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Construction Advisory
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Federal Participation on Contract Modifications

An internal audit revealed an issue with the Federal Participation – Action by FHWA signature box on contract modifications.

There are two instances when you check the approved line and the TSC manager signs for the FHWA in the Federal Participation – Action by FHWA signature box.

- On all MDOT projects (formerly known as Exempt projects) with federal funding.
- On FHWA projects (formerly known as Non-Exempt projects) per the guidelines in BOH IM 2005-11, *Federal Highway Administration Approval Limits on Contract Modifications*.

There have been several instances where contract modifications are either signed in the wrong place or not at all. Utilizing the federal number box on the first page of the contract modification is not the optimal way to determine appropriate

signature placement. The funding source listed under the Project/Category Summary Section is the most appropriate way to determine proper signature location.

There have been instances where the project is federally funded with a federal number notation, but the work on the contract modification is 100 percent funded by the department, a local agency, or another private entity, as noted under the category column in the Project/Category Summary Section. In these cases, a TSC manager signature for the FHWA is not appropriate. Place "N/A" in the Federal Participation – Action by FHWA signature box.

The reverse of the above noted instance could potentially occur. The federal number box might state "N/A", "State", or some other notification of non-federal funds. Check the Project/Category Summary Section on the contract modification to confirm that each

category does not contain any federal funds before you place "N/A" in the Federal Participation – Action by FHWA signature box.

Please remember to check if the pay item has federal funding before the TSC manager signs the Federal Participation – Action by FHWA signature box. You can confirm federal funding in the Project/Category Summary, after the pay item listing on contract modifications.

Please share this information with consultants and local agencies in your area.

