



Moving Public Transportation
Into the Future

Financial Management for Subrecipients

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Training Objectives

- ◆ Financial Management Overview
- ◆ Financial Management Responsibility
- ◆ Financial Management Principles
- ◆ Reimbursement review – trouble shooting
- ◆ Purchase of Service Revenue
- ◆ Reserve Accounts and Use
- ◆ Indirect Cost Plan
- ◆ CARES Act invoice
- ◆ FMO Manual Appendix Forms



Subrecipient Responsibility

- ◆ It is the subrecipient responsibility to establish financial policies, procedures and practices in accordance with generally accepted accounting principles that demonstrate compliance with:
 - FTA regulations
 - State regulations
 - GDOT regulations



Financial Policies

- ◆ Organizational ethics/integrity
 - Roles/responsibilities of employees
 - Authorized levels, authority,
 - Role of the governing board
- ◆ Budget development/management
- ◆ Information/communication



Financial Policies

- ◆ Cash Management
 - Cashiering
 - Farebox tabulation
 - Storage
 - Deposits
 - Cash disbursements



Financial Policies

- ◆ Receiving and Acceptance of Funding
- ◆ Accounts payable
- ◆ Accounts receivable
- ◆ Payroll
- ◆ Cost allowability with Federal principles
- ◆ Grants management procedures
- ◆ Indirect costs



Financial Policies

- ◆ Accounts management and reconciliation
- ◆ Credit card use
- ◆ Conflict of interest
- ◆ Authorized levels of authority
- ◆ Audit
- ◆ Record retention
- ◆ Depreciation schedules
- ◆ Disposition procedures



Financial Policies

- ◆ Protection of assets
- ◆ Information access controls and system security
- ◆ Back-up protocols
- ◆ Business continuity plan



Subrecipient Oversight

- ◆ The subrecipient is standing in the shoes of GDOT and the TPO is standing in the shoes of the subrecipient.
 - Subrecipient is under contract with GDOT
 - TPO is under contract with the subrecipient
 - FTA certifications and assurances apply for both
 - Subrecipient and TPO must have the financial and technical capacity to manage the program



GDOT Subrecipient Oversight

- ◆ Evaluating subrecipients and conducting periodic mini reviews and assessments, provide technical assistance on requirements.
 - Review of monthly invoices and supporting documentation
 - Reference resources and provide resources to the subrecipient



Certifications and Assurances

- ◆ What Are They?
 - Legally binding obligations to comply with the terms and conditions of the Federal Transit grant Agreement with GDOT including ANY REFERENCE TO:
 - FTA Master Agreement
 - FTA CIRCULARS, state, or local law
- ◆ Developed Based on Legislation

Legislation

- The Fixing America's Surface Transportation (FAST) Act, Public Law No. 114-94, December 4, 2015, and other authorizing legislation to be enacted – extended
- The Moving Ahead for Progress in the 21st Century Act (MAP-21), Public Law No. 112-141, July 6, 2012, as amended by the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, Public Law No. 114-41, July 31, 2015,
- Appropriations Acts or Continuing Resolutions funding the U.S. Department of Transportation during Fiscal Year 2018.



Certifications and Assurances

- ◆ Category 1 – Administrative Activities
 - Applicant assures it has adequate resources to plan, manage, and properly complete the tasks to implement its Award, including:
 - The **MANAGERIAL AND ADMINISTRATIVE CAPABILITY** to do so



Certifications and Assurances

- ◆ Applicant and Subrecipient Relationships
 - 2 CFR 200 (Super Circular; combination of 8 previous federal circulars)
 - Must Monitor the activities of the sub-recipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved
 - Includes subrecipient oversight of the TPO



Certifications and Assurances

- ◆ Monitoring Must Include:
 - Reviewing financial and performance reports required
 - Provision of technical assistance on program-related matters
 - Performance of on-site reviews of program operations



Certifications and Assurances

- Following-up and ensuring that timely and appropriate action on all deficiencies pertaining to the Federal award detected through audits, on-site reviews, and other means

Oversight

- ◆ Subrecipient Oversight of TPO:
 - Monthly invoice review
 - Verification of Service Hours Billed for Unit Rates
 - Review of Invoice and Supporting Financial Reports for Cost Reimbursement
 - Random expense audits
 - Periodic Visits to the Transit System
 - Follow-up on any findings



Key Principles to Financial Management

- ◆ Consistency:
 - Financial policies and procedures remain consistent
- ◆ Accountability:
 - Must be able to demonstrate how resources have been used and what has been accomplished
- ◆ Transparency:
 - Must be open about finances and make information available



Key Principles to Financial Management

- ◆ Integrity:
 - Must operate with honesty and professionalism
- ◆ Financial Stewardship:
 - Must protect assets and ensure resources are used for the purpose intended
- ◆ Accounting Standards:
 - The system for financial records must meet generally accepted accounting standards



Resources

- ◆ The GDOT FMO Manual
- ◆ National RTAP Fundamental Financial Management Manual 2020
 - <https://www.nationalrtap.org/Resource-Center/Advanced-Search/fid/109>
- ◆ National RTAP Budgeting and Finance 101
 - <http://nationalrtap.org/Toolkits/Transit-Managers-Toolkit/Administration/Budgeting-and-Finance-101>



Resources

- ◆ FTA Triennial Review Guide
 - <https://www.transit.dot.gov/funding/grantee-resources/triennial-reviews/triennial-reviews>



Accounting Refresher

- ◆ FTA Requires Accrual Accounting
 - Revenue and expense is accounted for at the time the revenue was earned and when the expense occurred
- ◆ The Organization Must Establish Accounting Records to Allow for the Transit Program to be Clearly Identified and Segregated from other Organization Programs



Accounting Refresher

- ◆ Allowable Costs Are:
 - Costs that are spent on the project for which the grant was awarded and are necessary and reasonable for the project
- ◆ Indirect Costs Are:
 - Costs that are shared with many programs or departments typically charged to the each program based on a percentage that is supported by a Cost Allocation Plan or an Indirect Cost Rate



Accounting Refresher

- ◆ Program Income Is:
 - Income earned through activities such as providing transportation service under contract, selling advertising space, renting office space, intercity bus ticket sales, sale of maintenance services
 - Revenues can be used to reduce the net project cost (treated like fares)
 - To be used as local match
 - Retained in a restricted Transit Reserve Fund



Program Income

- ◆ Program Income Must be Retained for Transit Use Purposes
 - Program income must be retained by the subrecipient of the Federal grant program
 - Program income must be reflected in the subrecipient financial statement



Reimbursement Review

- ◆ GDOT Will Request a Corrected Invoice If:
 - Expense or revenue claimed cannot be justified by the detailed general ledger report
 - Subrecipient reported incorrectly on the invoice



Invoice Supporting Documents

- ◆ Completed Invoice Workbook
- ◆ General Ledger Summary Report by Revenue and Expense Accounting Category
 - Detailed general ledger report as requested
- ◆ Signed SRR



Invoice Review

◆ Exercise and Discussion



Invoice Review Follow-Up

◆ Repeat Offenders:

- Monthly review of **detailed** general ledger by GDOT
- Training and technical assistance
 - Corrective action plan
 - Unresolved errors = lack of technical capacity to manage the Federal grant
 - May result in suspension or loss of funding



Eligible VS Ineligible

- ◆ Ineligible expenses as outlined by 2 CFR 200
 - Employee gifts and bonuses when not associated with a safety plan
 - Indirect costs if an indirect cost allocation plan has not been submitted
 - Double dipping can occur due to claiming an indirect expense as a direct expense and claiming the approved indirect rate



Purchase of Service Revenue

- ◆ Purchase of service revenue generated from an FTA program source must be claimed and used to reduce the monthly operating expense before the FTA share is calculated.
- ◆ Purchase of service revenue generated from non-FTA program sources must be claimed. The revenue is claimed as program income and can be used as local match or retained for transit purpose use up to the GDOT reserve account cap.



Program Income VS Enterprise Fund

- ◆ Program income generated by the operation of the transit service such as purchase of service transportation is permitted to be used in the grant period for the grant in which it was earned.
 - Used as match
 - Placed in the transit reserve fund



Program Income VS Enterprise Fund

- ◆ Income generated for transit but is not associated with the operation of transportation service is considered enterprise funds and cannot be used in the grant period earned for the grant in which it was earned.
 - Insurance proceeds
 - Sale of maintenance service



Reserve Fund and Transit Enterprise Fund

- ◆ The subrecipient must ensure transit reserve funds and enterprise funds are restricted for transit use only.
 - Accounting system include accounts and account balances
 - Accounting procedures must be in place to transfer unused funds to the next grant year



Use of Reserve Account

- ◆ Subrecipients with reserve account funds may use the reserve funds for eligible transit expenses.
 - Subrecipient financial policies and procedures should address the procedure and approval process for use of the reserve funds
 - Use of the reserve fund will likely require a budget revision



Indirect Cost Allocation Plan

- ◆ In Order to Claim Indirect Costs as an Eligible Expense the Subrecipient Must Develop an Indirect Cost Plan or Cost Allocation Plan.
 - The plan must be approved by the appropriate funding agency (largest Federal funding program)
 - Requirements and technical assistance for CAP in the GDOT FMO Manual



Indirect Cost Allocation Plan

- ◆ Indirect cost allocation plans are developed to equitably share expenses that are shared among multiple agency programs.

