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Implementation Date:	2/22/2024
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Spokane Transit Authority: Section 5310 Program

Subrecipient Billing Standard Operating Procedures (SOP)

Purpose

In accordance with 2 CFR Part §200.305, the purpose of these procedures is to ensure that only costs that are *reasonable, allowable, and allocable* to a Federal award shall be charged to that award directly or indirectly. Specifically, these procedures shall apply to the preparation and submission of billings submitted for reimbursement by Section 5310 subrecipients.

Scope

Intended for use by STA staff directly involved in administering the FTA Section 5310 program. The order of priority shall follow the outline in this document (Billing Procedures, Reasonableness Criteria, Allowable Use of Funds, Criteria for Allowability, Billing Documentation, etc.).

Prerequisites

- FTA C Circular 5010.1F – Award Management Requirements
- 2 CFR Part 200 – (Specifically, Subpart E – Cost Principles)
- Spokane Transit Section 5310 Program Management Plan, as amended

Responsibilities

- Assistant Transit Planner: will use this document as a guide to conduct daily activities to include reviewing expenses for eligibility, processing requests for reimbursement, providing technical assistance to subrecipients, and other duties as assigned.
- Principal Transit Planner: will keep this SOP up-to-date and current for use, review and approves reimbursement requests, and provides training and support to the Assistant Transit Planner.
- Director of Planning and Development: reviews and approves revisions to the SOP prior to implementation.
- Sr. Accounting/Finance Manager: will periodically review requests for payment to confirm that appropriate documentation has been provided prior to requesting reimbursement from the grant(s). This will include verifying the local share (match) contribution stipulated in the agreement(s) between Spokane Transit and its subrecipients.

Billing Procedures

The following policies shall apply to the preparation and submission of billings by Section 5310 subrecipients:

1. To ensure timely spend down of grant funding, reimbursements shall be requested monthly after expenses have been incurred and submitted no later

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than 20 days into the following month, *unless prior written approval is provided by Spokane Transit Authority.*

2. Requests for reimbursement shall be submitted using the workbook provided to the subrecipient by Spokane Transit Authority (see Billing Documentation Section below for details).
3. Requests for reimbursement will include actual amounts posted to the subrecipient's general ledger as the primary source for all invoice amounts.
4. Requests for reimbursement shall clearly delineate the amount (and source) of all matching funds.
5. Subrecipient invoice emails, and invoice packets must be submitted with the following formatted naming style, 'Project Name_Month_Year_Invoice'
6. Subrecipient reimbursement requests and all supporting documentation must be submitted as one combined invoice in PDF format

Reasonableness Criteria

It is the policy of the Spokane Transit Authority to only reimburse subrecipient expenses that have been determined to be reasonable per 2 CFR Part 200.404 as follows:

"...In determining reasonableness of a given cost, consideration will be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws, and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost..."

Subrecipients who have questions regarding the reasonableness of project costs are encouraged to contact STA *prior* to incurring the cost. Costs that are considered unreasonable will not be reimbursed.

Invoice Packet Submission

The following steps shall be taken to identify and segregate costs that are allowable and unallowable for each Section 5310 subrecipient agreement.

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Prior to the first disbursement, the Assistant Planner will:

1. Review the executed agreement and the project budget narrative for costs that are eligible for reimbursement.
 - a. Any modifications to a grant award that does not change the overall award may be requested and approved by STA.
2. Be familiar with the allowability of cost provisions of 2 CFR Part 200 Subpart E – Cost Principles, particularly:
 - a. The list of specifically unallowable costs such as alcoholic beverages, bad debts, contributions, fines, penalties, lobbying, etc.
 - b. Any costs requiring advance approval from the FTA in order to be allowable in accordance with §200.407.

