

GRANTS FINANCIAL MANAGEMENT

ATI-0009-2015



**PUERTO RICO INTEGRATED TRANSIT AUTHORITY
(PRITA)**

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Regulation Number or Procedure:

ATI-0009-2015

DEPARTAMENTO DE TRANSPORTACIÓN Y OBRAS PÚBLICAS

PUERTO RICO INTEGRATED TRANSIT AUTHORITY (PRITA)

Title regulation or procedure:

GRANTS FINANCIAL MANAGEMENT

Approved by:

Alberto M. Figueroa Medina, PhD, PE,
Executive Director

Validate By:

Juan A. Vázquez Acevedo,
Chief Financial Officer

Date of Revision:
17th of December, 2015

Work Unit:
Administration and
Finance

Date of approval by the Board of
Directors: 12-17-2015

Notes:

1 Purpose

The purpose of these desk procedures is to provide guidance on the Financial Management of Grants for **the Authority**. These procedures support the regulatory provisions of the Governmental Accounting Standards Board (GASB) and the regulations and guidance (circulars and bulletins) issued by the U.S. Department of Transportation (DOT) – Federal Transit Administration (FTA), the Office of Management and Budget, other Federal agencies, the Authority's enabling Act and the laws and regulations of the Commonwealth of Puerto Rico. The ultimate objective of these procedures is to ensure that the internal controls environment over the grant financial management processes are effective, promotes efficiency, and is transparent to the Authority's internal management and to its external customers.

2 Background

The Authority is responsible for the creation of capital and operating budgets. These budgets, when approved and awarded, are supported by grants. These grants are for projects that the Authority will undertake in the future as well as current and future day-to-day operations. After the Authority is awarded a grant by the FTA and applicable local authorities, the Authority begins to work on the actual capital projects based upon established milestones and they continue to maintain their day to day operations. The financial management of all grant activity is the responsibility of the Authority. An acceptable grant financial management system maintains meaningful grant oversight and coordination for the Authority and limits the exposure to grant related legal liability and improves the efficiency and impact of programs and services funded through the grants. Adherence to the following policies and procedures will promote increased efficiencies, better transparency and greater

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J.A. Vázquez Acevedo

accountability. In addition, adherence will encourage a regimen of timely transaction processing throughout the organization to ensure all sources and uses of funds are recorded and tracked in a timely manner to provide regional and federal management with the tools to operate the Authority.

Effective grant financial management begins when the award is signed.

3 Scope and Applicability

These procedures will assist the Authority in the proper authorization, recording, reconciling and storage of all relevant documents related to grant financial management. In addition these desk procedures will document the roles and responsibilities of the staff in the Grant Financial Management Department. When implemented and followed, these desk procedures will also serve as a source for the enhancement of the control environment within the Grant Financial Management Department. These desk procedures will also address peripheral matters including the proper segregation of duties that should be an inherent feature of the grant financial management process.

FTA monitors grant activities to ensure proper grantee stewardship of Federal funds and compliance with the laws and regulations that govern its grant programs. FTA also must be able to report on program results, industry trends, and its own oversight responsibilities. The information FTA needs for program forecasting, management, and reporting is furnished through the Federal Financial Report (FFR) and narrative Milestone/Progress Reports (MPRs) submitted by grantees about significant events, relevant grant activities, and any changes to or variances in the grant schedule or budget.

These internal controls will ensure that the grantees monitor grant supported activities to ensure compliance with applicable Federal requirements. This includes the administration and management of the grant in compliance with the Federal regulations, Grant Agreement, and applicable FTA circulars. A grantee is also responsible for funds that “pass through” to a sub recipient.

The procedures are organized consistent with the necessary flow of activities and transactions within the Authority’s grant cycle. This sequence is as follows: Grant Budget Set Up, Spending Grant Dollars, Grant Reporting and Grant Closure. These procedures also address the required document maintenance pertaining to these grant activities.