Types of Cost Allocation

- ◆ **Financial Based Cost Allocation**
 - **Indirect Cost**
- ◆ **Service Based Cost Allocation Plans**
 - **Cost of Service**



Financial Based Cost Allocation

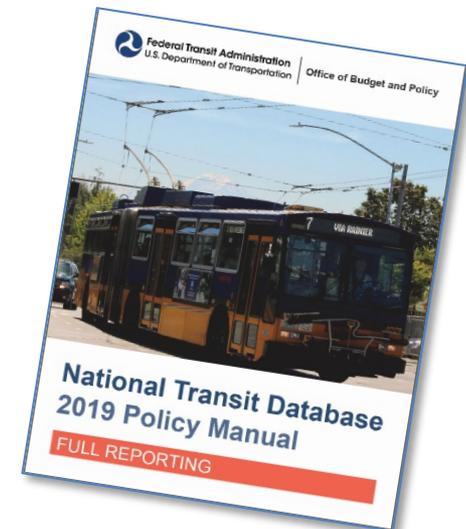
- ◆ Indirect Cost Allocation Plan
 - An Entity (Public or Private Nonprofit) Provides Multiple Program Services
 - Certain Overhead and Administrative Costs Incurred by the Entity Benefit All Programs and Services, Including Transit
 - The Agency Seeks to Recoup These Costs in Their Billings to Various Federal Agencies
 - The Entity Requires an Approved “Indirect Cost Allocation Rate” in Order for Such Costs to be Reimbursable by the Federal Government

Service Based Cost Allocation

- ◆ Allocate Costs to Various Types/Modes/Services
- ◆ Price Service Provided Under Contract
- ◆ Urban/Rural Cost Allocation
 - Required by FTA
- ◆ Charter Cost Allocation
- ◆ Local Match Allocation Plan

Service Based Cost Allocation

- ◆ Allocate Costs to Different Modes
 - A Public Transit Agency Operates a Fixed Service
 - Under the ADA Rule, the Entity Must Also Operate Complementary Paratransit
 - NTD Generally Requires Expenses be Split by Mode of Service
 - MB = Motor Bus
 - DR = Demand Response



Principle of Cost Allocation

- ◆ There Is No Universal Rule For Classifying Certain Costs as Either Direct or Indirect (F&A) Under Every Accounting System



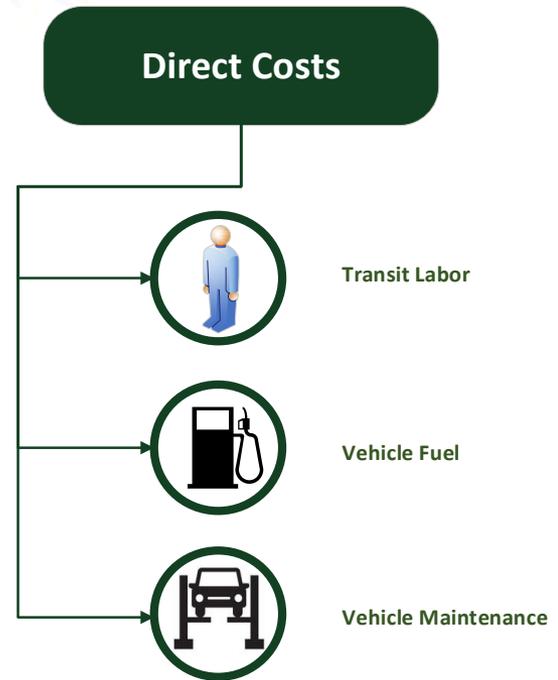
Principle

- ◆ Each Item of Cost Incurred For the Same Purpose Be Treated Consistently In Like Circumstances Either as a Direct or An Indirect (F&A) Cost In Order To Avoid Possible Double-Charging of Federal Awards



Direct Costs

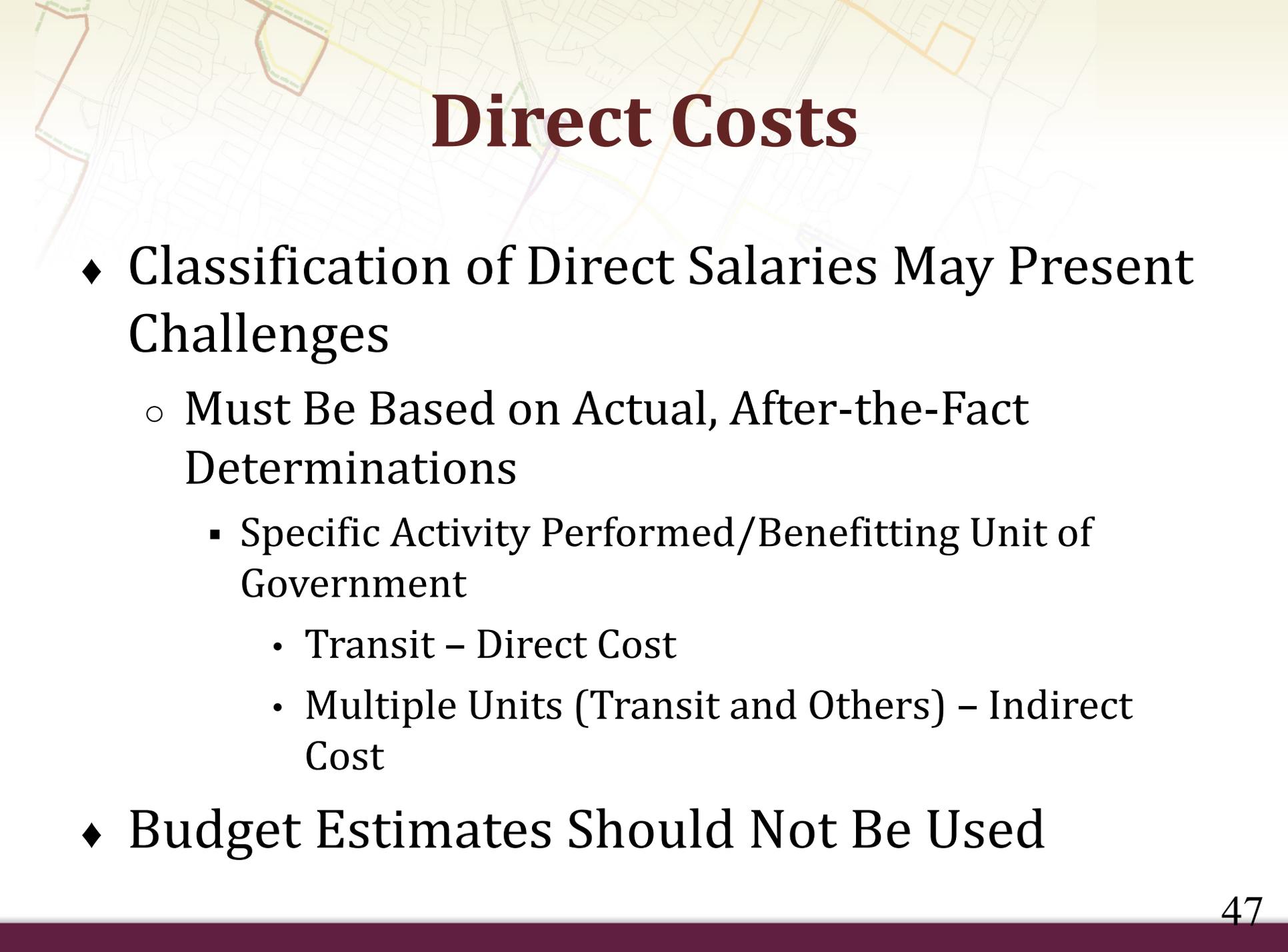
- ◆ Those Expenses Incurred by the Recipient of Subrecipient That Are Directly Related and Strictly Benefit Only the Public Transportation Program





Direct Costs

- ◆ Transit Examples:
 - Operator's Salaries & Wages
 - Dispatcher's Salaries & Wages
 - Contract Vehicle Maintenance
 - Fuel & Lubricants Consumed
 - Tires and Tubes Consumed
 - Purchased Transportation

