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Finance Administrative Requirements Common Grant Rule

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Agencies are responsible for meeting all Federal requirements for grants and cooperative agreements to State and local governments



The Uniform Administrative Requirements for Grants and Cooperative Agreements, known as the Common Grant Rule, are the general administrative requirements pertaining to all U.S. Department of Transportation grants and sub-grants, including those awarded to State, local and federally recognized Indian tribal governments.

You should recognize that administrative requirements differ from the programmatic requirements of the project grant. Programmatic requirements, which include items such as how the project must be designed, built, and carried out, are specific to a project or program. Administrative requirements address items such as financial management standards, reporting, and records retention.

These administrative requirements are broken down into four main sections in the Common Grant Rule: general, pre-award, post-award, and after-the-grant requirements. Let's take a look

at each section's requirements.

The first section deals with general rules regarding grants. For local public agencies, or LPAs, it is especially important to know that statutory requirements supersede general requirements of the Common Grant Rule. This means that if Title 23, the U.S law that governs the Federal-aid Highway Program has a requirement that differs from the Common Grant Rule, then Title 23 takes precedence and must be followed. For example, the Federal-aid Highway Program generally does not use the standard forms used by other grant programs that fall under the Common Grant Rule.

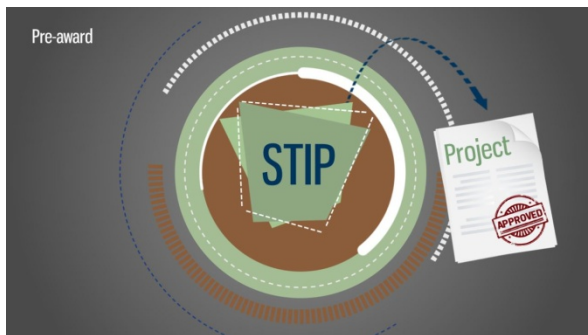


For many Federal programs, State and local agencies must meet pre-award requirements. Usually, the first of these requirements is the submission of a grant application to request Federal funds. However, the Federal-aid Highway Program generally does not require State departments of transportation, or DOTs, to apply for Federal funds. The reason is because the funds are automatically distributed to the States

based on a formula established in the Federal-aid Highway Program legislation.

However, there are some discretionary programs administered by the Federal Highway Administration, or FHWA that do require applications.

While no application is required, planning requirements of the Federal-aid Highway Program dictate that States program projects to the funds they receive in an FHWA-approved State Transportation Improvement Program, or STIP. This planning document is a prioritized, statewide listing of transportation projects expected to receive Federal funding within the next four years. The STIP must include an assurance that the State will comply with all applicable Federal statutes and regulations. Only projects in an approved STIP are eligible for funds administered by FHWA, and FHWA must approve any amendments to the STIP proposed by the State.

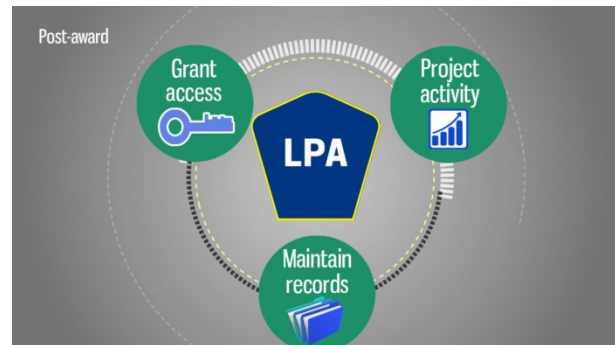


Typically, State DOTs develop their own process for LPAs to get a project into the STIP and to seek authorization for project funding.

Prior to awarding subgrants or agreements for projects to an LPA, the State DOT has the responsibility to ensure that the LPA is responsible, financially stable, and has adequate management systems. Once these pre-award requirements are satisfied, the State DOT may enter into a subgrant with the LPA, establishing authorization and funding for the project.

After a project is authorized, your agency must meet the post-award requirements of the Common Grant Rule.

