



U.S. Department  
of Transportation

**Federal Highway  
Administration**

# FHWA Requirements for Locally Administered Projects

## Funding, Monitoring, & Reporting

Morgan Nelson, PE  
FHWA



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# FHWA's Role

- Provide Federal funding for your project
- Ensure Federal dollars are spent appropriately
- Ensure there is no fraud, waste, and/or abuse
- Ensure that recipients have every opportunity to keep every dollar of their Federal funds
- Ensure regulations agreed to by asking for and receiving Federal money are upheld



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# NCDOT's Role

- Although NCDOT usually has no funds in LPA projects, they have full oversight and responsibility of all LPA projects established by:
  - 23 CFR 635.105(a) & (b):
    - (a) NCDOT has responsibility for the construction of all Federal-aid projects and is not relieved of such responsibility by authorizing performance of the work by a local public agency or other Federal agency. NCDOT shall be responsible for ensuring that such projects receive adequate supervision and inspection to ensure that projects are completed in conformance with approved plans and specifications.
    - (b) Although NCDOT may employ a consultant to provide construction engineering services, such as inspection or survey work on a project, the NCDOT shall provide a full-time employed State engineer to be in responsible charge of the project.
  - Stewardship and Oversight Agreement
- In the unlikely event that funds must be re-paid or are deemed non-participating, they are taken from NCDOT and then the municipality will be responsible for re-paying NCDOT (or it will be taken from your Powell Bill).



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# 2 CFR 200 “The Supercircular”

- Period of Performance:
  - Imposes a period when project costs can be incurred
    - Start Date (Project Authorization Date) through the End Date (predetermined by NCDOT using a formula based on projects of similar scope accounting for delays)
    - Costs can **only** be incurred within start and end date
    - After project end date - no additional costs can be incurred
    - Requires that projects be closed out 15 months after the “End Date” established and documented on the FHWA Authorization
- Extension/modification of End Date is authorized by the awarding agency only when there is a project delay beyond the control of the recipient
  - Ex: utility delays, railroad delays, lawsuits, etc.



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# Project/Funds Authorization

- FHWA commitment that Federal funds are available for the project
  - Preliminary Engineering (PE)
  - Right of Way acquisition (ROW)
  - Construction (CON)
- Authorization is required **prior to** incurring **any** expenses
- Work done before the date of FHWA Authorization is NOT eligible for reimbursement
- Items not considered eligible for reimbursement: In order to be reimbursed, items must be transportation related – you should be able to walk, ride, or drive on it.



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# Inactive Projects

- A project will become inactive if it has not had an expenditure charged to it in FHWA's project tracking system for one year
- Once a project hits the 1-year report, FHWA's Finance Section is **REQUIRED** to deobligate the unexpended funding amount
- The Municipal Agreement states that a project must be invoiced at least once every 6 months to keep the project active and eligible for Federal funding.
- The Municipal Agreement also states:
  - *FINAL INVOICE*
    - *All invoices associated with the Project must be submitted within six (6) months of the completion and acceptance of the Project to be eligible for reimbursement by the Department. Any invoices submitted after this time will not be eligible for reimbursement.*



