October 30, 2019

Dear Airport Sponsor:

This letter serves as a reminder to Airport Improvement Program (AIP) grant award recipients of requirements for establishing and maintaining financial records that fully support AIP grant expenditures and resultant payments; and demonstrate compliance with established financial management principles and standards, including record retention, expenditure/payment requirements and reimbursement amounts.

**Record Retention Requirements.** The retention period for Federal grant records and documentation is three years past the submission date of the final expense report. If an audit, claim or litigation arose during the three years following the submission of the final report, the grant records must be retained until the audit, claim or litigation is resolved and settled (2 CFR § 200.333).

The retention period applies not only to financial records discussed in previous paragraphs, but all records that are pertinent to the Federal award, including (but not limited to):

- grant application, approval and agreement documents
- property acquisition, inventory and disposition records
- contracts and subgrant agreements
- monitoring and site visit reports
- program performance reports
- indirect cost rate agreements
- litigation records; insolvency, receivership and bankruptcy records

Grant records may be retained either on paper, microfilm, electronically, or any combination of these. If a sponsor’s record retention period is shorter than the Federal period, the sponsor must follow the Federal retention schedule.

**Expenditure Requirements.** An expenditure is a charge made by a recipient or sub-recipient to a project or program for which a Federal award was received. Expenditures may be reported on a cash or accrual basis as long as the methodology is disclosed and consistently used (2 CFR § 200.34).
Reimbursement Amounts. AIP grant agreements establish the percentage of eligible costs the FAA will cover (Federal share) and the amounts specified for each purpose (e.g., planning, airport development or noise implementation, and land acquisition). A sponsor may only submit payment requests on invoiced costs incurred up to the allowable Federal share. These are costs for which the sponsor has been billed and has paid. Grants dollars may be suspended if the sponsor does not follow the guidance for establishing and maintaining financial records.

If you have any questions contact your assigned Project Manager concerning these matters.

Thank you.

Sincerely,

Sukhbir Gill
Assistant Manager
New York Airports District Office