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Subject: ACTION: UPDATE -- Implementation of Prohibition on Certain Telecommunications Equipment or Services

TO THE ATTENTION OF DIVISION ADMINISTRATORS AND FINANCIAL MANAGERS

DUE DATE: EFFECTIVE IMMEDIATELY

Sent on behalf of the CFO

PURPOSE: To provide recent Office of Management and Budget (OMB) additional guidance to implement the requirements of 2 CFR 200.216 related to the prohibition of certain telecommunications equipment and services for funding obligated and expended through the Fiscal Management Information System (FMIS).

BACKGROUND: HCF provided the implementation guidance included in the August 13, 2020 email below.

OMB recently provided additional guidance in the form of Frequently Asked Questions (FAQ) which may be found at

https://www.performance.gov/CAP/Sec.%20889%20of%202019%20NDAA_FAQ_20201124.pdf.

DISCUSSION: The FAQ provides helpful guidance for a number of questions which have been previously discussed. We want to highlight two questions in particular and clarify how they impact Federal-aid grants and project agreements. Q-8 clarifies that such equipment, though prohibited from Federal participation, may be included in contracts and projects otherwise using Federal funds, new or ongoing. Such costs related to prohibited equipment and services must be treated as non-participating and may not be paid or reimbursed with Federal funds or be considered as part of the non-Federal share of the project on or after August 13, 2020. Q-6 clarifies the requirement applies to all ongoing grant agreements regardless of the authorization date. All such costs for prohibited equipment or services may not be paid with Federal funds on or after August 13, 2020 regardless of the grant agreement date.

ACTION: Please review the FAQs provided and share with your State partners.

POINT OF CONTACT: Please submit any questions to the Financial Management and Policy Team Mailbox at FHWAFinancialMgmt@dot.gov. For questions about State contractual issues and inclusion of non-participating items, please contact Jerry Yakowenko at Gerald.Yakowenko@dot.gov.