Criteria for Allowability

It is the policy of STA to only reimburse expenses that have been determined to be allowable per executed agreements and 2 CFR Part 200 Subpart E – Cost Principles, General Provisions for Selected Items of Cost §200.420 - §200.476. Prior to entering invoices into the STA accounting system (Tyler MUNIS), the Assistant Planner shall:

1. Verify that the expenses have been determined to be allowable under the terms of the executed agreement and/or 2 CFR Part 200 Subpart E – Cost Principles (see Criteria for Allowability below).
2. Verify that the reimbursement directly supports activities listed in the Scope of Work of the executed agreement and the progress report.
3. Verify that the invoices included in the reimbursement request are for specific line items included in the approved budget narrative.
4. Verify that a general ledger account has been established in the subrecipient's chart of accounts to reflect the categories of allowable costs identified in the executed agreement.
5. Verify that any items of miscellaneous income or credits (including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items) shall be reflected as reductions in allowable expenditures - if the credit relates to charges that were previously reimbursed.
6. Verify match contributions are correct and correspond with prior written confirmation (source and amount).
7. Verify there is no consistent overspending between actual and budgeted expenditures (greater than 10% within two concurrent months).
 - a. If found to be consistently overspending the Assistant Transit Planner will request the subrecipient to address and resolve the pattern. Once a productive resolution is found the Assistant Transit Planner file a memo summarizing the issue addressed and the agreed upon resolution, to be references at a later monitoring review.
8. Verify that the billing is reconciled and then entered in the Section 5310 Project Billing Ledger.
9. Prepare a billing packet that shall include:
 - a. Approval Routing Form (Attachment A)
 - b. Subrecipient Signed Request for Reimbursement (RFR) Workbook (Attachment B)
 - c. Section 5310 Project Billing Ledger (Attachment C)

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- d. Backup documentation for all allowable expenses
- e. Monthly Beneficiary Data Report (Attachment D)
 - i. Include Verifications which shall include:
- f. Received Date Stamp
- g. Certification Stamp (with Assistant Transit Planner Initials and Date)
- h. Email correspondence between STA and subrecipient documenting invoice discrepancies and their resolution (if applicable)
- 10. Combine the Approval Routing Form, RFR, backup documentation, and billing ledger.
- 11. The Assistant Transit Planner will sign and enter the billing packet into Tyler Munis for approval.

Billing Documentation

Requests for reimbursement (RFR) workbooks shall be signed by an authorized official of the subrecipient organization using the workbook provided to the subrecipient by Spokane Transit Authority. Subrecipients will be required to submit a written explanation to address any line items in the RFR Workbook that are not within 10% of the month's variance. When reimbursing subrecipient invoices, it is STA's goal to mirror the federal prompt pay guidelines applicable to contractors and subcontractors 2 CFR 200.305(b)(3) provided the invoice is "found to be proper". The subrecipient will be notified within five working days of invoice submission regarding any missing backup documentation or discrepancies found during invoice review.

The invoice is due no later than 20 days following the month the expense was incurred. Invoices shall be submitted electronically to Section5310@spokanetransit.com and will include:

Email and File Naming Structure - Reimbursement request and all legible supporting documentation consolidated into one PDF and named using this structure:
ProjectName_Month_Year_Invoice

Salaries and Benefits – Time sheets and personnel activity reports shall serve as the basis for charging salaries and benefits directly to the Section 5310 project award. Subrecipients are required to submit copies of time sheets and accompanying personnel activity reports with billing requests which reflect all project/program(s) directly benefiting from their time and effort. These time sheets shall be signed by both the employee and the employee's supervisor.

Mileage – Copies of mileage sheets which detail the date, purpose, miles and hours driven, and unique participant identifier shall be submitted with each request for reimbursement. Subrecipient's volunteer driver logs must adequately record all program specific data. Subrecipients without adequate volunteer driver logs may be requested to adopt STA's Section 5310 Volunteer Mileage Log (Attachment F) for the term of the agreement.

1. Mileage will be reimbursed at the applicable Internal Revenue Service (IRS) rate, typically updated in January each year.
2. All submitted volunteer driver logs must have all trips reviewed for eligibility and signed by an authorized staff member certifying the review and allowability.

