



U.S. Department
of Transportation

Memorandum

**Federal Motor Carrier
Safety Administration**

SP-05-001-FU

Subject: MCSAP Project Financial Document
Process
Bonnie Bass
From: Bonnie Bass
Chief, State Programs Division
Date: MAR 25 2005
**Reply to
Attn. of:** MC-ESS
To: Division Administrators
State Program Managers

This State Programs Policy Reference Guideline provides updated information regarding the financial processing, documentation and oversight required for all Motor Carrier Safety Assistance Program (MCSAP) grant projects, including basic, incentive, high priority and new entrant MCSAP funding. This Policy Reference Guideline replaces SP-02-002-FU.

Every FMCSA Division office is required to have access to Delphi, the Department of Transportation's official accounting system. It is suggested the Division State Program Specialist (SPS) or Division grants manager have access to Delphi to verify accurate grant information. To obtain Delphi access, please contact the FMCSA's FAA Liaison in the Finance Division. Attachment C provides a current list of names for the points of contact (POC) mentioned throughout this memo.

The terminology used in Delphi reflects standard accounting terms rather than MCSAP's traditional grant terms and terms used in the FHWA's Fiscal Management Information System (FMIS). Specifically, our traditional FMIS seven-digit MCSAP grant project number is translated to a 17-digit purchase order number in Delphi. Attachment A provides a cross-walk from the FMIS seven-digit project number to the 17-digit Delphi purchase order number. For grants management responsibilities, view only access to Delphi is sufficient for monthly reconciliation of Division Internal grant records with Delphi and FMIS. Attachment B provides a step-by-step guide to access the Delphi Purchase Order (PO) Status Report, which provides Federal funding levels as well as identifies each reimbursement voucher processed.

All MCSAP grant projects are processed and documented in the same basic manner, with four major steps: proposal; allocation; operations; close out. This guideline identifies the information, forms, validation and reconciliation required during each step of the process. Please note that all grant forms mentioned in this memo are official FMCSA forms and may be found at <http://www.fmcsa.dot.gov/safetyprogs/mcsapforms.htm>.

Step 1: State Proposal

The Surface Transportation Assistance Act of 1982 established the MCSAP as a reimbursable grant program, contingent upon the submission and approval of a State plan for activities to be accomplished. Title 49 CFR Part 350 and the MCSAP Grants Management Course provide detailed information regarding the content of a State's performance-based Commercial Vehicle Safety Plan (CVSP), approval of which is required before basic and incentive formula funds are distributed. A special grant plan or proposal for high priority or new entrant funding requires the same basic information as described in 350.213(c) through (j) for CVSPs. The special grant proposals are to be performance based and should be submitted as a part of the annual CVSP, if the projects are known at the time. If the special projects are not known at the time of the August 1st CVSP deadline, then plans are submitted to the Division office for review and approval and transmission to headquarters as soon as the project proposal is completed.

The State's CVSP for basic and incentive MCSAP funds must be submitted by August 1st of each year as required by Part 350.205(a). Once approved by the Division Administrator (DA), the CVSP will be reviewed by a technical review panel (TRP) organized by the FMCSA Field Administrator/Service Center. The TRP will identify weaknesses or deficiencies in the CVSP and make recommendations to be negotiated by the DA with the State lead agency. Upon receipt of the revised CVSP, the DA will ensure compliance with the TRP's recommendations. Upon final approval, the CVSP will be transmitted to headquarters for funding: The DA reviews other grant proposals (new entrant or high priority) for all requirements of Part 350 and funding eligibility as well as the funding level requested. The approved CVSP and other proposals will be transmitted to the State's Coordinator in the State Programs Division (see Attachment C) by memorandum indicating the proposal has been reviewed, complies with the TRP recommendations and recommends funding for the project. The transmittal memorandum should identify the type of funding requested, the total amount of the project as well as the Federal (80 percent) and State (20 percent) portion of funds if applicable, and any other pertinent information that should be considered by Headquarters.

REMEMBER: A Division-approved proposal or CVSP that meets the requirements of Part 350 must be received by Headquarters before an allocation memo will be released.

Step 2: Allocation

Once a CVSP or proposal is received and approved by Headquarters, an allocation memo is sent to the DA with a copy to the Headquarters Fiscal Management Information System (FMIS) team. The allocation memo will include the amount of funds allocated, a seven-digit project number and possibly proposal items which require further negotiation with the State. (See State Programs Policy Reference Guideline SP-02-002-FI dated January 24, 2002, for information regarding MCSAP

project number assignments.) Upon receipt of the allocation memo, the Headquarters FMIS team allocates the funding to the State in the FMIS system.

