



Local Programs Procedures Manual

LPP 15-02 **Manual Update**
Subject: **Invoicing**

Reference: *Local Assistance Procedures Manual*
 Chapter 5 *Invoicing (formerly “Accounting/Invoices”)*

Effective Date: February, 2015

Approved: **Original Signed By**

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WHAT IS AN LPP?

LPPs are Local Programs Procedures. These documents are used to deploy policy and procedure updates to the *Local Assistance Procedures Manual (LAPM)*. They are numbered according to calendar year and order in which released. This is the second LPP issued in 2015.

BACKGROUND

Three significant policy and procedural changes have been introduced in recent years that impact Chapter 5 of the LAPM: 1) progress invoice reviews by the district local assistance engineers; 2) establishment of federal pro rata/lump sum at the time of federal authorization; and 3) Caltrans risk-based indirect cost allocation plan (ICAP) audit process. This LPP updates LAPM Chapter 5 to include and further refine these existing policies and procedures.

PURPOSE

The purpose of this LPP is to incorporate three policies and procedures into the LAPM:

- 1) The invoice review procedures documented in the Division of Local Assistance Office Bulletin (DLA-OB) 14-05 *Risk-Based Invoicing* along with refinements to those procedures
- 2) The pro rata or lump sum method described in DLA-OB 13-01 *Establishment of Pro Rata/Lump Sum*
- 3) The risk-based ICAP procedures introduced by Caltrans Audits and Investigations in 2012

Clarity, additional information, and other refinements are added to the accounting, audits and invoicing portions of Chapter 5 as well.

POLICY AND PROCEDURE CHANGES

Significant policy and procedure changes to LAPM Chapter 5 are summarized in the “Summary of Changes” table below. DLA-OB 14-05 *Progress Invoice Reviews* and DLA-OB 13-01 *Pro Rata/Lump Sum* expire with the issuance of this LPP.

ACCESSIBILITY

These new procedures are incorporated in the LAPM at the Division of Local Assistance (DLA) website at: <http://www.dot.ca.gov/hq/LocalPrograms/public.htm>.

Sidebar are used to indicate where revisions were made to affected pages. However, when a chapter is released in its entirety, sidebar are not indicated. The revised pages in this LPP are to replace the pages affected in the hard copy of the LAPM.

To receive an electronic notification when new information is posted on the DLA web site, please subscribe to the DLA list server at: <http://www.dot.ca.gov/hq/LocalPrograms/sub.htm>.

Comments and suggestions for improvement to our process or procedures are welcome. They may be submitted to David Saia at: David.Saia@dot.ca.gov.

SUMMARY OF SIGNIFICANT CHANGES

LAPM Item	Change
Chapter 5	Changed Title to “Invoicing”. Extensive clarifying edits and enhanced guidance were made to the entire chapter to reflect updated invoice review, ICAP audit, and pro rata/lump sum processes.
Flowchart 5-1	Updated Invoice Processing Flowchart to include District/Accounting role.
Section 5.1	Updated invoice status link.
Section 5.2	Removed dated EFT wording from first paragraph. Moved “Indirect Costs” subsection to Section 5.3. Clarified DLAE role and PIF information, and referenced Section 15.7 under “Award package” subheading.

Section 5.3	<p>Deleted “Pre-award Audit Costs” from “Phases of Work” subsection.</p> <p>Inserted “Indirect Costs” verbiage from Section 5.2 and deleted 1998 verbiage.</p> <p>New “Pro Rata vs. Lump Sum” subsection added.</p>
Section 5.4	<p>First paragraph clarifies Caltrans processing and SCO payment issuance of 45 and 15 days respectively.</p> <p>Removed reference to TEA program and clarified Office of Implementation role under “Lump Sum Payment Up Front” subsection.</p> <p>Updated EFT processing procedure under bullets 1 & 2 of “EFT Reimbursement Method” subsection.</p>
Section 5.5	<p>Section renamed from “Format of the Invoices” to “Invoice Guidelines, Procedures & Format”.</p> <p>Updated invoice submittal procedure under “General Guidelines” subsection to reflect invoice submittal to DLAE rather than LPA, and added a new bullet 7 for construction invoices.</p> <p>Added “Invoice Checklist” subsection to reflect invoice submittal to DLAE rather than LPA.</p>
Section 5.8	<p>Section updated to clarify audit responsibilities. Added single audit threshold increase beginning 2015 to \$750,000. Deleted the need for audit of state-funded projects over \$500,000.</p>
Section 5.10	<p>Deleted audit requirement for state expenditures of construction contracts over \$500,000.</p>
Section 5.13 (previously Section 5.14)	<p>Deleted previous Section 5.13 “Invoice Checklist Before Sending to the Local Program Accounting” This required Section renumbering for Sections 5.13, 5.14 & 5.15.</p> <p>Section 5.13 “Obtaining Approval for Indirect Costs” was completely revised to reflect Caltrans Audits and Investigations risk-based ICAP procedure.</p>
Section 5.14 (previously Section 5.15)	<p>Section 5.14 is now “References”</p>
Section 5.15	<p>No longer a Section 5.15</p>

References	Deleted Local Assistance Procedures Manual and Local Assistance Program Guidelines. Added Title 2 CFR, Part 200, Subpart E (Cost Principles) and Appendices V & VII.
Exhibits 5-A through 5-G	Modified addresses for submittal to DLAE instead of directly to LPA. Updated numbers/dates and reformatted for clarity.
Exhibit 5-H	Deleted and a link provided.
Exhibit 5-I	Updated to reflect risk-based ICAP acceptance procedure and consistency with OMB A-133.
Exhibits 5-J through 5-L	Minor clarifications and format improvements were made.
Exhibit 5-M	New Exhibit “Sample Scenarios Pro Rata vs. Lump Sum Agreements”

CHAPTER 5 INVOICING

CONTENTS

SECTION/SUBJECT	PAGE NUMBER
5.1 TRACKING STATUS OF INVOICES	5-2
5.2 REQUIREMENTS FOR REIMBURSEMENT	5-2
BUDGET AUTHORITY	5-2
AGREEMENT	5-2
FEDERAL-AID PROJECT AUTHORIZATION (E-76)	5-2
INVOICE SUBMITTAL	5-3
AWARD PACKAGE	5-3
5.3 REIMBURSABLE PROJECT COSTS	5-4
PHASES OF WORK	5-4
DIRECT COSTS	5-4
INDIRECT COSTS	5-5
UNDERFUNDED PROJECTS	5-5
PRO RATA VS. LUMP SUM	5-6
5.4 METHODS OF REIMBURSEMENT	5-6
PAYMENT IN ARREARS	5-7
LUMP SUM PAYMENT UP FRONT	5-7
ELECTRONIC FUND TRANSFER (EFT) REIMBURSEMENT METHOD	5-7
ALTERNATIVE CONSTRUCTION PROGRESS PAYMENT PROCEDURE	5-9
5.5 INVOICE GUIDELINES, FORMAT AND CHECKLIST	5-10
GENERAL GUIDELINES	5-10
DETAILED INVOICE FORMAT	5-11
INVOICE CHECKLIST	5-13
5.6 FINAL REPORT OF EXPENDITURES & FINAL INVOICE	5-13
5.7 FINAL PROJECT COSTS	5-14
5.8 AUDIT OF LOCAL AGENCY EXPENDITURES	5-14
5.9 FINAL REPORT OF EXPENDITURES ON PROJECTS ADMINISTERED BY THE STATE	5-15
5.10 AUDIT OF STATE EXPENDITURES	5-15
5.11 FINAL PROJECT COSTS OF STATE ADMINISTERED PROJECTS	5-15
5.12 SERVICE CONTRACTS	5-15
5.13 OBTAINING APPROVAL FOR INDIRECT COSTS	5-16
SUBMISSION OF PROPOSAL	5-16
DOCUMENTATION OF PROPOSAL	5-17
5.14 REFERENCES	5-19

