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 the video


Project Construction and Contract Administration

Project Management

Project Closeout

www.fhwa.dot.gov/federal-aidessentials

This process "closes out" the financial award and helps ensure timely reimbursement of project costs



Project closeout is the process that “closes out” the financial award for a local public agency (LPA) when all applicable administrative actions and required work of the project have been completed for a Federal-aid highway project. As the LPA you will initiate the request for final payment to be reimbursed for expenses incurred for the project.



CLOSES THE FINANCIAL AWARD
FOR A LOCAL FEDERAL-AID PROJECT

During the project closeout process, the oversight agency agrees that a project has been completed in accordance with the project authorization criteria as specified in the approved plans and specifications, including any authorized changes. Through this process, the oversight agency confirms that the completed project meets all engineering, financial and other requirements that are tied to the use of Federal funding.

The three major steps in the project closeout process are:



1. Final Acceptance
2. Final Voucher
3. Records Retention

Completing these steps ensures the oversight agency that the work authorized on a Federal-aid construction project has been satisfactorily completed. These steps confirm that:

- All required documentation is in place
- A final payment for allowable project costs can be reimbursed

Final acceptance is the first step of the project closeout process. Using existing documentation, final acceptance is the stage in which the oversight agency reviews your records and determines if there are any outstanding claims, unfinished work, or other contract administration issues.

As the LPA, you are responsible for notifying the oversight agency when your local Federal-aid project is completed and ready for final acceptance. A significant

part of your project oversight and contract administration responsibilities is to maintain project records that support the oversight agency's decision to accept a project.

Supporting project documents are source records, such as project inspector diaries, inspection reports, materials testing results and project management paperwork developed throughout the life of the project.

FINAL ACCEPTANCE

- ENSURES THERE ARE NO:

- OUTSTANDING CLAIMS ✓
- UNFINISHED WORK ✓
- PENDING ISSUES ✓

Some of the most typical documents the oversight agency will review to prepare the final acceptance report are:

- Final cost data to account for all project costs. In addition to the typical construction contract costs, your supporting documentation should also include accurate values for donated right-of-way, agency force account labor, and any additional costs incurred during the life of the project. Expenses that are claimed are checked to verify that all costs incurred on the construction project have been appropriately billed and are allowable based on Federal regulations.
- A statement that construction has been completed. Most often, this is supported by a letter releasing the contractor from obligation for the contract.
- A materials certification, when appropriate, for projects constructed on a National Highway System route. This document certifies that all materials used in the construction of the project have been appropriately tested and inspected and meets the quality requirements specified in the contract.

It is imperative that detailed, accurate, and complete records are maintained to enable a quick final acceptance review in advance of the next step—final voucher.

The second step of the project closeout process is completion of the final voucher. In this step, the oversight agency initiates the final financial transaction to reimburse your agency for project related expenses.

Similar to the final acceptance step, processing the final voucher is the responsibility of the oversight agency. Oversight agency decisions are based on the project records and paperwork that you submit. In this step, it is important that accurate and complete supporting project documentation has been submitted to the oversight agency. This expedites the process and contributes to the successful completion of the final voucher.

FINAL VOUCHER



Final voucher transactions are processed and approved by the local Federal Highway Administration (FHWA) division office. Usually, the date you receive payment for project costs processed under the final voucher is the date the third step and final step—records retention—begins.

Records retention is the third and final step in the project closeout process. This step is just as important as the first two. The project records you've collected and developed during project construction and contract administration have to be retained. Supporting documentation for your project must be securely filed and available upon request for audits or reviews by FHWA or other government officials.

Federal regulation requires the retention of all Federal-aid project records for a minimum of three years following the last "action" on the project by the local public agency. In most cases, the last action is when you accept the final reimbursement payment. An exception to this general statement is the closing of a

warranty on a project. This also constitutes an “action” that will restart the three-year retention timeframe. However, check your local and State statutes to determine if longer retention periods apply.



As an LPA, for the project closeout process to work effectively:

1. Maintain accurate and complete records and reports throughout the life of the local Federal-aid project so that the agency can complete final acceptance
2. Initiate a final payment request following the completion of project construction to the oversight agency.
3. Retain supporting project documentation for a minimum of three years to allow time for audits.

When good supporting documentation is created and maintained throughout the life of the project and these steps are followed, it will help to ensure a smooth project closeout process and the successful reimbursement of costs.

Additional Resources

- Regulation for Federal-aid project authorization and handling of inactive project financial transactions and status
<http://www.ecfr.gov/cgi/t/text/text-idx?c=ecfr&rgn=div5&view=text&node=23:1.0.1.7.21&idno=23#23:1.0.1.7.21.1>
- Minimum requirements for National Highway System projects
<http://www.ecfr.gov/cgi/t/text/text-idx?c=ecfr&rgn=div5&view=text&node=23:1.0.1.7.25&idno=23>
- Preferred FHWA-produced document for the final acceptance of a project
<http://www.fhwa.dot.gov/construction/cpmi04gg.cfm>
- Regulations on allowable costs of settlement agreements for contract claims
<http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=6d873c5ca43e7f5dad67f4b2618b9add&rgn=div5&view=text&node=23:1.0.1.2.2&idno=23>

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This companion resource is the script content for the video production of the same name.