



Expires – Upon Issuance of LPP

LOCAL AGENCY INVOICE REVIEW

I. BACKGROUND

Under the FHWA/Caltrans Joint Stewardship and Oversight Agreement, Caltrans accepts responsibility for administering federally funded transportation projects on and off the State Highway System (SHS). The Caltrans Division of Local Assistance (DLA) is responsible for oversight of projects off the SHS (Local Assistance Program) including compliance with Federal and State laws, regulations, policies and procedures related to the implementation of these local transportation projects.

During the mid 1990s, the State Budget resulted in Caltrans staff reductions and a change in the way Caltrans provides oversight of local transportation projects. The project development and implementation procedures for the Local Assistance Program (LAP) were “reengineered” to delegate many of Caltrans’ Federal-aid responsibilities to the local agencies. Local agencies are required to certify compliance with Federal, State and DLA requirements. The Caltrans DLA provides implementation and procedural guidance on Federal, State and DLA requirements for Federal and State funded local transportation projects. This guidance is communicated via various Local Assistance manuals, Local Programs Procedures (LPPs), DLA Office Bulletins, other publications and the DLA web site (at www.dot.ca.gov/hq/LocalPrograms/).

Under the reengineered procedures, local agencies were required to submit their progress invoices directly to the Local Programs Accounting (LPA) Branch of the Division of Accounting for review and payment.

Recent process reviews of the LAP conducted by FHWA, Caltrans and local agency staffs have identified the need for additional Caltrans construction oversight, including District review and approval of local agency progress invoices prior to payment. In addition, FHWA has recently issued Federal-aid Ineligibility Notification (FINs) resulting in loss of Federal funds on local agency projects.

This DLA Office Bulletin provides policy and procedural guidance for the review of local agency invoices by the Caltrans District Local Assistance Engineer (DLAE).

II. POLICY

Federal regulations hold the State Transportation Department (Caltrans) accountable for all projects funded with Federal-aid funds including those projects within local agency jurisdictions.

To address FHWA concerns and improve Caltrans oversight of the LAP, **effective September 1, 2009**, local agency project sponsors must submit ALL progress and final invoices and support (backup) documentation (to verify eligibility and reasonableness of costs invoiced) directly to the DLAEs for review and concurrence prior to payment.



Following District concurrence with payment of the invoice and input of DBE and contract award information into the Local Assistance Project Database (LP2000) the invoice package will be forwarded by the District to LPA. (Note: subsequent invoices will not be processed for submittal to LPA until after the District has concurred with the prior invoice)

Upon LPA concurrence to pay the invoice LPA will forward the local agency invoice to the State Controller's Office (SCO) for payment.

The following roles and responsibilities are implemented with this Office Bulletin:

Local Agency

- Ensure work is performed, progress estimates are made and timely payments are made to the consultant/contractor
- Ensure DBE information is submitted to DLAE
- Ensure contract award information is submitted to the DLAE
- Ensure progress and final invoices (with supporting documentation) are accurately prepared and submitted to the DLAE in a timely manner

District Local Assistance Engineer

- Ensure work performed is eligible for reimbursement and appropriate costs are billed.
- Ensure DBE information is entered into LP2000
- Ensure contract award package complies with Federal, State and DLA requirements
- Ensure contract award information is entered into LP2000

Local Programs Accounting

- Ensure invoices and support documentation comply with invoice format, approved indirect cost rate(s), and other accounting requirements as outlined in Chapter 5 of the Local Assistance Procedures Manual (LAPM)
- Provide reports to monitor the number of invoices reviewed and resource needs

Headquarters Division of Local Assistance

- Assess the effectiveness of the invoice review procedures implemented by this Office Bulletin
- Monitor performance of District resources and establish performance measures for payment of local agency invoices

III. PROCEDURES

Local Agency

- Perform work, prepare progress estimates and make payments to the contractor
- Prepare timely and accurate progress and final invoices, submit support documentation and certify the accuracy of invoice package
- Submit "original and two copies" of invoice (progress/final) and two copies of support documentation to the DLAE



