there is such a requirement,

the retention period for the records pertaining to the earning of the income starts from the end of the recipient's fiscal year in which the income is earned.

(4) Indirect Cost Rate Proposals, Cost Allocation Plans (CAPs) and Similar Rate, and Rate Allocation Methods. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, CAPs, and any similar accounting computations or the rate at which a particular group of costs is chargeable (such as computer usage charge back rates or composite fringe benefit rates).

(a) If submitted for negotiation: If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the recipient) to form the basis for negotiation of the rate, then the three-year retention period for its supporting records starts from the date of such submission.

(b) If not submitted for negotiation: If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the recipient) for negotiation purposes, then the three-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

(5) Contract Records. The retention period for all required contract records commences after the recipients or subrecipients make final payments and all other pending matters are closed.

d. Substitution of Photocopies. Copies of documents may be substituted for the originals.

e. Access to Records.

(1) Records of recipients and subrecipients. FTA staff members, the U.S. DOT Office of Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, have the right of access to any books, documents, papers, or other records of the recipient that are pertinent to the project, in order to perform audits, or make examinations, excerpts, or transcripts.

(2) Expiration of right of access. The right of access in this section is not limited to the required retention period, but continues as long as the records are retained.

f. Restrictions on Public Access. Except as provided in subsection 8.e of this chapter, the Federal Freedom of Information Act (FOIA), 5 U.S.C. 552, does not apply to recipient records owned and possessed by the recipient that have not been submitted to the Federal Government. Unless required by state or local law, recipients and subrecipients are not required to provide periodic public access to their records.

However, FTA may direct a recipient to provide access to those records the recipient maintains on behalf of FTA (*i.e.*, records required by Federal law or regulation, such as Davis-Bacon wage records), or other records necessary to determine compliance with Federal requirements established as conditions of eligibility for recipients of Federal funding. FOIA, however, does apply to records the recipient submits to FTA.

CHAPTER V

FINANCIAL MANAGEMENT

1. GENERAL. This chapter discusses the proper use and management of Federal assistance that the Federal Transit Administration (FTA) expects from its recipients. Financial management is one of the most important responsibilities in the management of Federal assistance.

2. INTERNAL CONTROLS.

   a. Definition. Internal controls are the organization plan, methods, and procedures adopted by the recipient to ensure that effective control and accountability is maintained for all recipient and subrecipient projects, cash, real and personal property, and other assets. Recipients and subrecipients must ensure that resources are properly used and safeguarded, and that they are used solely for authorized purposes.

   b. General. FTA payments to a recipient are made electronically to meet the Federal share of eligible expenses under a federally assisted project.

      The recipient's execution of an award of FTA assistance requires the recipient to use the Federal assistance it receives as specified in the underlying cooperative agreement, grant agreement, or other agreement. This creates a vested interest by the Federal Government in unused balances of any Federal assistance, improperly applied Federal assistance, and property or facilities purchased or otherwise acquired under the project, whether federal assistance is received by the recipient as an advance or by reimbursement.

      Recipients and subrecipients are responsible for establishing and maintaining adequate internal controls over all their functions that affect implementation of a federally assisted project.

      For proper project management, these controls must be used by each recipient in all its operating, accounting, financial, and administrative systems. To assure proper accountability for Federal assistance, internal controls must be integrated with the management systems used by the recipient to regulate and guide its operations.

   c. Objectives. Resources must be used in accordance with applicable Federal, state, and local laws, regulations, and policies and the cooperative agreement, grant agreement, or other agreement. Resources must be safeguarded against waste, loss, and misuse. Reliable data on resource use and safeguards must be accumulated, maintained, and fairly disclosed in reports to the recipient's management and FTA. A proper system of internal controls will help the recipient to:

      (1) Operate efficiently and economically,

(2) Keep obligations and costs within the limits of authorizations and legal requirements, consistent with accomplishing the purpose of the project,

(3) Safeguard assets against waste, loss, and misuse,

(4) Ensure timely collection and proper accounting of the recipient's operating and other revenues, and

(5) Ensure accuracy and reliability in financial, statistical, and other reports.

d. Necessary Elements. Certain elements are necessary to achieve the objectives mentioned above in subsection 2.c of this chapter of the circular and meet the standards discussed below in subsection 2.e. The following objectives and standards facilitate the recipient's use of internal controls:

(1) Reasonable assurance that internal controls are an integral part of the recipient's management systems,

(2) A positive and supportive attitude among recipient managers and employees,

(3) Assignment of internal control functions to competent and experienced employees,

(4) Identification of specific internal control objectives to assure that needs are identified and that valid controls are planned and implemented,

(5) Adoption of internal control policies, plans, and procedures that reasonably assure their effectiveness, such as organizational separation of duties and physical arrangements such as locks and fire alarms, and

(6) A regular program of testing to identify vulnerabilities in the internal control system.

e. Standards of Internal Control and Audit Resolutions.

(1) General.

(a) Recipient management policies that govern project implementation must be clearly stated, understood throughout the organization, and conformed to applicable legislative and administrative requirements.

(b) The recipient's formal organization structure must clearly define, assign, and delegate appropriate authority for all duties.

(c) Responsibility for duties and functions must be segregated within the organization to assure that adequate internal checks and balances exist. Recipients should pay particular attention to authorization, performance, recording, inventory control, and review functions to reduce the opportunity for unauthorized or fraudulent acts.

(d) A system of organizational planning should exist to determine financial, property, and personnel resource needs.

(e) Written operating procedures should be simply stated, yet meet the recipient's operating, legal, and regulatory requirements. In developing its procedures, the recipient should consider such factors as feasibility, cost, risk of loss or error, and availability of suitable personnel. Other important considerations are the prevention of illegal or unauthorized transactions or acts.

(f) The recipient's information system must reliably provide needed operating and financial data for decision making and performance review.

(g) The recipient must provide proper supervision, and performance must be subject to review of an effective internal audit program.

(h) All personnel must be properly qualified for their assigned responsibilities, duties, and functions. Education, training, experience, competence, and integrity should be considered in assigning work. All must be held fully accountable for the proper discharge of their assignments.

(i) Expenditures must be controlled so that construction, equipment, goods, and services are acquired and received as contracted for (as to quality, quantity, prices, and time of delivery). Authorizations for expenditures must conform to applicable laws, regulations, and policies.

(j) All real property, equipment, expendables, and Federal assistance must be safeguarded to prevent misuse, misappropriation, waste, or unwarranted deterioration or destruction.

(2) Internal Control Self-Assessment. Recipients should evaluate their internal control and financial management systems to ensure they are effective. To assist with the evaluation, FTA developed an example of an internal control self-assessment form. While designed for public transportation agencies, most of the principles apply to other types of organizations that may also find it useful. The optional form is designed to provide management staff with the information necessary to evaluate their internal control and financial management system. The form is based on the criteria for effective internal control as set forth in Internal Control—Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Committee (the COSO Report), as well as the criteria for effective financial management systems established by FTA, based on the Common Grant Rules, 49 CFR part 1201 or former 49 CFR parts 18. Recipients may access the internal control self-assessment form at the following website: http://www.fta.dot.gov/documents/FTA_Internal_Control_Self-Assessment_Tool.pdf.

(3) Financial Management Systems.

(a) States. A state must expend and account for Federal assistance for its projects in accordance with state laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the state, as well as its subrecipients and cost-type third-party contractors, must be sufficient to:

1 Permit preparation of reports required by the Common Rule, 49 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable, and the laws authorizing the Federal assistance, and

2 Permit the tracing of funds to a level of expenditures adequate to establish that such Federal assistance has not been used in violation of the restrictions and prohibitions of applicable laws.

(b) Entities Other than a State. The financial management systems of other recipients and subrecipients must meet the following standards:

1 Financial Reporting. Accurate, current, and complete disclosure of the financial results of federally assisted activities must be made in accordance with financial reporting.

2 Accounting Records. Recipients and subrecipients must maintain records that adequately identify the source and application of Federal assistance provided for federally assisted activities. These records must contain information pertaining to recipient or subrecipient awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

3 Internal Control. Effective control and accountability must be maintained for all cash, real and personal property, and other assets within the recipients' and subrecipients' projects. Recipients and subrecipients must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

4 Budget Control. Actual expenditure or outlays must be compared with budgeted amounts for each recipient or subrecipient project. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the cooperative agreement, grant agreement, other agreement, or subagreement. If the unit cost data are required, estimates based on available documentation will be accepted whenever possible.