These desk procedures will focus on post-award grant administration. FTA awards funds to transit systems in Discretionary (Competitive) Grants and as Formula Grants.

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4 Responsibilities of Grant Management

The Authority is responsible for the day-to-day management of their Federal grants and of grant supported activities. Federal Grantors monitor grants and federally funded projects to confirm that grantees establish and follow procedures that comply with Federal requirements.

The Authority must monitor grant supported activities to ensure compliance with applicable Federal requirements. This includes the administration and management of the grant in compliance with the Federal regulations, Grant Agreement, and applicable Federal circulars. The Authority is also responsible for funds that “pass through” to a sub-recipient. In general, submission of Annual Certifications and Assurances stands in lieu of detailed Federal oversight before approval of a grant; however, the results of ongoing or routine Federal oversight activities also will be considered as applicable. Annual independent organization wide audits (A-133 audits); audits of grantees and other recurring and specialized reviews give Federal Grantors an opportunity to verify the grantee’s Certifications and Assurances. The Authority’s responsibilities include but are not limited to actions that:

- Demonstrate legal, financial, and technical capacity to carry out the program, including safety and security aspects of the program.
- Provide administrative and management support of project implementation.
- Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.
- Ensure conformity to Grant Agreements, applicable statutes, codes, ordinances, and safety standards.
- Maintain the project work schedule agreed to by Federal Grantors and the grantee and monitor grant activities to assure that schedules are met and other performance goals are achieved.
- Keep expenditures within the latest approved project budget.
- Ensure compliance with Federal requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-agency agreements.
- Request and withdraw Federal funds for eligible activities only in amounts and at times as needed to make payments that are due and payable within three business days and retain receipts to substantiate withdrawals.
- Account for project property and maintain property inventory records that contain all the required elements.
- Demonstrate and retain satisfactory continuing control over the use of project property.
- Demonstrate procedures for asset management and adequate maintenance of equipment and facilities.
- Ensure that an annual independent organization-wide audit is conducted in accordance with Office of Management and Budget (OMB) Circular, A-133, “Audits of States, Local Governments, and Non-Profit Organizations.”

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- Prepare force account and Cost Allocation Plans (CAPs) and submit and obtain approval if applicable before incurring costs.
- Prepare and submit Federal Grantors required reports (see Chapter III, Section 3. "Reporting Requirements").
- Update and retain Federal Grantors required reports and records for availability during audits or oversight reviews.
- Ensure that effective control and accountability are maintained for all grants and subgrants, cash, real and personal property, and other assets. Grantees and subgrantees must ensure that resources are properly used and safeguarded, and used solely for authorized purposes.

5 Objective

- To ensure that the grants management process is adequately controlled and the grants status is properly reported to FTA.
- Specifically, to ensure that:
 - Controls are adequate to ensure that only acceptable charges are posted to grant-funded projects.
 - Controls are adequate to ensure that grant records and budgets are established accurately, and that authorized grant activity is posted to these records in a timely, accurate and complete manner.
 - The grantee is maintaining an accurate record of its encumbrances relative to federally funded grants.
 - The grantee is maintaining accurate records of the state and local portions of project cost, and ensuring that it is collecting these shares as well as the federal share
 - Controls over the generation of the grant status reports are adequate to guarantee and accurate and timely report of grant status.
 - Controls are adequate to ensure that all changes affecting the grant have been approved by the FTA prior to such expenses being incurred or encumbered.
 - Change order procedures are sufficient to ensure that authorized changes are reflected properly, completely and on a timely basis in the grantee's records.
 - Procedures are adequate to closeout grants on a timely basis.