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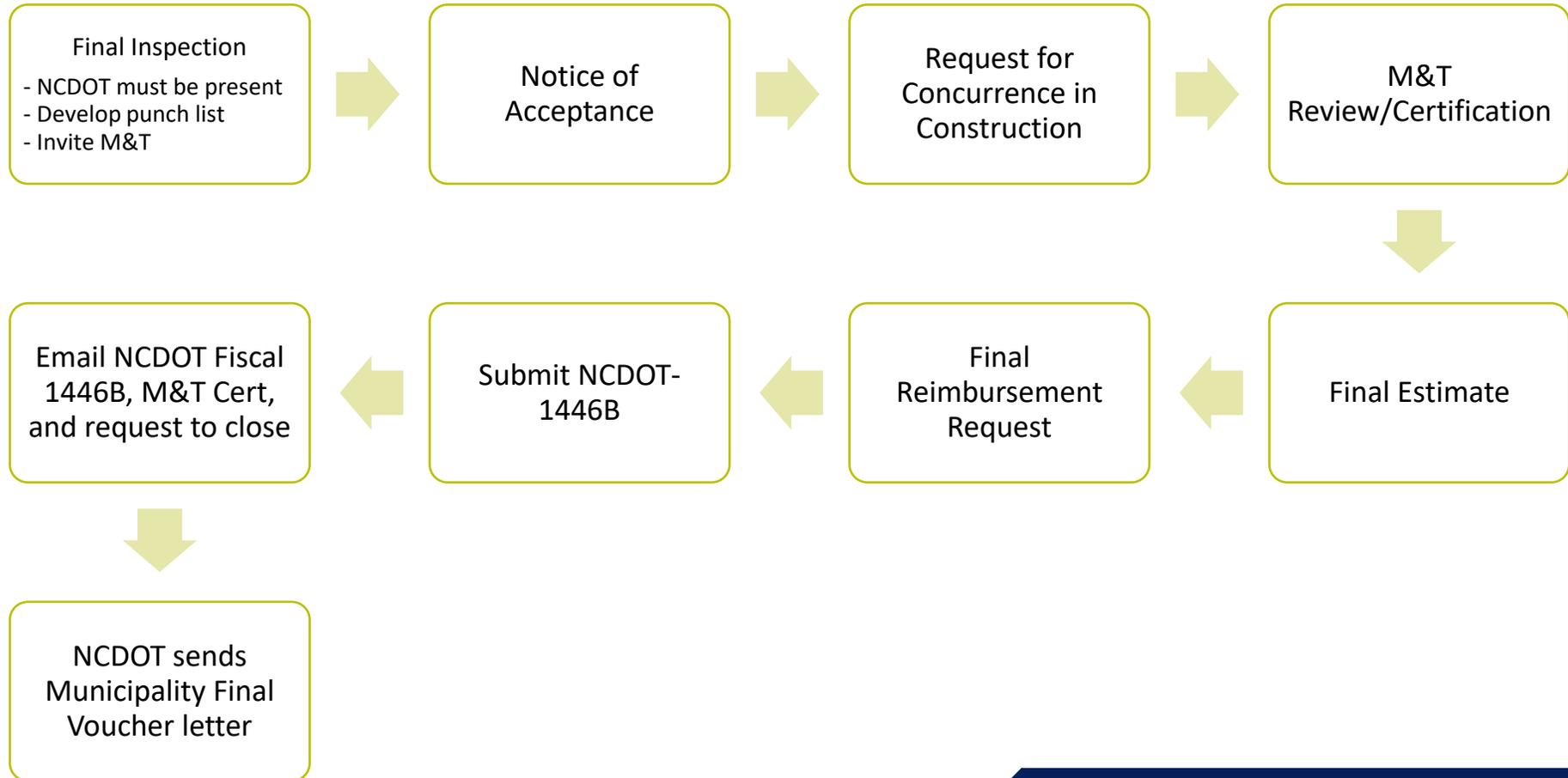
# Preliminary Project Reviews

- LPA Program Manager will be conducting three types of reviews:
  - Pre-Construction Conference Review – When you receive your Concurrence In Award letter from NCDOT, it will have on it that an invitation to the Pre-Construction Conference should be sent to your NCDOT contact, NCDOT M&T Contact, as well as FHWA Local Program Manager
  - Records Review – Will consist of a review of all project records and documentation for a project that is 50%-75% complete
    - A copy of the checklist used will be provided
  - Compliance Assessment Review (CAP) – Directed and selected by our Headquarters Office



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# Project Closeout





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# Project Closeout

- 2 CFR 200 (aka: Supercircular) - Requires that projects be closed out 15 months after the “End Date” established and documented on the FHWA Authorization.
- If timeframes are not met, the Supercircular states that ALL project funds shall be taken back.
- Keep all project records for three years after the Final Voucher Date as they can be audited by FHWA until that time.
- Closeout guide and checklist:

<https://connect.ncdot.gov/municipalities/Funding/Pages/LPM%20Handbook.aspx>



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# Questions

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