

3. TECHNICAL CAPACITY – AWARD MANAGEMENT

PURPOSE OF THIS REVIEW AREA

The recipient must report progress of projects in awards to the Federal Transit Administration (FTA) and close awards timely.

QUESTIONS TO BE EXAMINED

1. Are Milestone Progress Reports (MPRs) and Federal Financial Reports (FFRs) submitted to FTA on time?
2. Are FFRs complete and accurate?
3. Are MPRs complete and accurate?
4. Are Program of Projects (POP) Status Reports complete and submitted on time?
5. Does the recipient ensure timely expenditure of funds and close out of awards?

INFORMATION NEEDED FROM RECIPIENT

Recipient Information Request

- If written, Award management and reporting procedures not included in financial procedures that address,
 - Completing FFRs and MPRs
 - Developing ECHO draws
 - Submitting and managing Single Audits
- Closeout schedule for all open awards

Recipient Follow-up

- Correspondence from FTA regional office regarding reporting issues
-
-

TC-AM1. Are Milestone Progress Reports (MPRs) and Federal Financial Reports (FFRs) submitted to FTA on time?

BASIC REQUIREMENT

Recipients must report progress to FTA via submittal of timely MPRs and FFRs at the required intervals.

APPLICABILITY

All recipients

DETAILED EXPLANATION FOR REVIEWER

Recipients must submit MPRs and FFRs in the Transit Award Management System (TrAMS) for each open award within 30 days of the end of the reporting period. Reports must be submitted for all active/executed awards, even if no activity occurred on those awards since the last report.

Recipients are required to submit MPRs and FFRs based on the reporting frequency established by FTA. The reporting frequency depends on award program, award amount, recipient location, project type, and risk. FTA C. 5010.1E *Award Management Requirements* sets the reporting schedule and also permits FTA to adopt a risk-based approach to change the frequency of reporting. Since October 1, 2017, awards of \$2 million or less awarded to recipients located in urbanized areas over 200,000 in population

may be reported annually instead of quarterly unless FTA has identified a specific risk. FTA's risk-based approach reduced the frequency of reporting for some recipients.

The following table shows the current reporting frequency for MPRs and FFRs by program. FTA, at its discretion, can require more frequent reporting.

Because submitting late reports is a risk factor, patterns of late or unsubmitted reports may prompt FTA to take remedial action and increase reporting frequency requirements.

MPR and FFR Reporting Frequency		
Recipient/Program	Project	Reporting Frequency
Recipients in large UZAs (>200,000)	Awards >\$2 million	Quarterly
	Awards <\$2 million	Annually
Recipients in small UZAs (<200,000) State-administered programs	Section 5309-funded facility construction projects Section 5329	Quarterly
	All other projects	Annually

If FTA grants an extension to the report or if corrections can only be added outside the 30-day timeframe, the recipient should provide documentation relating to FTA's approval or instruction and note the change in their comments. Submissions outside the 30-day timeframe may only be submitted via a hard copy of the SF-425. These may be found under 'Application Documents' or 'Recipient Documents' in TrAMS.

FLEXIBILITIES AND ADMINISTRATIVE RELIEF

Per OMB Memorandum M-20-17 as part of the government's flexibilities in response to the Public Health Emergency, a recipient could delay submission of financial, performance, and other reports up to three (3) months beyond the normal due date. Recipients were permitted to draw down Federal funds without the timely submission of these reports. These reports must be submitted at the end of the postponed period. Therefore, due dates for quarterly MPRs and FFRs for the period ended March 31, 2020, would be extended from April 30, 2020, to July 30, 2020. Reports selected for review that were not submitted within 90 days of the original due date would be considered late. This flexibility expired June 16, 2020 and was rescinded per OMB Memorandum M-20-26.

