

Project Funds Management Guide for State Grants

Questions & Answers

The purpose of these questions and answers is to provide technical advice to the Federal Highway Administration's (FHWA) division offices and State Departments of Transportation (State DOTs) on matters associated with project agreement authorization and agreement closeout for Federal-aid projects.

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Question 1: What is the purpose of this guidance?

Answer 1: The purpose of this funds management guide is to provide guidance to improve the process used by State DOTs and division offices to authorize, monitor, and closeout project agreements. This guidance assists divisions to engage State DOTs on project agreement processes used to properly manage their Federal-aid projects. Except when required by Federal statute or regulation, this guidance represents recommended best practices to help States improve their processes and move towards a proactive funds and grants management approach.

While the information and examples in this guidance are provided for managing and monitoring Federal-aid project agreements in Fiscal Management Information System (FMIS), the statutory, contractual, administrative, and other requirements apply to all FHWA Federal obligations for grants to recipients and subrecipients of Federal funds administered by FHWA.

Question 2: When authorizing a project, what is an adequate description and scope of work?

Answer 2: The description establishes the three major components of a project agreement: scope, budget, and schedule. The project description should provide sufficient detail for the applicable phase of work (e.g., preliminary engineering (PE), right-of-way (ROW), construction, or other), specified work to be performed, and specific location limited to the specific work for which the State DOT is requesting authorization. The project description should be consistent with the State and metropolitan transportation improvement programs, as applicable. A clearly defined project scope and schedule provide financial controls and mitigates the risk of unauthorized activities occurring which could result in non-compliance with Federal requirements. A third party (e.g., the public, Congress, auditors, Office of Inspector General, etc.) should be able to understand the scope of work for the project and its limits from the information in the project agreement.

The project title field in FMIS should include a succinct description of the project, including identification of the project location, because this information will be used in various reporting systems, such as USA Spending. Based on the project description, the title should include route, location, and a scope that is understandable to the public. For example, a title should be

described as “U.S. Route 50, Jefferson County, reconstruction from milepost 5 to 15.” The title should not use short hand abbreviations that would not be understood by the public.

Question 3: When should a project agreement be modified?

Answer 3: The project agreement should be modified for scope, budget, and schedule (period of performance) as the project progresses and related work and costs are added or otherwise require adjustment. The State must have a procedure in place for modifying the cost estimates in project agreements.¹ FHWA must authorize any major scope modifications before the work is performed, including adding a new phase or adding work, for the added costs to be eligible.²

Question 4: What is the Period of Performance?

Answer 4: The period of performance is the period when the recipient may create obligations (e.g., enter into contracts) and allowable costs may be incurred (e.g., work performed) as provided in 2 CFR 200.71, 200.77, and 200.309. Division offices should work with the State DOTs to document their rationale and processes for determining the period of performance.

Question 5: What is the start date of the period of performance?

Answer 5: The start date of the period of performance is the date when FHWA authorizes the project agreement to begin incurring costs for the identified phase and scope of work. The FMIS effective phase authorization date field is the start date for the period of performance for the applicable work phase, such as PE, ROW, Construction, State Planning and Research (SP&R), and “Other”. A phase of work should not be authorized unless applicable Federal requirements are satisfied and work is ready to proceed. If conditions are being applied to the project agreement to meet Federal requirements, but allowing some activities to begin (e.g., advertisement), those conditions should be recorded in the project agreement.³ A future effective authorization date should not be used.

Typically, the effective phase authorization date is the same as the third line of the FHWA approval of the applicable project authorization or modification in FMIS. If the project agreement was authorized outside of FMIS (e.g., paper authorization) or in special circumstances such as an ER event, the effective authorization date would reflect the authorization date for such agreement. If costs incurred prior to authorization are approved to be reimbursed in accordance with 23 CFR 1.9(b), the effective authorization date remains the date the FMIS project agreement was approved. In both cases, those costs are supported by the applicable documentation (e.g., ER event; in accordance with 23 CFR 1.9(b) or 2 CFR 200.458).

¹ 23 CFR 630.106(a)(4).

² 2 CFR 200.308(c)(1)(i) and (g)(1), (2); 23 CFR 635.120(b) concerning non-major changes and non-major extra work.

³ 2 CFR 200.210(c).