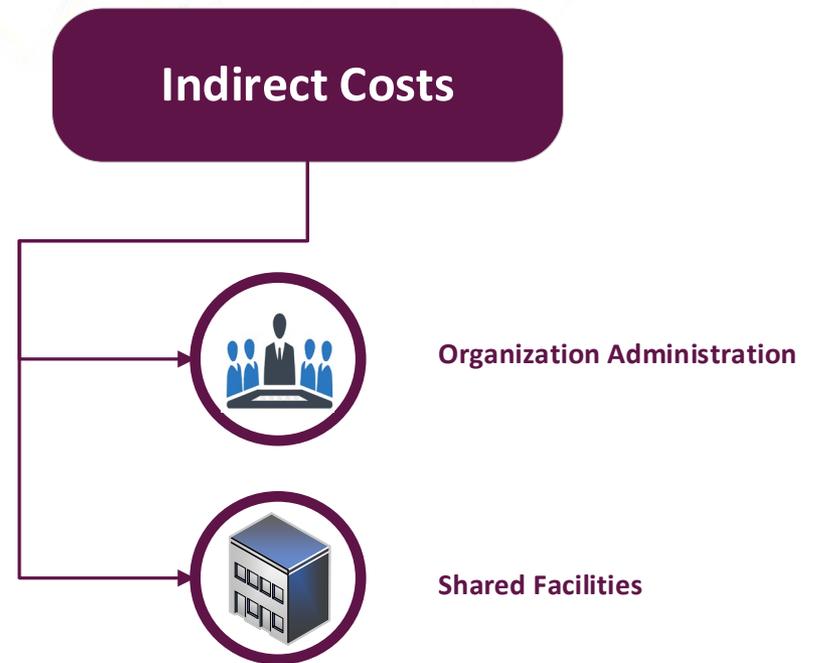


Direct Costs

- ◆ Classification of Direct Salaries May Present Challenges
 - Must Be Based on Actual, After-the-Fact Determinations
 - Specific Activity Performed/Benefitting Unit of Government
 - Transit – Direct Cost
 - Multiple Units (Transit and Others) – Indirect Cost
- ◆ Budget Estimates Should Not Be Used

Indirect Costs (F&A)

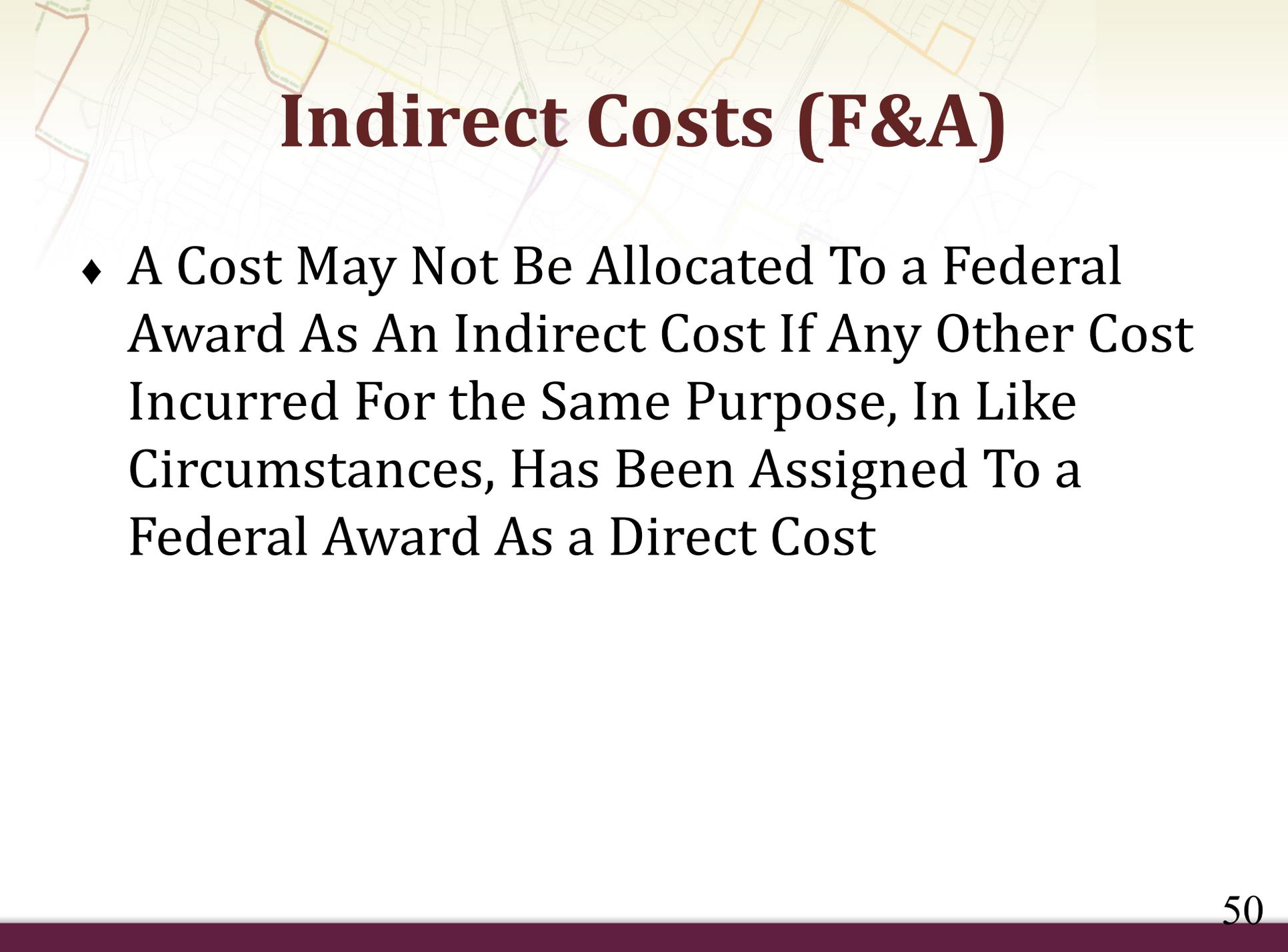
- ◆ Indirect Costs Are Those That Have Been Incurred For Common or Joint Purposes





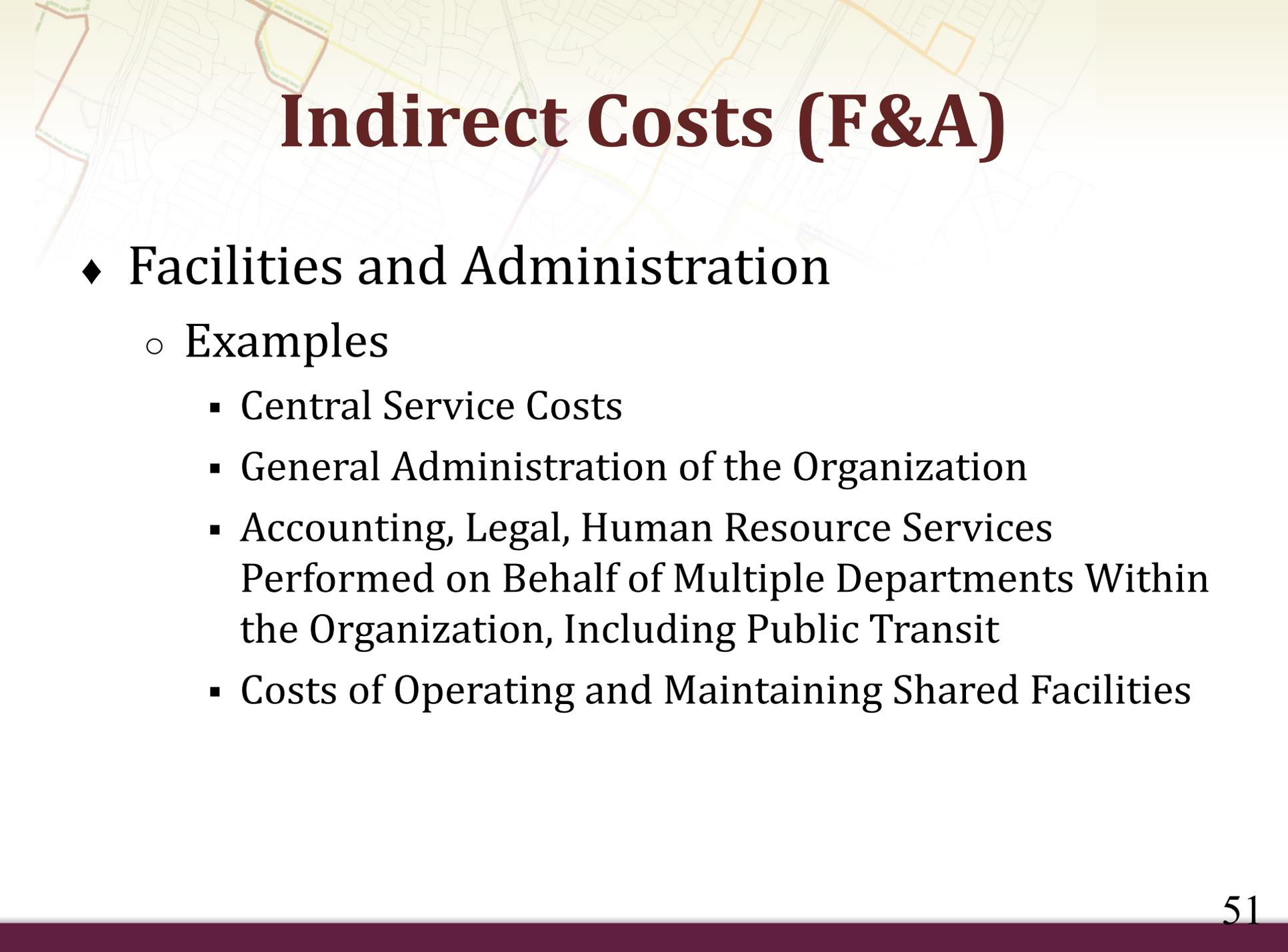
Indirect Costs (F&A)

- ◆ These Costs Benefit More Than One Cost Objective and Cannot Be Readily Identified With a Particular Final Cost Objective Without Effort Disproportionate To the Results Achieved
- ◆ New Concepts
 - Indirect Costs are Now Referred to as Indirect (F&A) Costs
 - F = Facilities
 - A = Administration

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and a purple line. The title 'Indirect Costs (F&A)' is centered over the map in a dark red, serif font.