5 Allowable Cost. Applicable Office of Management and Budget (OMB) cost principles, as stated in 2 CFR part 1201 or former 2 CFR part 220, 225, or 230, and Federal Acquisition Regulation (FAR) subpart 31.2, agency program regulations, and the terms of the underlying cooperative

agreement, grant agreement, other agreement, or subagreement determine allowability and allocability of costs.

6 Source Documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, and third-party contract and subagreement award documents.

7 Cash Management. Procedures for minimizing the time elapsing between the transfer of Federal assistance from the Department of the Treasury (Treasury) and disbursement by recipients and subrecipients must be followed whenever advance payment procedures are used. Recipients must establish reasonable procedures to ensure that the reports on subrecipients' cash balances and cash disbursements are received in sufficient time to enable them to prepare complete and accurate cash transactions reports to FTA. When advances are made by electronic transfer of funds methods, the recipient must make drawdowns as close as possible to the time of making disbursements. Recipients must monitor cash drawdowns by their subrecipients to ensure that those drawdowns conform substantially to the same standards of timing and amount that apply to advances to the recipients. Payments received from FTA must be disbursed within three business days. If not disbursed within three days, that Federal assistance becomes excess and must be returned to FTA with interest.

3. LOCAL SHARE. The recipient agrees to provide sufficient funds or approved in-kind resources to serve as local share for all federally assisted projects in compliance with 49 U.S.C. chapter 53. The recipient certifies that it has or will have available the proportionate amount of non-Federal share promptly as project costs are incurred or become due, except to the extent that the Federal Government determines in writing that the non-Federal share may be deferred. The recipient may not use an amount as matching share for more than one Federal or federally assisted project.

4. GENERAL PRINCIPLES FOR DETERMINING ALLOWABLE COSTS.

a. General. Recipients must follow the guidelines contained in the applicable Federal cost principles requirements in determining whether project costs are allowable or unallowable.

OMB Guidance for Grants and Agreements, "Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87)," 2 CFR part 225,

(b) Former OMB Guidance for Grants and Agreements, "Cost Principles for Educational Institutions (OMB Circular A-21)," 2 CFR part 220,

(c) Former OMB Guidance for Grants and Agreements, "Cost Principles for Non-Profit Organizations (OMB Circular A-122)," 2 CFR part 230, and

(d) FAR, at 48 CFR Chapter 1, subpart 31.2, "Contracts with Commercial Organizations," covers for-profit organizations.

Subrecipients must follow the cost principles applicable to them, which are not necessarily the same as the costs principles that apply to the recipient.

Project costs must specifically relate to the purpose of the cooperative agreement, grant agreement, or other agreement and the latest approved project budget. Recipients may incur costs of both a direct and indirect nature. Direct costs are costs that can be identified specifically with a particular cost objective. These costs may be charged directly to the federally assisted project, third-party contracts, or to other programs against which costs are finally lodged. All direct costs, even for project administration activities, must be adequately supported with proper documentation. For example, all labor charges must be supported with time and attendance (T&A) records. Indirect costs must be supported by an approved CAP and/or indirect cost proposal.

Care must be exercised when incurring costs to ensure that all expenditures meet the criteria of eligible costs. Failure to exercise proper discretion may result in expenditures for which use of project Federal assistance cannot be authorized.

b. Allowable Costs. The criteria that govern the eligibility of project costs are listed below in paragraphs (1) – (11). To be allowable under a Federal assistance program, costs must meet the following general criteria:

(1) Be allocable to the award under the provisions of the applicable cost principles,

(2) Be necessary and reasonable for proper and efficient administration of the Federal assistance program, be allowable under Federal cost principles and, except as specifically provided in this circular, not be general expenses required to carry out the overall responsibilities of a state or local government or other entity that is the recipient,

(3) Be authorized or not prohibited under state or local laws or regulations,

(4) Be able to conform to any limitation or exclusions set forth in the Federal cost principles, Federal laws, or other governing limitations as to types or amounts of cost items,

(5) Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the unit of government or other entity of which the recipient is a part,

(6) Be treated consistently. A cost may not be assigned to a federally assisted project as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federally assisted project as an indirect cost,

(7) Be determined in accordance with generally accepted accounting principles (GAAP) appropriate to the circumstances,

(8) Not be allocable to or included as a cost of any other federally financed program in either current or prior periods,

(9) Be net of all applicable credit,;

(10) Be adequately documented, and

(11) Not be incurred prior to the Federal assistance award unless specifically provided for in a letter of no prejudice (LONP) or equivalent document approved by FTA, or in the preaward authority as described in the *Federal Register* listing of the FTA annual apportionments.

c. Disallowed Costs. In determining the amount of Federal assistance FTA will provide, FTA will exclude:

(1) Any project costs incurred by the recipient prior to the date of either the FTA's award of Federal assistance through a grant agreement, cooperative agreement, or other agreement or approved project budget (whichever is earlier), unless specifically provided for in a LONP or equivalent document approved by FTA, or in the preaward authority as described in the *Federal Register* listing of the annual apportionments; and

(2) Any costs attributable to goods or services received under a third-party contract or other arrangement that is required to be, but has not been, concurred or approved in writing by FTA.

The recipient agrees that reimbursement of any cost in accordance with customary payment methods for an approved cooperative agreement, grant agreement, or other agreement does not constitute a final FTA decision about the allowability of that cost and does not constitute a waiver of any violation by the recipient of the terms of the approved cooperative agreement, grant agreement, or other agreement. If the Federal Government determines that the recipient is not entitled to receive any part of the Federal assistance requested, the Federal Government will notify the recipient stating the reasons. Project closeout will not alter the recipient's obligation to return any Federal assistance due to FTA as a result of later refunds, corrections, or other transactions, or will project closeout alter FTA's right to disallow costs and recover Federal assistance on the basis of a later audit or other review. Unless prohibited by law, FTA may offset any Federal assistance to be made available under a cooperative agreement, grant agreement, or other agreement necessary to satisfy any outstanding monetary claims that FTA may have against the recipient. Exceptions pertaining to disallowed costs are set forth in FTA directives or in other written Federal guidance.

5. INDIRECT COSTS.

a. General. The applicable OMB cost principles circular as stated in 2 CFR parts 220, 225, and 230, and FAR subpart 31.2 define the allowability of indirect costs and establish procedures for developing approved indirect cost rates. In addition, CAPs are required for state and local governments subject to 2 CFR part 225. CAPs and/or indirect cost proposals must be approved by FTA or another cognizant Federal agency.

b. Definitions. Indirect costs are costs that are:

(1) Incurred for a common or joint purpose benefitting more than one cost objective,

(2) Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved, and

(3) Originating in the recipient department that is carrying out the project, as well as those incurred by other departments in supplying goods, services, and facilities to the recipient department.

Examples of indirect costs are administrative or operational expenses of unit heads and their immediate staff. Principles and standards for determining costs applicable to cooperative agreements, grant agreements, or other agreements, and direct procurement contracts with recipients are presented in the applicable cost principles circular.

c. Cognizant Federal Agency. Cognizance is generally assigned to the Federal agency that provides the predominant amount of Federal funding or Federal assistance involvement with a recipient organization within a given state or locality. (OMB has assigned cognizant audit agencies for state and local governments. See *Federal Register* 51 FR 552, January 6, 1986.) For educational institutions, cost negotiation cognizance is generally assigned to either the Department of Health and Human Services (DHHS) or the Department of Defense's (DOD) Office of Naval Research. For those cases where a recipient is not assigned a cognizant agency, the recipient will be under the general oversight of the Federal agency that provides it the most Federal funds or Federal assistance; which will also be identified as the "lead" Federal agency.

d. Types of Plans. There are two types of cost plans.

(1) Applicable to all recipients charging indirect costs is the indirect cost proposal, which is a financial document that is updated annually at the operating agency level, and which distributes the administrative support and/or overhead costs of that agency to the programs (and the projects) that benefit from them.