The appropriate phase is identified with the effective phase authorization date to ensure work is not started before applicable Federal requirements are met, particularly, requirements related to construction. For example:

- PE authorization type is intended to be used for all design work necessary to prepare a project for construction for all types of projects, including environmental studies and final design.⁴ These are the activities referenced in Title 23 United States Code (U.S.C.) 101(a)(4)(A) that occur before construction. Such costs are subject to repayment under the ten-year PE cost reimbursement provisions.⁵
- ROW authorization type provides the authorization start date for all ROW acquisition activities and is subject to the twenty-year ROW reimbursement provisions.⁶
- Construction authorization type is for all actual construction activities (including construction, engineering, and inspection) authorized in accordance with 23 CFR 635.309.
- SPR authorization type is for planning and research activities, which include activities that may be done to decide the scope of work to add a project to the State Transportation Improvement Program (STIP), such as feasibility studies, before design activities are started.
- “Other” authorization type can be used for miscellaneous types of project authorization activities or phases that do not fit into the aforementioned categories, such as authorization for bridge inspections, utility relocations, planning studies, etc.

Question 6: Is work performed prior to the start date of the period of performance allowable charges for reimbursement?

Answer 6: Generally, no. Work performed prior to the start date of the period of performance (i.e., the effective phase authorization date) for the applicable phase is not allowable unless otherwise provided in statute or regulation (e.g., emergency relief (ER) work,⁷ at-risk PE,⁸ or under a 23 CFR 1.9(b) approval⁹).

Question 7: What is a valid period of performance end date and how should the end date be determined?

Answer 7: The project end date, as named in FMIS, is the final date when the recipient may perform work to be allowable for reimbursement on a federally-funded project. The project end date should be selected based upon the schedule of the scope of work under agreement, not the

⁴ [Guidance on Preliminary Engineering Authorizations in FMIS](#), March 11, 2015.

⁵ 23 U.S.C. 102(b); 23 CFR 630.112(c)(2).

⁶ 23 U.S.C. 108(a)(2); 23 CFR 630.112(c)(1).

⁷ 23 CFR 668.109(a)(1)

⁸ Fixing America’s Surface Transportation Act (P.L. 114-94), section 1440.

⁹ 23 CFR 200.458 defines pre-award costs that may be allowable, but 23 CFR 1.9(b) is FHWA-specific and applies to the authorization process for costs incurred prior to authorization.

completion of the entire “project” if it will be authorized in multiple, time and action controlled steps (e.g., PE, ROW, or construction phases, or a project carried out under multiple contracts).

For example, PE authorized for a contract to complete the National Environmental Policy Act (NEPA) studies should have a project end date related to the timeline in the contract to complete the NEPA study, not to complete all the PE activities (i.e., final design). Also, the project end date should not be based on a general limiting time period, such as the 10-year PE payback statute, schedule for starting the next phase, or a generalized period not based on the actual expectations for the authorized phase. If the entity is using its own forces to do work, then the agreement should have a project end date based on the schedule to complete the authorized scope of work.

A transportation project consisting of construction work with multiple phases and contracts (e.g., an earthwork site preparation contract prior to the building of the facility) should have a project end date that corresponds to the contract(s) under agreement. As work to be placed under new contracts is added to the project agreement, the project end date may be modified. Note that the project end date should include any time needed when construction engineering costs or other project costs might be incurred after the completion of the physical project. The project end date may also consider time needed to complete other Federal requirements and financial activities to prepare the project to close, such as final field record compilation and review.

An example of determining the project end date is as follows:

A construction project contractual completion date is set for May 30. In accordance with the contract, final payment and retainage is to be paid to the contractor within 60 days of acceptance. Assuming the field staff needs an additional 60 days to receive and submit documents for final records (eligible to be billed as construction engineering), then the project end date should be September 30 (120 days after the contract completion date).

Determining project end date should consider necessary allowances for activities encountered after the construction period but before the project is closed. For example, these activities may be project specific and can include time needed for plant establishment periods, obtaining a final invoice, and receiving materials certifications.

Other factors may require a longer period, but should be justified, including central office collection of documentation, etc. The project end date may be modified as the project progresses provided the modification is sufficiently supported. Long periods (e.g., more than 6 months) for final records should be evaluated to improve efficiency and whether activities actually need to occur before the project end date and close-out of the Federal-aid project agreement.

An example of how to determine the amount of time to complete the final construction record can be found at

<http://www.in.gov/dot/div/contracts/standards/FinalConstructionRecordGuide.pdf>.

Question 8: When is it appropriate to adjust the project end date?