INDICATORS OF COMPLIANCE

- a. *How often is the recipient required to submit MPRs and FFRs? Has FTA specified a different reporting frequency from the chart above? If yes, what is that frequency?*
- b. *Did the recipient submit all MPRs and FFRs on time? If not, how many reports were missing/late during any reporting period?*

Awards reviewed	-
-----------------	---

Late or missing MPRs or FFRs by reporting period due dates								
Year	Quarter 1 (Jan 1 – Jan 30)		Quarter 2 (Apr 1 – Apr 30)		Quarter 3 (July 1 – July 30)		Quarter 4/Annual (Oct 1 – Oct 30)	
	MPR	FFR	MPR	FFR	MPR	FFR	MPR	FFR
FY 20XX	-	-	-	-	-	-	-	-

INSTRUCTIONS FOR REVIEWER

Confirm reporting frequency and discuss with the FTA regional office any changes in the required reporting frequencies based on a risk analysis. For each program, sample at least three awards for the most recent reporting period. If there is a pattern of late or missing reports, discuss the situation with the regional office and recipient. It may be necessary to review additional reports to identify a pattern of late or missing reports.

POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if it does not submit MPRs and FFRs for each open award, does not submit them at the required intervals or submits them late.

DEFICIENCY CODE TC-AM1-1: Late or unsubmitted MPRs/FFRs

SUGGESTED CORRECTIVE ACTION: The recipient must submit the delinquent report(s) for the most recent reporting period and submit procedures for submitting future reports on time. If the recipient is no longer able to submit the reports electronically, it must upload hard copies of the reports to TrAMS and notify the FTA regional office when the delinquent reports are submitted.

GOVERNING DIRECTIVE

2 CFR 200.328 Financial reporting

(a) The Federal agency must require only OMB-approved government-wide data elements on recipient financial reports. At the time of publication, this consists of the Federal Financial Report (SF-425); however, this also applies to any future OMB-approved government-wide data elements available from the OMB-designated standards lead.

(b) The Federal agency or pass-through entity must collect financial reports no less than annually. The Federal agency or pass-through entity may not collect financial reports more frequently than quarterly unless a specific condition has been implemented in accordance with § 200.208. To the extent practicable, the Federal agency or pass-through entity should collect financial reports in coordination with performance reports.

(c) The recipient or subrecipient must submit financial reports as required by the Federal award. Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period.

(d) The final financial report submitted by the recipient must be due no later than 120 calendar days after the conclusion of the period of performance. A subrecipient must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance. See also § 200.344. The Federal agency or pass-through entity may extend the due date for any financial report with justification from the recipient or subrecipient.

2 CFR 200.329 Monitoring and reporting program performance

(c) Non-construction performance reports.

(1) The recipient or subrecipient must submit performance reports as required by the Federal award. Intervals must be no less frequent than annually nor more frequent than quarterly except if specific conditions are applied (See § 200.208). Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. Alternatively, the Federal agency or pass-through entity may require annual reports before the anniversary dates of multiple-year Federal awards. The final performance report submitted by the recipient must be due no later than 120 calendar days after the period of performance. A subrecipient must submit a final performance report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance. See also § 200.344. The Federal agency or pass-through entity may extend the due date for any performance report with justification from the recipient or subrecipient.

(2) As appropriate in accordance with above mentioned performance reporting, these reports will contain, for each Federal award, brief information on the following unless other data elements are approved by OMB in the agency information collection request:

(i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

(ii) The reasons why established goals were not met, if appropriate.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.(d) Construction performance reports. Federal agencies or pass-through entities rely on on-site technical inspections and certified percentage of completion data to monitor progress under Federal awards for construction. Therefore, the Federal agency or pass-through entity may require additional performance reports when necessary to ensure the goals and objectives of Federal awards are met.

FTA Circular 5010.1E, Chapter. III, Section 3. Reporting Requirements

e. Report Due Dates. For FFRs and MPRs, the following reporting dates apply:

(1) Recipients located in urbanized areas of 200,000 or more populations. Recipients located in urbanized areas of 200,000 or more populations who receive more than \$1 million in funds from FTA, FFRs and MPRs must be submitted and are due to FTA within 30 days after the end of each quarter, i.e., by January 30, April 30, July 30, and October 30. The FTA regional or metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting.

