

§ 420.115

23 CFR Ch. I (4–1–02 Edition)

the ratio of time spent on the participating portion of work in the unit to the total unit's working hours.

(c) Indirect costs of MPOs and local governments are allowable if supported by a cost allocation plan and indirect cost proposal approved in accordance with the provisions of OMB Circular A-87. An initial plan and proposal must be submitted to the Federal cognizant or oversight agency for negotiation and approval prior to recovering any indirect costs. The cost allocation plan and indirect cost proposal shall be updated annually and retained by the MPO or local government, unless requested to be resubmitted by the Federal cognizant or oversight agency, for review at the time of the audit required in accordance with 49 CFR Part 90. If the MPO or local government's indirect cost rate varies significantly from the rate approved for the previous year, or if the MPO or local government changes its accounting system and affects the previously approved indirect cost allocation plan and proposal or rate and its basis of application, the indirect cost allocation plan and proposal shall be resubmitted for negotiation and approval. In either case, a rate shall be negotiated and approved for billing purposes until a new plan and proposal are approved.

(d) Indirect costs of other STA subrecipients, including other State agencies, are allowable if supported by a cost allocation plan and indirect cost proposal prepared, submitted, and approved by the cognizant or oversight agency in accordance with the OMB requirements applicable to the subrecipient.

§ 420.115 Approval and authorization procedures.

(a) The STA and its subrecipients shall obtain work program approval and authorization to proceed prior to beginning work on activities in the work program. Such approvals and authorizations should be based on final work program documents. The STA and its subrecipients also shall obtain prior approval for budget and programmatic changes as specified in 49 CFR 18.30 and for those items of allowable costs which require prior approval

in accordance with the applicable cost principles specified in 49 CFR 18.22.

(b) Except for advance construction, authorization to proceed with the work program(s) in whole or in part shall be deemed a contractual obligation of the Federal Government pursuant to 23 U.S.C. 106 and shall require that appropriate funds be available for the full Federal share of the cost of work authorized. Those STAs that do not have sufficient FHWA planning and research funds or obligation authority available to obligate the full Federal share of the entire work program(s) may utilize the advance construction provisions of 23 U.S.C. 115(a) in accordance with the requirements of 23 CFR Part 630, subpart G. The STAs that do not meet the advance construction provisions, or do not wish to utilize them, may request authorization to proceed with that portion of the work program(s) for which FHWA planning and research funds are available. In the latter case, authorization to proceed may be given for either selected work activities or for a portion of the program period, but such authorization shall not constitute a commitment by the FHWA to fund the remaining portion of the work program(s) should additional funds become available.

(c) A project agreement shall be executed by the STA and FHWA Division Office for each statewide transportation planning, metropolitan planning area transportation planning, or RD&T work program, individual activity or study, or any combination administered as a single Federal-aid project. The project agreement shall be executed after the authorization has been given by the FHWA to proceed with the work in whole or in part. In the event that the project agreement is executed for only part of the work program, the project agreement shall be amended when authorization is given to proceed with additional work.

§ 420.117 Program monitoring and reporting.

(a) In accordance with 49 CFR 18.40, the STA shall monitor all activities, including those of its subrecipients, supported by FHWA planning and research funds to assure that the work is