Answer 8: The project end date should be modified if there is a documented change in the project that affects the completion schedule of the project. Examples include change orders, contractually allowable delays, delays in award or re-advertisement, litigation delays, etc. Requests to adjust the project end date for authorized activities should occur during the period of performance, prior to the project end date. The project end date may also be changed when adding a new phase to the project agreement. Justification for modification to the project end date should be documented in the FMIS State remarks field.

Delays in starting authorized work should be carefully evaluated for when the work is going to begin. Rather than just adjusting the project end date, determine if the project should be withdrawn until it is ready to proceed if the delay is more significant than a few months.

If a progressing project has delays and the end date was not adjusted, work conducted during the lapse is not eligible for reimbursement.¹⁰ The project end date must be adjusted promptly for additional costs to be allowable. (See Question 15.)

Question 9: Is work performed after the end date of the period of performance allowable for reimbursement?

Answer 9: No. Work performed after the end date of the period of performance is not an allowable cost except in the limited situation related to specific publication and printing costs of research results (2 CFR 200.461(b)(3)). If the project end date is modified after the previously approved end date has passed, work performed during the lapse period are not allowable and may not be reimbursed.

Question 10: What activities may occur after the project end date?

Answer 10: After the project end date, all project documentation is collected and prepared for final records, potentially a project audit, and project closeout. (Note if the State plans to seek reimbursement as direct costs to prepare these documents, the project end date must be set to occur after those activities.) Necessary final reports¹¹ based on stewardship and oversight agreements should be submitted to FHWA along with any final requests for reimbursement of allowable costs that were incurred prior to the project end date (i.e., final voucher).

The billing (liquidation of obligations) for eligible costs incurred during the performance period may occur up to 90 days after the end date.

These activities must occur no later than 90 days after (or any time before) the project end date unless an extension is otherwise approved¹² and should be recorded in the FMIS remarks fields.

¹⁰ 2 CFR 200.309

¹¹ PMIT Project Closeout and Inactive Funds Management Review – published June 2013.

¹² 2 CFR 200.343(a) and (b).

This is not a change in the actual project end date, and no additional project costs can be incurred.

Excess obligations must be adjusted promptly after final voucher is paid based on the final project estimate of total costs. Some State DOTs continue to use [the PR-20 form](#) (Voucher for Work Performed under Provisions of the Federal Highway Acts) to supplement the final voucher for documentation purposes, though it is not required by FHWA when the payments are processed in FMIS through the Current Bill application. The PR-20 form is required when the automated process is not used.

Question 11: Why is it important to close projects promptly?

Answer 11: Project closeout is important because it facilitates sound internal and funds control. It provides FHWA reasonable assurance that the recipient has timely met Federal requirements for the project and charges to the Federal government are accurate and timely. It is necessary to comply with the government-wide cost principles which state: “The Federal awarding agency or pass-through entity will close out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity.”¹³ Not doing so leaves the potential for ineligible or unauthorized costs to be billed to projects, and Federal requirements to go unmet and unnoticed.

For example, unexpended balances can be promptly released for reobligation for other purposes, or cost overruns that occurred during the period of performance can be timely identified and funds can be added to the project. Timely closeout provides reasonable assurance that the documentation is completed accurately and final documentation is completed by those familiar with the project. Questions or issues may be discussed in a timely manner before facts are forgotten or confused. There is less risk of documentation being lost because it has not been prepared or not collected properly. Documentation retention requirements start at project closure; therefore, failure to timely close projects causes project documents to be retained longer than necessary.

State and local government agencies should have effective and efficient project closeout processes that include well-mapped and organized procedures. The FHWA division should also document its standard operating procedure to address closeout. Tracking and notification systems should be in place to ensure appropriate staff members are aware of the status of the project and their needed actions.

Recent efforts to manage inactive projects have resulted in an increase in the number of open, zero-dollar unexpended balance projects. If completed, these projects should be closed unless appropriate justification is provided. Projects that did not start and were delayed and reduced to zero balance pose a risk that when those projects are ready to proceed again, the project agreement and supporting documentation may be outdated and/or no longer in compliance with Federal requirements. These projects should be withdrawn until they are ready to proceed.

¹³ 2 CFR 200.343.

Question 12: What constitutes project closeout?

Answer 12: Project closeout means the actual scope of work in the project agreement is complete and the consultant or contractor is released from their responsibilities under the contract, and all retainage has been paid. There may be pending claims or litigation, but the basis to initiate closeout is that all currently eligible, allowable, and allocable costs, including construction engineering, have been incurred and supporting documentation is substantially complete.¹⁴ Warranty provisions should not delay project closeout unless payment is retained to be paid to the contractor after applicable conditions are met, such as for a plant establishment retainage provision.