Recipients located in urbanized areas of 200,000 or more populations who receive less than \$1 million in funds from FTA, FFRs and MPRs must be submitted and are due October 30, one month after the federal fiscal year (FY) ends. The FTA regional or

metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting.

- (2) Recipients located in urbanized areas of less than 200,000 populations. FFRs and MPRs must be submitted and are due October 30, one month after the federal fiscal year (FY) ends. The FTA regional or metropolitan office may request more frequent reporting or additional reports if circumstances warrant additional reporting.
- (3) FTA may utilize a risk based approach to change the frequency of reporting requirements for a particular Award or recipient. This will be noted in the Grant Agreement or Cooperative Agreement.
- (4) Exceptions:
 - (a) Section 5309 Grants: All grant recipients, regardless of location and population area, are required to submit quarterly reports in TrAMS according to the dates in subsection 3.e.(1) above when grants include construction of facility.
 - (b) State Departments of Transportation (State DOTs): State DOTs are required to report annually for all state administered programs; this includes Sections 5303, 5304, 5307 (Governor's Apportionment), 5310, 5311, former Section 5316, and former Section 5317 programs. The exception described in the preceding paragraph applies to the State DOTs.
 - (c) If the provisions of this FTA Circular 5010.1 differ from the provisions of the applicable FTA Programmatic Circular, the Program Circular takes precedence. FTA at its discretion may always require more stringent reporting or specialized reports. Depending on project complexity, at its discretion, FTA may also request other special reports or quarterly project management meetings.”

FTA Dear Colleague Letter on Risk-Based Reporting Policy, October 9, 2017

OMB Memorandum M-20-17, “Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations,” March 19, 2020

10. Extension of financial, performance, and other reporting. (2 CFR § 200.327, 2 CFR § 200.328)

Awarding agencies may allow grantees to delay submission of financial, performance and other reports up to three (3) months beyond the normal due date. If an agency allows such a delay, grantees will continue to draw down Federal funds without the timely submission of these reports. However, these reports must be submitted at the end of the postponed period. In addition, awarding agencies may waive the requirement for recipients to notify the agency of problems, delays or adverse conditions related to COVID-19 on a grant by grant basis (200 CPR 200.328(d)(l)).

FTA Frequently Asked Questions from FTA Grantees Regarding Coronavirus Disease 2019 (COVID-19), AD2

Recipients may delay submission by up to 90 days. A recipient's next report, therefore, would be for the quarter ending June 30, 2020, with the report due on July 30, 2020.

TC-AM2. Are FFRs complete and accurate?

BASIC REQUIREMENT

Recipients are required to provide a current, complete, and accurate financial picture of each award through the submission of FFRs.

APPLICABILITY

All recipients

DETAILED EXPLANATION FOR REVIEWER

The FFR reports on the use of award funds. Reports are submitted electronically using TrAMS. Recipients report the following financial data in FFRs:

- **Federal cash receipts** are the amount of FTA funds received for the period and are reported on a cash basis, i.e., when the funds are actually received.
- **Federal cash disbursements** are the amount of FTA funds disbursed as of the end of the reporting period and are reported on a cash basis, i.e., when the funds are actually disbursed. For recipients that draw funds on a reimbursement basis, Federal funds are reported as disbursed only after they are received.
- **Unliquidated obligations** are binding commitments that have been entered into and for which expenditures have not yet been recorded because goods and services have not been received and are reported on an accrual basis. Examples of these are: a signed contract for bus purchases for which delivery of vehicles has not yet occurred, a contract for construction services not rendered, open purchase orders, contract retention and unexpended portions of signed subrecipient agreements.
- **Unobligated balance** is the amount of an award that has not been expended and is not covered by a binding commitment (unliquidated obligation) and is reported on an accrual basis.
- **Indirect expense** is the amount of indirect costs charged to an award by the reporting organization and is reported on an accrual basis. The rate must be based on a previously approved cost allocation plan or indirect cost proposal. The recipient must report the total amount of indirect expenses incurred on a cumulative basis. The information should include the type of rate (whether it is provisional, predetermined, final or fixed), the rate approved by the cognizant agency, the total base amount from which the indirect cost rate is determined, the period covered by the approved rate, amount charged to the award, and the Federal share of the indirect expenses charged. If multiple rates are included in the report, additional documentation is uploaded as an attachment to the report.
- The recipient must address any **FTA comments** either in a revised submission or in the subsequent report. Addressing inconsistencies may prevent returned reports, complies with FTA's instructions, and may eliminate confusion with FTA's Program Office and oversight reviews.