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6 PROCEDURES

6.1 Managing active grants

6.1.1 GRANT SET UP AND TRACKING GRANT ACTIVITY IN GRANT

The agency providing the grant will notify the grantee staff by phone or e-mail of grant approval. The Grant Agreement includes the notification of award and the approved project budget. Special conditions of the approval may be included in the award, the current Master Agreement, the electronic grant (screen), or the conditions for using pre-award authority if applicable. In certain cases, pre-award authority may be available for incurring project-related costs prior to approval of an application. The electronic execution of the Grant Agreement signifies the grant is active and post-award grant requirements apply. The grant financial management system can be fully integrated into the accounting system or it can be a series of inter-related excel spreadsheets. The grant management system must capture the following information for all active/executed grants:

- The budget for each grant by project and Activity Line Item (ALI)
- Capture all expenditures and obligations by reporting period
- Reconcile to the Authority's official financial management system
- Current status of each open ALI within the active/executed grant
- A narrative description of projects
- Analysis of significant project cost variances
- A list of all real property acquisition actions
- Federal and recipient share of expenditures and obligations

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6.1.2 DETERMINING IF EXPENDITURES ARE ALLOWABLE

The Authority must determine that grant expenditures are allowable before they are incurred. It is usually during the requisition approval process that a determination is made as to whether or not grant expenditure is a part of a grant budget. This review requires looking at the grant at the activity line item level. The Grants Manager is responsible for reviewing the coding on the purchase requisition to verify that the project is coded to the correct grant and the correct activity line item. Once approved the Grants Manager signs off on the requisition.

6.1.3 DEFINING EXPENDITURES AND UNLIQUIDATED OBLIGATIONS

The Authority must have a process to track expenditures and unliquidated obligations in the Grant Management System. Expenditures are the total project costs (less any rebates, refunds or other credits) incurred on the accrual basis of accounting. Unliquidated obligations are binding commitments entered into for goods and services not yet received. This amount should be reported on an accrual basis.

6.1.4 PROCESSING ELECTRONIC CLEARING HOUSE OPERATIONS (ECHO) DRAWDOWNS

ECHO is a Web-based application that processes draw down requests and makes payments to grantees. General Provisions in 49 CFR 18.21 and 19.22 and 31 CFR part 205 govern payments to recipients for financing operations under Federal grant and other programs. These regulations require that payment to a grantee be limited to the minimum amounts needed and timed so as to be in accord only with the actual, immediate cash requirements of the grantee in carrying out the approved project.

Before a potential grantee requests funds, it should verify in its grant management system that the funds are available for the project. Funds should not be requested in amounts greater than the "Available Funds" reported. The policies for ECHO payments include the following:

- Initiating cash drawdowns for immediate disbursement needs meaning three business days. Excess Federal funds held more than three days must be returned along with any interest earned
- Large disbursements must be reported to the appropriate grantor Office in advance of the transaction settlement date. A minimum of two business days' notice is required for disbursements totaling \$50 million or more. If a disbursement of over \$500 million is anticipated, a minimum of five business days is required. When specific information has not been finalized, inform the grantor office of the approximate amount(s) and approximate deposit date(s).

Failure to adhere to these provisions, or an unwillingness or inability to establish procedures that will minimize the time elapsing between cash advances and the disbursement shall cause the grantor to revoke or temporarily suspend a System.

The following checklist of data is to be completed and filed with all requests of funds from FTA:

- Completed ECHO Payment Request Form.
- "Requested By" signature must be the Transit Director, or his or her designee. "Signature of Authorizing Official" must be the Commissioner of Finance or his/her designee other than the requestor or his or her designee.
- Supporting calculation for draw amounts to demonstrate that only the appropriate federal share in relation to the total project cost is being requested in the drawdown.
- Supporting calculation to demonstrate that the amount in the approved grant line item has not been exceeded.
- Documentation of funds received including the date.

For Capital Projects (in addition to the above)

- Copies of invoices that support the amount of the draw request.

- Evidence that invoices have been reviewed, approved, and paid (i.e. invoice approval notation, cancelled check or other proof of payment such as electronic check register) prior to drawdown requests.
- Supporting calculation for draw amounts to demonstrate that only the appropriate federal share in relation to the total project cost is being requested in the drawdown.