Project field staff should promptly collect and file the project documentation, develop final estimates for payment, and submit the payment and documentation for final documentation review. This is sometimes referred to as the final construction record. This step is generally a part of construction engineering and the costs associated with these activities are eligible project costs that must occur prior to the project end date to be eligible for Federal-aid reimbursement.¹⁵ Project records and costs should be compiled and reconciled to ensure no calculation errors have occurred, all necessary documentation and invoices are on file for materials, and all contractual obligations have been fulfilled in support of the total payments on the project. Closeout activities should not be delayed for pending claims, litigation, or final audits.

As the final field documentation is collected, any remaining project documentation should also be collected, including documentation from the State DOT ROW acquisition and environmental offices. Proactive approaches would ensure such documentation was already collected prior to completion of the project.

When payment is made based on the final field estimate, including any retainage, unexpended project obligations should be promptly released unless there is a documented need to retain unexpended balances for specific claims or litigation costs that are expected to be paid. The fact that a claim or litigation is merely pending is not sufficient to support retaining the obligation balance. If payment is to be made on the claim or litigation and Federal funds are eligible to participate in the costs, the project agreement can be reopened and funds obligated onto the project to pay those costs. A justification to retain an obligation is if the recipient has made a settlement offer that would be eligible for Federal participation signifying payment is due that is in negotiation or was rejected by the claimant and is proceeding for further litigation.

Question 13: What is the relationship between the project end date and “final voucher”?

Answer 13: Final voucher, as used in this guidance, is the last billing by the State DOT for allowable cost based on consolidated final project documents, liquidating all remaining obligations. Final voucher should occur within 90 days after the project end date unless an extension is granted by FHWA.¹⁶ Cost adjustments identified through audits, stewardship or oversight reviews, or litigation may be identified after the final voucher and require adjustment

¹⁴ See 2 CFR 200.343.

¹⁵ 2 CFR 200.309.

¹⁶ 2 CFR 200.343(b).

to the project agreement. These costs should be adjustments based on the properly incurred costs during the period of performance. If actual work was done after the period of performance, then those costs are not allowable for reimbursement to the State.

Question 14: How does advance construction authorization (AC) affect the project end date?

Answer 14: Advance construction (AC) authorizations add a significant change to the process. According to 23 CFR 630.709(a), the State DOT may make an obligation on an AC project “at any time;” therefore, liquidation of obligations (expenditure of Federal funds) from an AC conversion is not restrained by the project end date. The applicable costs must still be incurred during the period of performance; but liquidation of obligations (reimbursement to the State) does not have to occur until funds are obligated (converted AC). Once AC is converted to obligated funds, they should be liquidated promptly (i.e., within 90 days) including partial or full conversions. Once the AC is fully converted to obligations (or an insignificant balance remains) the project should be promptly closed after funds are liquidated. For project agreement management, the State DOT and FHWA should establish a protocol on closing old AC projects that are not likely to be converted to obligations in the foreseeable future (e.g., if the State forecast does not show available Federal funds in the foreseeable future to convert current AC balances).

Question 15: If costs are identified after the project end date, what are the next steps?

Answer 15: If costs are identified after the project end date that were incurred before the project end date (e.g., identified during audits, claims, or litigation), the project agreement may be re-opened, obligations adjusted, and reimbursement processed. This is also appropriate for repayment of Federal funds because of recoveries from contractors, erroneous charges, or other credits identified through oversight reviews, warranty, audits, or litigation. The project documentation should be promptly recompiled, adjusted as appropriate, and the project closed. Any recoveries that must be repaid to the Federal government must be credited to the applicable project. A State DOT may not select a current open project to credit recoveries. If an applicable project cannot be identified, contact the HCF for appropriate action.

If the costs were incurred after the project end date (e.g., work conducted, materials installed, equipment purchased, staff time billed), those costs may not be reimbursed and the project end date may not be adjusted for the purpose of including those costs. If the project has not been completed, the State must request to adjust the end date promptly to include the ongoing costs. The costs that were incurred after the end date and prior to the adjusted project end date are not reimbursable as they occurred outside the period of performance. In other words, costs incurred during the “lapse” in the period of performance are not allowable for reimbursement.

Question 16: How do multiple project phases on a FMIS agreement affect the project end date?