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3. All handwritten volunteer driver logs must be legible enough to be read when scanned in as a PDF.
4. Incomplete volunteer driver logs will not be accepted.

Equipment – Copies of invoices. *Equipment purchased for exclusive use on the federal award and reimbursed by STA shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated).*

Other Costs – Other project costs (e.g., office supplies, marketing expenses, rent, utilities, etc.) must be identified in the executed agreement and/or project budget. Copies of invoices.

Monthly Beneficiary Data Report – Subrecipients will be required to submit a Monthly Beneficiary Data Report on the 20th day of each month following the month of requested reimbursement. This report will be required to process the reimbursement requests.

Local Match Requirements

Any shared costs (matching funds), including cash and third-party in-kind contributions, will be accepted as part of the Section 5310 subrecipient's (local) cost share or matching requirement when such contributions meet all the following criteria:

1. They are verifiable through written confirmation from the awarding entity.
2. They are necessary and reasonable for accomplishment of the STA Section 5310 project objectives.
3. They are allowable under 2 CFR Part 200, Subpart E – Cost Principles.
4. They are not paid by the Federal government under another Federal award, except where authorized by Federal statute to be used for cost sharing or matching.
5. They are accounted for in the Section 5310 project application (and/or budget) approved in advance by STA.
6. They conform to all other provisions of 2 CFR Part 200.

It is the policy of STA to value contributed services and property that are to be used to meet a (local) cost share or matching requirement at its fair market value at the time of contribution unless the executed agreement (or FTA regulations) identify specific values to be used. The value of donated space will not exceed the local fair market rental value of comparable space as established by an independent appraisal of comparable space and facilities.

Contributed volunteer services furnished by third parties used for (local) cost sharing or matching purposes shall be valued at rates consistent with the national volunteer hourly average rates paid for similar work in the United States labor market. Subrecipient match must be proportional to expenses at each reimbursement request. Subrecipients may not front-load match or claim in-kind at a higher rate than expenses allow. The Federal share of monthly expenses is limited to the *lesser* of match or expenses.

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Reimbursement for contributed volunteer expenses (e.g., mileage, hours) shall be documented in a manner acceptable to STA. Volunteers may drive personal or agency vehicles following the subrecipient verifying the following:

- Volunteer's background check
- Proof of valid driver's license
- Vehicle insurance when driving own vehicle OR is covered under the subrecipient's insurance policy when driving organization vehicles

In-kind volunteer driver match must include documentation of hours, mileage, rates, and calculations in each volunteer driver log. Subrecipients using staff or volunteer travel logs will be required to adopt STA's Section 5310 Volunteer Mileage Log if STA determines the subrecipient's travel log's do not meet all applicable tracking criteria or detail.

To prevent double-charging in-kind costs to multiple federal awards. Subrecipients must declare all grants associated with the Section 5310 funded operating project and identify match rates, and source of local match. All materials are subject to STA verification at the time a monitoring review is conducted.

Subrecipient Invoice Processing & Notices

Requests for reimbursement will be directed to the Assistant Transit Planner for eligibility review and internal processing. Once discrepancies have been addressed, and approved by STA, said invoices shall be paid by STA within thirty (30) days. Invoices will be tracked (date of submittal, payment, notices, etc.) in the Section 5310 Invoice Tracking Sheet (Attachment E) by Fiscal Year, Subrecipient/project, and STA Grant Agreement.

Any questions or concerns regarding these procedures will be forwarded to the Principal Transit Planner for response.

Attachments

- Attachment A: Spokane Transit Approval Routing Form (Draft)
- Attachment B: Request for Reimbursement (Sample)
- Attachment C: Billing Ledger (Sample)
- Attachment D: Monthly Beneficiary Data Report (Draft)
- Attachment E: Section 5310 Invoice Tracking Sheet (Sample)
- Attachment F: Volunteer Mileage Log (Draft)