Indirect Costs (F&A)

- ◆ A Cost May Not Be Allocated To a Federal Award As An Indirect Cost If Any Other Cost Incurred For the Same Purpose, In Like Circumstances, Has Been Assigned To a Federal Award As a Direct Cost



Indirect Costs (F&A)

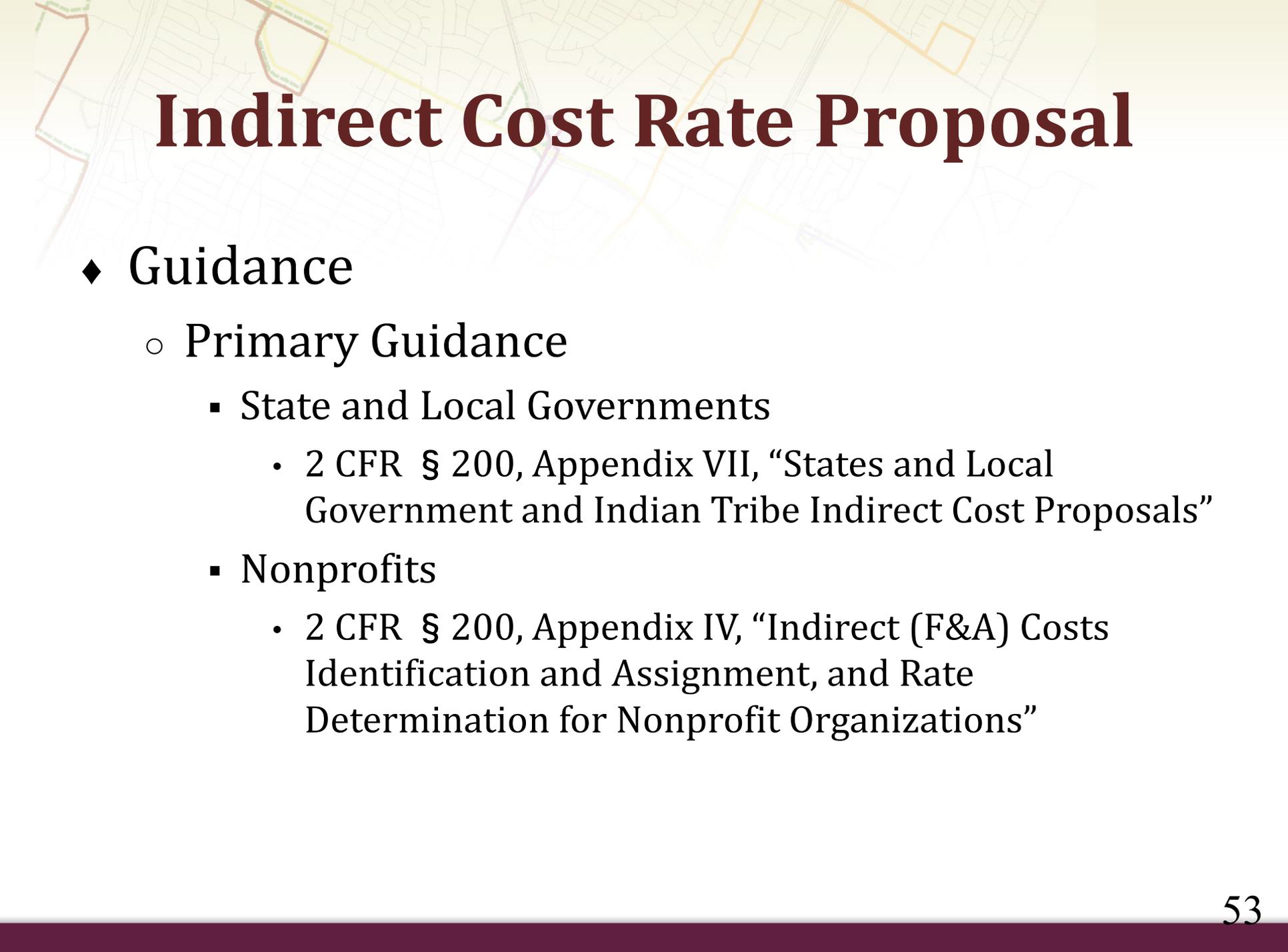
◆ Facilities and Administration

○ Examples

- Central Service Costs
- General Administration of the Organization
- Accounting, Legal, Human Resource Services Performed on Behalf of Multiple Departments Within the Organization, Including Public Transit
- Costs of Operating and Maintaining Shared Facilities

Allowability of Indirect Costs

- ◆ Allowable, to the Extent the Charges Conform to an Approved Indirect Cost Rate
- ◆ Indirect Costs Are Normally Charged to Federal Awards By the Use of An Indirect Cost Rate
- ◆ A Separate Indirect Cost Rate(s) Is Usually Necessary For Each Department or Agency of the Governmental Unit Claiming Indirect Costs Under Federal Awards

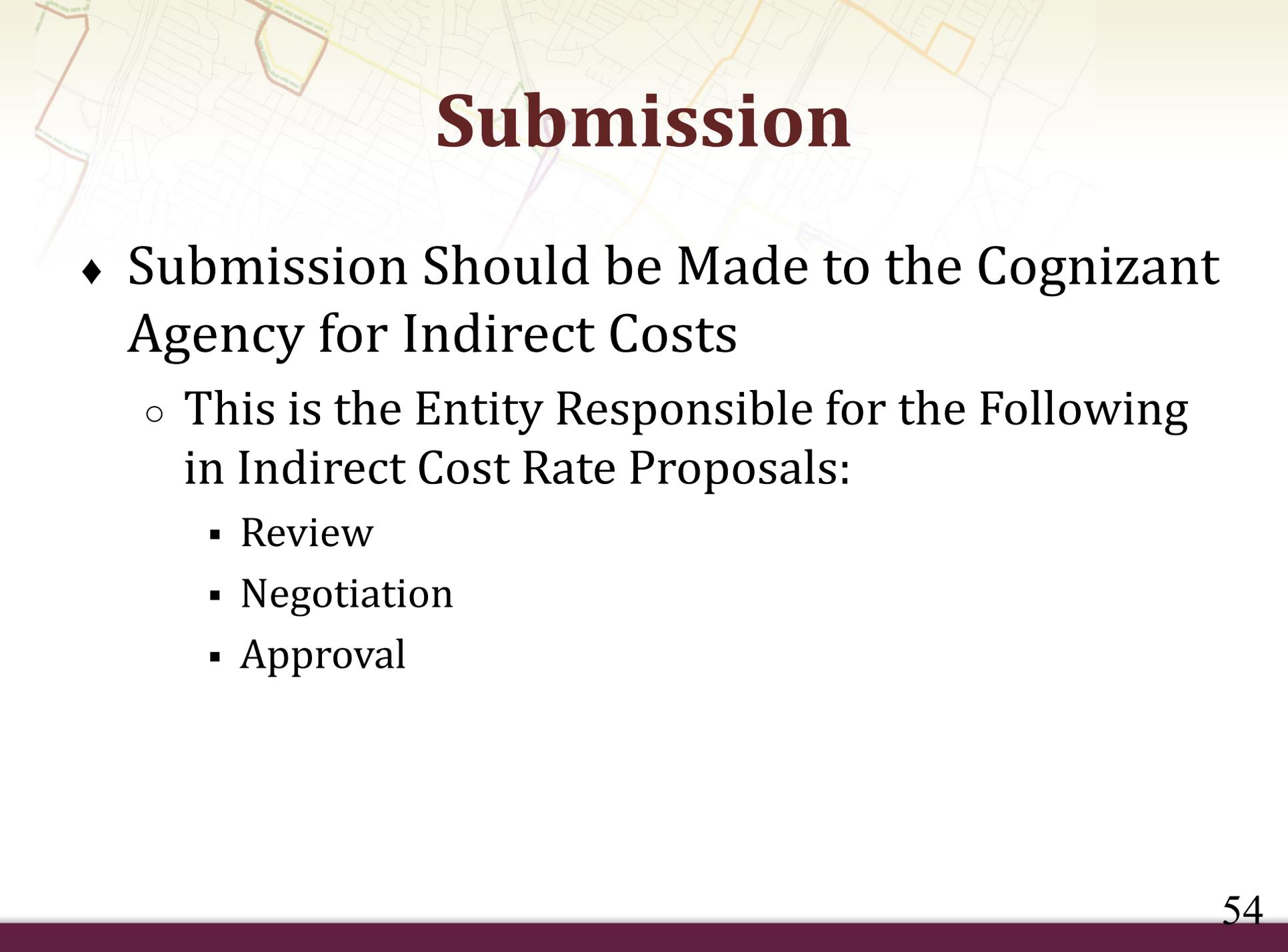


Indirect Cost Rate Proposal

◆ Guidance

○ Primary Guidance

- State and Local Governments
 - 2 CFR § 200, Appendix VII, “States and Local Government and Indian Tribe Indirect Cost Proposals”
- Nonprofits
 - 2 CFR § 200, Appendix IV, “Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations”

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and an orange line. The title 'Submission' is centered over the map.

