

PART 1

Program Development

Chapter 2

Qualifications for Federal and
State-Aid Project Administration

Locally Administered
Projects (LAP) Manual

CHAPTER 2

QUALIFICATIONS FOR FEDERAL AND STATE-AID PROJECT ADMINISTRATION

2.1 BACKGROUND

In order to receive authorization to administer a transportation project, LPAs must demonstrate minimal capabilities as outlined below. When an LPA submits a Request to Administer (RtA) form, the LPA's qualifications and capabilities are considered by the District before a recommendation is made to the Chief Engineer regarding authorization for the LPA to administer the project. A more detailed discussion of the RtA and agreement process is provided in [Chapter 10](#).

2.2 FEDERAL-AID PROJECTS

Section §1904 of SAFETEA-LU, requires that the states be responsible for determining that sub-recipients of federal funds have adequate project delivery systems and sufficient accounting controls to properly manage federal funds.

Adequate project delivery systems can be demonstrated in several different ways, including:

- Capital project experience: experience with projects of similar nature, size and complexity.
- Certification of their capital project delivery processes through nationally recognized programs such as the American Public Works Association.
- Staff experience and education: staff experience with projects of similar nature, size, and complexity and/or documented professional education in transportation-related disciplines.
- Experience with federal-aid projects

Sufficient Accounting Controls:

All LPAs must demonstrate appropriate accounting controls for state aid, pursuant to State law and regulations promulgated by the Auditor of Public Accounts (APA).

The LPA must be able to identify, track and maintain records for all expenses for which full or partial reimbursement is requested. VDOT and/or Federal Highway Administration (FHWA) may audit all financial records related to federal-aid projects and LPAs may be required to return federal funds for which adequate financial records cannot be provided.

2.2.1 2 CFR 200 UNIFORM GUIDANCE

On December 26, 2014, FHWA implemented the Uniform Guidance that combines eight previous federal grant regulations into one comprehensive guide, [2 CFR 200](#). A partial listing of notable topics are overviewed below. For a comprehensive list, LPAs should be familiar with [2 CFR 200](#).

- Period of Performance Start and End Date – [2 CFR 200.77](#)

Project costs are reimbursable only during the performance period included in the FHWA agreement. Project costs are not eligible for reimbursement until the project or specific project phase has received federal authorization. New projects or project modifications entered into after December 26, 2014 shall include both a start date and an end date for each respective phase (PE, RW and CN), after which no additional costs may be incurred and are not eligible for reimbursement. Performance start is the date the federal authorization is provided. Performance end dates are entered in the FHWA Financial Management Information System (FMIS) by VDOT's Federal Programs Management Division (FPMD) based on project schedule information. Additional details regarding the schedule and

establishment of Period of Performance dates can be found in LAP Manual [section 19.1](#).

- Annual Audit – [2 CFR 200, Subpart F, Section 200.501](#)

All LPAs receiving federal aid of \$750,000 or more annually must have a single or program-specific audit in accordance with [2 CFR 200, Subpart F, Section 200.501](#) - Audit Requirements. A more detailed discussion of this submittal requirement is provided in [Chapter 19.8](#).

- Catalog of Federal Domestic Assistance (CFDA) – [2 CFR 200, Subpart C, Section 200.202](#)

Federal Aid highway program projects shall be identified with the appropriate CFDA number which shall be included in the project agreement. The CFDA number is 20.205.

- Debarment and Suspension – [2 CFR 200, Subpart C, Section 200.205](#)

LPA's shall not make an award to a consultant or contractor that has been debarred or suspended. LPA's must utilize the federal [System for Award Management](#) to determine consultant and contractor eligibility and provide the department with copies of the search results. Consultant and contractor/sub-contractor eligibility shall be determined both at the time of receipt of proposals or bids and prior to award.

- Indirect Cost Allocation Plan (ICAP) – [2 CFR 200, Appendix VII](#)

LPAs have the benefit of claiming indirect costs for reimbursement on federally funded projects. In order to be eligible to claim indirect costs, LPAs must develop and submit an ICAP proposal for review and receive approval of their indirect cost allocation rate. The proposal is submitted to the LPAs cognizant agency which will be the agency that provides the LPA with the largest amount of federal funding. If the LPAs largest amount of federal funding is received directly from a federal agency, then that federal agency is the LPA's cognizant agency. If the LPAs largest amount of federal funding is passed-through by VDOT or

another non-federal entity, then VDOT or the other non-federal entity becomes the LPA's cognizant agency.

When VDOT is determined to be the LPAs cognizant agency, the LPA will submit the ICAP proposal, Certificate of Indirect Costs, and required documentation, to the Project Coordinator who will review the proposal package for completeness and forward to the VDOT Assurance and Compliance Office (ACO) for review. The ICAP must be submitted to VDOT for approval annually unless a predetermined negotiated rate with a defined time period is used. LPAs using the 10 percent de minimis rate ([2 CFR 200.414](#)), must certify each year to VDOT that they still meet the minimum requirements.

LPAs that wish to use an established indirect cost allocation rate from another cognizant agency must provide a copy of the rate approval to VDOT in order to use that rate on transportation projects where VDOT serves as the pass-through agency for reimbursement of federal funds.

[2 CFR 200, Appendix VII](#) outlines the requirements for the development, documentation, submission, negotiation, and approval of indirect cost proposals for State, Local Governments, and Indian Tribes.

2.3 STATE AID VDOT PROJECTS

Virginia Code section [33.2-338\(d\)](#), requires VDOT's concurrence for a LPA to administer a VDOT-funded project. Since state-aid transportation project requirements are substantially similar to local government capital outlay projects requirements, VDOT's responsibilities are to assist the LPA in understanding those aspects of project delivery that are unique to transportation, such as design and highway construction administration. VDOT's oversight is intended to protect VDOT's interests in cases where the constructed project will be operated and maintained by VDOT and to ensure transportation funds are utilized in a manner as agreed to with the department.

[Chapter 5](#), of this Part, provides a detailed discussion of requirements for state-aid (non- federal-aid) projects.

2.4 REQUIREMENTS FOR ADMINISTERING PROJECTS ON NHS OR PRIMARY SYSTEM

Generally, VDOT will only concur with local administration of projects on the National Highway System or Primary System by very experienced LPAs or where the local government has operational control of those highways within their jurisdiction. When an LPA requests to administer this type of project, a more thorough assessment of LPA's qualifications and capabilities will be performed. Additional requirements and agreement conditions outside those identified in this manual may be required and increased VDOT oversight should be expected.

2.5 LPA FUNDED PROJECTS

This Manual is not directly applicable to locally funded, locally administered projects, but may provide useful project management guidance for locally funded projects. Locally funded projects that will be subsequently maintained by VDOT are administered in accordance with the land-use permit process. Plans will be reviewed and VDOT will have an oversight role during construction. For any project funded in its entirety with local funds but administered by VDOT, an agreement is required (see [Chapter 10](#)) and VDOT will typically follow its normal process for state funded projects.