- For federally funded consultant service contracts, submit the following documents to the DLAE within 30 days of contract award: 1) copy of executed Consultant Agreement, 2) LAPM Exhibit 10-C “Consultant Agreement Reviewer’s Checklist”, 3) LAPM Exhibit 10-O1 “Local Agency Proposer UDBE Commitment (Consultant Contract), 4) LAPM Exhibit 10-O2 “Local Agency Proposer DBE Information (Consultant Contracts)”
- For federally funded construction contracts, submit Exhibit 15-G2 “Local Agency Bidder DBE Information (Construction Contracts) to the DLAE within 30 days of contract award. (Note that failure to submit Exhibit 15-G2 to the DLAE may result in the deobligation of funds for project).
- Submit a copy of the contract award package (see Chapter 15 “Advertise and Award Project” of the LAPM for federally funded projects and Chapter 23 “Local Agency STIP Projects” of the Local Assistance Program Guidelines for State funded projects) to the DLAE within 60 days of contract award and prior to submittal of first construction invoice. Failure to submit the award package will delay the payment of the first construction invoice.
- Verify that completed work is reasonably consistent with the level of Federal/State funds invoiced (see DLA-OB 09-05 Attachment 2 “Bid Summary / Cost to Date Form” for a sample construction contract document)
- Submit an invoice a minimum of every 6 months and no more than monthly per the terms of the Federal and State–Aid Master Agreements and Program Supplemental Agreement.
- Process “final” invoices in accordance with the procedures specified in Chapter 17 “Project Completion” of the LAPM.
- Unless authorized by the DLAE (e.g., to prevent the loss of federal funds) the invoice amount should not be less than 2% of the total Federal and/or State funds authorized nor less than \$1,000.
- Caltrans encourages local agencies to take advantage of the Electronic Fund Transfer (EFT) option by which the SCO will transfer State funds into a State-controlled bank and then directly into the local agency’s designated banking account (see Chapter 5 of LAPM). The EFT process can reduce the processing time at the SCO from fourteen (14) days to four (4) days.

District Local Assistance Engineer

- Immediately upon receipt of the local agency invoice and support documentation, “date-stamp” the invoice and update the LP2000 Invoice Review milestone screen for “Date Invoice Received”
- For federally funded consultant service contracts, verify that copies of following documents are in the project files: executed Consultant Agreement and LAPM Exhibits 10-C, 10-O1 and 10-O2
- Review the contract award package for completeness and email or forward a copy of award package to:

California State Department of Transportation
Division of Local Assistance
Office of Project Implementation
1120 N Street – Mail Stop 1
Sacramento, CA 95814

- Forward a copy of LAPM Exhibit 15-L “Local Agency Contract Award Checklist” with the first construction invoice to LPA and verify the contract award information is entered into LP2000.

- Verify DBE commitment and utilization information has been entered into LP2000
- Review invoice and support documentation for work performed and reasonableness of costs billed.
- Assess quality of local agency invoice package and work with local agencies to correct deficiencies, as appropriate.
 - If no deficiencies are found, the DLAE (or District Representative) shall complete and sign the DLA-OB 09-05 - Attachment 1, “Invoice Review Checklist” concurring with payment of the invoice. The checklist shall identify the name and phone number of the District contact person.
 - If deficiencies are found, the DLAE shall contact the Local Agency to discuss/address the deficiencies.
 - * If the DLAE determines the deficiencies are minor in nature and can be quickly resolved, every attempt shall be made to resolve the invoice deficiency without returning the invoice package to the Local Agency for resubmittal.
 - * If the DLAE determines the deficiencies are significant in nature such that the Local Agency invoice cannot be paid, the DLAE will return the invoice and support documentation to the local agency (within 20 calendar days) for correction and resubmittal. The revised / corrected local agency invoice package shall be “redate-stamped” upon resubmittal to the DLAE.
 - * A “Dispute Notification Letter” shall accompany invoices returned to the local agency identifying the reason(s) and deficiency (ies) for dispute. A copy of the Dispute Notification Letter should be sent to the appropriate accountant in LPA so that the dispute reason can be documented.
- Upon DLAE concurrence to pay, the original invoice (plus one copy) and a copy of the support documentation shall be forwarded to LPA within 20 calendar days of receipt by Caltrans along with a signed “Invoice Review Checklist” (DLA-OB 09-05 Attachment 1).
- Update the LP2000 Invoice Review milestone screen for “Date Forwarded to Accounting” or “Date Returned to Agency”

Local Programs Accounting

- Review DLAE concurred invoice package for compliance with invoice format, reimbursement rates, approved indirect cost rate(s), retention amounts and other accounting requirements (see Chapter 5 of the LAPM).
- Concur with DLAE concurred invoice package and payment of the local agency invoice:
 - If LPA concurs with approval for payment, LPA shall forward original invoice to SCO, within 15 calendar days of receipt by LPA for payment.
 - If LPA does not concur, LPA shall notify the District and contact the local agency. If the concern cannot be resolved, LPA shall inform the District and dispute the invoice by sending a “Dispute Notification Letter” to the local agency.



IV. APPLICABILITY and IMPACTS

DLAE review of project invoices will improve Caltrans oversight of the Local Assistance Program by ensuring the costs billed are eligible for reimbursement. The intent is that billing problems can be identified earlier and corrective actions taken sooner, thereby resulting in less FINS and loss of Federal funds and State funds on local agency projects.

Approved: Original Signed By _____ 11/19/2010
Bill Sandoval, Office Chief _____ Date
Office of Project Implementation - North

Approved: Original Signed By _____ 11/19/2010
Ray Zhang, Office Chief _____ Date
Office of Project Implementation - South

Attachments:

- 1) DLA-OB 09-05 Attachment 1 – Invoice Review Checklist
- 2) DLA-OB 09-05 Attachment 2 – Bid Summary / Cost to Date Form

Superseded by
OB 14-05