Submission

- ◆ Submission Should be Made to the Cognizant Agency for Indirect Costs
 - This is the Entity Responsible for the Following in Indirect Cost Rate Proposals:
 - Review
 - Negotiation
 - Approval

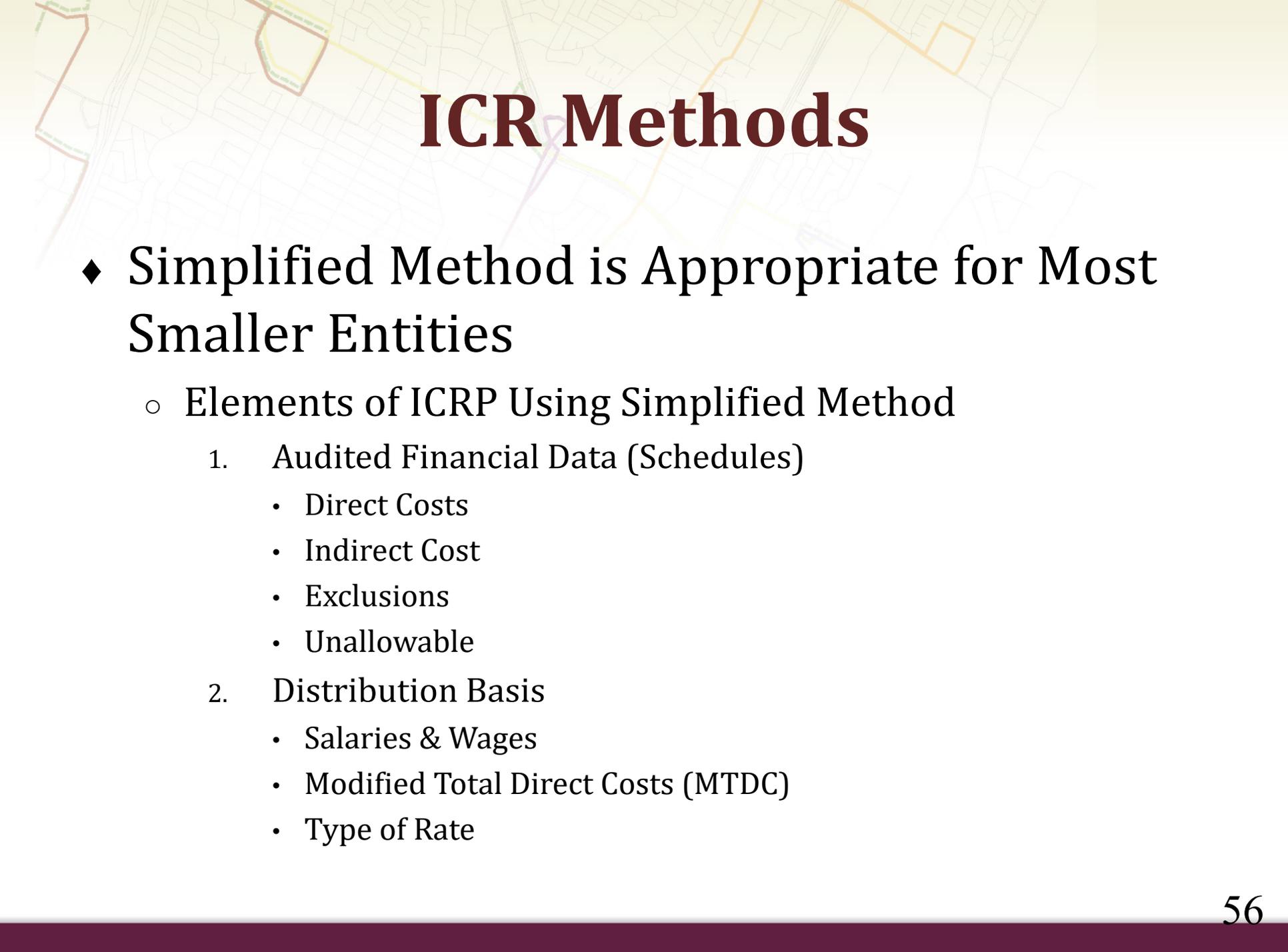
ICR Methods & Rates

- ◆ **Indirect Cost Rates are Not Complicated, Nothing More Than Simple Division**
- ◆ **Indirect Costs Divided by a Direct Cost Base**
- ◆ **For Example:**

$$\text{ICR} = \frac{a}{b}$$

[Indirect Costs (Total or S & W Indirect)]

[Direct Cost Base (Total, MTDC, or S & W)]

A background map showing a street grid with several colored overlays: a red outline, a green outline, a purple outline, and a yellow line. The title 'ICR Methods' is centered over the map.

ICR Methods

◆ Simplified Method is Appropriate for Most Smaller Entities

○ Elements of ICRP Using Simplified Method

1. Audited Financial Data (Schedules)
 - Direct Costs
 - Indirect Cost
 - Exclusions
 - Unallowable
2. Distribution Basis
 - Salaries & Wages
 - Modified Total Direct Costs (MTDC)
 - Type of Rate



ICR Methods

- ◆ Simplified Method is Appropriate for Most Smaller Entities
 - Elements of ICRP Using Simplified Method
 3. Organizational Chart
 4. Narrative (One-Time Submission)
 - Departments Units Generating Direct Costs
 - Departments/Units Generating Indirect Costs
 5. Schedule of Rate Computation
 - Salaries & Wages
 - Modified Total Direct Costs (MTDC)
 6. Certification

Simplified Method

◆ Example:

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)

Table 2 reflects the change in net position for 2013 and 2012.

Table 2
Governmental Activities
Changes in Net Position

| | 2013 | 2012 | Change |
|-----------------------------------------------|---------------------|---------------------|--------------------|
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for Services | \$3,609,389 | \$3,586,890 | \$22,499 |
| Operating Grants, Contributions, and Interest | 10,870,680 | 9,966,286 | 904,394 |
| Capital Grants | | 610,923 | (610,923) |
| Total Program Receipts | 14,480,069 | 14,164,099 | 315,970 |
| General Receipts: | | | |
| Property Taxes Levied for General Operating | 1,661,853 | 1,641,057 | 20,796 |
| Property Taxes Levied for Lawnview 169 Board | 2,404,132 | 2,365,758 | 38,374 |
| Property Taxes Levied for Children's Services | 510,428 | 502,126 | 8,302 |
| Sales Taxes | 5,312,020 | 4,859,352 | 452,668 |
| Grants and Entitlements | 1,087,655 | 868,012 | 219,643 |
| Interest | 404,705 | 436,112 | (31,407) |
| Other | 2,221,264 | 2,945,223 | (723,959) |
| Total General Receipts | 13,602,057 | 13,617,640 | (15,583) |
| Total Receipts | 28,082,126 | 27,781,739 | 300,387 |
| Program Disbursements | | | |
| General Government: | | | |
| Legislative and Executive | 3,920,017 | 3,938,117 | 18,100 |
| Judicial | 2,338,841 | 2,242,057 | (96,784) |
| Public Safety | 4,050,913 | 3,857,664 | (193,249) |
| Public Works | 4,937,669 | 6,279,755 | 1,342,086 |
| Health | 5,026,790 | 4,903,592 | (123,198) |
| Human Services | 4,939,302 | 5,431,627 | 492,325 |
| Conservation and Recreation | 274,920 | 216,237 | (58,683) |
| Economic Development and Assistance | 702,590 | 170,914 | (531,676) |
| Capital Outlay | 149,557 | 50,499 | (99,058) |
| Debt Service: | | | |
| Principal Retirement | 289,060 | 313,119 | 24,059 |
| Interest and Fiscal Charges | 54,700 | 64,900 | 10,200 |
| Total Disbursements | 26,684,359 | 27,468,481 | 784,122 |
| Increase in Net Position | 1,397,767 | 313,258 | 1,084,509 |
| Net Position at Beginning of Year | 12,717,648 | 12,404,390 | 313,258 |
| Net Position at End of Year | \$14,115,415 | \$12,717,648 | \$1,397,767 |