For Other Projects (in addition to the above)

Administrative Costs, Preventative Maintenance Staff Costs

- Copies of personnel costs that support the amount of the draw request such as payroll records.
- Evidence that costs are eligible for the grant and have been incurred prior to drawdown requests.
- Evidence that costs are for the period of time covered by the project.

For more information discussing ECHO draws from FTA please see the link below:

FTA ECHO-Web User Manual

<http://www.fta.dot.gov/documents/ECHOWebGranteeUserManual.pdf>

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6.1.5 PROGRAM INCOME

Program Income - is the gross income received by the grantee or subgrantees directly generated by a grant supported activity, or earned only as a result of the Grant Agreement during the grant period. Program Income is discussed in the Common Rule at 49 CFR 18.25.

Program income means:

- 1) Gross income received by the grantee or subgrantee directly generated by a grant supported activity; or
- 2) Earned only as a result of the grant agreement during the grant period.

Program income includes income from:

- Fees for services performed,
- The use or rental of real or personal property acquired with grant funds,
- The sale of commodities or items fabricated under a grant agreement and
- Payments of principle and interest on loans made with grant funds.

Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc., and interest earned on any of them.

If authorized by Federal regulations or the Grant Agreement, costs incident to the generation of program income may be deducted from gross income to determine program income. Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the Grant

Agreement or Federal agency regulations as program income. Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of 49 CFR Sections 18.31 and 18.32.

FTA allows its grantee to keep program income and use it for capital and operating expenses. Program income may not be used to reduce the local share of the grant from which it was earned, but may be used in future grants. If grantees choose not to use program income for public transportation purposes, then it shall be deducted from total allowable costs to determine the net allowable costs. There are no Federal requirements governing the disposition of program income earned after the end of the grant period unless the terms of the agreement or the Federal agency regulations provide otherwise.

6.1.6 GRANT MODIFICATIONS

At times, it may be necessary to modify a grant after it has been awarded by revising the budget or amending the grant. The grantee is responsible for controlling and monitoring all grant activities to ensure that they are carried out in accordance with the approved budget. Each grant program has specific requirements that are included in each program grant application circular that should be referenced before contemplating a grant modification.

There are three ways to modify a grant after it has been awarded—either through a budget revision, an administrative amendment, or a grant amendment. Whether a budget revision may be permitted (with or without prior grantor approval before incurring costs) or whether an amendment to the project will be necessary, depends on the effect of the proposed change on the scope of the project. Grantees should contact the grantor for questions relating to grant modification requests, including which type of grant modification is appropriate for the proposed action.

In general a Budget Revision may be made as long as there is no change in the grantee purpose, scope codes, and Federal funding of the grant, regardless of the FY the funds was appropriated. Budget revisions are generally changes to ALI's amount or descriptions. Budget revisions must be consistent with the activities contained in an approved Transportation Improvement Program (TIP) and Statewide Transportation Improvement Program (STIP) and satisfy applicable National Environmental Policy Act (NEPA) requirements. Useful life of new activities must be addressed in the budget revision, as applicable.

In general, an Administrative Amendment is usually initiated by the grantor and may only be used when no change will result in the scope, amount, or purpose of the grant. An administrative amendment may be used to change or clarify the terms, conditions, or provisions of a Grant Agreement. An administrative amendment is also used to change the year or type of funds obligated for a grant, to transfer equipment from one grantee to

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another, to reflect a change in the grantee or grantee's name, or to deobligate Federal funds that are no longer needed to complete the approved project scope or purpose.

In general a Grant Amendment is required when there is either a change in the scope or an addition of Federal funds to an existing grant. Grant amendments are subject to the same application requirements as a new grant request.

Grant modifications are electronically submitted, reviewed, and approved in the grantors grant system.