Simultaneously, the allocation memo prompts the DA to execute a FMCSA grant agreement (MCSAP-2) with the State, which is the legal document required to obligate funding for the approved project. If the allocation memo requires changes to the proposal, those changes must be negotiated and the CVSP or proposal revised and finalized **prior to or at the same time** as execution of the MCSAP-2. The grant agreement must be signed by the FMCSA DA. Signature authority may not be delegated unless the DA is on extended leave and someone has been named officially as acting. (A copy of the delegation of authority or succession of authority memo should be on file in the Division office for historical evidence.)

Copies of the executed MCSAP-2 and the allocation memo are provided to the FHWA Division financial manager for obligation of funds to the project in FMIS. The Division office must ensure the appropriate obligation of funds is entered into FMIS. This may be accomplished by one of the following methods:

1. For FMCSA Divisions with View-only access to FMIS: by reviewing the FMIS project information, including the project agreement report (FMIS D05A);
2. For FMCSA Divisions without FMIS access: by requesting a FMIS project agreement report (FMIS D05A, or project amendment report (FMIS 06A)) from the FHWA Division financial manager; or
3. The preferred method is that the Division Administrator obtains FMIS approval rights within FMIS to approve all MCSAP projects entered by FHWA or the State DOT. This access allow DAs to verify that the correct project number and funding level has been entered prior to the project data being approval and interfaced with Delphi.

Once the grant information is accurately reflected in FMIS, the information electronically interfaces to the Delphi system within 24 to 36 hours. While this interface should be seamless, problems do occur. Therefore, the Division office must verify the accurate interface of information to Delphi by accessing the Delphi PO status report (see Attachment B). The Delphi PO number is required to access the PO status report, and Attachment A describes the Delphi PO numbering logic using the FMIS project number. If there is a discrepancy between the FMIS Federal funds level and the Delphi PO amount, notify the MCSAP financial manager in the headquarters State Programs Division.

Copies of the executed MCSAP-2 and any CVSP or proposal revisions must be transmitted to the MCSAP financial manager in the headquarters State Programs Division within 15 days, via memo or e-mail (with scanned documents attached), identifying the project number and describing changes made to the State's proposal. A copy of the MCSAP-2 should be emailed to the FAA voucher POCs (see Attachment C) as well, to ensure consistent recordkeeping.

Step Three: Project Operations

The Division office is responsible for tracking all State obligation and expenditure activities and identifying and resolving discrepancies in both FMIS and Delphi, through a monthly reconciliation of Division grant project records with Delphi and FMIS. Problems with specific vouchers should be raised immediately with the FAA voucher POC. For discrepancies between Delphi and FMIS, notify the MCSAP financial manager in the State Programs Division and provide as much background as possible and the proposed resolution.

State claims for reimbursement of the Federal share of project costs are made on voucher form FMCSA PR-20. The State lead agency shall designate the official(s) responsible for submitting and certifying vouchers, and the official(s) designated shall submit his/her signature(s) to the Division office. The Division office will maintain the signatures on file. The PR-20 must be signed by the designated State official. Progress vouchers represent a State's claim for costs incurred on an active project during a specific time period and must be approved by the DA. Prior to the DA approving and signing the voucher, a verification that funds are available for payment must be made in Delphi (see Attachment B: Accessing the Delphi Purchase Order Status Report). Once funds availability is verified, voucher expenses are approved and the Delphi PO number (See Attachment A) identified on the PR-20's 'front page, a scanned copy of the PR-20 will be transmitted to the FAA voucher POC via e-mail. Do not send copies of progress vouchers to Headquarters. The DA is responsible for ensuring costs incurred were eligible, allowable, reasonable, and authorized by the CVSP and that vouchers are maintained at the Division office.

In States where the claims for reimbursement are electronically processed through the FHWA's Rapid Approval and State Payment System (RASPS), a process for reviewing vouchers and ensuring required voucher information must be established by the Division office, with all supporting documentation maintained in the Division office. Generally, lead MCSAP agencies within the State Department of Transportation or highway agency process vouchers through this system and are referred to as RASPS States.

RASPS States: Approximately 21 MCSAP lead agencies submit MCSAP reimbursement vouchers through FHWA's electronic payment system RASPS. Unlike traditional MCSAP reimbursement vouchers which must be reviewed and approved by the DA prior to submission to FAA for payment, RASPS vouchers are submitted electronically for almost immediate payment. It is imperative that these Division offices establish a voucher review process to ensure appropriate oversight. A hard copy of the PR-20 should be reviewed and maintained in the Division office files to support that each payment has been reviewed for eligibility and reasonableness. If any expense is found to be ineligible, notification and documentation of the adjustment is necessary. Even with RASPS States, the final voucher must reflect a total summary of all costs claimed throughout the project. It is each DA's

responsibility to establish a process with their MCSAP/RASPS partners to ensure all financial responsibilities are met in the reimbursement process.