Simplified Method

Exercise No. 5 - Answers
 Indirect Costs Schedule
 Smith County Public Works Department
 For the Fiscal Year Ended December 31, 2014

| Departmental Unit | Total (A) | Exclusions (B) | Expenditures Not Allowable (C) | Indirect Costs (D) | Direct Costs | |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| | | | | | Direct Salaries and Wages (E) | Other Direct Costs (F) |
| Transit | \$ 568,118 | \$ 63,646 | \$ 790 | | \$ 351,014 | \$ 151,878 |
| Roads | \$ 1,769,398 | \$ 125,695 | \$ 3,190 | | \$ 1,079,178 | \$ 558,145 |
| Environmental Services | \$ 2,092,776 | \$ 256,967 | \$ 265 | \$ - | \$ 1,500,346 | \$ 334,933 |
| Subtotal | \$ 4,430,292 | \$ 446,308 | \$ 4,245 | \$ - | \$ 2,930,538 | \$ 1,044,956 |
| Departmental Indirect Costs | | | | | | |
| Administration | \$ 285,599.39 | \$ - | \$ - | \$ 285,599 | \$ - | \$ - |
| Subtotal | \$ 285,599.39 | \$ - | \$ - | \$ 285,599 | | |
| Services Furnished (But Not Billed) by Other Governmental Units | | | | | | |
| Human Resources | \$ 123,273 | | | \$ 123,273 | | |
| Finance | \$ 67,037 | | | \$ 67,037 | | |
| Legal | \$ 5,612 | | | \$ 5,612 | | |
| Information Technology | \$ 24,890 | \$ - | \$ - | \$ 24,890 | \$ - | \$ - |
| Subtotal | \$ 220,812 | \$ - | \$ - | \$ 220,812 | \$ - | \$ - |
| Total | \$ 4,936,704 | \$ 446,308 | \$ 4,245 | \$ 506,412 | \$ 2,930,538 | \$ 1,044,956 |
| | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| | Should reconcile to audit data, other finance data used to prepare ICRP | Exclusions include pass- through funds and capital | Although unallowable, such expenses must bear their share of indirect | Indirect costs should be accumulated in separate accounts within the accounting system | Should reconcile to audit data, other finance data used to prepare ICRP | Should reconcile to audit data, other finance data used to prepare ICRP |

Simplified Method

Sample Indirect Cost Rate Proposal - Simplified Method Smith County Public Works Department For the Fiscal Year Ended December 31, 2014

Summary

| Total (A) | Exclusions and Non-Allowable (B) +(C) | Indirect Costs (D) | Modified Total Direct Cost (MTDC) (E) +(F) |
|--------------|---------------------------------------------|--------------------------|--------------------------------------------------|
| \$ 4,937,669 | \$ 450,553 | \$ 507,377 | \$ 3,975,494 |

Indirect Cost Rate Computation

$$(D) \div [(E) + (F)] \quad \frac{\$ 507,377}{\$ 3,975,494} = 12.8\%$$

Smith County Public Works Department proposes to use an Indirect Cost Rate of 12.8% applied to Modified Total Direct Costs in its Federal grant awards.

Using the *de minimis* Rate

- ◆ No ICRP Required
- ◆ Any Non-Federal Entity (Either Public or Nonprofit) May Utilize the *de minimis* Rate

WHO CAN USE THE 10% DE MINIMIS RATE?

The 10% de minimis rate for modified total direct costs can only be elected under an award by a non-profit organization that has never held an indirect cost rate agreement.



REQUIREMENTS FOR USE OF THE 10% DE MINIMIS

- ✓ The organization must include the 10% de minimis amount in its application and maintain documentation of costs included in its modified total direct costs.
- ✓ It must be used consistently across all USG awards.
- ✓ It is allowable for use indefinitely.

WHAT IF AN ORGANIZATION PROPOSES AN INDIRECT COST RATE BUT HAS NO NICRA?

The use of the 10% de minimis rate should not be used as the substitute by an organization that has an indirect cost rate simply because they have no NICRA. In this instance, the organization's proposed rate should be reviewed for propriety and honored if adequately supported.



CAN ADMINISTRATIVE COSTS BE INCLUDED?

Administrative and clerical salaries should normally be treated as indirect costs (finance and administrative costs). In contrast, administrative and clerical salaries that can be identified specifically with a final cost objective, (ie. award), should be charged as a direct cost.

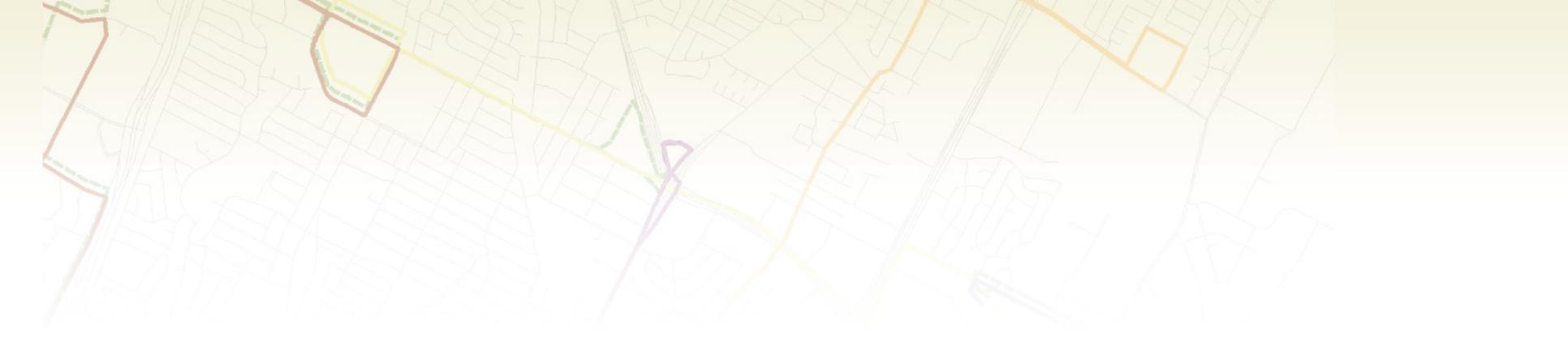
Using the *de minimis* Rate

- ◆ Previous or Expired Rates With the Federal Government
 - ~~If, at any Time the NFE Had a Prior Rate with the Federal Government, the NFE is Prohibited from Using the *de minimis* Rate~~
 - Effective November 12, 2020, this Previous Provision is No Longer Applicable