6.2 RECONCILIATIONS

6.2.1 RECONCILIATION OF GRANT MANAGEMENT SYSTEM TO THE GRANT GRANTEE'S GENERAL LEDGER

A formal reconciliation (by grant) of the grant expenditures per the grant management system to the grant expenditures in the general ledger should be completed on a monthly or at least a quarterly basis. This reconciliation should be reviewed by someone other than the employee who created the report. If there are any variances they should be documented and resolved. The document should be signed and dated by both employees and kept with the grant records. The Authority should reconcile grant expenditures in a timely manner to ensure that the grantees used the funds in accordance with the grant agreements, as required by FTA regulations.

6.2.2 RECONCILIATION OF GRANT MANAGEMENT SYSTEM TO THE FEDERAL GRANTORS SYSTEM OF RECORD

A formal reconciliation (by grant) of the grant revenue per the grant management system to amount in the grantors system should be completed on a monthly or at least a quarterly basis. This reconciliation should be reviewed by someone other than the employee who created the report. If there are any variances they should be documented and resolved. The document should be signed and dated by both employees and kept with the grant records. The Authority should reconcile grant expenditures in a timely manner to ensure that the grantees used the funds in accordance with the grant agreements, as required by FTA regulations.

6.3 EXTERNAL REPORTING

Once a grant is active, a grantee is subject to various types of post-award reporting requirements. The reporting requirements may vary depending on the size of the grantee, the type of funding, or the amount of funding a grantee receives.

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6.3.1 PREPARATION OF THE PERIODIC FEDERAL FINANCIAL REPORT (FFR) AND MILESTONE PROGRESS REPORT (MPR)

FTA uses the Federal Financial Report (FFR), (SF-425) and Milestone Progress Reports (MPR) to evaluate several elements of the grant status, such as:

- The purposes of the grant are being achieved
- The project is progressing on time and within budget
- The grantee is demonstrating competence and control in executing the project
- The project meets all program requirements
- There is a problem developing which may require FTA resources to resolve

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FEDERAL FINANCIAL REPORT (FFR)

A grantee must submit an FFR and MPR for each active/executed grant. The FFR accompanies the MPR and is used to monitor project funds. The purpose of the FFR is to provide a current, complete, and accurate financial picture of the grant. This report is submitted electronically in TRAM (formally TEAM) and 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. FTA does not allow the FFR to be prepared in the cash method of accounting. A grantee may keep its books on the cash basis during its accounting year. If this is the case, at the submission of the FFR, the grantee must prepare the necessary accruals and submit the FFR on the accrual basis of accounting.

THE FFR MUST CONTAIN THE FOLLOWING ELEMENTS:

- All financial facts (e.g., expenditures and obligations) relating to the scope and purpose of each financial report and applicable reporting period should be completely and clearly displayed in the reports.
- Reported financial data should be accurate and up to date. The requirement for accuracy does not rule out inclusion of reasonable estimates when precise measurement is impractical, uneconomical, unnecessary, or conducive to delay.
- Financial reports should be based on the required supporting documentation maintained in the grantee's official financial management system that produces information which objectively discloses financial aspects of events or transactions.
- 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.
- Reporting terminology used in financial reports to FTA should be consistent with receipt and expense classifications included in the latest approved project.
- The FFR screen in TRAM (formally TEAM) consists of three tabs: (1) Summary, (2) Financial Status and (3) Remarks and Certification.
- The Summary tab provides basic information, with entry fields for the Period of the FFR, Initial Submission, and Last Update dates. It also allows the grantee to select whether it is a Final Report, a Paper Award, or if the grantee used Pre-Award Authority.

It is important to enter in this tab whether the grantee is charging indirect costs to the grant.

- In the Financial Status tab the grantee enters financial information related to Federal Cash, Recipient Share, Unliquidated Obligations, and Program Income.
- The Remarks and Certification tab has entry fields for Recipient remarks, Certification checkbox and FTA remarks.

MILESTONE PROGRESS REPORT (MPR)

The MPR is the primary written communication between the grantee and FTA. This report should be submitted electronically in TRAM (formally TEAM). If only operating assistance is included in the grant, the reporting requirements are limited to the estimated and actual dates when all funding has been expended.