Answer 16: When a project agreement is used to cover multiple phases and/or contracts for a project, such as PE, ROW, or multi-contract construction, the project end date is modified to include all the current work authorized as the work is added. The record retention period will not begin until all the project documentation for all the work contained in the full agreement is compiled and the entire project is closed out.

The initial project end date (prior to revision) is no longer applicable to any of the work in the agreement, except if work occurred during a lapse in the period of performance as described in Question 15.

Question 17: What is the State DOT's role with respect to locally administered projects?

Answer 17: State DOTs that allow local agencies (sub-recipients) to administer projects are operating as a "pass through entity."¹⁷ This is not a delegation of authority to the local agency from the State DOT; the State DOT retains the approval and oversight responsibility on the project but allows the local agency to directly administer all or part of the project (e.g., advertise and award the contract and oversee construction). All Federal requirements passed to the local agency must be included in the local agency agreement (sub-award), but the State DOT has oversight responsibility to ensure Federal requirements are met. This maintains a significant role for State DOTs and they are accountable for the close out of LPA administered projects.

The 90-day liquidation of obligation period and final project reports are also applicable to subrecipient agreements between the State DOT and the LPA.¹⁸ The State is also provided 12 months to close out the subrecipient agreement. These time periods should be included in determining the Federal-aid project end date for the FMIS project agreement between the State and FHWA. The Federal-aid project end date should take into account overlapping activities and select a reasonable project end date.

Question 18: When is final project documentation due?

Answer 18: Any required final documentation, as specified in the FHWA and State DOT stewardship and oversight agreement, and final voucher must be submitted to FHWA no later than 90 days after the project end date unless an extension has been approved, with the exception of AC projects.¹⁹ The FHWA should take no more than 12 months to close projects in accordance with the regulation.²⁰ Use of the 12-month period should be limited based on stewardship and oversight (RBSO) processes and assumption of responsibilities by the State. The FHWA should only take the full time period if it is conducting a final project evaluation based on RBSO processes, which may require extra time to close.

¹⁷ 2 CFR 200.331.

¹⁸ 2 CFR 200.343.

¹⁹ 2 CFR 200.343(a), (b).

²⁰ 2 CFR 200.343(g).

Question 19: How long must final project documentation be retained by the recipient and/or subrecipient?

Answer 19: In general, final project documentation must be retained by the recipient and/or subrecipient for a period of at least 3 years²¹ after the final voucher is submitted to FHWA. To simplify tracking, the date that the State DOT requests to close the FMIS project is considered the date of “submittal”. The period of retention is restarted if the project is reopened for adjustments to the final voucher costs. Some records, such as those related to ROW acquisition, may have a different retention period. All FHWA-held project documentation must be retained in accordance with [FHWA Order 1324.1B, FHWA Records Management](#).

Question 20: If a consultant services contract has multiple phases but only certain phases are authorized at the discretion of the State DOT, how should the project agreement be established?

Answer 20: The Federal authorization and obligation amount should be commensurate with the scope of work in which the State DOT has given the consultant notice to proceed. For example, if a State DOT has a contract with a consultant to perform preliminary design and environmental studies and the contract has an “option” for the State DOT to add the completion of final design, the project authorization and obligation amount should only include the scope of the project under contract and not include the option costs (i.e., final design in the example). The project agreement should be modified when the State DOT exercises the option to extend the consultant agreement.

Question 21: How should “on call” or “open ended” (indefinite delivery/indefinite quantity) consultant service projects in accordance with 23 CFR 172.9(a)(3) be authorized in the project agreement?

Answer 21: Another consultant services contract example is an “on-call” service contract, where the State DOT assigns work on an as needed basis. The work is assigned to the consultant through a task order. Only the cost of work that is directed to be completed through the task order should be authorized and allocated in the project agreement; not the maximum or minimum “on-call” amount available.

Question 22: How should the project end date be selected for multiyear planning workplans that only have annual funding?

Answer 22: Planning work programs may be authorized on a time period (e.g., annual) basis²² due to availability of funds. In this instance, the end date is still based on when the authorized work is expected to be completed, not when funding is exhausted. Additional funds should be added to the workplan when they become available.

²¹ 2 CFR 200.333.

²² 23 CFR 420.115(b).

Question 23: How is the project end date determined for debt service projects?

Answer 23: The project end date is the debt service final maturity date, because interest is incurred until the principle has been repaid. Typically, the project should be an AC project authorized with a start date (“Other” effective phase authorization date) of the bond financing or the GARVEE memorandum of agreement between FHWA and the State DOT and an end date of bond final maturity (final bond pay off). Some State DOTs opt to authorize each construction project funded by the bond. The applicable dates should still be the same as above to ensure bond costs are distributed to all the projects and are within the period of performance.