(a) A nonprofit organization that has not previously established an indirect cost rate with a Federal agency must submit its initial indirect cost proposal immediately after the organization is advised that an award will be made, or not later than three months after the effective date of the award.

(b) DHHS maintains a website on cost allocation for all the categories of recipients, with samples of indirect cost proposals, at http://rates.psc.gov.

(2) The second type of plan covers a CAP that distributes the costs of a state or local government's executive and central level support functions to those operating organizations (usually at a lower tier level) within the government that benefit from them. These documents are also referred to as a statewide or local-wide CAPs (SWCAPs/LWCAPs). All SWCAPs must be submitted annually to DHHS for approval. DHHS is the cognizant agency for all states. Similarly, the LWCAPs of designated major cities and counties must also be submitted annually to DHHS or to another Federal cognizant agency. The costs approved under these plans may, at the option of the state or local government, be incorporated in the indirect cost proposals of a recipient agency within the government.

6. PROGRAM INCOME.

a. General. FTA's program income policy for state governments, local governments, and Indian tribes are in the Common Rules, 49 CFR part 1201 or former 49 CFR part 18, as applicable. Although similar, the program income requirements for institutes of higher education, hospitals, nonprofits, and for-profits only are in 49 CFR part 1201 or former 49 CFR part 19, as applicable. Recipients are encouraged to earn income to defray program costs. Program income means:

(1) Gross income received by the recipient or subrecipient directly produced by a project supported activity, or

(2) Earned only as a result of the cooperative agreement, grant agreement, or other agreement during the project period (the time between the effective date of the project and the ending date of the project reflected in the final financial report).

b. Sources. Program income includes income:

(1) From fees for services performed,

(2) From the use or rental of real or personal property acquired with Federal assistance,

(3) From the sale of commodities or items fabricated under a federally assisted project, and

(4) From payments of principal and interest on loans made with Federal assistance for the project.

Except as otherwise provided in FTA or U.S. DOT regulations, program income does not include interest on Federal assistance, rebates, credits, discounts, refunds, and so forth, or interest earned on any of them.

c. Cost of Producing Program Income. If authorized by Federal regulations or the cooperative agreement, grant agreement, or other agreement, costs incident to the

production of program income may be deducted from gross income to determine program income.

d. Governmental Revenues. Taxes, special assessments, levies, fines, and other similar revenues produced by a recipient or subrecipient are not program income unless the revenues are specifically identified in the cooperative agreement, grant agreement, other agreement, or Federal agency regulations as program income.

e. Property. Proceeds from the sale of real property or equipment will be administered in accordance with the requirements of 49 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable.

f. Use of Program Income.

(1) States and Local Governments. FTA allows states and local governments to keep program income and use it for allowable activities in 49 U.S.C. chapter 53; that is, for capital, planning, or operating expenses. Unless permitted under Federal law or regulations, program income may not be used to reduce the local share of the project from which it was earned, but may be used in future cooperative agreements, grant agreements, or other agreements. If recipients choose not to use program income for public transportation purposes, then the program income must be deducted from total allowable costs to determine the net allowable costs unless otherwise specified in the terms and conditions of the agreement.

(2) All Other Recipients. Program income must be deducted from total allowable costs to determine the net allowable costs unless otherwise specified in the terms and conditions of the cooperative agreement, grant agreement, or other agreement.

(a) Research Exception. For research projects (see "Research and Development" definition), program income must be added to the funds committed to the project and used to further eligible project or program objectives, unless otherwise specified in the terms and conditions of the agreement.

g. Income after the Project Period. Unless the terms and conditions of the cooperative agreement, grant agreement, or other agreement provide otherwise, recipients have no obligation to the Federal Government regarding program income earned after the end of the project period.

7. ANNUAL AUDIT.

a. General. The Single Audit Act requirements of 2 CFR part 1201 and the most recent version of the OMB "Compliance Supplement," provide the requirements for annual audits of Federal assistance recipients. The OMB Compliance Supplement is available on the OMB website at http://www.whitehouse.gov/omb/circulars_default/.

b. Requirement. Recipients that expend $750,000 or more in a year in Federal funds from all sources must have a single audit conducted, except when they elect to have a program-specific audit conducted.

While the single audit provisions of 2 CFR part 1201 is directed only to states, local governments, and nonprofit organizations, FTA may also require for-profit organizations that receive Federal funds to undertake an audit in conformance with 2 CFR part 1201 audit requirements.

FTA recipients are required to obtain the services of an independent auditor to conduct a single audit each year in conformance with2 CFR part 1201, except if a state constitution or law provides for a single biennial audit.

Recipients are required to submit to the FTA administering office one copy of their annual single audit report to FTA if the audit report contains any findings and recommendations related to the FTA program or another U.S. DOT program or, in those cases in which the audit report does not contain any FTA findings or recommendations, a copy of only the Federal clearinghouse transmittal sheet, "Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations, OMB Form SF-SAC."

Recipients must keep one copy of the data collection form and one copy of the audit reporting package on file for three years from the date of submission to the Federal clearinghouse. Pass-through entities must keep their subrecipients' submissions on file for three years from date of receipt.

c. Purpose. The purpose of the single annual audit report is to determine whether the recipient:

(1) Prepared financial statements that fairly present its financial position and the results of its financial position and the results of its financial operations in accordance with GAAP,

(2) Has in place internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations, and

(3) Has complied with laws and regulations that may have material effect on its financial statements and on each of its major Federal assistance programs.

The annual single audit is to be performed by an independent auditor who is required to determine and report on whether the recipient has internal control systems that reasonably assure it is managing its Federal assistance programs in compliance with applicable laws and regulations.

Recipients are required to determine whether certain subrecipients have spent Federal assistance funds they received in accordance with applicable laws and regulations.

Audit judgment concerning the recipient's determination is left to the independent auditor.

d. Resolution of Audit Findings. Recipients and subrecipients are responsible for the prompt resolution of all audit findings and recommendations. This responsibility requires that the recipient:

(1) Promptly evaluate the report,

(2) Determine the appropriate follow-up actions and establish a date for their completion, and

(3) Complete all required actions within the established period of time.

The recipient must resolve deficiencies or opportunities for improvement identified in an audit. The resolution of audits begins with FTA's report to the recipient and continues until the recipient corrects identified deficiencies, implements needed improvements, or demonstrates that the findings or recommendations are not valid or do not warrant management action.

The audit is not resolved until FTA concurs in the documentation of steps taken to implement any needed corrective actions. The recipient should monitor and report on the status of outstanding audit findings and recommendations in its quarterly progress reports and, where appropriate, report separately on significant events.

8. PAYMENT PROCEDURES.

a. General. Provisions in 2 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable, and 31 CFR part 205 govern payments to recipients for financing operations under a federally assisted project and other programs. These regulations require that payment to a recipient be limited to the minimum amounts needed and timed so as to be in accord only with the actual, immediate cash requirements of the recipient in carrying out the approved project.

Before a potential recipient requests FTA assistance, it should verify with the FTA Project Manager that Federal assistance is available for the project in FTA's electronic award and management system . FTA assistance should not be requested in amounts greater than the "available funds" reported in FTA's electronic award and management system.

b. Payment Basis. FTA makes all payments on a progress or milestone completion basis.

(1) Progress payments. FTA may make payments based on costs incurred or expected over the requested period in the near future.

(2) Milestone completion payments. To ensure that the recipient is making adequate progress toward project completion, FTA may require milestone completion

payments. A schedule of project milestones is established, with estimated costs, upon completion of which FTA will make payment. The milestone costs should be considered estimates, not fixed costs, and FTA can only make payment for actual and allowable costs incurred for completion of that milestone.

c. Payment Methods. FTA makes all payments for research-type projects through the Treasury's automated clearinghouse (ACH) method of payment, regardless of the dollar amount involved. ACH electronically sends payment to a payee's bank for deposit to the payee's bank account.

In accordance with the U.S. DOT guidelines, recipients of cooperative agreements must register and request Federal assistance using the Delphi eInvoicing system to aid the FTA approving official in authorizing reimbursement to the recipient. All supporting documentation needed to support payment is required to be scanned within the eInvoicing system to aid the FTA approving official in authorizing reimbursement to the recipient. The Standard Form 270 (SF-270), "Request for Advance or Reimbursement," invoice is a component of this system and is required to be completed when requesting Federal assistance. Instructions for completing the SF-270 can be found in Appendix C of this circular. Recipients issued cooperative agreements **CANNOT** use the Electronic Clearing House Operation (ECHO-Web) system to drawdown Federal assistance for projects covered by this circular.

d. Excessive or Premature Withdrawals.