THE MPR MUST INCLUDE THE FOLLOWING DATA AS APPROPRIATE:

The Current status of each open ALI within the active/executed grant.

- A narrative description of projects, status, any problems encountered in implementation, specification preparation, bid solicitation, resolution of protests, and contract awards.
- Detailed discussion of all budget or schedule changes.
- The dates of expected or actual requests for bid, delivery, etc.
- Actual completion dates for completed milestones.
- Revised estimated completion dates when original estimated completion dates are not met.
- Explanation of why scheduled milestones or completion dates were not met. Identification of problem areas and narrative on how the problems will be solved. Discussion of the expected impacts and the efforts to recover from the delays.
- Analysis of significant project cost variances. Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed, or units delivered.
- A list of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.
- A list of all potential and executed change orders and amounts exceeding \$100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description.
- A list of claims or litigation involving third party contracts and potential third party contracts that:
 - Have a value exceeding \$100,000
 - Involve a controversial matter, irrespective of amount, or
 - Involve a highly publicized matter, irrespective of amount.

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- A list of all real property acquisition actions, including just compensation, property(s) under litigation, administrative settlements, and condemnation for each parcel during the reporting period.

The grantor may withhold payment for failure to submit either FFR's or MPR's in a timely manner. In individual cases, FTA may grant extensions of report due dates for good cause.

6.3.2 NATIONAL TRANSIT DATABASE (NTD) REPORT

NTD data is used to support numerous DOT programs and to "help meet the needs of individual public transportation systems, the United States Government, State and local governments, and the public for information on which to base public transportation service planning." Recipients or beneficiaries of grants from FTA under the Urbanized Area Formula Program (Section 5307) or Other Than Urbanized Area Formula Program (Section 5311) are required by statute to submit data to the NTD.

A recipient or beneficiary of FTA grants that is required to report to the NTD, must provide a complete report to the NTD of all transit operations, regardless of whether those operations are or are not funded in whole or part by FTA. Financial information reported to the NTD must be reported in accordance with the Uniform System of Accounts (USOA). The complete reporting requirements for the NTD, along with information on due dates, extensions, and waivers can be found in the current versions of the NTD Reporting Manuals.

Annual Report (Urbanized). Recipients or beneficiaries of Section 5307 Grants must annually report financial and non-financial data in accordance with the USOA as well as other data on operations, organizational relationships, available resources, and capital assets.

Monthly Report (Urbanized). Recipients or beneficiaries of Section 5307 Grants are required to file monthly reports on transit operations to the NTD. These monthly reports include information on unlinked passenger trips, vehicle revenue miles, vehicle revenue hours, vehicles operated in maximum service, and regular service days for each month.

Safety and Security Report (Urbanized). Recipients or beneficiaries of Section 5307 Grants are required to file monthly safety and security reports. These monthly reports include information on fatalities, injuries, collisions, derailments, fires, hazardous material spills, evacuations, arrests, and significant security events.

Annual Report Rural (non-Urbanized). Recipients of Section 5311 Grants must annually report financial and non-financial data in accordance with the USOA as well as other data on operations, organizational relationships, available resources, and capital assets. Recipients also need to report on behalf of their beneficiaries or subrecipients.

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DUE DATES:

- The schedule for submitting the NTD Annual report is based on the Authority's fiscal year.
- The NTD Annual Manual, published by FTA each year, contains the specific reporting requirements, detailed reporting instructions, and information on due dates, waivers, and extensions.
- NTD Reporting Manuals can be found on FTA's NTD website at <http://www.ntdprogram.gov/>.
- Grantees located in urbanized areas over 200,000 populations. FFRs and MPRs are due to FTA within 30 days after the end of each calendar quarter, i.e., by January 30, April 30, July 30, and October 30.
- Exceptions:
 - Section 5309 Grants: All grant recipients, regardless of location and population area, are required to submit quarterly reports in TEAM according to the dates in Subsection 3.d.(1) above when grants include construction of facility.
 - State Departments of Transportation (State DOTs): State DOTs are required to report annually for all State administered programs; this includes Section 5303, 5304, 5307 (Governor's Apportionment), 5310, 5311, 5316, and 5317 Programs. The exception described in the preceding paragraph applies to the State DOTs.
 - Depending on project complexity, at its discretion, FTA may also request other special reports or quarterly project management meetings.