FFRs must be accurate. Many recipients have program managers that prepare MPRs while financial personnel prepare FFRs. FTA has found frequent instances of data in FFRs not being reflected in MPRs and vice versa. For example, an MPR may indicate that the recipient has awarded a construction contract but the FFR does not report unliquidated obligations.

INDICATOR OF COMPLIANCE

- a. *Are FFRs complete and correct?*

Awards reviewed	-
-----------------	---

Indicator	Comment
1. Are Federal cash receipts and disbursements reported on a cash basis?	-
2. Is cash on hand reported in any FFR examined? If yes, has the recipient provided an explanation? Did the FTA regional office determine the explanation was adequate?	-
3. Does the information in the FFR match the last award budget? Are any identified cost overruns or identified savings explained?	-
4. Does the recipient report outlays and unliquidated obligations on an accrual basis of accounting? Are elements E-U reported correctly?	-
5. How does the recipient calculate unliquidated obligations? Is the calculation consistent with 2 CFR §200.97 Unliquidated Obligations? Are unliquidated obligations reported accurately? Are any not reported?	-
6. If the recipient charges indirect costs to awards, have the correct rates and amounts been entered in the FFR?	-
7. Are there any discrepancies in information or data reported on MPRs and FFRs? If yes, obtain an explanation from the recipient.	-
8. Has the recipient responded to any FTA comments on FFRs?	-

INSTRUCTIONS FOR REVIEWER

For each program, sample at least three awards for the most recent reporting period. Discuss with the FTA regional office what awards to review, as multiple awards may be funding the same project.

- Review financial management procedures for discussion on how the recipient captures and reports information in the progress reports.
- Determine if Federal cash receipts and disbursements are reported on a cash basis and expenses are recorded when earned (received) instead of when paid.
- If cash on hand is reported, determine if an explanation is provided in the remarks and certifications tab. Discuss with the FTA regional office whether the explanation of cash on hand is adequate.
- If a recipient has amended an award(s) to add or delete funds, follow up with the recipient to ensure that it is reporting on the new amount. If it does not, ascertain the reason for the difference.
- Review FFRs, MPRs, and award dates of procurements to determine if unliquidated obligations are not reported and should be. For example, an MPR may indicate that the recipient has awarded a construction contract but the FFR does not report unliquidated obligations. Review financial management and award management procedures for information on how unliquidated obligations are calculated. During the site visit, discuss with the recipient how it calculates unliquidated obligations and confirm the calculation is based on obligations incurred by the non-Federal entity for which an expenditure has not been recorded.
- If indirect costs are charged, confirm the recipient is reporting the approved rate or the de minimis rate, if allowed, by comparing the information in the sample reports to the cost allocation plan or direct cost rate proposal.
- Review FTA comments in TrAMS regarding reports and look for evidence the recipient has addressed the comments. Discuss the adequacy of the recipient's responses with the FTA regional office. During the site visit, follow up with the recipient on any outstanding FTA comments.