FLOW CHART

SECTION/SUBJECT

PAGE NUMBER

FLOWCHART 5-1 INVOICE PROCESSING 5-1

EXHIBITS

EXHIBITS APPLICABLE TO THIS CHAPTER CAN BE FOUND AT:

[HTTP://WWW.DOT.CA.GOV/HQ/LOCALPROGRAMS/LAM/FORMS/LAPMFORMS.HTM#GOHERE8](http://www.dot.ca.gov/hq/localprograms/lam/forms/lapmforms.htm#gohere8)

[EXHIBIT 5-A SAMPLE FEDERAL -AID INVOICE \(EXCEPT FOR STIP AND ATP PROJECTS\)](#)

[EXHIBIT 5-B SAMPLE FEDERAL-AID INVOICE WITH TWO APPROPRIATIONS & DIFFERENT REIMBURSEMENT RATES \(EXCEPT FOR STIP AND ATP PROJECTS\)](#)

[EXHIBIT 5-C SAMPLE OF STATE PROJECT INVOICE](#)

[EXHIBIT 5-D SAMPLE RIGHT OF WAY INVOICE](#)

[EXHIBIT 5-E SAMPLE OF “STIP OR ATP PROJECTS” FEDERAL INVOICE](#)

[EXHIBIT 5-F SAMPLE OF “STIP OR ATP PROJECTS” STATE INVOICE](#)

[EXHIBIT 5-G ALTERNATIVE PAYMENT PROCEDURE SAMPLE](#)

EXHIBIT 5-H COGNIZANT FEDERAL AGENCIES (deleted LPP 15-02)

[EXHIBIT 5-I SAMPLE INDIRECT COST RATE PROPOSAL](#)

[EXHIBIT 5-J LOCAL AGENCY INVOICE REVIEW CHECKLIST](#)

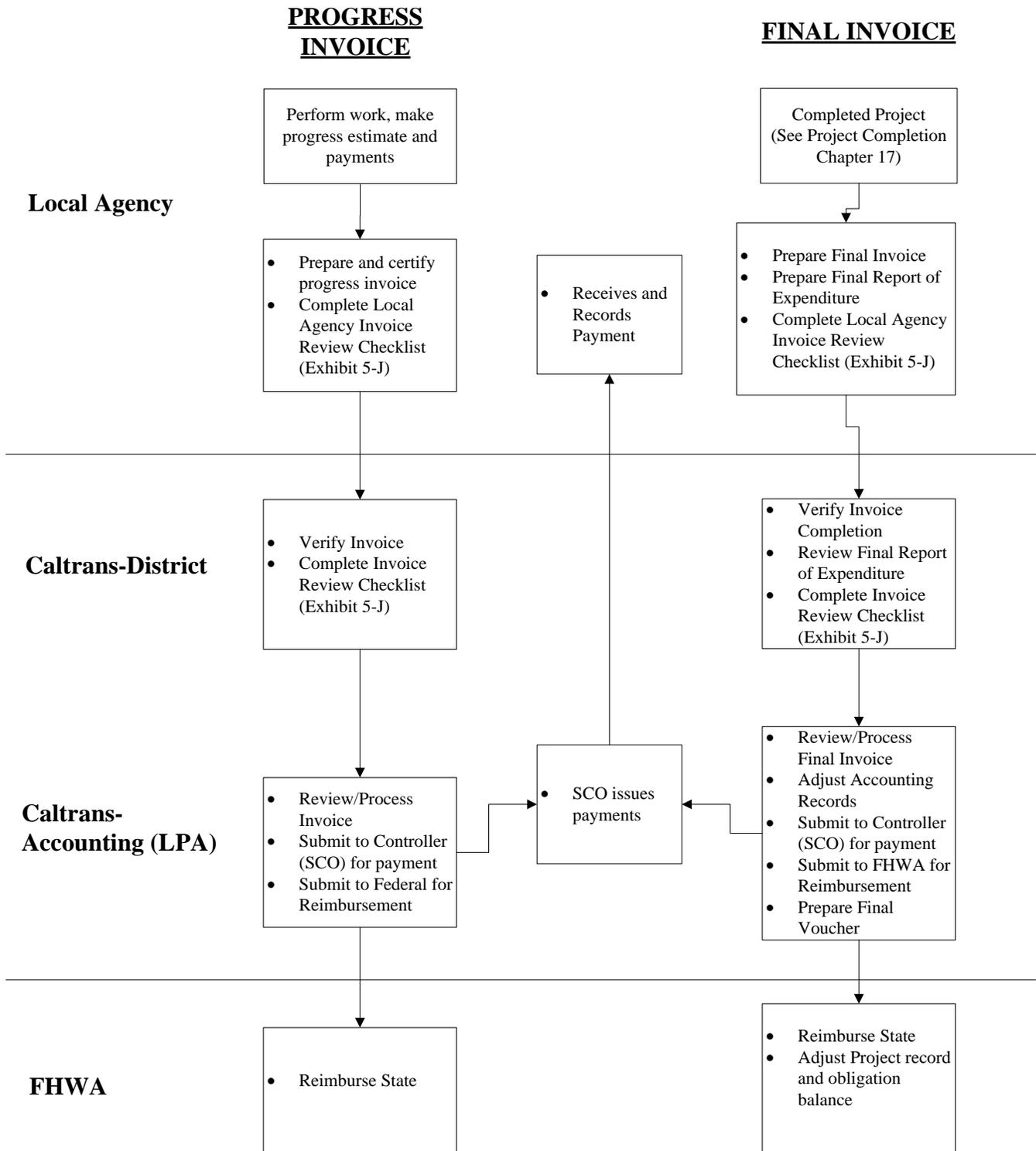
[EXHIBIT 5-K SAMPLE BILLING SUMMARIES](#)

[EXHIBIT 5-L BILLING SUMMARY INSTRUCTIONS](#)

[EXHIBIT 5-M SAMPLE SCENARIOS – PRO RATA VS. LUMP SUM AGREEMENTS](#)

* Unless stated otherwise, all references to Chapters, Sections and Exhibits refer to this Local Assistance Procedures Manual (LAPM).

Flowchart 5-1 Invoice Processing



CHAPTER 5 INVOICING

The purpose of this chapter is to provide local agencies with basic information required to obtain reimbursement for their expenditures on local federal-aid and state funded projects. Additional information may be obtained from Local Program Accounting (LPA) through the District Local Assistance Engineer (DLAE). Payments made under these provisions are for expenditures paid by the local agency prior to claiming reimbursement from the California Department of Transportation (Caltrans).

5.1 TRACKING STATUS OF INVOICES

As invoices are processed by LPA, local agencies can monitor the status of their invoices by viewing the data at the Vendor Payment History website at: <http://www.dot.ca.gov/hq/payhist/index.php>. This website is updated daily and contains all invoices for projects for the past 18 months.

5.2 REQUIREMENTS FOR REIMBURSEMENT

The following conditions must be met prior to reimbursement of costs:

BUDGET AUTHORITY

The State Legislature and Federal Government have provided budget authority and the projects have met all program budget conditions, e.g., timely use of funds.