(1) General. For excess payments made by the Federal Government to the recipient that do not qualify as a "claim" for purposes of the Debt Collection Act of 1982, as amended, 31 U.S.C. 3701 *et seq*., the recipient agrees that the amount of interest owed to the Federal Government depends on whether the recipient is a state or state instrumentality.

(a) A recipient that is a state or state instrumentality agrees that interest owed to the Federal Government will be determined in accordance with Treasury regulations, "Rules and Procedures for Efficient Federal State Funds Transfers," 31 CFR part 205 that implements section 5(b) of the Cash Management Improvement Act of 1990, as amended, 31 U.S.C. 6503(b).

(b) A recipient that is neither a state nor a state instrumentality agrees that common law interest owed to the Federal Government will be determined in accordance with joint Treasury/DOJ regulations, "Standards for the Administrative Collection of Claims," 31 CFR 901.9(i).

(2) Exceptions. The only exceptions to the requirement for prompt refunding are when the Federal assistance involved:

(a) Will be disbursed by the recipient within seven calendar days, or

(b) Is less than $10,000 and will be disbursed within thirty calendar days.

These exceptions to the requirement for prompt refunding should not be construed as approval for a recipient to maintain excessive Federal assistance. They are applicable only to excessive amounts of Federal assistance that is erroneously drawn.

(3) Return of Federal Assistance. The return of Federal assistance is accomplished as follows:

(a) FTA requests recipients to electronically remit the excessive cash and any interest to FTA using the Treasury's Pay.gov financial collection system (https://www.Pay.Gov).

(b) Although refunds in the form of paper checks are discouraged, recipients may mail refund checks to DOT/FAA (FTAAccount) in Oklahoma City. If a paper check is used to refund the premature withdrawal of Federal assistance or any interest payments, the amount of each must be separately identified and accompanied by a letter explaining the purpose of the check(s) and identifying the project number. A copy of the check and the letter should be sent to the recipient's administering office. Additional information pertaining to the mailing of checks is located below in subsection 8.f of this chapter of this circular.

e. Repayment to FTA. Recipient returning Federal assistance must notify FTA program managers of plans to repay FTA. The following are possible reasons for repayments to FTA:

(1) Insufficient funds eligible for use as local share to match Federal payments,

(2) The sale of project equipment,

(3) Excessive Federal assistance in the project account, or

(4) Duplicate payment.

f. Repayment Procedure. Required repayments must be made promptly to FTA. Recipients can submit repayments to FTA through the following method:

Option 1 (Preferred Method)

Plastic Card or Automatic Clearing House Payment (ACH Direct Debit)

Go to Treasury's website, https://pay.gov.

Under Find Public Forms, Click on **"Search by Agency Name"**

Click on the Letter "**F**" for Federal Transit Administration
Click on the Name: **Federal Transit Administration**

Select the appropriate Payment Form Name: **FOIA Fee**, **Grantee Refunds/Over Payments**, **or Vendor/Employees**

Provide the requested information and submit. Note: If making an ACH payment from your bank account, please select ACH Direct Debit as the payment type.

Option 2:

Mail Check payment to the following address for Paper Check Conversion (PCC) processing:

Regular Mail	**Overnight Mail**
DOT/FAA (**FTA Account**) ESC, AMZ-300 PO BOX 269041 OKLAHOMA CITY, OK 73125	DOT/FAA (**FTA Account**) ESC, AMZ-300 6500 S. MACARTHUR BLVD HQS BLDG RM 181 OKLAHOMA CITY, OK 73169 Attn: Rhonda Manuel (405-954-8195)

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h. Requirement to Remit Interest. Under FTA's Master Agreement, recipients must remit any interest earned on excess Federal assistance drawn down but not spent for eligible project activities or held in excess of three calendar days. Payments of interest must be made by using the Pay.gov financial collection system.

Unless waived by FTA, interest will be calculated at rates imposed by the Treasury (http://fms.treas.gov/) beginning on the fourth day after the Federal assistance was deposited in the recipient's bank or other financial depository. Upon notice by FTA to the recipient of specific amounts due, the recipient must promptly remit to FTA any excess Federal assistance payments, including any interest due.

i. Deobligation of Federal Assistance . FTA reserves the right to deobligate unspent Federal assistance prior to project closeout.

j. Right of FTA to Terminate. The recipient agrees that, upon written notice, FTA may suspend or terminate all or part of the Federal assistance provided herein if the recipient is, or has been, in violation of the terms of its cooperative agreement, grant agreement, or other agreement, or if FTA determines that the purposes of the law under which the project is authorized would not be adequately served by continuation of Federal assistance for the project. Any failure to make reasonable progress or other violation of the agreement that significantly endangers substantial performance of the project must be deemed to be a breach of the agreement.

In general, termination of any Federal assistance under the agreement will not invalidate obligations properly incurred by the recipient and concurred in by FTA before the termination date, to the extent those obligations cannot be canceled. However, if FTA determines that the recipient willfully misused FTA assistance by failing to make adequate progress; by failing to make reasonable use of the project real

property, facilities, or equipment; or failing to honor the terms of the approved grant, FTA reserves the right to require the recipient to refund the entire amount of Federal assistance provided herein or any lesser amount as may be determined by FTA.

Expiration of any project time period established for this project does not by itself constitute an expiration or termination of the agreement.

Neither the receipt by the recipient of any Federal agreement for the project nor the closeout of Federal financial participation in the project must constitute a waiver of any claim that FTA may otherwise have arising out of the agreement.

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CHAPTER VI

FTA OVERSIGHT

1. GENERAL. The Federal Transit Administration (FTA) may evaluate recipient adherence to program and administrative requirements through a comprehensive oversight program. FTA's Master Agreement, which is incorporated by reference and made part of the cooperative agreement, grant agreement, or other agreement, specifies these requirements. FTA may determine compliance through self-certification, oversight review, audits, and site visits. On an annual basis, FTA may complete an individual recipient oversight assessment questionnaire, which serves as baseline information for each recipient's capacity to comply with Federal requirements and determines the risk the recipient's program may represent for the Federal program. Based on this information, FTA makes decisions about which recipients will receive oversight reviews during the coming year. Administering office staff use the information to develop oversight plans and to allocate oversight resources for the upcoming fiscal year , which may include oversight reviews, meetings, and/or site visits.

   FTA may conduct on-site inspections of projects to evaluate the recipient's effectiveness in implementing the project in conformance with the cooperative agreement, grant agreement, or other agreement. Inspection visits may be made, for example, to follow-up on information received from the recipient about an event with significant impact on a project or to determine whether the recipient has adequately complied with civil rights laws, regulations, and agreements. Inspection and concurrence by FTA in project work does not relieve the recipient of its responsibilities and liabilities as the responsible party for carrying out the project.

2. PROGRAM SPECIFIC REVIEWS.

   a. Financial Management Oversight. Under the Financial Management Oversight (FMO) program, FTA conducts several types of reviews:

      (1) Full Scope Financial Management System Review. The full scope financial management system review requires FMO contractors to conduct a series of interviews, full transaction reviews, and appropriate substantive tests. The contractors determine that the recipient's financial management system meets the requirements of the applicable Common Rule, 2 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable. The contractors then express an objective, external, independent professional opinion to FTA, in accordance with established public accounting standards, on the effectiveness of the recipient's internal control environment. The seven standards for financial management systems are: financial reporting, accounting records, internal control, budget control, allowable costs, source documentation, and cash management. An average FMO review takes three to four weeks, conducted at the recipient's site.

(2) Follow-up Reviews. Follow-up reviews are performed primarily to ensure those recommendations resulting from full scope reviews are implemented and working properly. If performed, these reviews will occur between twelve and eighteen month after the full scope review.

(3) Indirect Cost Allocation Plan Review. Indirect CAP reviews are performed on CAPs submitted to the FTA for approval as the cognizant agency. The purpose of this review is to determine whether the methodology for allocating indirect cost to a Federal or federally assisted project is calculated in a manner consistent with the applicable OMB circular.