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The Authority must file a complete report by the report due date. A report is complete only when all of the required forms and declarations are submitted. The due date for the Authority's NTD Annual report to FTA is based on its fiscal year end date. All transit agencies have at least 120 days after the end of their fiscal year before the report is due. The submission must be sent on or before the due date.

The NTD reporting system allows for reporting waivers for transit agencies that experience unusual or unforeseen circumstances. Reporting waivers must be requested in writing via the **e-File** tab.

A Failure to Report may result from not submitting a report, submitting a late report, submitting an incomplete report, or failing to respond to validation questions. If you receive a Failure to Report, your data will not be included in the apportionment of Urbanized Area Formula Program grants, although any submitted data may be included in the publicly-available NTD datasets at FTA's discretion. More importantly, **if you receive a Failure to Report, FTA is prohibited by law from awarding you any further grants under §5307 or §5311.** A Failure to report for an urbanized area transit provider may result from the Annual, Monthly, or Safety & Security Modules.

For FTA grants, please refer to Circular FTA C 5010.1D Chapter III, 3.d. Report Dates for other required reporting and the related due dates.

6.4 GRANTS CLOSEOUT

Grant close-out is the term used to signify the process by which FTA determines that all activities in a grant are complete and Federal funds have been expended. Grant closeout does not preclude FTA's ability to seek repayment or other remedies for a grantee's breach of grant terms and conditions.

The grantee must initiate close-out of a grant when all approved activities are completed and/or applicable Federal funds expended. All close-out documentation must be submitted within 90 days of the completion of all activities in the grant. This requires notifying FTA by letter or e-mail that the grant is ready for close-out. The grantee should electronically submit the following in TRAM (formally TEAM) as part of the grant close-out process:

- a final budget reflecting actual project costs by scope and activity;
- a final FFR;
- a final narrative MPR indicating the actual completion date of each ALI; a discussion of each ALI contained in the final budget and list of project property purchased under the grant;
- a request to deobligate any unexpended balance of Federal funds; and
- any other reports required as part of the terms and conditions of the grant.

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FTA may unilaterally initiate grant close-out. Circumstances that could cause FTA to close-out a grant in whole or in part at any time before project completion include:

- Grantee failure to comply with the terms or conditions of the Grant Agreement or other Federal requirements;
- Continuation of the project would not produce results commensurate with further expenditure of funds;
- Funds are no longer needed to accomplish the grant purpose;
- Failure by the grantee to make reasonable progress to complete approved grant activities; or
- Determination that the project has been essentially completed and/or approved funds have been substantially drawn down.

6.5 SEGREGATION OF DUTIES

Certain duties within the Grants Financial Management Department should be performed by separate individuals to reduce the risk of fraud or concealment of errors, and no one individual should have responsibility of all aspects of a transaction.

In general the following transaction related duties are considered incompatible and should be performed by separate individuals:

- Initiating
- Approving
- Record Keeping
- Custody of an Asset
- Reconciling the related accounts

Managers should be aware of duties that are potentially incompatible and arrange assignments so that no employee has incompatible duties. Managers of smaller departments where segregation of some duties may not be feasible must implement compensating controls such as detailed management review of reconciliations.

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6.6 Grant Records Retention

This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees. Records retention and access requirements shall apply to grantee contractors, subcontractors, and subgrantees. Grantees shall include this requirement in grantee contracts and/or subgrants.