AGREEMENT

1. The Administering Agency-State Master Agreement (Master Agreement) must be fully executed (all required signatures obtained), if one is used. This is an agreement between the state and a city, county or other local agency defining the general terms and conditions, which must be met to receive federal-aid (Federal Master Agreement) and/or state funds (State Master Agreement).
2. The Program Supplement Agreement (PSA), project agreement, or some other required applicant state agreement must be fully executed. These documents are agreements between the state and local agency (or applicant) identifying the type and amounts of funds used to finance the project and the specific covenants related to the project. The State can only reimburse the agency that signed this contractual document, unless there is a covenant in the PSA authorizing another entity to bill and/or be paid on behalf of the agency signing the PSA.

For additional information about agreements, please see Chapter 4, “Agreements”.

FEDERAL-AID PROJECT AUTHORIZATION (E-76)

Prior to the beginning of the reimbursable work, the project phase of work eligible for reimbursement from federal funds must be formally authorized (approved) by Caltrans and the Federal Highway Administration (FHWA). The payment of federal funds is limited to the amounts approved on the “*Authorization to Proceed*” or “*E-76*”. To initiate a federal project authorization for a phase(s) of work, or to increase a prior authorization, the local agency must prepare the “*Request for Authorization*” package (see Chapter 3, “*Project Authorization*”) that provides the information needed by Caltrans and FHWA to process the request in a timely manner.

NOTE: Costs incurred prior to the authorization date are not eligible for FHWA reimbursement

except for Emergency Opening and Preliminary Engineering work that is part of the Emergency Relief program. See Chapter 11, “*Disaster Assistance*” of the *Local Assistance Program Guidelines* (LAPG) for additional details.

For additional information about phases of work and the project authorization process, see Chapter 3, “*Project Authorization*”.

INVOICE SUBMITTAL

The local agency may submit monthly invoices for reimbursement of participating costs (costs eligible for state and/or federal reimbursement). Amounts claimed must reflect the cost of completed work, which has been paid for. The local agency must claim all reimbursable work within 180 days of project completion or prior to the expiration date of the project agreement, whichever comes first. Per the Master Agreement, an invoice must be submitted at least every six months to avoid being classified as inactive and risk de-obligation.

Towards the end of the state fiscal year (June 30), it is very important for local agencies to submit invoices timely for all incurred project costs so that accrued expenditures are properly identified on Caltrans financial statements.

Each fiscal year, the Division of Local Assistance (DLA) will notify local agencies regarding projects funded from lapsing appropriations (funds that will expire/not be available for spending June 30 of that fiscal year). They will be notified of the deadline for submitting invoices for these projects.

AWARD PACKAGE

The local agency must submit a complete Award Package to the DLAE within 90 days of the award of the construction contract and prior to the local agency’s first invoice for construction. The DLAE will forward a copy of the Award Package to DLA and the Award Checklist (Exhibit 15-L) to LPA for processing.

If the DLAE does not receive a copy of the Award Package with the first invoice for the construction phase, the invoice will be returned to the local agency unpaid. No award package is required if the local agency utilizes only its own work forces. However, an approved Public Interest Finding (PIF) document must be included with the first invoice.

The Award Package for Federal-Aid funded construction contracts shall consist of the documents outlined in “Award Package” (see Chapter 15, Section 15.7)

1. *Local Agency Contract Award Checklist* (Exhibit 15-L) with attachments
2. *Detail Estimate* (Exhibit 15-M)
3. *Finance Letter* (Exhibit 3-O)
4. *Resident Engineer’s Construction Contract Administration Checklist* (Exhibit 15-B)
5. *Local Agency Bidder DBE Commitment (Construction Contracts)* (Exhibit 15-G)

Award Package for State Transportation Improvement Program (STIP) or Active Transportation Program (ATP) projects

The Award Package for state-only funded construction contracts shall consist of the completed “*Award Information for STIP Projects*” (see LAPG, Chapter 23, Exhibit 23-A) or “*Award Information for ATP Projects*” (see LAPG, Chapter 22, Exhibit 22-A)

5.3 REIMBURSABLE PROJECT COSTS

The costs of salaries, wages and related project costs may be reimbursable for the following activities. All costs must be broken down into eligible direct and/or indirect cost components. For list of ineligible costs see Chapter 16, Section 16.13 Contract Change Orders.

PHASES OF WORK

1. **Preliminary Engineering:** Preliminary Engineering is the initiation, design, and related work preparatory to the advancement of a project to physical construction. For local STIP and ATP projects, the Preliminary Engineering costs must be segregated into:
 - Environmental Studies and Permits (E&P)
 - Plans, Specifications & Estimate (PS&E)
2. **Right of Way:** Acquisition of Right of Way, real property, or rights thereto is included. It also includes the preparation of Right of Way plans, making economic studies and other related preliminary work, appraisal for parcel acquisition, review of appraisals, preparation for and trial of condemnation cases, management of properties acquired, furnishing of relocation advisory assistance, utility relocation, and other related labor expenses.

NOTE: Right of Way rental income and the proceeds from the sale of excess land may be retained by local agencies if it is used for a valid Title 23 purpose. It is the local agency's responsibility to assure they comply with Title 23 if this option is selected. For additional information about Right of Way topics, see Chapter 13, "*Right of Way*".

3. **Construction Engineering:** Construction Engineering is the supervision and inspection of construction activities, additional staking functions considered necessary for effective control of the construction operations, testing materials incorporated into construction, checking shop drawing, and measurements needed for the preparation of pay estimates. Construction Engineering must be authorized to be eligible for reimbursement.
4. **Construction:** Eligible construction costs include the actual costs to construct the transportation facility and its appurtenant facilities. It also includes: removal, adjustment or demolition of buildings or major construction; utilities or railroad work that is a part of the physical construction of the project; and administrative settlement cost of contract claims.
5. **Administrative Settlement Costs:** These are service costs related to contract claims related to the review and defense of claims against federal-aid-projects. See Chapter 16, "*Administer Construction Contracts*"

DIRECT COSTS

Direct costs are expenditures incurred solely for a specific state/federal-aid funded transportation project. These include contract payments, Right of Way acquisition, direct material, salaries, wages, fringe benefits and related costs, which become eligible when an individual participates in project-related activities. Typical direct costs chargeable to federal-aid/state funded projects are:

- Compensation of employees for the time devoted and identified specifically to the performance of the project phase for which the federal-aid/state funding was approved. This is usually permissible up to and including the first level of supervision dedicated to the project.
- Costs of materials consumed, or expended specifically for the purpose in which the participating state/federal funds were authorized.
- Equipment and other approved capital expenditures.

- Expense items or services contracted, or furnished specifically for the project to carry out the purpose in which the participating federal/state funds were authorized.

Supervisory activities above the first level of supervision are recoverable as indirect costs.

INDIRECT COSTS

With the enactment of the Transportation Equity Act for the 21st Century (TEA-21) on June 9, 1998, indirect costs are eligible for federal reimbursement. Should any department, division or other organization unit within the local agency seek reimbursement of their indirect costs, they must receive an Approval/Acceptance Letter of the local agency's Indirect Cost Rate Proposal (ICRP)/Indirect Cost Allocation Plan (ICAP) for the fiscal year(s) involved from Caltrans Division of Audits & Investigations (A&I) prior to billing for any indirect costs. If a project involves more than one fiscal year, approval of the indirect cost rate(s) for each fiscal year for each unit of the government wishing to bill indirect costs are required prior to claiming reimbursement. The Indirect Cost Calculation section on the invoice must be completed and the summary data transferred to the first page of the invoice. Indirect costs must not be combined with direct costs on invoices. See Section 5.13, "*Obtaining Approval for Indirect Costs*" in this chapter for details on obtaining approval/acceptance of ICRP/ICAP.