(4) Special Assignment (Agreed Upon Procedures). Agreed upon procedures are performed primarily to carry out special assignments deemed necessary as part of the FMO program. As an example, FTA may require a review that involves the development of procedures with the contractor in order to meet FTA engagement objectives. While there can be varying engagements that may employ agreed upon procedures, in most cases, FTA is concerned about whether FTA assistance were spent according to the guidelines of the cooperative agreement, grant agreement, or other agreement, and in accordance with the applicable cost principles. These reviews are conducted on a case-by-case basis and are directly related to the recipient's financial management issues.

b. Procurement Reviews. FTA may conduct a procurement system review to ensure that the requirements and standards of the Common Rules on administrative requirements for federally assisted projects, 2 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable, and the most recent version of FTA Circular 4220.1, as they specifically apply to procurements, are met. These reviews are conducted on-site and involve review of previous typical procurements as well as documentation of policies, processes and controls. For grantees or recipients that receive Federal assistance for capital, planning, and/or operations, this type of review can be accomplished under FTA's oversight program.

c. Civil Rights Reviews. Recipients and subrecipients of Federal assistance must comply with civil rights. FTA's Master Agreement specifies that compliance is required and sets forth the terms and conditions governing the administration of a public transportation project or other projects supported with FTA financial assistance. FTA recipients should be aware, however, that they may be subject to civil rights requirements established and enforced by other Federal agencies that may not recognize the FTA Master Agreement as dispositive of their responsibilities and that some responsibilities exist independent of FTA or other Federal funding. FTA retains the right to review recipient compliance status at any time during the life of the project. FTA's civil rights reviews include Title VI, Disadvantaged Business Enterprise (DBE), Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) requirements.

3. PROJECT LEVEL REVIEWS.

a. Specialized Oversight Strategies. From time to time, FTA has determined that a recipient presents the need for additional specialized oversight. In a few cases, FTA has designated a recipient or its project as a high-risk recipient under 2 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable. In these cases, FTA may impose specific requirements as a condition of receiving FTA assistance. These conditions are usually the result of specialized review provided by one or more or a combination of FTA contractors.

b. Quarterly Project Management Meetings. Quarterly project management meetings may be instituted with selected recipients. These meetings provide a forum for management briefings, status/progress reports, discussion of accomplishments and problems, and, as appropriate, an opportunity for site inspection. The quarterly meetings do not replace quarterly written reports.

c. Other Project Management Meetings. Other project management meetings may be instituted with specific recipients at other time intervals at the discretion of the FTA administering office. These meetings provide a forum for management briefings, status/progress reports, discussion of accomplishments and problems, and, as appropriate, an opportunity for site inspection. The meetings do not replace quarterly written reports.

d. Site Visits. FTA may conduct on-site inspections of projects to evaluate the recipient's effectiveness in implementing the project in conformance with the cooperative agreement, grant agreement, or other agreement. Inspection visits may be made, for example, to follow-up on information received from the recipient about an event with significant impact on a project or to determine whether the recipient has adequately complied with civil rights laws, regulations, and agreements. Inspection and concurrence by FTA in project work does not relieve the recipient of its responsibilities and liabilities as the responsible party for carrying out the project.

e. Peer Reviews. FTA may request recipients to participate in peer reviews with other recipients or industry experts to define objectives for projects and to evaluate technical progress. In the case that FTA intends to distribute information prepared by a recipient that is influential or highly influential scientific research as defined by OMB's "Final Information Quality Bulletin for Peer Review," dated December 16, 2004, FTA will follow procedures for peer review outlined in that bulletin.

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APPENDIX A

INSTRUCTIONS FOR COMPLETING FEDERAL FINANCIAL REPORT (FFR)

The FFR screen in FTA's electronic award and management system consists of three tabs: Summary, Financial Status and Remarks, and Certification.

(1) The Summary Tab:

(a) *Employer Identification Number (EIN)* – Enter the EIN. The EIN is also known as a Federal tax identification number.

(b) *Work in Progress/Submit Report* – Select "Work in Progress" or "Submit Report." Select "Work in Progress" to prepare the report. Once the report is complete and ready for submission, select "Submit Report."

(c) *Report Type* – Select whether the report is quarterly, monthly, annually, or other.

(d) *Period* – Enter the reporting period from the drop-down menu.

(e) *Final Report?* – Enter whether or not the report is final. In the drop-down menu select, "Yes, Final Report" or "No, Not Final Report." The report will be final if all the activities in the grant are completed, the Federal assistance is drawn down, there are no unliquidated obligations, and the milestones are closed. Once the final report is submitted, the grant or cooperative agreement is ready for closeout. Please notify your regional program manager.

(f) *Indirect Expense* – If a recipient is charging indirect costs to the project, complete this section. Enter total amount of indirect expenses incurred on a cumulative basis. Please note that a recipient must have an approved CAP in order to incur these expenses,

1 Type – Enter indirect expense type from the drop-down menu,
2 Rate – Rate approved by the cognizant agency,
3 Base – Total base amount from which the indirect cost rate is determined,
4 Period from / Period to – The period covered by the approved rate,
5 Amount Charged – Total amount of indirect expenses charged to the project on a cumulative basis, or
6 Federal Share – Federal share of the indirect expenses charged.

(2) The Financial Status Tab – The information in this section is compiled on a cumulative basis, except for the three expenditures lines (lines F, G, and H).

(a) *Line A - Federal Cash on Hand* at beginning of period – Any cash on hand at the beginning of the project. In most instances, this line will be zero.

(b) *Line B - Federal Cash Receipts* –The cumulative amount of actual cash received from FTA for this project as of the reporting period end date. Report this amount on a cash basis.

(c) *Line C - Federal Cash Disbursements* – The cumulative amount of Federal assistance disbursed as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the project, and the amount of payments made to subrecipients and contractors. Report this amount on a cash basis.

(d) *Line D - Federal Cash on Hand at End of Period* – The sum of lines A + B – C, populated by FTA's electronic award and management system. If there is cash on hand at the end of the period, FTA requires an explanation in the remarks or certification tab, explaining why the drawdown was made prematurely or other reasons for the excess cash.

(e) *Line E - Total Federal Assistance Authorized* – The total amount of all Federal assistance in the project including amendments. FTA's electronic award and management system populates this field.

(f) *Line F - Federal Share of Expenditures* – The amount FTA will participate in the total project costs. You can enter this information in either the "This Period" section or the "Cumulative" section, however, do not enter in both sections. Expenditures are the total project costs (less any rebates, refunds, or other credits) incurred on the accrual basis of accounting. Examples of expenditures are: (1) the sum of cash disbursements for direct charges for property and services, (2) the amount of indirect expense incurred, and (3) net increase or decrease in accounts payable or accrued expenses.

(g) *Line G - Recipient Share of Expenditures* – Of the total project costs, enter the amount the recipient will pay of the total project costs. You can enter this information in either the "This Period" section or the "Cumulative" section. However, do not enter in both sections. Enter the recipient share of actual cash disbursements (less any rebates, refunds, or other credits) including payments

to subrecipients and third-party contractors. This amount may include the value of allowable third-party in-kind contributions. Note: On the final report, this line should be equal to the total recipient share required (line N). Report this amount on an accrual basis.

(h) *Line H - Total Expenditures* – The total of all expenditures (total project costs) as of the end of the reporting period. FTA's electronic award and management system populates this field – lines F + G.

(i) *Line I - Federal Share of Unliquidated Obligations* – The Federal portion of unliquidated obligations (binding commitments entered into for goods and services not yet received). On the final report, this line should be zero. Report this amount on an accrual basis. Examples of unliquidated obligations are: (1) signed contracts for purchase of equipment when delivery has not yet occurred, (2) contracts for services not yet rendered, (3) open purchase orders, and (4) contract retention.

(j) *Line J - Recipient Share of Unliquidated Obligations* – The local share of unliquidated obligations.

(k) *Line K - Total Unliquidated Obligations* – The total amount of recipient binding commitments entered into for goods and services not yet received. FTA's electronic award and management system populates this field – lines I + J.

(l) *Line L - Total Federal Share* – The total FTA is expected to contribute to the total project costs. This is the sum of Federal share of expenditures (line F) and Federal share of unliquidated obligations (line I). FTA's electronic award and management system populates this field – lines F + I.