Except as otherwise specified, records must be retained for three years from the starting date specified in Chapter III, Subsection 7.c. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records must be retained for three years after completion of the action and resolution of all issues which arise from it.

The starting date for retention of records related to multi-year projects is the date of submission of the final FFR upon project completion or, if waived, the date it would have been due.

The three year retention period for the equipment records starts from the date of the equipment's disposition or replacement or transfer at FTA's direction.

The retention period for all required contract records commences after the grantees or subgrantees make final payments, and all other pending matters are closed (49 CFR 18.36(i)(11)). FTA, DOT Office of Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, have the right of access to any books, documents, papers, or other records of the grantee which are pertinent to the grant, in order to perform audits, or make examinations, excerpts, or transcripts. The right of access in this section is not limited to the required retention period but continues as long as the records are retained.



7 APPENDIX

7.1 GRANT MANAGEMENT WORKSHEET AND SUPPORTING SCHEDULE

ABC Grantee								
Grant Number XX-04-0052								
Period Ending June 30, 2014								
Activity Line Item (ALI)	Line Item Description	Total Grant Budget		Purchase Requisition	Encumbrance P.O./ Contract (Obligation)	ECHO Drawdown	Expenditure (Payment)	Unencumbered Budget
11.21.01	Eng/Design - Busway		1,247,913.00	247,913.00	47,913.00	7,913.00	7,913.00	1,200,000.00
11.21.03	Eng/Design - Line Equip/Structures	1,198,449.00		98,449.00	-	-	-	1,198,449.00
11.73.00	Contingencies/Program Reserve	40,000.00						40,000.00
11.79.00	Project Administration	9,464.00		5,000.00	3,000.00			6,464.00
	Total Grant Budget	1,247,913.00	1,247,913.00	351,362.00	50,913.00	7,913.00	7,913.00	2,444,913.00
	Federal and Local Share	2,495,826.00						
	Total Obligations	50,913.00	A binding contract					
	Total Expenditures	(7,913.00)	Payment on binding contract					
	Unliquidated Obligations	43,000.00	Obligations incurred, but an expenditure (payment) has not yet been recorded.					
	Total Grant Budget	2,495,826.00						
	Total Obligations	(50,913.00)						
	Unobligated Balance	2,444,913.00						
	Total Grant Budget	2,495,826.00						
	Total Expenditures	(7,913.00)						
	Unexpended Balance	2,487,913.00						
Project Description								
ITS earmark for Flexbus project design. Flexbus is proposed as a user-responsive, cost-effective and convenient transit service that will be a transportation mobility alternative to support continued growth in population, employment, and travel demand in the suburban area of the Central part of the state.								

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ABC GRANTEE: Project Number _____ ALI _____				
GRANT NUMBER XX-04-0052				
PERIOD ENDING JUNE 30, 2014				
Date	Purchase	Encumbrances	ECHO	Expenditures
	Requisitions		Drawdowns	
4/15/2014	247,913			
4/30/2014	98,449			
5/31/2014	5,000			
4/20/2014		47,913		
6/1/2014		3,000		
4/30/2014			7,913	
5/1/2014				7913
Totals for Quarter	351,362	50,913	7,913	7,913

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8 ADOPTED & VALIDATE BY:



Juan A. Vázquez Acevedo
Chief Financial Officer,
Puerto Rico Integrated Transit Authority (The Authority)

17th of December, 2015

DATE

9 EFFECTIVENESS, REPEAL AND APPROVAL

This procedure, shall be valid from the date of approval by the Board of Directors of the Puerto Rico Integrated Transit Authority.



Alberto M. Figueroa Medina, PhD, PE
Executive Director
Puerto Rico Integrated Transit Authority

17th of December, 2015

DATE

Duly approved by the Board of Directors of the Puerto Rico Integrated Transit Authority, in regular meeting held on the 17th of December, 2015



Miguel A. Torres Díaz
Chairman of the Board
Puerto Rico Integrated Transit Authority

17th of December, 2015

DATE