After obtaining approval/acceptance, and at the discretion of the local agencies, indirect costs may be included when seeking reimbursement. However, any completed project with a Final Report of Expenditures will not be eligible for retroactive indirect cost reimbursement.

NOTE: Some programs may have special requirements or restrictions for indirect costs. As examples; the Environmental Enhancement and Mitigation (EEM) program does not allow reimbursement for indirect costs, and the Freeway Service Patrol program does not allow the use of state funds for administrative purposes pursuant to Streets and Highways Code Section 2564.

The sample invoice exhibits in the back of this chapter (Exhibits 5-A to Exhibit 5-G) show how the indirect costs should be billed.

UNDERFUNDED PROJECTS

When local agency personnel request federal funding for a project, it is either:

1. Fully funded (federal funds requested at maximum federal reimbursement rate, i.e., 88.53% for Surface Transportation Program projects), or
2. Underfunded, (federal funds requested at "less than" maximum reimbursement rate, i.e., 75% vs. 88.53%. See example below), or
3. There is nonparticipating work (costs that are not eligible for federal reimbursement).

The calculated federal reimbursement ratio is computed by dividing the amount of federal funds authorized by the total participating costs.

For example, project CML – XXXX (XXX) has:

- Federal participating ratio of 100%
- Normal pro rata share of 88.53%
- Total estimated costs of the project are \$1,000,000.00
- Total federal funds are \$750,000.00
- The Federal Appropriation Code is Q240
- The reimbursement ratio would be: $\$750,000.00/\$1,000,000.00 = 75\%$

If the federal funding (\$750,000) divided by the federally participating costs (\$1,000,000) is less

than the full pro rata share (88.53%), the project is considered underfunded. In this case, the progress payments must be reimbursed at the lower reimbursement ratio, which is 75%.

PRO RATA VS. LUMP SUM

23 Code of Federal Regulations (CFR) 630.106(f)(1) requires the federal share of eligible project costs to be established at the time of project agreement execution either by pro rata with the agreement stating the federal share as a specified percentage, or by lump sum with the agreement stating that federal funds are limited to a specified dollar amount not to exceed the legal pro rata.

In requests for federal authorization to proceed, local agencies must document whether the federal-aid share is to be pro rata or lump sum, by phase and fund type. Caltrans will then enter the pro rata or lump sum share in the Federal-Aid Data System (FADS) E-76 transmittals.

For the construction phase of work, the pro rata or lump sum share may be adjusted before or shortly after contract award in accordance with 23 CFR 630.106(f)(2). Requests for award adjustment must be submitted by a local agency to Caltrans within 90 days of contract award. Subsequent to an award adjustment, an increase in the federal funding obligation beyond the established lump sum share may be allowable as a result of an increase to the total project construction cost. A prior established lump sum amount less than the legal federal share does not prohibit reimbursement up to the maximum legal share.

On existing projects for which the lump sum or pro rata method had not been established during previous project agreement processing, the next request for adjustment must indicate the method to be established. Otherwise, the pro rata method will be assigned by default.

The federal share to be established will be identified in the local agency's project Finance Letter submittal (see "*Sample Local Federal-Aid Finance Letter*" [Exhibit 3-0]), LP2000 Finance Letter utility, and in FADS Fund Detail Screen prior to District E-76 transmittal to headquarters.

Upon establishment of a pro rata or lump sum share for a specific Fund Detail line in FHWA's Fiscal Management Information System, the same share method shall be set for that Fund Detail line for the life of the project. While not a preferred option, a multi-funded project may have a combination of lump sum and pro rata for different types of funds within the project (under such a scenario, the different types of funding must be shown in separate rows in a project finance letter).

It is recommended that local agencies "fully fund" (meaning that a project's federal share is the maximum allowable) projects whenever possible. If it is necessary to program a project phase as underfunded in anticipation that additional federal funds might become available to the project at a later date to increase the federal share, a local agency may consider programming Local Advance Construction in the project Federal Transportation Improvement Program/Federal Statewide Transportation Improvement Program prior to a request for authorization for the respective phase of work.

"*Sample Scenarios - Pro Rata vs. Lump Sum Agreements*" (Exhibit 5-M) provides sample funding scenarios to help illustrate some possible adjustments that might be made for the construction phase of a project established as either pro rata or lump sum share.

5.4 METHODS OF REIMBURSEMENT

Local agency invoices are routinely processed for payment within 45 days after Caltrans receives a complete and accurate invoice. The State Controller's Office (SCO) issues payments within 15 days after receiving the claim schedules from LPA. To receive reimbursement ten days sooner, see "Electronic Fund Transfer (EFT) Reimbursement Method" below.

Local agency invoices should be submitted no more than once per month. The invoice format must follow the requirements in this chapter. If they do not follow the format, they will be

returned to obtain the additional information needed by Caltrans to process the payment.

PAYMENT IN ARREARS

State and federal law requires that all federal and most state funded local agency project payments be done on a reimbursement basis. Therefore, the local agency must incur and pay for project costs prior to invoicing Caltrans for reimbursement. The local agency is required to submit two copies of proper documentation with their invoices to validate that the expenditures were properly incurred. Acceptable documentation is discussed in Section 5.5.

LUMP SUM PAYMENT UP FRONT

Projects in which there is a request for direct deposit of funds into an escrow account must be approved by the DLAE and submitted to LPA 30 days prior to closing escrow for the purchase of the property. LPA will not process the invoice unless the local entity is able to provide a firm escrow closing date.

Planning, Programming & Monitoring and Freeway Service Patrol projects - Agreement clauses, when used, allow lump sum advance payments to all agencies, which receive \$300,000 or less per fiscal year. Sixty days after all expenditures have been made by the local agency; they must submit a Final Report of Expenditures, including a final invoice, to Caltrans showing how the advance has been spent. Agencies that receive over \$300,000 will be paid on a reimbursement basis.

State Match and Exchange Program (X projects) - These funds are advanced to the local agencies to be spent in accordance with the provisions in the Local Agency – State Agreement. It is the responsibility of the Regional Transportation Planning Agencies (RTPA) to provide the Division of Local Assistance’s Office of Implementation with an annual report on these funds. The report with an "as of date" of June 30, is due August 1 of each year. It must show the amounts given to each city and/or county. Failure to provide this report will result in future exchanges being held in abeyance. The SCO will review the actual expenditures to verify compliance with state law.

ELECTRONIC FUND TRANSFER (EFT) REIMBURSEMENT METHOD

Caltrans offers an EFT option to local agencies. Participation in the EFT program is limited to the local agencies that do not have a delinquent account receivable with Caltrans. EFT is the transfer of funds from the SCO to a State-contracted bank and then directly into a local agency’s designated bank account.

1. EFT Processing Time

The processing time within LPA for invoices paid by either EFT or warrant will be the same. EFT, however, will decrease the processing time at the SCO from 14 days to 4-6 days. With EFT, LPA will forward the EFT claim schedules to the SCO on Mondays and Thursdays. In general, the SCO will process the payments for the claim schedules submitted on Monday by electronically depositing the payments to the local agency’s bank account on Thursday of the same week. The payments for claim schedules submitted on Thursday will be deposited on Tuesday of the following week.