(m) *Line M - Unobligated Balance of Federal Assistance* – The Federal share of the project for which the recipient has not entered into a binding commitment. FTA's electronic award and management system populates this field – lines E to L.

(n) *Line N - Total Recipient Share Required* – The total amount required recipient share for the cooperative agreement, grant agreement, or other agreement including amendments. The required recipient share should include all matching and cost sharing provided by recipients and third-party providers to meet the level required by FTA. FTA's electronic award and management system populates this field.

(o) *Line O - Remaining Recipient Share to be Provided* – The total recipient share required (line N) minus the sum of recipient share of expenditures (line G) and the recipient share of unliquidated obligations (line J). FTA's electronic award and management system populates this field.

(p) *Line P - Program Income on Hand at the Beginning of the Reporting Period* – Any unspent program income on hand at the beginning of the project. In most instances, this line will be zero.

(q) *Line Q - Total Program Income Earned During the Period of Performance* – The amount of program income earned as of the end of the reporting period. Program income is: (1) gross income received by the recipient or subrecipient directly generated by a project supported activity, or (2) earned only as a result of the cooperative agreement, grant agreement, or other agreement during the project period. Examples: income from (1) fees for services performed, (2) fees for the use or rental of real or personal property acquired with project funds, (3) the sale of advertising and concessions, and (4) the sale of commodities or items fabricated under a cooperative agreement, grant agreement, or other agreement. Program income is not: (1) interest on project funds; (2) rebates, credits, discounts, refunds, taxes, special assessments, levies, and fines, *etc*. and interest earned on any of them; or (3) sale of assets. (Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of 49 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable.)

(r) *Line R - Program Income Expended in Accordance with the Deduction Alternative* – The amount of program income that was used to reduce the Federal share of the total project cost. **Only to be used if the recipient does not exercise the provisions of the Common Rule, 2 CFR part 1201 or former49 CFR parts 18 or 19, as applicable.** As a rule of thumb, this field is zero.

(s) *Line S - Program Income Expended in Accordance with the Addition Alternative* – FTA does not allow this method; this field is zero.

(t) *Line T - Program Income Expended on Allowable Transit Capital and Operating Expenses* – The amount of the program income earned that the recipient is allowed to spend on allowable transit capital and operating expenses as provided in the Common Rule, 2 CFR part 1201 or former 49 CFR parts 18 or 19, as applicable.

(u) *Line U - Unexpended Program Income* – FTA's electronic award and management system populates this field.

(3) The remarks and certifications tab:

(a) *Recipient Remarks* – This box is for the recipient to provide comments and provide any explanations or information deemed necessary for the review of the report.

(b) *Certification checkbox* – Before submitting the report, check the certification box. Please note the certification language. The name of FTA's electronic award and management system user and the date is automatically populated.

(c) *FTA Remarks* – This box is for the FTA reviewer to provide comments for both the FFR and MPR. Once FTA completes the review of the data, the reviewer will enter any comments in this box. The reviewer will contact the recipient by email if FTA added comments.

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APPENDIX B

COST ALLOCATION PLANS

1. REQUIREMENTS. Recipients that intend to seek FTA reimbursement for indirect costs must prepare a CAP and/or indirect cost rate proposal. The following are basic requirements for preparing a CAP.

   a. CAPs and indirect cost rate proposals must be updated annually.

   b. The updated plans must be retained and made available for review at the recipient's annual single audit.

   c. Updated CAPs may be used on a provisional basis for the following fiscal year with the provision that year-end adjustments must be made to actual costs.

   d. The initial plan must be approved by FTA or another cognizant Federal agency. For subsequent approvals, please refer below to Section 5 of this Appendix.

   e. Additionally, all costs in the plan must be supported by formal accounting records to substantiate the propriety of eventual charges. The recipient's CAP should cover all applicable costs. It should also cover costs allocated under plans of other agencies or organizational units which are to be included in the costs of other federally sponsored programs. To the extent feasible, CAPs of all agencies rendering assistance to the recipient should be presented in a single document.

2. Content. The CAP should contain, but need not be limited to the following:

   a. Nature and extent of services provided and their relevance to federally sponsored programs;

   b. Items of expense to be included;

   c. Methods to be used in distributing cost; and

   d. Appropriate civil rights data.

3. PURPOSE OF THE CAP. The purpose of the CAP is to guide the recipients' allocation of costs. The plan should ensure:

   a. All activities of local government departments or state agencies have been considered;

   b. Distribution of indirect costs is based on a method(s) reasonably indicative of the amount of services provided,

   c. Services provided are necessary for successful conduct of Federal programs,

d. Level of costs incurred are reasonable,

e. Costs of state or local centralized government services may be charged in conformance with governmentwide cost allocations plans, and

f. Costs claimed are allowable in accordance with the Office of Management and Budget (OMB) Circular A–87, as applicable.

4. DEVELOPMENT OF COST ALLOCATION PLAN. In planning the development of a CAP, recipients should develop a CAP that identifies costs of supporting service units and allocates those costs to benefiting units on an equitable basis. The following is a list of components that should be included in a CAP:

a. An organization chart,

b. Financial statements,

c. Cost allocation methodology,

d. Cost allocation rate proposal,

(1) Identification of costs of each type of service to be claimed,

(2) Determination of the method for allocating each type of service cost to users,

(3) Identification of units rendering/receiving service and associated costs,

(4) Description of services,

(5) Description of allocation base (consistency is important), and

(6) Summary allocation schedule for each service.

e. Proposal reconciliation with financial statements. (**Note:** Allocated costs must be reasonable and traceable to the financial statements),

f. Identification of Federal award direct cost base, and

g. Certification of conformance with U.S. OMB, "Cost Principles for State, Local, and Indian Tribal Governments (U.S. OMB Circular A-87)," 2 CFR part 225. A proposal to establish a CAP or an indirect cost rate proposal will be unacceptable if the certificate of the CAP or certificate of indirect costs is omitted. The certificate must be signed on behalf of the governmental unit by an individual at a level no lower than chief financial officer of the governmental unit that submits the proposal or component covered by the proposal. See also U.S. OMB, "Cost Principles for Educational Institutions (U.S. OMB

Circular A-21)," 2 CFR part 220, and U.S. OMB, "Cost Principles for Nonprofit Organizations (U.S. OMB Circular A-122)," 2 CFR part 230, which apply to project costs incurred by a private nonprofit organization.

5. SUBMISSION OF COST ALLOCATION PLAN/INDIRECT COST RATE PROPOSALS. U.S. OMB "Cost Principles for State, Local, and Indian Tribal Governments" (U.S. OMB Circular A-87) requires that the plan (called a proposal) be submitted to a recipient's Federal cognizant agency for approval. The CAP/indirect cost rate proposal should be submitted to the "cognizant" or "lead" Federal agency when:

   a. The recipient is working on its first assistance project or has not previously had a CAP/indirect cost rate proposal reviewed and accepted,

   b. The recipient has made a change in its accounting system, thereby affecting the previously approved CAP/indirect cost rate proposal and its basis of application,

   c. The recipient's proposed CAP/indirect cost rate proposal exceeds the amounts and rate approved for the previous year(s) by more than 20 percent, or

   d. The recipient changes the CAP/indirect cost rate proposal methodology.

6. PLAN APPROVAL. Most transit agencies are under the cognizance of the U.S. DOT. Whenever the cognizant agency gives prior approval to a government-wide CAP or indirect cost rate proposal, such approval is formalized, distributed to all interested Federal agencies, and applicable to all Federal grants in accordance with U.S. OMB, "Cost Principles for State, Local, and Indian Tribal Governments" (U.S. OMB Circular A-87).

   An approved CAP or indirect cost rate proposal must be updated annually. The update should be retained and made available for review at the time of the recipient's organization-wide audit.

