

## Eligibility of Costs and Cash Management and Payment Procedures

### Eligibility of Costs

#### 2 CFR Part 200 Subpart E—Cost Principles – DRMT Determination of Eligibility of Costs

In general, DRMT requires that expenses must be clearly attributable to the subrecipient's project that was awarded federal funds by DRMT. DRMT's expenses are associated with managing subrecipient contracts funded from FTA grants, performing and monitoring federal compliance and oversight activities, required federal reporting, and monitoring and maintaining the underlying FTA grants.

Subrecipient expenses are eligible for reimbursement only after subrecipient has submitted documentation of the costs in sufficient detail for DRMT staff to determine the applicability of the type(s) of costs to the project, whether the goods or services were received and/or delivered as applicable, and whether payment for goods or services was made. General descriptions of eligible costs are described in the SMP sections applicable to individual FTA programs (5310, 5311/5311(f), 5339).

DRMT expenses are reviewed for eligibility and proper accounting codes to ensure that federal funds are not expended on ineligible activities. Expenses that are found to be ineligible or posted to federal funds in error are corrected, typically through a journal entry in the accounting system when discovered.

When questions arise about the eligibility of any particular cost, staff refer to Subpart E of CFR 200 to make an eligibility determination for that specific cost. Costs deemed ineligible costs cannot be approved for reimbursement. Invoices that contain ineligible costs will be returned for correction and resubmittal.

### Cash Management and Payment

#### CFR 200.305 Payment – DRMT Procedures Related to Requirements of 2 CFR 200.305

DRMT manages its FTA programs on a reimbursement basis; no payments of federal funds are made in advance. Furthermore, DRMT does not request advancement of FTA funds for its own operations.

Subrecipients submit evidence of project expenses, which are reviewed by DRMT staff for eligibility, accuracy and adequacy of documentation. After acceptance of project expenses, subrecipients are reimbursed from State funds. The Authorized Disbursement of the reimbursable amount is processed by DRMT and Accounting within 30 days.

Quarterly, the Grants Management Branch reviews reimbursement payments from State funds that have been issued to subrecipients for reconciliation against FTA grant balances and proper posting in the departmental accounting system. GMB also reviews DRMT administrative expenses incurred during the quarter for accuracy and appropriateness.

Each fiscal quarter, GMB reviews all disbursements made to subrecipients as well as expenses posted as DRMT administrative costs associated with individual federal awards. GMB reconciles these expenses in

departmental accounting records against grant balances in TrAMS. Once expenses have been confirmed and reconciled, GMB submits a written request that Accounting initiate a drawdown of those expenses through ECHO. Accounting processes the ECHO request to replenish the State account from which subrecipient reimbursements were made.

Other references to federal codes, regulation and guidance found in this section:

2 CFR 200.205, Treasury State CMIA Agreements, 31 CFR Part 205, TFM 4A-2000, 2 CFR 200.302(f)