2. Enrolling in the EFT Program

The EFT program involves the electronic direct deposit of local agency’s invoice payments to their banking account. Therefore, it is very important that the local agencies verify with their financial institution that EFT payments are allowable.

Download the “EFT” Enrollment Form from www.dot.ca.gov/hq/asc/eft or request it from LPA if a form cannot be obtained.

If a local agency has not done business with Caltrans before, they are required to fill out the Payee Data Record Form, STD 204 (request from LPA), and Enrollment Form, FA-2656.

If the local agency has done business with Caltrans and has several accounts with Caltrans (multiple remittance addresses in Caltrans accounting system), the local agency's Finance and Public Works Directors must jointly decide if one or more of those accounts will be designated for EFT payments. Each account to be converted to an EFT account must have a complete separate Enrollment Form. Once an account has been identified to receive EFT payments, all payments will be made through EFT. Contact LPA for help in identifying the Vendor Number(s) that Caltrans uses to identify each mailing address.

For each account to be converted to EFT, the local agency must complete a separate Enrollment Form. Sections I and II of the Enrollment Form must be filled out by the local agency by typing or printing the following information:

- Name of the local agency and the address that will receive the Automated Clearing House (ACH) payment
- The local agency Federal Tax ID
- The designated contact person and phone number
- The signature of the authorized contact person

Section III of the Enrollment Form is filled out by the local agency's financial institution, which will receive the ACH payment by printing or typing the following information:

- Name and the address of the agency's financial institution, which will receive the ACH payments
- ACH coordinator's name and phone number
- Nine-digit routing transit number, depositor (agency) account title and account number. The bank account numbers must not exceed 17 digits.
- Type of accounts (select either checking account or savings account)
- Signature of authorized banking official
- Name, title and phone number of the authorized banking official

Caltrans will complete Section IV of the Enrollment Form.

Caltrans also requires a voided check or a savings deposit slip for the checking or savings account, into which the EFT payments will be electronically deposited, to be mailed to Caltrans along with the Enrollment Form. The voided check or savings deposit slip will aid in verifying the bank account and routing transit numbers.

After the Enrollment Form is completely filled out, mail it along with the voided check or deposit slip to:

Department of Transportation
Division of Accounting - MS 33
P.O. Box 168043
Sacramento, CA 95816-8043
Attn: Payee Data Records Unit

Do not mail the Enrollment Form to Local Program Accounting.

Caltrans will process the EFT Enrollment packet and work with the local agency's financial institution to establish the EFT payment processing of local agency invoices. During the

initial set up period (up to 30 days), Caltrans will regularly perform “pre-note” tests to verify that all financial routing and transit numbers are accurate while continuing processing payments of the local agency invoices the usual way. Once the EFT information has been verified, LPA will begin making all payments via the EFT payment process.

For additional information about the EFT program, please visit the Caltrans EFT website at: <http://www.dot.ca.gov/hq/asc/eft/>.

ALTERNATIVE CONSTRUCTION PROGRESS PAYMENT PROCEDURE

All federal and most state funded local agency projects must be invoiced in arrears. This means that the local agencies must pay their contractors before requesting reimbursement from Caltrans for their costs. The Alternative Construction Progress Payment Procedure is designed to assist local agencies in the implementation of their local transportation projects when they experience severe cash flow problems. These problems could be the result of either:

- Unusual cash shortages within the local agency caused by economic or other conditions,
- Significant cash shortages resulting from the payment to a contractor on an unusually large federal or state transportation project, or
- Cash drain to repair damages caused by flood, earthquake or other acts of nature.

Since this alternative procedure requires additional processing, it will be used only for the construction phase of projects, and contingent upon availability of State funds. Construction contract administration process reviews have found that some local agencies were not invoicing Caltrans for money that was due to them in a timely manner. Therefore, these agencies will not be eligible to use this procedure since they do not have a severe cash flow problem.

LPA will process a local agency’s invoice based on estimated payments to the contractor in the same manner as normal reimbursement billings. The invoice format for alternative construction progress payments is shown on “*Alternative Payment Procedure Sample*” (Exhibit 5-G). Local agencies should follow the procedures described below when requesting the use of the alternative payment procedures:

1. The governing board for the local agency must pass a resolution requesting the use of this procedure for a specific project. The resolution must include the reasons for the request and a statement that all other options have been considered and that the project cannot be implemented, or will be delayed unless this procedure is used.
2. The local agency must also provide a written schedule of estimated monthly construction payments for the project. This resolution and estimated payment schedule should accompany the local agency’s Request for Authorization (E-76) to the DLAE for the construction phase of their project no later than 45 days prior to the first month’s payment to the contractor. Earlier submittals are allowed. The DLAE will forward the estimated payment schedule to LPA through the DLA.
3. After approval of the E-76 and execution of the PSA (which must include language allowing a payment based on estimated costs), an invoice requesting payment for the first month’s estimated payment (less local match funds), may be submitted to LPA. This invoice can be submitted any time within 30 calendar days prior to the date of the first month’s payment to the contractor. This will allow the local agency to receive the payment at approximately the same time they are required to pay the contractor.
4. The estimated payment amount shown on the second and subsequent invoices must reflect the most current estimated payment to the contractor. In addition, the invoices will reflect the difference between the estimated payment claimed on the prior invoice and the actual payment made to the contractor.

5. The local agency must provide a final invoice and a final report of expenditures, showing actual project costs (including claims) within 180 days of project completion. The final invoice, final report of expenditures and final inspection form must be sent to the DLAE for written approval. For EEM projects, the final invoice and final report must be submitted to the district at least 60 days prior to the expiration of the Budget Authority.
6. If the local agency has been overpaid, a check for the amount of over payment along with a copy of the final invoice must be sent to LPA within 30 calendar days of the final payment to their contractor.
7. Failure by a local agency to adhere to all the terms of this procedure will result in termination of the alternative payment process for the agency.

5.5 INVOICE GUIDELINES, FORMAT AND CHECKLIST

The exhibits to this chapter contain a number of sample invoices and should cover the majority of projects. Local agencies are encouraged to cut and paste the samples to fit their specific need while maintaining the integrity of the invoice format. If there are significant questions, contact LPA through the DLAE for assistance. The sample invoices were designed so that only the information absolutely needed has been requested. Invoices with significant errors will be returned to the local agencies for correction without being processed for payment. At a minimum, an invoice package includes invoice, the “*Local Agency Invoice Review Checklist*” (Exhibit 5-J), and a “*Billing Summary*” (examples shown on Exhibit 5-K). Detailed instructions for preparing invoices for reimbursements are outlined below.

GENERAL GUIDELINES

1. The local agency may submit invoices once a month for reimbursement, but must submit an invoice at minimum every six months to avoid inactivity on a project.
2. Invoices must be submitted on local agency letterhead with the local agency’s address. If there is a change of the remittance address, the local agency must notify LPA in writing, so that LPA can update the Payee Data Record file in the Caltrans financial system to reflect the new remittance address. Verbal requests cannot be processed.
3. The first time that a local agency invoices Caltrans, they must fill out a Payee Data Record Form, STD 204. This Payee Data Record Form is required in lieu of IRS Form W-9 when doing business with the State of California. This form is also used to set up the vendor’s account in the Caltrans financial system.
4. Progress and final invoices are submitted directly to the DLAE, and should include, an original invoice and two copies (see Table 5-1).
5. Final invoices must include the Final Report of Expenditures (FROE) package. The DLAE verifies the project completion and approves payment before forwarding the Final Report of Expenditures package, including the original and two copies of the final invoice to LPA. More information regarding final invoice procedures are described in Section 5.6 of this chapter.
NOTE: According to the Federal/State Master Agreement, the state will withhold the greater of either two percent of the total of all state/federal funds encumbered for each PSA or \$40,000.
6. For local STIP and ATP projects, the preliminary engineering phase must be separated into E&P and PS&E.
7. The first invoice for construction must include the “*Local Agency Contract Award Checklist*” (Exhibit 15-L) for federally funded projects. State projects should include the Award

Information checklist.