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APPENDIX C

REQUEST FOR ADVANCE OR REIMBURSEMENT (SF–270)

1. GENERAL. The recipient agrees as follows:

   a. New recipients must first provide financial information to enroll in the automated clearinghouse (ACH) system. Assistance will be provided by Federal Aviation Administration's (FAA's) Enterprise Service Center (ESC) and the administering office.

   b. To complete and attach an original Standard Form 270, "Request for Advance or Reimbursement" (see Sample Request for Advance or Reimbursement Form [SF–270] in Appendix C of this circular) with supporting documentation when submitting request for reimbursement via DELPHI Ie-Invoicing System.Upon receipt of the SF-270 payment request and supporting documentation, ESC will disburse payments by ACH deposit for all request approved by the authorized FTA Project Manager in the Delphi e-Invoicing System. INSTRUCTIONS. Instructions for completing an SF-270 are printed on its reverse side (see instructions for completing request for advance or reimbursement form [SF-270] in Appendix C of this circular). In addition, the following instructions should assist recipients in completing this form.

   a. Only the total column on this form should be completed, unless the project involves more than one funding ratio. In such instances, the other columns are also to be used.

      In addition, recipients should round all figures to the nearest dollar; that is, amounts of $0.50 or over would be rounded to the higher dollar. For example: if the other than Federal share is computed to be $2,572.70, the amount reported would be $2,573.

   b. Block #5—All requisitions should be numbered consecutively beginning with #1 as the first requisition. Suggested format should include the fiscal year and sequential number for each individual voucher. For example, the payment request number for the recipient's first voucher submitted in FY 2007 would appear on the SF-270 as follows: 2007–001.

   c. Block #8—The first requisition covers the date the Federal assistance was awarded (unless the project had preaward authority, through the end of the period for which reimbursement is requested). When a requisition requests reimbursement only, the "ending" date will be the same date on which outlays are reported on line 11a of this form. If the reimbursement and/or an advance is being requested, the "ending" date should reflect the period through which the advance is needed.

      All requisition report periods should run consecutively. For example, if a requisition is submitted for the period 1/1/07 to 3/31/07, the next requisition will begin 4/1/07.

d. Block #9—The name of the recipient should be exactly as indicated on the cooperative agreement, grant agreement, or other agreement. Recipients should avoid abbreviation and spell out the entire name of the organization.

e. Block #11—Line A—The "as of" date should be the date for which the recipient has actual costs recorded. This date should be the same as the "to" date, Block #8, unless the recipient is requesting an advance.

Line B—Represents the amount applicable to program income that was required to be used for the project or program by terms of the cooperative agreement, grant agreement, or other agreement.

Line D—Represents the estimated expenditures for the advance period, both FTA share and the local share.

Line F—Local share of line E, depending on the funding ratio of a particular project.

Line G—Federal share of line E, depending on the funding ratio for a particular project.

Line H—Total of previous requisition(s) submitted. This line should not represent actual payment received because the recipient may have submitted a requisition that is in the process of being paid. Requisition #1 on this line should be zero.

Note that the recipient should complete only the "total" column of Block #11, unless the cooperative agreement, grant agreement, or other agreement specified that there is more than one funding source supporting the project. In such cases, separate columns should be utilized for each funding source.

Line I—Federal share now requested represents the total amount of the SF-270 reimbursement that will be forwarded to the recipient.

4. REVIEW OF THE SF-270. Each SF-270 for Federal assistance will be reviewed in light of the periodic milestone progress reports (MPRs) and financial reports required for each project. Changes requiring amendments to the cooperative agreement, grant agreement, or other agreement or prior approval of a budget revision must be approved before Federal assistance for these changes are requisitioned.

Sample Request for Advance or Reimbursement Form (SF–270)

REQUEST FOR ADVANCE OR REIMBURSEMENT

(See instructions on back)

OMB APPROVAL NO. 0348-0004

PAGE ____ OF ____ PAGES

1. TYPE OF PAYMENT REQUESTED — a. "X" one or both boxes: ☐ ADVANCE ☐ REIMBURSEMENT; b. "X" the applicable box: ☐ FINAL ☐ PARTIAL

2. BASIS OF REQUEST: ☐ CASH ☐ ACCRUAL

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST

6. EMPLOYER IDENTIFICATION NUMBER

7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER

8. PERIOD COVERED BY THIS REQUEST — FROM (month, day, year) — TO (month, day, year)

9. RECIPIENT ORGANIZATION

Name:

Number and Street:

City, State and ZIP Code:

10. PAYEE *(Where check is to be sent if different than item 9)*

Name:

Number and Street:

City, State and ZIP Code:

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED

PROGRAMS/FUNCTIONS/ACTIVITIES ►	(a)	(b)	(c)	TOTAL
a. Total program outlays to date *(As of date)*	$	$	$	$ 0.00
b. *Less:* Cumulative program income				0.00
c. Net program outlays *(Line a minus line b)*	0.00	0.00	0.00	0.00
d. Estimated net cash outlays for advance period				0.00
e. Total *(Sum of lines c & d)*	0.00	0.00	0.00	0.00
f. Non-Federal share of amount on line e				0.00
g. Federal share of amount on line e				0.00
h. Federal payments previously requested				0.00
i. Federal share now requested *(Line g minus line h)*	0.00	0.00	0.00	0.00
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances — 1st month				0.00
2nd month				0.00
3rd month				0.00

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY

a. Estimated Federal cash outlays that will be made during period covered by the advance	$
b. *Less:* Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested *(Line a minus line b)*	$ 0.00

AUTHORIZED FOR LOCAL REPRODUCTION *(Continued on Reverse)* STANDARD FORM 270 (Rev. 7-97) Prescribed by OMB Circulars A-102 and A-110

13. CERTIFICATION

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

SIGNATURE OR AUTHORIZED CERTIFYING OFFICIAL

DATE REQUEST SUBMITTED: August 13, 2007

TYPED OR PRINTED NAME AND TITLE

TELEPHONE (AREA CODE, NUMBER, EXTENSION)

This space for agency use

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0004), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

INSTRUCTIONS FOR COMPLETING REQUEST FOR ADVANCE OR REIMBURSEMENT FORM (SF–270)

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

Item	Entry
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.
Note:	The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.
11	The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
11a	Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
13	Complete the certification before submitting this request.

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APPENDIX D

PREPARATION INSTRUCTIONS FOR FTA FINAL REPORTS

1. UNIFORM STYLE AND FORMAT FOR FINAL REPORTS. FTA has adopted a uniform style and format for its final reports for the purpose of fostering ease of information retrieval, technical merit, clarity of writing, quality control, and processing in information systems, as well as for assuring timely delivery and permanent access to these documents. The uniform style distinguishes these documents as FTA products.

2. FTA ROLE. FTA is responsible for final editing and design of final reports resulting from FTA-sponsored research and technical assistance. FTA will produce these final reports in PDF format and will post them on the FTA website at http://www.fta.dot.gov/about/research_reports_and_publications and other locations. FTA will ensure that all final reports are compliant with Section 508 of the Rehabilitation Act of 1973 (described in more detail below).

3. RECIPIENT ROLE. The recipient is responsible for preparing and delivering to FTA in electronic format draft final reports with all required components as described below. After FTA editorial review, the recipient is responsible for responding to FTA requests for additional information, clarification, and editorial changes during final processing of the draft report.

4. LIMITED PRINTING OF HARD COPY DOCUMENTS. To promote efficient spending in the Federal Government, Executive Order 13589 directs agencies to provide written information electronically and limit the publication and printing of hard copy documents. If FTA determines that a report will also be printed, printing is the responsibility of the FTA project manager or the author. The FTA will provide the design and files necessary for printing if requested at the time of final report submission.

