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## **100.00 GENERAL ADMINISTRATION**

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### **100.20 FINANCIAL ADMINISTRATION**

In accordance with 2 C.F.R. § 200.303, the CA Agency must establish and maintain effective internal financial and accounting controls over FHWA awards and ensure federal-aid funds are being managed in compliance with federal and state laws and regulations.

Before incurring any costs for which reimbursement will be sought, the CA Agency must submit a letter to the ADOT PM requesting federal authorization (preliminary engineering/design, ROW, utility, construction). Eligible project costs incurred by the CA Agency are eligible for federal reimbursement only after the date of federal authorization by FHWA, as documented on the Federal-Aid Project Agreement form. FHWA will not reimburse any costs incurred before the date of federal authorization.

#### Mandatory Disclosures and Conflict of Interest

In accordance with 2 C.F.R. § 200.113, the CA Agency must disclose to the ADOT LPA Section in writing all violations of Federal criminal law that involve fraud, bribery, or gratuity violations potentially affecting the Federal award. Any potential conflicts of interest that arise and may affect FHWA awards, must also be disclosed in writing by the CA Agency, in accordance with 2 C.F.R. § 200.112. The CA Agency must establish internal procedures to meet these requirements.

#### Reimbursement

The FAHP provides funding through federal reimbursement. ADOT bears no financial responsibility for CA-administered FAHP projects. The CA Agency must bear all costs not eligible for federal reimbursement.

The CA Agency must submit all requests for federal reimbursement to the ADOT PM for verification. In accordance with 2 C.F.R. § 200.302(b)(3), the reimbursement request will contain proper documentation supporting the payment of eligible expenses.

#### Inactive Projects

An inactive project is a project that has not had billing activity within the established timeframes set by ADOT and FHWA. The established timeframes are from the date of last billing activity. FHWA's timeframes are subject to change and ADOT's timelines would adjust accordingly. The timeframes as of the publication of the 2017 CA Manual are:

- 150 calendar days – Projects are first identified on the ADOT Potential Inactive Project report. ADOT will communicate this to the CA Agency.
- 180 calendar days – Projects are considered inactive by ADOT.
- 270 calendar days – Projects authorized for greater than \$50,000 with no expenditures within the first nine months of federal authorization are considered inactive by FHWA.
- 365 calendar days – Projects that have unexpended federal-aid funds and have an available balance greater than \$150,000 are considered inactive by FHWA.

Inactive projects may be subject to deobligation and cancellation. This may result in the CA Agency absorbing all project costs and potentially having to repay any federal-aid funds already reimbursed. Projects that do not show billing activity against the obligated funds at least quarterly run the risk of increased ADOT and FHWA scrutiny as potentially inactive projects. When the CA Agency has not submitted reimbursement request within six months, the CA Agency must provide sufficient justification for the obligated funding and explanation for the delay. Any deobligated funds from an inactive project will be returned to the MPO or ADOT, as applicable, for reprogramming.

### Period of Performance

2 C.F.R. Part 200 mandates project Period of Performance start and end dates (PPSD – Period of Performance Start Date and PPED – Period of Performance End Date) be established for each project. Costs will only be incurred within the period of performance. After the PPED, no additional costs can be incurred and claimed for federal reimbursement. All costs, including auditing and project closeout, should be accounted for during the establishment of the PPED.

The PPED is reflected in all federal actions, including new project authorizations and modifications to previously authorized projects. The CA Agency must establish a PPED for the first phase authorized on a project (design, ROW, utility or construction). The PPED can then be adjusted to reflect subsequent project phases, when applicable. The PPED should be established to allow enough time for the CA Agency staff to complete a final reconciliation of costs and be reimbursed for all eligible expenditures. The PPED should not include the time required for ADOT to complete the final voucher process.

At the time of federal authorization, FHWA will ensure the estimated period of performance is in line with ADOT procedures and project schedules. ADOT will notify the CA agency of any change to the project end date. For PPED modifications, the CA Agency must provide written justification to the ADOT PM on a PPED Extension Form with sufficient information for FHWA to consider the request.

The CA Agency must provide the ADOT PM written notice of the start and end dates for construction, prior to the preconstruction meeting and monthly schedule updates ensuring the project does not exceed the approved PPED. The update will include the project name, federal and state project numbers, actual start time, days contract used, bid amount/earned to date, percent complete/time. ADOT will share this information with FHWA.

When the CA Agency learns that a change to the project affects the PPED, the CA Agency must notify the ADOT PM immediately. The CA Agency must submit an email to the ADOT PM explaining the cause for the change and expected duration. This should be completed on a PPED Extension Form. When the change to the PPED has been approved by FHWA, the ADOT PM will notify the CA Agency.