8. For Right of Way Acquisition, if payment is to be made to a Title Company, the invoice and the covenants must identify the Title Company to be paid, address, escrow number, contact name, and include the Remarks and Covenants Form. If payment is to be made to the local agency for locally acquired Right of Way, a Right of Way Report of Expenditures is needed.
9. Invoices must have a current date when sent to the district or LPA. If for any reason an invoice is returned to the local agency, the resubmitted invoice must have a revised current date and number (e.g., rejected invoice 1 becomes 1A upon submittal).
10. Invoices must be certified and signed by the appropriate responsible persons in the local agency.
11. The certification statement on the invoice must be the same as shown on the sample invoice(s).
12. Invoices must list the name and phone number of the contact person should Caltrans staff need additional information about invoices.
13. Invoices must have two copies of the “*Billing Summary*”. Local agencies must maintain all supporting backup documentation for costs incurred and claimed for reimbursement in their project files (made available to DLAEs only upon request).

Table 5-1 Invoice Documents

Document	Agency Submits to DLAE	DLAE Submits to LPA	LPA Submits to SCO
Invoice	Original plus 2 copies	Original plus 1 copy	Original
Invoice Review Checklist	2 signed copies	1 signed copy by Agency & the DLAE	None
Billing Summary	2 copies	1 copy	None

DETAILED INVOICE FORMAT

The invoice format may vary (see Exhibits 5A-5F), but the following information must be included:

1. Date of invoice. Invoices must have a current date. If an invoice is returned to the local agency for any reason, it must be re-dated when resubmitted to the district.
2. Billing number. This is a serially assigned number that begins with #1. This progress billing number allows LPA to determine that they have received all the invoices for the project. Corrected invoices will include a letter along with the serial number (e.g., “1A” for a first revised invoice).
3. Invoice number. This invoice number is assigned by local agency’s Account Receivable Accounting system, if applicable.
4. Federal-aid or state project number, e.g. prefix-project number, STPL-5012 (005), CML-5006 (089), ER-3632 (002), etc.

5. Local agency's Federal Tax Identification Number
6. Date project accepted by the local agency (for final invoice only). Show "On going" if project is not completed.
7. Project Location
8. Project Expenditure Authorization No. or Advantage project ID.
9. Local Agency/State Agreement, PSA numbers and date executed
10. Phase of work headings such as Preliminary Engineering, Right of Way, Construction Engineering, Construction Contract

For STIP and ATP projects, the Preliminary Engineering phase must be segregated into E&P and PS&E.
11. Federal Appropriation codes such as Q240, Q110, etc.
12. Federal Authorization/Agreement date for each phase of work. Costs incurred prior to the Federal Authorization/Agreement date (E-76) are not eligible for federal reimbursement.
13. Time period for which claimed project participating costs were incurred and paid for each phase of work from the beginning of the project to date.
14. Cost breakdown by Federal Appropriation codes for Preliminary Engineering (E&P and PS&E for STIP and ATP projects), Right of Way, Construction Engineering and Construction phases as follows:
 - Total Indirect Costs of project to date, if claimed and approved by Caltrans A&I by phases of work. Indirect Costs are described in Section 5.2. When calculating an Indirect Cost Rate, the most common Direct Cost Base used is direct salaries and wages plus fringe benefits. If this Direct Cost Base is used, when applying the Indirect Cost Rate, it should be applied to direct labor costs only (not to other direct costs, such as payment of construction contracts and Right of Way purchases).
 - Complete the Indirect Cost Calculation Section of the invoice and transfer the computed Indirect Costs to date to the front of the invoice.
 - Total direct costs of the project to date by phases of work. Direct costs are the labor, material, contract payments, and Right of Way acquisition for project-related activity.
 - Less total retention amount withheld from the contractor. Retention is not eligible for reimbursement until it has been paid to the contractor or deposited into an escrow account. At the end of the project and after all retention has been released, the amount should be zero.
 - Less liquidated damages.
 - Less nonparticipating costs to date.
 - Total federal participating costs to date. Participating costs are project costs paid for by the sponsoring local agency that are eligible for reimbursement in compliance with laws, regulations, and policies.
 - Less total federal participating costs shown on the previous invoice.
 - Change in participating costs.
 - State and/or federal reimbursement ratio. Federal reimbursement rate may vary depending on the type of funding used, i.e. 80%, 88.53%, etc. If state funds are matching the federal funds, the state reimbursement rate should be shown. If a federal project is not fully funded, see the discussion in Section 5.3, Underfunded Projects, for detailed instructions on how to compute the reimbursement ratio.
 - When multiplying the "change in participating costs" by the reimbursement ratio, the result must be rounded d

- own to the lowest cent. Federal rules do not allow rounding up.
 - Federal reimbursement ratio.
 - State reimbursement ratio.
 - Amount of the claim.
15. Certification statement, printed name, title, and signature of the local agency representative. The certification statement on the invoice must be the same as shown on the sample invoice(s).
 16. Contact Name. Provide the name and phone number of the person Caltrans can contact if there are questions about the invoice.

INVOICE CHECKLIST

Local agencies are required to complete and sign Sections 1 & 2 of the “*Local Agency Invoice Review Checklist*” (Exhibit 5-J) and submit the checklist as part of the Invoice Package for each invoice. At a minimum, the invoice package includes:

- Invoice (see Exhibit 5-A)
- Checklist (see Exhibit 5-J)
- Billing Summary (see Exhibit 5-K)
- Additional documents as required by the Checklist

The DLAE will ensure that the checklist and appropriate documentation are included, will concur with Sections 1 & 2, and complete and sign Sections 3 & 4.

Local agency’s invoices are normally paid within 50 days or 60 days if the local agency has signed up for EFT after DLAE receives the invoices, provided the invoices adhere to the format in this chapter. Please refer to and use the “*Local Agency Invoice Review Checklist*” (Exhibit 5-J) prior to sending invoices to the district for reimbursement. Invoices with significant errors will be returned to the local agencies for correction.

5.6 FINAL REPORT OF EXPENDITURES & FINAL INVOICE

Within six months of project completion, the local agency is responsible for preparing and submitting to the DLAE the Final Report of Expenditures, which includes the final invoice. See Chapter 17, “*Project Completion*” for detailed instructions on completing the Final Report of Expenditures. The Report of Expenditures is to be signed by the responsible person in charge of the project for the local agency. After the DLAE approves the “*Report of Expenditures*” including the final invoice, he/she will forward them to LPA for processing of the final invoice.

NOTE: For EEM projects, the final report (including the final invoice) must be submitted to the DLAE, 60 days prior to the expiration of the Budget Authority. This report provides key information required to initiate timely closure and payment.

If the final invoice is returned to the local agency for error correction, it must be re-dated with a current date and number before being resubmitted to the DLAE.

When preparing the final Expenditure Report, follow the instructions in Chapter 17. At a minimum, ensure that:

- The following are shown, for each phase of work:

Total Costs

Participating Costs

Nonparticipating Costs
Federal Funds
Other Funds (local, state, etc.)