5. STYLE, CONTENT, AND FORMAT OF DRAFT FINAL REPORTS.

   a. File Format. Recipients must submit draft final reports electronically in two formats: one file using Word 2007 or later and one file as a PDF.

   b. Orthography. Spelling, definition, and compounding of words should follow Merriam-Webster's Collegiate Dictionary, 11th edition.

   c. Units of Measure. Measurements may appear in both SI (metric) and U.S. customary units, with the measurement unit of the original research followed by the equivalent conversion in parentheses.

   d. Content Components. Reports must include each of the following elements in the following order:

(1) Title Page

(2) Report Documentation Page (Standard Form 298), submitted in a separate Word file, as found at http://www.fta.dot.gov/research/program_requirements

(3) Table of Contents

(4) List of Figures

(5) List of Tables

(6) Foreword (optional)

(7) Acknowledgments

(8) Abstract

(9) Executive Summary

(10) Main body of text, separated into titled sections and subsections as appropriate; numbering should not be used for subsections

(11) Appendices (if needed)

(12) Glossary of Terms (if needed)

(13) References

e. Text Format

(1) Layout: 8.5" × 11", portrait orientation

(2) Margins: 1" on top, bottom, left, and right

(3) Font: Arial, 11 pt

(4) Alignment: Left, one column

(5) Spacing: Single

(6) Paragraph indents: None

(7) Headers/footers: None (other than page numbering)

(8) Headings:

(a) First-level head (bold type, capitalize each word, on separate line)

(b) Second-level subhead (bold italics type, only first word capped, on separate line)

(c) Third-level subhead (italics type, only first word capped, on separate line)

(9) Tables and Figures

Tables and figures should be included within the text and appear immediately after the paragraph in which they first are indicated, when possible. Titling should be as follows:

(a) Tables. Title above table; bold type; capitalize each word; numbering corresponds to section/chapter (5-1, 5-2, *etc.*); no punctuation after number or at end of title

Table D-1 Example of a Table Title

Categories	Values

(b) Figures. Title below figure; bold type; capitalize each word; numbering corresponds to section/chapter (3-1, 3-2, *etc.*); no punctuation after figure number; period at end of title

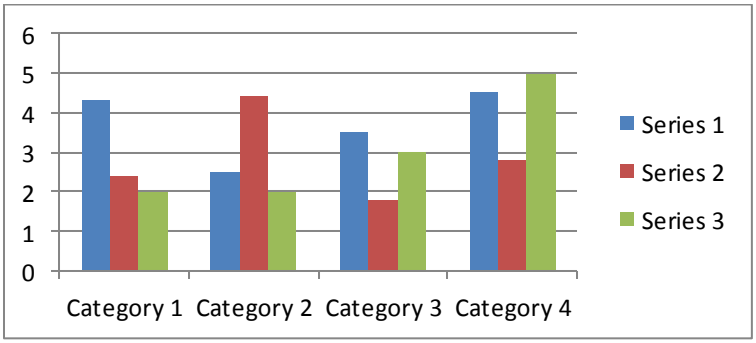

Figure D-1 Example of a Figure Title.

(c) Illustrations, Photographs, and Videos

1 Each chart, figure, photo, illustration, video, and table must have a distinct title.

2 Each image requires Section 508–compliant alternative text.

3 All charts, tables, and graphs must be submitted separately in Microsoft Excel file containing the data points used to create each chart, table, or graph.

4 Illustrations and photographs must be submitted separately in an image file format (TIFF, JPEG, AI, or EPS) and must include all sources and written permissions for use.

5 Images must have at least 72 ppi (pixels per inch), and it is strongly preferred that they be 96 ppi at the size they will be displayed on the page (*i.e.*, if the final display image will be 4" × 6", it needs to be 96 ppi at 4" × 6"). As a general rule, images found on the internet should not be used, as these are typically of lower resolution and quality. For reports that will also be professionally printed, all images MUST have a minimum of 300 ppi at the size the image will be displayed on the page.

6 Illustrations and photographs to be used for the cover page must be representative of the report's content and with no writing on the image. The image must be in color with a resolution of at least 300 ppi, measure 8"W × 6"H, and include all sources and written permissions. Please indicate the correct accreditation for the image.

7 Videos must be submitted separately in a video file format (MPG, MOV, WMV, or AVI) and must include all sources and written permissions for use. A written script of any video(s) must be included for 508 compliance purposes.

(d) References

1 Footnotes should appear at the bottom of the page on which they are cited (not as endnotes).

2 References should be numbered sequentially in order of their appearance in the text, in brackets with an Arabic numeral, *e.g.*, [22]. References should not be denoted with superscripts.

3 References should be listed in sequential order at the end of the document using *The Chicago Manual of Style* format.

4 References should not include personal communications, telephone conversations, or similar material that would not be available to readers electronically or in printed form in a library or from the originating agency. Instead, cite the author's name and "unpublished data" in parentheses (in both text and References at end).

(e) Alternative Text Guidelines. Alternative (alt) text is text associated with an image that serves the same purpose and conveys the same essential information as the image. In situations where the image is not available to the reader (perhaps because they have turned off images in their web browser or are using a screen reader due to a visual impairment), the alternative text ensures no information or functionality is lost. The following guidelines should be used when writing alt text:

1 Alt text should describe all the important information in the image but not every physical detail, only what is important to its meaning and understanding.

2 Alt text should not duplicate information provided in the content of the page or in the caption.

3 Alt text should begin with the figure number and a word that describes the type of image, *e.g.*, "Figure 5-1 is a graph of . . ." or "Figure 2-3 is a photo of. . . ."

4 For a simple or decorative image, such as a logo, provide only a brief description. If more information would be useful to convey the meaning of the image, this should be included. Purely decorative images, which add no meaningful information to a page, such as bullets or page dividers, do not require alt text.

5 Alt text for images that contain detailed information, such as a technical diagram, chart, or graph, must include all relevant data, unless already described in the page text.

6 Images that are linked must include a description of the destination or the purpose of the link.

7 Information that would benefit both sighted viewers and those using screen readers should not be included in alt text but should be included in the image's caption. The alt text and caption should supplement each other, with the alt text written for screen readers and the captions written for all readers.

8 References should use italics, not underlining, where appropriate.

9 Inserting alt text:

a Word 2007: Right-click on the image, select Size. Select "Alt Text" and replace the image file name that automatically appears with appropriate alt text.

b Word 2010: Right-click on the image, select Format Picture. Select "Alt Text," then "Description" and add the appropriate alt text.

f. Report Summary. All reports must be accompanied by a one- to two-page summary of the information contained in the report. In 350 to 800 words, the summary should include the following information:

(1) FTA Report Title

(2) Background: In one to two paragraphs, this section provides information detailing the history of the problem and the rationale for conducting the research or for the content of the report.

(3) Objectives: In one paragraph with bulleted items as needed, this section briefly explains the objectives of the research or content of the report. Specific objectives should be cast under the overall objectives.

(4) Findings and Conclusions: In two to four paragraphs in general and accessible language, this section provides the findings and conclusions of the report and should address the issues raised in the objectives section.

(5) Benefits: In two to three paragraphs, this section discusses the value of the findings in terms such as the following: How will the findings be used? Are they already being used? How will they affect FTA business? What are the safety, economic, or efficiency benefits?

(6) Project Information: The following language should be included in the summary:

This research project was conducted by (name of Principal Investigator) of the (contracting organization). For more information, contact FTA Project Manager (name of FTA Project Manager) at (FTA Project Manager's phone number and email address).

These instructions can be found at http://www.fta.dot.gov/research/program_requirements . Questions regarding report formatting guidelines should be directed to your FTA project manager.

FTA Report Preparation Checklist

Report Title: _____
Project Manager: _____
Final Output: ☐ PDF ONLY ☐ PDF and PRINTED

Required Report Components

- ☐ Title Page
- ☐ Report Documentation Page (in Word)
- ☐ Table of Contents
- ☐ List of Figures
- ☐ List of Tables
- ☐ Acknowledgments/Foreword
- ☐ Abstract
- ☐ Executive Summary
- ☐ Main Body
- ☐ Appendices (if needed)
- ☐ Glossary (if needed)
- ☐ References

Illustrations & Photos

- ☐ 508-compliant alternative text for all illustrations and photos provided in separate Word file
- ☐ Illustrations/photos submitted separately in image file format (TIFF, JPEG, AI, EPS) with sources (and credits for photos, if appropriate)
- ☐ All images 72 ppi or higher (300 ppi or higher if report will be professionally printed)
- ☐ Videos submitted separately, with sources and written permissions
- ☐ Written script of video
- ☐ Cover image at least 8" × 6" at 300 ppi with no writing on image
- ☐ Sources, permissions, and photo credits for cover image

Tables and Figures

- ☐ Distinct title for each table and figure
- ☐ 508-compliant alternative text (for all figures)
- ☐ Charts and tables submitted separately and include all data points

Report Summary

- ☐ One to two pages (800 words) maximum
- ☐ Background
- ☐ Objectives
- ☐ Findings and Conclusions (with single summary sentence)
- ☐ Benefits
- ☐ Project Info

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