



Federal Aviation Administration

Memorandum

Date:

From: Barry Molar, Manager, Airports Financial Assistance Division, APP-500

To: PGL Distribution List
Regional Airports Division Managers
610 Branch Managers

Reply to: Manager, Airport Improvement Program Branch, APP-520
(David Suomi, x8170)

Subject: Program Guidance Letter 07-1
Revised and Updated Requirements for Airport Improvement Program
(AIP) Grant Management

This Program Guidance Letter (PGL) amends FAA Order 5100.38C (the "AIP Handbook"), effective June 28, 2005, by replacing Paragraph 1314(a) ("Financial Requirements for Closeout") with the language included as Attachment 3 to this PGL and provides additional guidance for the organization of AIP documentation. This PGL is effective as of the date of signature. The principal changes include:

- Improve standardization of grant administration across all regions;
- Improve the organization of a national filing system to address future program audits and regional program evaluations; and
- Provide a national baseline with documentation requirements and organization of program documentation.

If there are any questions, please contact David Suomi, Manager, Airport Improvement Program Branch (APP-520) at (202) 267-8170.

A handwritten signature in black ink that reads "Barry L. Molar".

Barry L. Molar

Attachments

Program Guidance Letter 07-1
Implementation of the Risk Based Project Management and National Filing System for the
Airport Improvement Program

This Program Guidance Letter (PGL) is being issued to provide guidance to Airports staff for the implementation of recommendations made by the Grants Management Oversight (GMO) Working Group.

In response to the KPMG FY 2005 audit and findings, recommending certain actions related to the administration of the Airport Improvement Program (AIP), a GMO Working Group was assembled in the Fall of 2005. The GMO Working Group was charged with addressing the audit recommendations by developing a risk-based approach to monitoring grant activity in the AIP program. The risk-based approach formalizes current project manager practices in allocating time and resources to specific individual grant or projects. One additional charge of the GMO Working Group was standardizing grants management documentation by implementation of a national filing system to:

- Improve standardization of grant administration across all regions;
- Improve the organization of a national filing system to address future program audits and regional program evaluations; and
- Provide a national baseline with documentation requirements and organization of program documentation.

On July 21, 2006 Catherine Lang, Acting Associate Administrator, executed the attached memorandum (Attachment 1). This memorandum was prepared by the GMO Working Group and provides the basis for the risk-based approach and broad guidance on standardizing grant documentation. To supplement this guidance, the GMO Working Group developed a national filing system for grant documentation requirements contained in the memorandum. The filing system (detailed in Attachment 2) includes a “Sponsor Risk Level Assignment Form” that shall be included in the documentation for the grant files. Please note the grant file documentation must contain the minimum national requirements and any additional documentation that may be specified by regional offices.

The GMO Working Group recommended that FAA Order 5100.38C, AIP Handbook (Paragraph 1314 (a)) be revised to only permit the submittal of SF-271 at final financial close-out. The GMO Working Group was of the opinion this document is more suited for the current method of grant payment used by the Office of Airports and will foster uniformity in financial documentation. The revised paragraph is included as Attachment 3, revised FAA Order 5100.38C, AIP Handbook (Paragraph 1314 (a)).

The filing format as found in Attachment 2 shall be implemented nationwide without modification subject to the following guidance:

- The required documents and organization of these documents provide the basis for a uniform national filing system but, it does not provide for the documentation

- that may be required for more demanding projects or for Sponsors that have been identified at higher levels of risk.
- Attachment A to Catherine Lang's July 21st memorandum applies specifically to nominal risk Sponsors and grants over \$300,000.
 - Nominal risk grants, less than \$300,000 require the minimum documentation listed in the risk model.
 - Regions may use three ring binders (document books), expandable folders, or any other bound method of retaining documents as long as the national index system is utilized. Further, any sections of the national index system may be expanded to include additional required regional or district office project documentation.

The revised form, "Project Evaluation Review and Development Analysis" (FAA Form 5100-109) is included as Attachment 4. The PEREDA checklist has been revised to incorporate the "Sponsor Risk Level Assignment Form" for use as outlined in the attached memorandum dated July 21, 2006 (Attachment 1).

Future program guidance will be provided for implementation of the recommendations and changes required to the AIP Handbook, FAA Order 5100.38C; however, due to time constraints and staffing requirements, a full rewrite of the handbook is being considered only after the coming FAA Reauthorization. Nevertheless, all recommendations must be implemented with the start of the FY 2007 AIP Program.