The RASPS vouchering and reimbursement vehicle is not available to any other State agencies. Further, the FMCSA is exploring other grant management systems to better meet our grants management requirements. Implementation of a replacement system for FMIS (and, therefore, RASPS) may occur as early as during fiscal year 2006. Additional information will be communicated to the Division Offices as it becomes available in order to prepare our State MCSAP partners for the transition from electronic vouchering through RASPS.

Modifications/Amendments to Grants

Based on project monitoring and evaluation during the course of a MCSAP project, a redirection or change from the original plan may become necessary, such as redirection of resources from one activity to another, an extension of time, etc. To implement such a change or to add funding and associated activities (as the result of an additional allocation) to an existing project, a MCSAP-2A grant amendment must be executed in the same manner as the MCSAP-2. The executed MCSAP-2A must be forwarded to the FHWA Division financial manager for obligation of funds. FMIS does not track the grant period, so grant extensions need not be submitted to the FHWA Division financial manager. Again, the FMCSA Division office must verify accurate data entry in FMIS, as described previously. When the amendment effects funding levels, the Division office must also verify that the transaction accurately interfaces to Delphi.

Copies of the MCSAP-2A and revisions to the original proposal or CVSP must be transmitted to the MCSAP financial manager in the headquarters State Programs Division within 15 days of execution, via memo or e-mail (with scanned documents attached) identifying the project number and describing changes made to the State's proposal. A copy of the MCSAP-2A should be emailed to the FAA voucher POCs to ensure consistent recordkeeping.

Step Four: Project Close Out

A final voucher, FMCSA PR-20, represents the State's final claim for costs and shall be submitted by the State to the Division office within 90 days of the end of the project or grant period. The final voucher accomplishes two important functions in the grants process: upon transmission to FAA, it initiates the final payment to the State from Delphi and, when the approved final voucher is provided to the FHWA Division financial manager and the information is entered into FMIS, the project is closed. (Note: At this time, MCSAP project status remains open in Delphi even when the project is closed in FMIS, to allow adjustments necessitated by subsequent audits. Unlike FMIS, Delphi does not permit adjustment to closed projects.)

The final voucher must identify all project costs incurred, the amount of Federal funds due on the project, previous Federal reimbursements, amount currently due, and a summary of all project costs. The final summary of project costs shall contain at a minimum the types of costs incurred, summarized similar to the final approved CVSP or proposal budget line items. Just as a progress voucher, the PR-20 final voucher must be signed by the designated State official and, after verification that funds are available for reimbursement in DELPHI, approved and signed by the DA prior to transmission to the FAA for payment. Once the final voucher payment has been made in Delphi and that transaction interfaced to FMIS, specific project close out requirements vary, depending on whether all Federal funds were expended.

Federal Funds Completely Expended

When all Federal funds obligated to the grant project have been expended by the State, the close out process is very straightforward. Once the final voucher payment has been made in Delphi and that transaction interfaces to FMIS, the Division office will provide a copy of the final voucher to the FHWA Division financial manager who will close the project in FMIS. A copy of the final voucher must be transmitted to the MCSAP financial manager in the headquarters State Programs Division within 15 days of execution, via memo or email. The transmittal memo should specifically indicate that all Federal funds were expended.

Federal Funds Remain

When Federal funds obligated to the grant project were not fully expended by the State, the close out process must address the disposition of the remaining funds prior to the close out of the project. If the project reflects funds remaining after the final voucher has been paid (in FMIS, a difference between Federal funds obligated and funds expended; and in Delphi, PO remaining amount), funds must be deobligated from the project by execution of a grant amendment MCSAP-2A decreasing the Federal funding by that same amount. A copy of MCSAP-2A decreasing the Federal funds will be provided to the FHWA Division financial manager for deobligation in FMIS. The Division office must verify the deobligation by requesting a copy of the FMIS project amendment report (FMISD06A). At this point, remaining funds are in unobligated status and the project is closed.

The unobligated funds may be either deallocated (returned to headquarters for allocation to another State); rolled-over into a related, active project in the State (usually the current fiscal year basic MCSAP project); or a combination of deallocation and roll-over. Each of those dispositions require a different process and a different close-out package to the headquarters MCSAP financial manager, as described below.