POTENTIAL DEFICIENCY DETERMINATIONS

The recipient is deficient if it does not:

- Use accrual basis of accounting for lines other than b and c
- Properly report Federal cash receipts or disbursements
- Explain Federal cash on hand
- Report unliquidated obligations correctly
- Report indirect costs correctly
- Respond to FTA comments

DEFICIENCY CODE TC-AM2-1: Incorrect FFR reporting

SUGGESTED CORRECTIVE ACTION: The recipient must submit revised reports that include the missing/corrected information and/or address FTA comments and submit to the FTA regional office procedures for including all required information in future reports. If the recipient is no

longer able to submit the reports electronically, it must upload hard copies of the reports to TrAMS and notify the regional office when the revised reports are submitted.

The recipient is deficient if data in the FFR do not reflect the data in the MPR.

DEFICIENCY CODE TC-AM2-2: MPR/FFR do not agree

SUGGESTED CORRECTIVE ACTION: The recipient must submit revised reports that address review comments and submit procedures for reconciling FFRs and MPRs. The recipient must notify the regional office when the next reports are submitted.

GOVERNING DIRECTIVE

2 CFR 200.328 Financial reporting

- (a) The Federal agency must require only OMB-approved government-wide data elements on recipient financial reports. At the time of publication, this consists of the Federal Financial Report (SF-425); however, this also applies to any future OMB-approved government-wide data elements available from the OMB-designated standards lead.
- (b) The Federal agency or pass-through entity must collect financial reports no less than annually. The Federal agency or pass-through entity may not collect financial reports more frequently than quarterly unless a specific condition has been implemented in accordance with § 200.208. To the extent practicable, the Federal agency or pass-through entity should collect financial reports in coordination with performance reports.
- (c) The recipient or subrecipient must submit financial reports as required by the Federal award. Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period
- (d) The final financial report submitted by the recipient must be due no later than 120 calendar days after the conclusion of the period of performance. A subrecipient must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance. See also § 200.344. The Federal agency or pass-through entity may extend the due date for any financial report with justification from the recipient or subrecipient.

FTA Circular 5010.1E, Chapter. III, Section 3. Reporting Requirements

- a. Federal Financial Report (FFR). FTA's electronic FFR report is consistent with and includes information identified in OMB's Standard Form FFR (SF FFR). A recipient must submit an FFR for each active Award. The FFR accompanies the MPR (described below) and is used to monitor the federal assistance awarded. The purpose of the FFR is to provide a current, complete, and accurate financial picture of the Award. This report is submitted electronically through TrAMS. The first 4 items (A-D) are prepared using cash accounting. The remaining report items (E-U) must be prepared on the accrual basis of accounting; that is, income is recorded when earned instead of when received, and expenses are recorded when incurred instead of when paid. These items, (E-U) of the FFR, may not be prepared on the cash basis of accounting, even though a recipient may keep its books on the cash basis during its accounting year. If this is the case, at the submission of the FFR, the recipient must prepare the necessary accruals and submit the FFR on the accrual basis of accounting. (See Appendix B, "Federal Financial Report").

The FFR must contain the following elements:

- (1) All financial facts (e.g., expenditures and obligations) relating to the Award (scope of work and supporting activities); the purpose of each financial report and applicable reporting period should be completely and clearly displayed in the reports.
 - (2) Reported financial data should be accurate to the last Award Budget (this may be the initial Award, or last revision to the Award Budget or amendment to the Award) and the reporting period. The requirement for accuracy does not rule out inclusion of reasonable estimates when precise measurement is impractical, uneconomical, unnecessary, or conducive to delay. Financial data reported may reconcile data included in the prior report, and must be explained in the explanation/remarks section of the report.
 - (3) Financial reports must be based on the required supporting documentation maintained in the recipient's official financial management system that produces information that objectively discloses financial aspects of events or transactions.
 - (4) Financial data reported should be derived from accounts that are maintained on a consistent, periodic basis; material changes in accounting policies or methods and their effect must be clearly explained.
 - (5) Reporting terminology used in financial reports to FTA should be consistent with receipt and expense classifications included in the latest Award.
 - (6) The recipient is responsible for indicating whether or not it is charging indirect costs to the Award at the time of application. If the recipient is charging indirect costs to the Award, the recipient is responsible for having an approved Indirect Cost Rate Proposal or Cost Allocation Plan approved by the cognizant agency on file, and uploading the documentation into their TrAMS "Recipient Profile." The recipient must report on related indirect expenditures.
 - (7) The recipient must provide financial information related to the FFR categories: Federal Cash, Recipient Share, Unliquidated Obligations, and Program Income.
-
-

TC-AM3. Are MPRs complete and accurate?