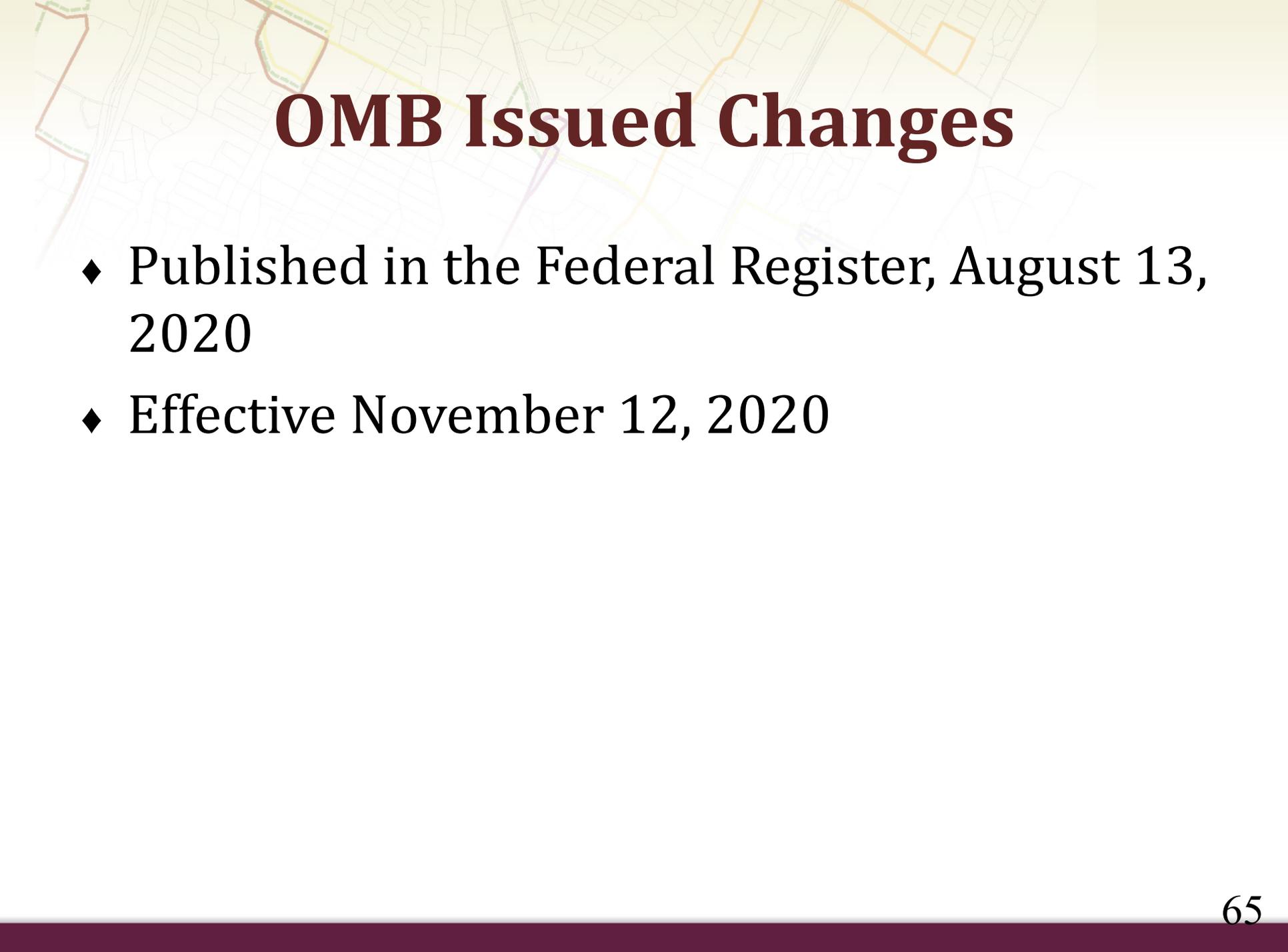


Using the *de minimis* Rate

- ◆ **Using the *de minimis* Rate as a Transitional Rate**
 - **This Practice is Permitted**
 - **An NFE May Use the *de minimis* Rate, If Otherwise Qualified, Until Such Time as a Negotiated Rate is Developed, Submitted, and Approved**

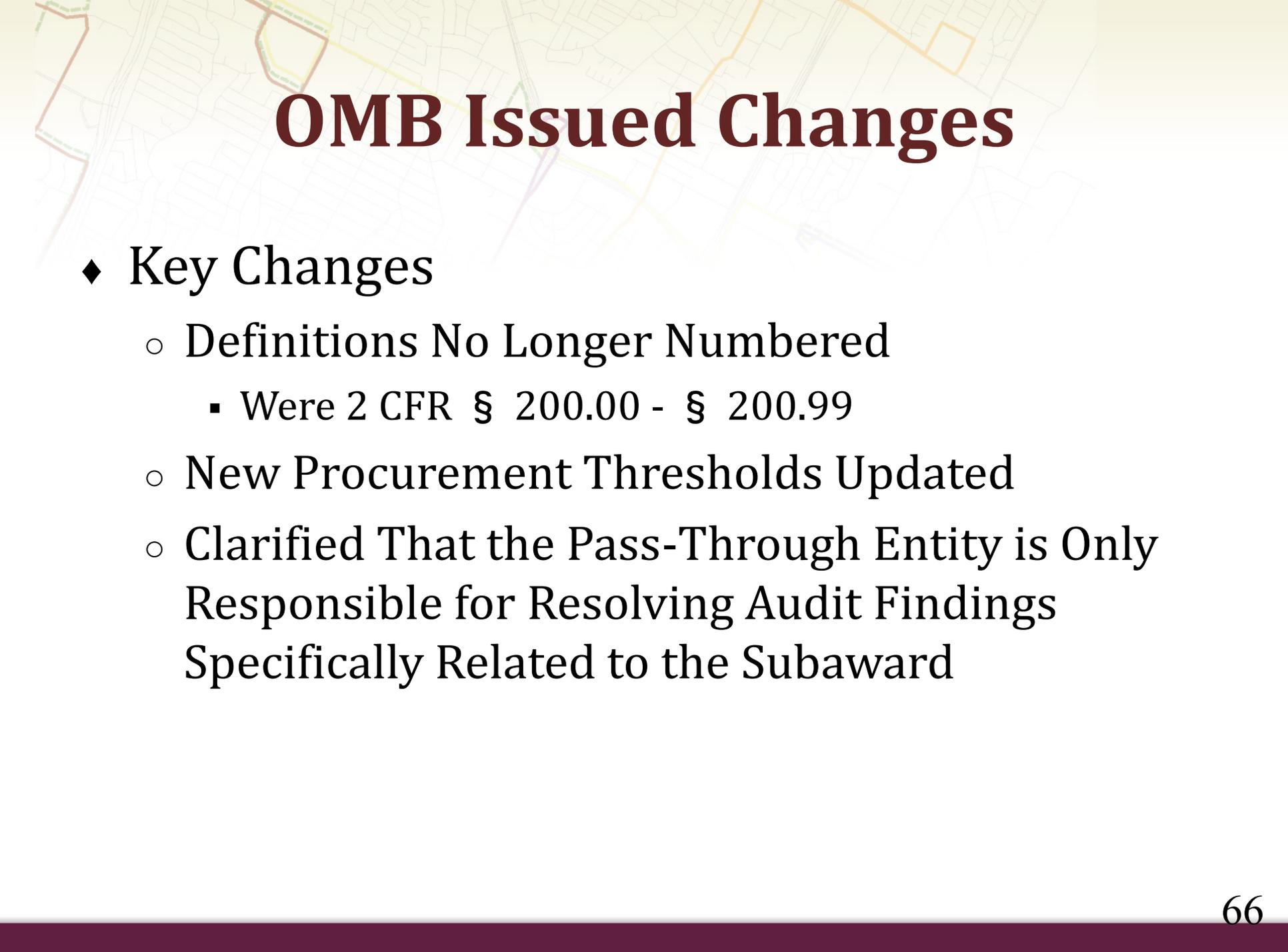


CHANGES TO 2 CFR § 200

A background map showing a street grid with several colored overlays: a red outline on the left, a yellow line running diagonally, and a purple line forming a triangle. The title 'OMB Issued Changes' is centered over the map in a large, bold, dark red font.

OMB Issued Changes

- ◆ Published in the Federal Register, August 13, 2020
- ◆ Effective November 12, 2020



OMB Issued Changes

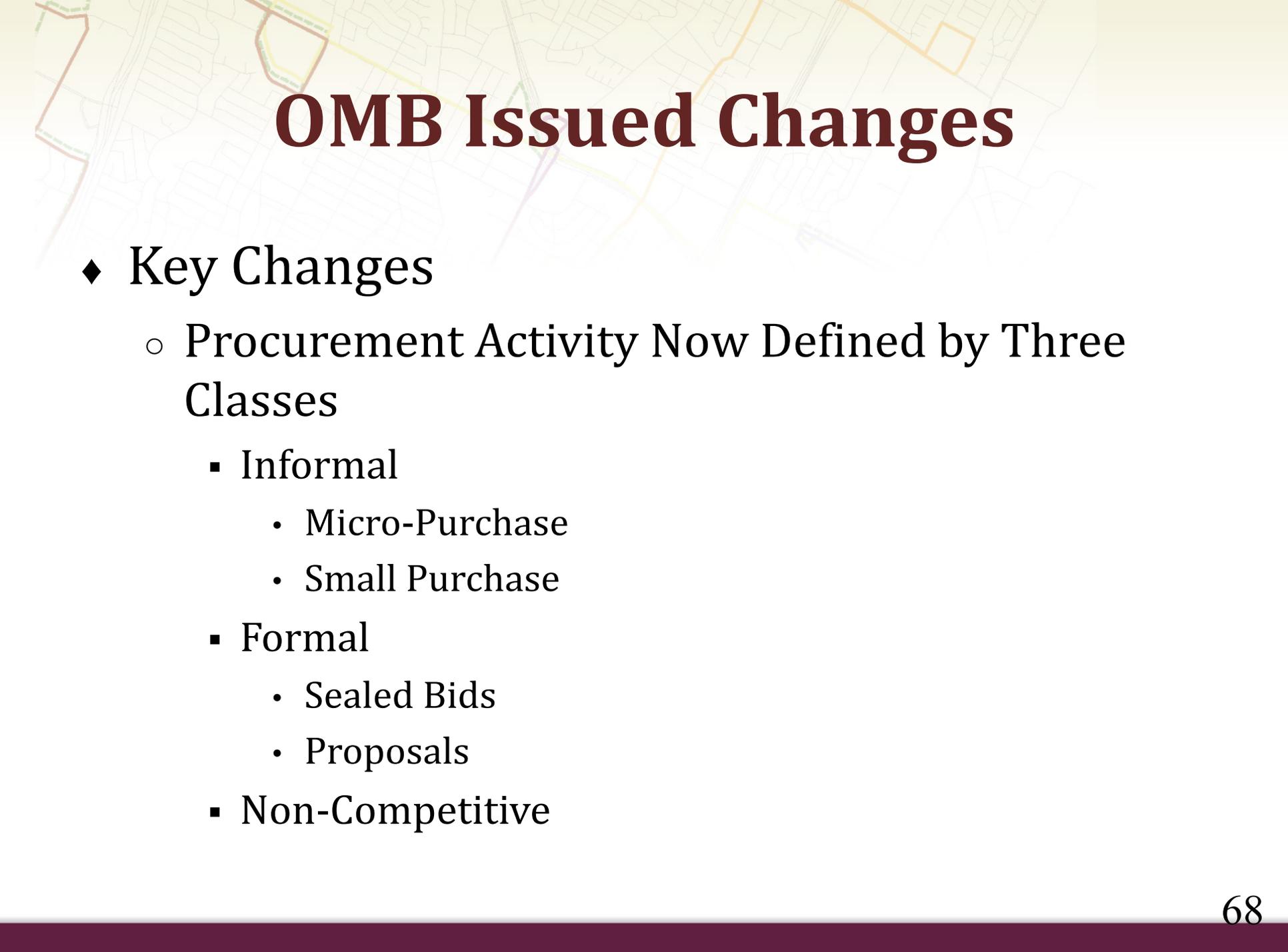
◆ Key Changes

- Definitions No Longer Numbered
 - Were 2 CFR § 200.00 - § 200.99
- New Procurement Thresholds Updated
- Clarified That the Pass-Through Entity is Only Responsible for Resolving Audit Findings Specifically Related to the Subaward