1. If the State will not utilize any of the remaining funds, those funds will be deallocated by headquarters for redistribution to another State. In this case

there is no additional action required by the FHWA Division financial manager. The final voucher/close-out package to be transmitted to headquarters will include a copy of final voucher and a copy of the MCSAP-2A decreasing/deobligating the Federal funds. The transmittal memo to headquarters MCSAP financial manager will identify at a minimum the project number, original allocation amount, the funds expended, and specifically identify the amount to be deallocated. The headquarters MCSAP financial manager will process a memo deallocating the funds.

2. If the State justifies the need to utilize the unexpended funds and the Division Administrator has determined the requirements of State Program Policy Reference Guideline SP-02-002-CE, Cost Eligibility of MCSAP Basic Program Roll-over Funds, dated March 7, 2002, has been met, the unobligated funds may be rolled into a related, active project in the State (usually the current fiscal year basic MCSAP project). In addition to the final voucher and grant amendment deobligating funds from the closing project, a MCSAP-2A grant amendment must be executed to increase/obligate the Federal funds to the active project. A copy of the MCSAP-2A increasing Federal funds to the active project will be provided to the FHWA Division financial manager for obligation in FMIS. The Division office verifies the obligation as described in the Step 2: Allocation section above. Then, the close-out package to headquarters MCSAP financial manager will include a transmittal memo that identifies at a minimum for the closing project: the project number, original allocation amount, the funds expended, and the amount deobligated. For the active project, the transmittal memo will identify the project number and the amount being increased/obligated. Attached to the headquarters transmittal memo will be a copy of the final voucher, the MCSAP-2A grant amendment decreasing/deobligating Federal funds by the amount of the unexpended balance, the MCSAP-2A grant amendment increasing the Federal funds of the active project by the same amount that was deobligated and a revised grant budget for the active project reflecting the additional funding.
3. If the State justifies the need to utilize a portion of the unobligated funds (and the DA has determined the requirements SP-02-002-CE has been met), a portion of the unobligated funds may be rolled into a related, active project in the State (usually the current fiscal year basic MCSAP project) and the remainder will be deallocated by headquarters for redistribution. In that case, a copy of the MCSAP-2A increasing Federal funds to the active project will be provided to the FHWA Division financial manager for obligation in FMIS. The Division office verifies the obligation as described in the Step 2: Allocation section above. The close-out package to headquarters MCSAP financial manager will include a transmittal memo that identifies at a minimum for the closing project: the project number, original allocation amount, the funds expended, the amount deobligated, and the amount to be deallocated. For the active project, the transmittal memo will identify the project number

and the amount being increased/obligated. Attached to the transmittal memo will be a copy of the final voucher, the MCSAP-2A grant amendment decreasing/deobligating Federal funds by the amount of the unexpended balance, the MCSAP-2A grant amendment increasing the Federal funds of the active project by the approved amount and a revised grant budget for the active project reflecting the additional funding. The headquarters MCSAP financial manager will process a memo deallocating the funds.

In all scenarios, the Division should transmit the grant project close-out package to the headquarters MCSAP financial manager after the financial transactions have been verified by the Division office with both Delphi and FMIS. The documents to be transmitted at that time are included in descriptions above. Please do not send the financial documents individually, but rather as a complete close-out package.

Care should be taken to ensure all voucher payments, including the final payment, have been made in Delphi and that FMIS and Delphi reflect the same financial information prior to processing deobligation or obligation grant amendments by the FHWA Division financial manager. Once the project expenditures and federal funding levels reconcile in Delphi and FMIS, the Division office should ensure that the project is closed in FMIS by requesting a copy of the FMIS project modification report (FMIS D06A) from the FHWA Division financial manager. As a reminder funds must be expended in the order in which they are obligated, see 49 CFR Section 350.307.

This guideline identifies the basic information, forms and oversight required throughout a MCSAP grant project. If you have any questions or require additional information, do not hesitate to contact the headquarters MCSAP financial manager or your State's coordinator in the State Programs Division.

Attachments

Delphi Purchase Order Numbering Logic

Believe it or not, there is logic behind both the FMIS project number and the Delphi purchase order number. The intimidating Delphi PO number can be predicted IF you know the FMIS project number! The two systems provide essential financial information and data on each project that must be accessed and utilized by the Division offices in managing their MCSAP Grants.

FMIS

First, you might want to refresh your memory by reviewing State Programs Policy Reference Guideline SP-02-002-FI, dated January 24, 2002, for a description of MCSAP project numbers.