BASIC REQUIREMENT

Recipients are required to submit MPRs that discuss progress toward project objectives and any potential problem areas.

APPLICABILITY

All recipients

DETAILED EXPLANATION FOR REVIEWER

MPRs are the primary written communication between recipients and FTA on the progress of the projects in an award. 2 CFR part 200 subpart D and FTA C. 5010.1E detail the information that, at a minimum, must be included in these reports. Reporting on operating assistance is limited to the estimated and actual date when funding has been expended.

INDICATOR OF COMPLIANCE

a. *Do MPRs address the required topics?*

Awards reviewed	-
-----------------	---

Topic	Comment
(1) Status of each milestone that has passed during the prior reporting period, including the actual completion dates for any milestones and revised completion dates for any milestones not met	-
(2) Narrative of activity status and any problems encountered in implementation, specification preparation, bid solicitation, resolution of protests, or third-party contract awards	-
(3) Detailed discussion of budget or schedule changes	-
(4) Explanation of why scheduled milestones or completion dates were not met	-
(5) Identification of problem areas and a narrative on how the problems will be solved	-
(6) Discussion of the expected impacts and the efforts to recover from the delays	-
(7) Analysis of each significant project cost variance: completion and acceptance of equipment and construction or other work, breakout of the costs incurred and those costs required to complete the project using quantitative measures, such as hours worked, sections completed, or units delivered.	-
(8) List of outstanding claims exceeding \$100,000 and all claims settled during the reporting period, accompanied by a brief description, estimated costs, and the reasons for the claims	-
(9) A list with a brief description of all potential and executed change orders, and amounts exceeding \$100,000, pending, or settled	-

Topic	Comment
(10) A list of claims or litigation involving third party contracts and potential third-party contacts that have a value exceeding \$100,000; involve a controversial matter irrespective of amount; or involve a highly publicized matter, irrespective of amount	-
(11) A list of real property acquisition actions, including just compensation, property or properties under litigation, administrative settlements, and condemnation for each parcel reported	-
(12) Contract award milestone for all rolling stock activity line items (ALIs)	-
Note: Topic numbers correspond to the paragraph numbers in FTA C. 5010.1E.	

INSTRUCTIONS FOR REVIEWER

For each program, sample at least three awards for the most recent reporting period to determine if MPRs include the required information in the indicators above. Determine if the regional office has any issues with MPRs.

Review project budgets in TrAMS to determine if budget changes were made, verify they were properly included in the correct MPRs, and determine if the recipient is reporting changes prior to them being made.

Review the recipient's list of change orders and verify the MPRs indicated potential and executed change orders, as defined in Circular 4220.1, where amounts exceeded \$100,000. Verify that any additional change orders identified in the Procurement section of the review are included in the appropriate MPRs.

Review all claims or litigation involving third party contracts, potential third-party contacts, or other parties in the Legal section to ensure that any exceeding \$100,000 or involving a controversial matter or highly publicized matter were included in MPRs.

Review the recipient's real property inventory to determine if any real property was acquired in the past three years and verify all actions, including just compensation, property or properties under litigation, administrative settlements, and condemnation for each parcel are included in the MPR during the reporting period.

POTENTIAL DEFICIENCY DETERMINATION

The recipient is deficient if progress reports are not complete, fail to highlight progress towards meeting project objectives, or fail to discuss potential problem areas.

DEFICIENCY CODE TC-AM3-1: MPRs lack required information.

SUGGESTED CORRECTIVE ACTION: The recipient must submit revised reports that include the missing information and submit procedures for ensuring all required information is included in future reports. If the recipient is no longer able to submit the reports electronically, it must upload