OMB Issued Changes

◆ Key Changes

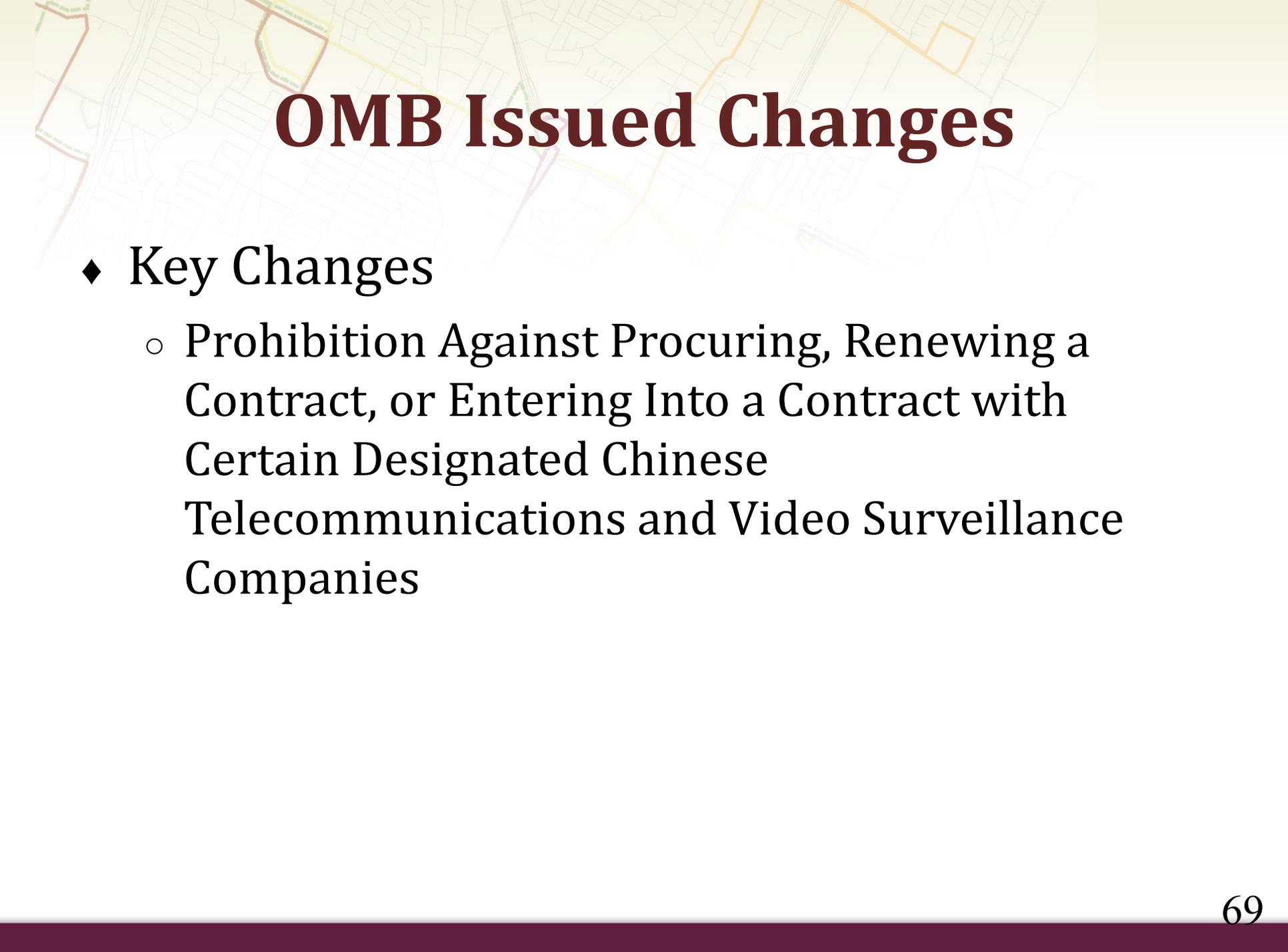
- Entities That Previously Had an Indirect Cost Rate Negotiated With the Federal Government May Now Use the *de minimis* Rate
- Clarifies that NFEs that Use the *de minimis* Rate Are Not Obligated to “Prove” The Organization Incurred 10 Percent Indirect Costs
- All Approved Indirect Cost Rates Must be Published on an OMB-Approved Web Site



OMB Issued Changes

◆ Key Changes

- Procurement Activity Now Defined by Three Classes
 - Informal
 - Micro-Purchase
 - Small Purchase
 - Formal
 - Sealed Bids
 - Proposals
 - Non-Competitive

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and a purple line. The map is semi-transparent and serves as a decorative background for the slide.

OMB Issued Changes

- ◆ Key Changes

- Prohibition Against Procuring, Renewing a Contract, or Entering Into a Contract with Certain Designated Chinese Telecommunications and Video Surveillance Companies

Budget Revisions

- ◆ A Budget Revision Does Not Involve Additional Appropriation of Funds from GDOT
 - Increase in local funds to cover cost overruns
 - Updates to revenue accounts to make adjustments for what is actually occurring
 - Updates to expense accounts to make adjustment for what is actually occurring
 - Typically completed when expense or revenue category changes by 10% or more



Budget Revisions

- ◆ Budget Revisions Require the GDOT Project Manager to Update the Transit System's Budget



Budget Supplement

- ◆ Budget Supplement Adds Funding from GDOT to the Budget
 - Case by case basis
 - Must be justified
 - Should not be a common occurrence
 - If a system needs supplements on a regular basis they do not have the financial capacity to manage the Federal program



CARES Act

- ◆ Under the **FTA** Emergency Relief Program (49 U.S.C. § 5324), recipients are permitted to use Urbanized Area or Rural Areas formula funds administered under the provisions of the Emergency Relief Program or **CARES Act** funds until January 20, 2022, to pay for the operational costs of such services.



CARES Act

FAQ - resource

<https://www.transit.dot.gov/frequently-asked-questions-fta-grantees-regarding-coronavirus-disease-2019-covid-19>

Expenses incurred for essential non transit services are eligible for reimbursement but cannot be reported as a transit expense for NTD purposes



GDOT FMO Policy Manual

◆ Appendix forms

| Exhibit# | Exhibit Name | Type Document/Purpose |
|-----------------|-------------------------------------------------------------------------------------------|------------------------------|
| 1 | Financial System Certification “Government Entities” | Word – Application |
| 1A | Financial System Certification “Private Non-profit” | Word – Application |
| 1B | Financial System Certification De-minimis Modified Total Direct Cost (MTDC) Certification | Word – Application |
| 2 | GDOT Approval “Template” letter for ICRP | Word - GDOT Internal |
| 3 | Written Financial Policy Checklist for FTA Grants | Word - FTA Compliance |
| 4 | Allowability of Costs under FTA Federal Grant Award | Word - FTA Compliance |
| 5 | RFP Solicitation “Template” for Third-party operation of Transit Service | Word – subrecipient |
| 5B | Third Party Operator Rate Budget Worksheet RFP | Excel – subrecipient |
| 6 | Third-Party Operator Contract Template | Word – subrecipient |
| 7 | 2020 Subrecipient Operating Reimbursement Report Form | Excel – subrecipient |
| 8A | Internal Monthly Invoice Review Report Form | Word - GDOT Internal |
| 8B | Internal Monthly Invoice Discrepancy Report | Word - GDOT Internal |
| 8C | Request for Outstanding Invoice “Template” Letter | Word - GDOT Internal |
| 9A | Sample Time Sheet “Template” for Transit Staff in Multiple Programs | Excel – subrecipient |
| 9B | Sample Payroll Positions – Segregating Transit Salaries for Transit Systems | Excel – subrecipient |
| 10 | Transit Operating Reserve Policy Certification | Word – Application |
| 11 | Glossary of Terms and Acronyms | Word – FTA terms |
| 12 | Modified Total Indirect Cost Worksheet 2020 (Excel) | Excel – subrecipient |
| 13 | FTA Incidental Use Form | Word – subrecipient |



Questions and Answers

- ◆ Questions
- ◆ General discussion on FMO Policy Manual content
- ◆ Other Questions



Thank you

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