



OHIO DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE, 1980 W. Broad St., 4th Floor, COLUMBUS, OHIO 43223

SUBJECT: Cost Accounting for Federal Aid Projects

Effective Date: September 1, 2015

Last Updated: August 20, 2015

I. APPLICABILITY

The subrecipient requirements documented in this guidance were established in the Code of Federal Regulations. The additional implementing guidance was developed by the Ohio Department of Transportation (ODOT) Office of External Audits and is applicable to all subrecipients of the Office of Transit administering cost reimbursement grants.

II. DEFINITIONS

Terminology used in these TRANSIT guidance documents is intended to be consistent with 2 CFR 200¹. Users shall refer to the defined terms in 2 CFR 200 Subpart A- Acronyms and Definitions and other sections of 2 CFR 200 as cited throughout the text.

III. AUTHORITY

In accordance with §200.331 Requirements for pass-through entities, ODOT must “[e]valuate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring...”

IV. ISSUE

In accordance with §200.302 Financial management², “[t]he financial management system of each non-Federal entity must provide for the following:

1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
4. Effective control over, and accountability for, all funds, property, and other assets.
5. Comparison of expenditures with budget amounts for each Federal award.
6. Written procedures to implement the requirements of §200.305 Payment.
7. Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.”

¹ Title 2 Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

² Text in blue font is copied directly from 2 CFR 200.

V. APPLICATION

Generally, the Office of External Audits shall evaluate each subrecipient's financial management system, including associated policies and procedures, to determine if the system is structured in a manner such that the subrecipient's management staff can be reasonably expected to achieve compliance with the objectives identified in §200.302. The results of the evaluation and any issues identified during the process shall be factors in the periodic risk assessment process conducted by the Office of External Audits. The risk assessment process shall be used to select subrecipients for additional monitoring procedures including on-site limited scope reviews and field audits.

VI. SUBRECIPIENT'S REQUIRED ANNUAL DOCUMENTATION SUBMISSION

Each non-Federal entity that is a subrecipient of Federal funds passed through by the Office of Transit shall submit the documentation listed below in section A to the Office of External Audits on an annual basis for as long as they remain a subrecipient of ODOT. Entities which are subrecipients under multiple Federal and/or state programs with funds passed through from ODOT shall submit only one documentation package per fiscal year.

A. Required Documents:

1. A current organization chart that correctly details the structure of the agency, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprise the agency.
2. A schedule of all programs or projects operated or administered by the agency consistent with the template contained in Appendix 1.
3. A schedule containing the detail chart of accounts maintained by the agency in its accounting system consistent with the template contained in Appendix 2.
4. A schedule which functions as a cross reference document for each ODOT program to trace each of the agency's accounts, as appropriate, to the corresponding reporting line on the ODOT program invoice form. Refer to the template contained in Appendix 3.
5. A completed and signed Certification of Financial Management System as contained in Appendix 4.

- ### B. Submitted Documents Format.
- Consistent with §200.335 Methods for collection, transmission and storage of information which states: "In accordance with the May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information, the Federal awarding agency and the non-Federal entity should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper."

Therefore, the preferred method of receipt of the required documents is electronically via e-mail attachment. Acceptable file formats include Microsoft Excel or Word files as well as Adobe PDF files. DO NOT send closed format image files such as TIF or JPEG. DO NOT send electronic files which are write-protected such that the auditor would be unable to edit, sort, filter, or annotate the content.