- The costs shown, by phase of work, are the same on the:
 - Final Invoice
 - Final Detail Estimate (federal-funded projects), Exhibit 15-M
 - Final Detail Estimate Summary (federal-funded projects), Exhibit 15-M
 - Final Report of Expenditures – report (state-funded projects)
- If there are Liquidated Damages, they are shown on both the Final Invoice and the Final Detail Estimate. If there were none, write “None”.
- A Change Order Summary is provided, whether there were change orders or not. If there were none, write “None”.
- Contractor Claims are listed. If there were no claims, write “None”.

5.7 FINAL PROJECT COSTS

The final project cost listed in the local agency’s Final Report of Expenditures will be analyzed by Accounting’s Local and Reimbursement Final Vouchering Section to determine if the costs reported for each phase of work are eligible for federal reimbursement. Eligible amounts for each phase of work, as determined from the analysis are reconciled with the costs recorded in the Caltrans financial system.

If it is determined that the funds paid to the local agency are more than the amount eligible for reimbursement, Accounting’s Local and Reimbursement Final Vouchering Section will initiate an Accounts Receivable billing to the local agency for recovery of the overpayment.

5.8 AUDIT OF LOCAL AGENCY EXPENDITURES

The local agency shall maintain written source document records that account for agency costs and payments made to consultants, vendors, and contractors. Contract records must be retained by the local agency for a minimum period of three years from the date of the final payment by the state. Refer to Title 49 CFR, Section 18.42 for federal requirements for retention and access of records.

Local agency expenditures for all Local Assistance programs are subject to financial and compliance audits by Caltrans A&I or designee. Audits performed by A&I may, at a minimum, include an audit of the local agency’s financial management system, project costs incurred and reimbursed, and indirect cost allocation plans/ICRPs if applicable.

Any audit findings will be discussed with the local agency before finalizing the audit report.

Local agencies are also subject to the audit requirements of 2 CFR, Part 200. A single audit is required if an agency receives and spends more than \$500,000 in federal funds from all sources in their fiscal year. For fiscal years beginning on or after January 1, 2015, the threshold for requiring a Single Audit increases to \$750,000 per the federal Office of Management and Budget Circular A-133 Supplement 2014. Impacted agencies must send a copy of their single audit report to the SCO within nine months of the end of the agency’s previous fiscal years.

5.9 FINAL REPORT OF EXPENDITURES ON PROJECTS ADMINISTERED BY THE STATE

The final report of expenditures for state administered Local Assistance projects is prepared by a Caltrans Project Manager. On some projects, the state performs only specific phases of work associated with a Local Assistance project. For example, design engineering, Right of Way acquisition, or striping may be performed by the local agency for a construction project administered by the state. In such instances, the Caltrans Project Manager is responsible for preparing a Final Report of Expenditures for the work performed by state staff. The local agency is responsible for preparing the Final Report of Expenditures for work it performed and for any expenditure it incurred.

5.10 AUDIT OF STATE EXPENDITURES

Caltrans internal procedures and controls for major contracts do not require a formal audit of each construction project. However, projects may be selected on a random basis for an audit of extra work paid by a force account method of payment (see Chapter 12, “Plans, Specifications & Estimate”). State expenditures for Local Assistance Federal-aid major construction contracts (greater than \$500,000) may be audited based on a risk assessment established by A&I, as well as by the California State Auditors when they perform the annual single Audit of the State of California.

5.11 FINAL PROJECT COSTS OF STATE ADMINISTERED PROJECTS

Each final report of contract expenditures for state-administered Local Assistance projects is analyzed by Accounting’s Local and Reimbursement Final Vouchering Section to determine the final amount of federal, state and local agency funds expended for the project. The final expenditure of local agency funds is compared to the local agency deposit for the project. Refunds or billings are made upon completion of the Final Voucher analysis.

When all pending claims by the contractor have been settled, the Final Voucher package is prepared and submitted to FHWA via the FADS.

NOTE: If the Report of Contract Expenditures indicates that a claim by the contractor has not been settled, the final expenditure of federal, state and local agency funds cannot be determined. Consequently, the submittal of the Final Voucher is delayed until all pending claims are settled.

The Final Project Cost Adjustment analysis is prepared concurrently with the Final Voucher to determine the final allocation of federal, state and local agency funds for each phase of work. Budgeted amounts are adjusted to reflect the actual amount of funds expended for the project.

If during the final adjustment it is determined that the deposit of local agency funds is less than the agency’s share of expenditures, Accounting’s Local and Reimbursement Final Vouchering Section will initiate an Accounts Receivable Invoice, which is sent to the local agency for recovery of the required funds. If the deposit exceeds the agency’s share of expenditures, the excess funds are refunded to the local agency.

5.12 SERVICE CONTRACTS

Invoices for work performed by local agencies, consultants or other contractors under Caltrans Service Contracts shall be submitted to the designated program manager, e.g., Railroad Crossing Program Manager, for review and verification. The manager then forwards the invoice to LPA for payment.

5.13 OBTAINING APPROVAL FOR INDIRECT COSTS

At the discretion of the local agency, indirect costs submitted and accepted by Caltrans A&I may be included when seeking reimbursement for their federal-aid transportation projects, as well as STIP and ATP projects, and state funded projects. Specifically, this applies to federally authorized work with costs incurred after June 9, 1998, as well as STIP and ATP projects, and state funded projects. However, any completed project with a Final Report of Expenditures will not be eligible for retroactive indirect cost reimbursement.

Computation of Indirect Cost Rates are based on:

- 2 CFR, Part 200, Subpart E (Cost Principles), and Appendices V & VII for fiscal years beginning after December 31, 2014, 2 CFR, - 225 for fiscal years beginning before December 31, 2014; and
- Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government (ASMB C-10), issued by the United States Department of Health and Human Services.

SUBMISSION OF PROPOSAL

ICRPs are only applicable for the specific year(s) being submitted and only for the specific local agency division, department or segment submitted. All local agency divisions, departments or segments must have an approved indirect cost rate prior to billing for and being reimbursed the costs. For example; the local agency's Department of Engineering would have its own separately approved indirect cost rate if doing work on a federal-aid project for the local agency's Department of Public Works.

1. A local agency, which has been assigned a cognizant federal agency by the OMB, must submit its ICRP to its cognizant federal agency for approval. A list of the cognizant federal agencies assigned to cities, city departments, counties, and county departments are found in the Federal Register. See "*Cognizant Federal Agencies*" link at: <https://harvester.census.gov/fac/dissemin/asp/Reports.asp> in this chapter for a list of cognizant federal agencies. The cognizant agency for a department may be different than the cognizant agency for its city or county. It is the local agency's responsibility to ensure that approval for indirect costs at the department level and central service costs at the city or county level is obtained from the appropriate cognizant federal agency. If the assigned cognizant federal agency is the U.S. Department of Transportation (DOT), and FHWA provides the largest amount of federal funds compared to other DOT administrations, the ICRP must be submitted to Caltrans A&I for approval, under delegation from the FHWA, California Division.
2. For local agencies that have not been designated a cognizant agency in the federal register, the cognizant agency must be the federal awarding agency that provides the predominant amount of direct funding to the local agency. Local agencies that receive the predominant amount of their direct funding from FHWA should submit their proposals to Caltrans A&I for review and approval under delegation from the FHWA, California Division.
3. Local agencies which have an ICRP and Central Service Cost Allocation Plan (CSCAP) approved by a cognizant federal agency other than FHWA must submit a copy of their approved proposal and plan with subsidiary worksheets and other relevant data, as detailed below, to Caltrans A&I for review and acceptance.