The State, as grantee, and the LPA, as subgrantee, must have controls and procedures in place to support financial management, financial reporting, and tracking and accounting of grant funds. All cash, assets, real and personal property must be tracked and protected. Fiscal control and accounting procedures must be adequate to permit production of necessary reports, trace the source of funds to a particular expenditure or expenditures, and demonstrate compliance with applicable Federal laws and regulations. Your agency needs to properly document project activity, grant access to the records, and maintain these records for three years after the final expenditure report is submitted, unless the regulations state otherwise.



Some additional post-award requirements are important for LPAs to know. If your agency expends \$750,000 or more in Federal awards in a fiscal year, it will need to hire an independent auditor to perform a single audit in accordance with generally accepted government auditing standards. Your agency must also maintain a written code of ethics, which governs employee performance for award and administration of contracts. In addition, in order to make any changes to the scope or objectives of a project, your agency must obtain approval from the State DOT.

Because the Federal-aid program is a reimbursable program, project costs must be incurred before you can submit claims for reimbursement.

Additionally, most FHWA-administered grants or projects include a non-Federal matching requirement. This matching requirement may be met through either the project costs incurred by grantees, subgrantees, or contractors, by the value

of third party in-kind contributions of property or services, or through a combination of both.

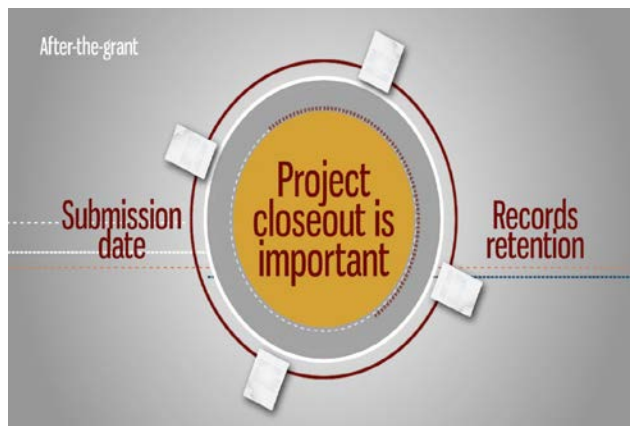
Before using a third party in-kind contribution as a cost-sharing or matching requirement, contact your State DOT for eligibility guidance.

Once the work on the project is completed, the after-the-grant requirements apply.

After-the-grant requirements include the project closeout once the final voucher has been submitted. You should know the submission date of the final voucher because this date marks the beginning of the records retention period. Some projects slip into an inactive status because they are not closed out in a timely manner. It is important to close out the project so it doesn't get labeled as inactive, as this will bring about additional reporting requirements. Closing out a project also has the benefit of releasing any remaining funds, which can be used to authorize new projects.

The State DOT is responsible for administering and monitoring subgrants. However, as subgrantees, LPAs are required to ensure that they are meeting all Federal requirements, including the Common Grant Rule.

Contact your State DOT for more information and guidance.



Additional Resources

- Link to uniform administrative requirements for grants and cooperative agreements to State and local governments 2CFR200 Subparts A-D Administrative Requirements
<http://www.ecfr.gov/cgi-bin/text-idx?SID=92f6d84323140c5a78ce38233c232210&mc=true&node=pt2.1.200&rgn=div5>
- Description of free FHWA Web-based training course on the Administrative Requirements 2CFR200 Subparts A-D NHI Course # 151047
http://www.nhi.fhwa.dot.gov/training/course_search.aspx?tab=1&key=151047&course_no=151047&typ=3&res=1

The content of this document is not a substitute for information obtained from State departments of transportation, appropriate FHWA Division Offices, and applicable laws. Scenarios have been simplified for emphasis and do not necessarily reflect the actual range of requirements applicable to the scenario or this topic. This document was created under contract number DTFH61-11-D-00023 by the Federal Highway Administration, U.S. Department of Transportation, and is offered to the public to heighten and focus awareness of Federal-aid requirements within the local public agencies community and reinforces the importance of these necessary policies, procedures, and practices.

This Companion Resource is the script content for the video production of the same name.