FMIS has a 7-digit project number as identified in the allocation memo, with the following sequence:

Project Number:	<u>MC</u>	<u>05</u>	<u>15</u>	<u>1</u>
	Grant	Fiscal	State	Seq
	Type	Year	Code	#

(This example represents the Fiscal Year 2005 basic MCSAP grant for Hawaii.)

DELPHI

When FMIS interfaces with Delphi, Delphi establishes a 17-digit PO number with the FMIS 7-digit project number embedded. Therefore, all MCSAP PO numbers will be established like this: 27XX {State code} {FMIS Project Number} 2120.

Following the FY 2005 basic MCSAP grant for Hawaii example, the 17-digit PO number is established as follows:

<u>27</u>	<u>XX</u>	<u>15</u>	<u>MC05151</u>	<u>2120</u>
Delphi	xx=	State	FMIS Project Number	MCSAP
Grant	No. Yr.	Code	(See above!)	Appropriation
Code	Funds			Code

Easy, isn't it??!!

ATTACHMENT B**ACCESSING PURCHASE ORDER STATUS REPORT IN DELPHI**

Obviously, you must have a Delphi user name and password before you can access Delphi. If you need to establish Delphi access, contact the FAA Liaison (see Attachment C). Even with your user name and password, your computer must be capable of linking to Delphi. If you have problems with this, please see footnote 1.

1. Access Delphi via the website: <http://sdelphi.iccabi.gov/HomePage/>
2. Delphi Home Page appears. Select Web Reports (left-hand side, third down).
3. Enter your Delphi User Name and Password. Click "logon"
4. Select "FMCSA PO Inquiry" from the drop down menu. Click "Set Responsibility"
5. Right scroll down to Purchase Order Reports. Click "P060721 PO Status."
6. The Purchase Order Status screen appears. Although it appears both the fund and PO number are required fields, in fact only one field is required. Entries are case sensitive.
7. To access one specific PO, enter the PO number. (See Attachment A for guidance on the PO number sequence.)*
8. Select Output Type: "Adobe Acrobat." Click "Submit Query".
9. A pop-up window appears that indicates report is running. Click "ok". There will be a pause and then your PO Status Report will appear.
10. The report may be printed or saved electronically from this screen
11. The report provides the PO Total (compare to the total obligations in FMIS) and PO Invoice Total (compare to the total expenditures in FMIS); each invoice paid (progress vouchers and final voucher) and date; and the PO Remaining Amount (compare to the unexpended balance in FMIS).

*To access all your State's MCSAP Grant Projects PO Status Reports in one Inquiry, at Step 7:

7. Enter the MCSAP fund number: 17X0212A50.
8. Enter the 10-digit organizational code for your state, which contains two zeros, your State's 2-digit code at positions three and four, followed by six zeros: 00XX000000 (XX represents the State's 2-digit code, i.e. 15 for Hawaii.)

Footnote 1: If during your first log-in, Delphi web pages do not appear on your screen, contact your Division computer specialist. You can advise the computer specialist of the following two possible resolutions:

a. **The JInitiator may not be installed properly**

- Access Delphi via the website: <http://sdelphi.jccbi.gov/HomePage/>
- Delphi Home Page appears.
- Select DELPHI Software Downloads (Left hand side, seventh down)

b. **Only if you have a brand new computer or your computer was recently upgraded to the Windows XP Service Pack 2 operating system, should you attempt the resolution below.** (To verify which operating system and service pack number you have, go to the "my computer" icon on your desktop screen, right click, click on "properties": your operating system will be listed under the General Tab.) To disable built-in Pop-up blocker on Windows XP Service Pack 2 operating systems:

- Open an Internet Explorer window and follow these steps:
- On the top toolbar, select "Tools" and then click on "Internet options"
- Select the "Security" tab at the top of the window
- Under the Security tab, make sure the globe "Internet" is highlighted in the white box under "select web content zone ..."
- Click the "Custom level" button at the bottom
- Scroll about 4/5 down the list until you see "Pop-up blocker" and click the radial button for "Disable"

MCSAP Financial Process Points of Contact
(As of March 24, 2005)

FAA Liaison: Ronke Harrison, Financial Management Specialist
Financial Processing and Operations Division
Email: Ronke.harrison@fmcsa.dot.gov
Phone: 202-493-0181

FAA Voucher POC: (e-mail all three)

POC1: Rocena Randall, FMCSA-Accounting Technician,
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POC2: Kristie Tirey, Accountant, CPA FMCSA- Accounts Payable:
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Phone: 405-954-5042

POC3: Charles Kline, Accountant,
FAA- Oklahoma City, OK
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State's Coordinator for MCSAP in the Headquarters State Programs Division:

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