Question 24: If a construction project is completed, but there is additional monitoring necessary that is eligible for Federal-aid funding, how should the follow-up costs be authorized?

Answer 24: If the monitoring is not considered a maintenance activity or is not otherwise incorporated into an indirect cost rate, a new project agreement should be used for those activities to enable the construction project agreement to be closed out and project documentation finalized. The State should use the “related project” field in FMIS to tie the projects together. If the monitoring discovers that cost or penalty must be recovered from the contractor or the results do not otherwise meet Federal requirements, the original construction project agreement may need to be reopened to properly account for the Federal share of the recovery.

Question 25: What steps must be taken to closeout a project in FMIS?

Answer 25: Generally, to closeout a project in FMIS, the following steps should be completed (assuming some simplified steps as States have various procedures):

- Before the project end date, the contractor or consultant completes the scope of the work, is released from project, and retainage is paid. State DOT concludes project documentation (including eligible charges as construction engineering) and submits documentation to proper channels. Proper notifications are made to collect final project documentation from all departments (e.g., environmental, ROW, material records, etc.) at a central location.
- Following State procedures, State DOT project staff submits the final estimate of costs, identifying participating and non-participating costs that may have occurred during the life of the project.
- State DOT finance staff reviews the final field estimates against the State and Federal-aid project agreement and obligation documentation. Federal-aid obligations or AC authorization amount are adjusted as necessary due to cost overruns and underruns not previously accounted for.
- The FHWA approves obligation adjustments.
- The State DOT bills the final voucher to the Federal-aid project no later than 90 days after the project end date for unexpended obligations, unless an extension for billing is requested or the balance is unobligated AC authorization.

- The State DOT collects all project documentation and requests project closure in FMIS no later than 90 days after the project end date, providing any required documents to FHWA, unless an extension is requested for documentation. If there remains unobligated AC authorization on the project, closure occurs promptly after final conversion and billing.
- The FHWA closes the project within 12 months of the request to close the project.
- At this point, the State DOT may still have outstanding final audits which may be progressing.

Question 26: For a project agreement authorized prior to the requirement to include project end dates, is it necessary to add a project end date when the agreement is modified?

Answer 26: Yes, FMIS requires a project end date to be added any time the agreement is modified. The requirement for project end dates was implemented in December 2014. Most agreements implemented prior to this date should either be near completion or have been modified, and this simplified requirement was determined to be the best option, considering system limitations. Prior to the field being provided in FMIS, a project end date should be entered in the State remarks field for any modification. These end dates should be moved to the project end date field when the project agreement is modified.

Question 27: Is a State DOT required to have written procedures to comply with the requirement in 23 CFR 630.106(a)(4) related to a process to adjust project cost estimates?

Answer 27: Yes, the State is required to maintain the project cost estimate process under 23 CFR 630.106(a)(4) to establish and maintain effective internal control over Federal funds. See 2 CFR 200.303. This provision states that these internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management is required to maintain documentation of its internal controls. See GAO-14-704G, Federal Internal Controls, 3.09. Compliance with 2 CFR 200.303 satisfies funds control requirements in 23 CFR 630.106(a)(4).

If a process is not documented, then the controls and risks associated with that process cannot be adequately assessed or validated. Moreover, without written procedures, the State cannot provide “reasonable assurance” that 23 CFR 630.106(a)(4) is being applied.

Question 28: Does the “final” project end date for construction need to be identified during the project development and authorization of PE?

Answer 28: No. The project end date is only for the specific scope of work that is being authorized (e.g., PE). As work is added to the project agreement, the project end date is adjusted to add the time needed for that work.

Question 29: Are there any tools to monitor project end dates with respect to Current Bill in FMIS to help the division validate billings that are submitted after the end date?

Answer 29: Yes. A business objects report is being developed that can check Current Bill data against project end date field in FMIS so the division can question bills on projects that occur after the end date. The division must ensure the work was performed before the end date, and if the project is over 90 days past the end date, they must grant the State an extension to bill for any additional allowable costs. If the work was performed or costs otherwise incurred after the project end date, the bill must be rejected (and all other work performed during the lapse) and the project end date modified before additional costs are allowable. A report is also being developed to help identify projects approaching the project end date to help reduce the risk of a lapse in the period of performance.