4. Mail the ICRP and CSCAP to:

Caltrans Audits and Investigations
Attn: External Audits, Review of ICRP
P.O. Box 942874 - MS 2
Sacramento, CA 94274-0001

DOCUMENTATION OF PROPOSAL

All local agencies desiring to claim their indirect cost for federal-aid and/or state funded projects must prepare an ICRP and CSCAP and provide related documentation to support those costs. All documents related to the ICRP and CSCAP must be retained for audit in accordance with the records retention requirements in the “*Common rule*”, Title 49, CFR, Part 18 and 2 CFR, Part 200.333. The following shall be included with each ICRP submission as prescribed by 2 CFR, Part 200, Appendix VII for fiscal years beginning after December 31, 2014 and by 2 CFR, Part 225 for fiscal years beginning before December 31, 2014.

1. INDIRECT COST RATE PROPOSAL

- a. Rate calculation schedule showing the calculation of rate(s) proposed including subsidiary worksheets and other relevant data, cross-referenced and reconciled to the financial data noted below.
- b. Subsidiary worksheets should include the following:
 - For final rates and/or carry forward years, a schedule of actual direct/indirect/unallowable costs incurred by cost category type (i.e., rent, utilities, etc...) as well as by department unit.
 - For fixed rates, a schedule of budgeted or estimated direct costs and indirect costs by cost category type and department unit supported by Board approved budget or prior year’s actual costs that were used as the basis for the rate(s) submitted.
 - Schedule showing calculation of the over/under carry forward provision when “fixed rate” is used.
- c. A copy of the financial data (audited financial statements, comprehensive annual financial report, single audit report, and management letters if applicable, etc) on which the rate is based.
- d. The approximate amount of direct base costs to be incurred under federal-aid reimbursement. These costs should be distinguished between salaries and wages and other direct costs.
- e. A chart identifying the organization structure of the agency during the period for which the proposal applies along with a functional statement noting the duties and/or responsibilities of all agency units. After initial submittal, only revisions need to be included with subsequent proposals.
- f. Certification that the ICRP was prepared in a manner consistent with the cost principles of 2 CFR, Part 200, Subpart E and Appendices V & VII for fiscal years beginning after December 31, 2014 and by 2 CFR, Part 225 for fiscal years beginning before December 31, 2014.

Local agencies, which are required to submit their “*Indirect Cost Rate Proposal*” to Caltrans for approval, shall submit it in the sample format of “*Sample Indirect Cost Rate Proposal*” (Exhibit 5-I) of this chapter, which includes documentation outlined in paragraph a, b and f above. In addition, submit the other required documentation (paragraph c, d and e above) which

includes documentation outline in paragraph a, b and f above, along with the documentation outlined in paragraphs c, d and e above.

Send it to Caltrans A&I at the address specified above.

2. CENTRAL SERVICE COST ALLOCATION PLAN (CSCAP)

If allocated central service costs are included in an ICRP, the local agency should submit its CSCAP along with the ICRP to A&I. For citywide and countywide cost allocation plans, the local agency should also submit to A&I a certificate showing approval from the cognizant agency. All CSCAPs should include supporting documentation in accordance with 2 CFR 200, Appendix V, Section E for fiscal years beginning after December 31, 2014 and by 2 CFR, Part 225, Appendix C for fiscal years beginning before December 31, 2014.

See Assistant Secretary Management and Budget Cost Principles and Agreements with the Federal Government (ASMB C-10), issued by the Department of Health and Human Services) for a Sample CSCAP and supporting documentation.

3. APPROVAL AND USE

If the local agency's cognizant federal agency is not FHWA and the cognizant agency has approved the local agency's ICRP and CSCAP for a fiscal year(s), the local agency must send a copy of its federal approval letter to Caltrans A&I along with its request for review by A&I. After A&I has notified the local agency that it has accepted the federal approval letter, the local agency may include indirect costs on its invoices.

If FHWA is a local agency's cognizant agency, at the ICRP and CSCAP levels, then Caltrans A&I will perform the review and approval. If the ICRP/CSCAP meets submission requirements, A&I will issue an acceptance letter. The local agency may bill for indirect costs once they receive the acceptance letter.

A&I will forward a copy of the acceptance letter to the LPA providing the authority to reimburse the local agency for their indirect costs (copies of the acceptance letter will also be sent to the local agency's DLAE).

Invoices claiming indirect cost prior to receipt of a written acceptance letter from Caltrans A&I will be rejected and returned to the local agency unpaid.

Accepted ICAPs for local agencies that have FHWA as their federal cognizant agency will be assessed for risk to determine if an audit will be performed by A&I. Material adjustments that may result from an audit will require reimbursement from the local agency if previously accepted rates are later found to have included costs that are unallowable as specified by law or regulation or by the terms and conditions of federal or State awards. FHWA may also conduct review/audits.

If federal-aid highway funds or state funds participate in indirect cost reimbursement, all invoices must include a line item for indirect cost, showing the calculation (Direct Cost Base Expense multiplied by the approved indirect cost rate for the fiscal year involved). Local agencies must ensure that the direct cost base used on invoices are the same as the direct cost base used in the accepted/approved ICRP.

Local agencies' indirect costs rates are calculated on an annual basis, so there may be several rates on a project. If the fluctuation causes a depletion of project funding, the local agency will be responsible for making up the difference.

Detailed information regarding allowable costs, Cost Allocation Plans and ICRPs are available in 2 CFR, Part 200, Subpart E & Appendices V & VII for fiscal years beginning after December 31, 2014, and in 2 CFR, Part 225 for fiscal years beginning before December 31, 2014 and ASMB C-10.

These documents are available on the Internet at:
the 2 CFR, Part 200, at: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl, and
ASMB C-10 is at: <http://www.hhs.gov/grantsnet/state/asmbc10.pdf>

Additionally, 2 CFR, Part 200, provides single audit information for fiscal years beginning after December 31, 2014 and may be accessed on the Internet at:
<http://www.gpo.gov/fdsys/browse/collectionCfr.action?selectedYearFrom=2014&go=Go>.
For fiscal years beginning before 12/31/14, local agencies should refer to
OMB A-133 at: http://www.whitehouse.gov/omb/circulars_default.

5.14 REFERENCES

- State Administrative Manual
- Transportation Equity Act of the 21st Century (TEA-21)
- Title 2 CFR, Part 200, Subpart E (Cost Principles) and Appendices V & VII
- Title 2 CFR, Part 225
- Title 49 CFR, Section 18.42
- Federal Office of Management and Budget (OMB) Circular A-133
GAO Government Auditing Standards

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**EXHIBIT 5-A SAMPLE FEDERAL-AID INVOICE
(Except for STIP and ATP
Projects)**

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice:	
Name, District Local Assistance Engineer	
California Department of Transportation	
District Local Assistance	
Street Address or/P.O. Box	
City, CA Zip Code	
Billing Number:	1, 2..., or Final
Invoice Number:	Local Agency's Invoice Number
Federal-aid Project Number:	Prefix Project Number (Fed. Agreement #)
Tax Identification Number:	Agency IRS ID Number
Date Project Accepted by City/County:	Accepted Date or "Ongoing" if not Final
Project Location:	Project Limits
Expenditure Authorization or Advantage Project Number:	

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on [date] _____.

	Preliminary Engineering	Construction Engineering	Right of Way Acquisition	Construction Contract	Total
Federal Appropriations Code	Q24/33D	Q24/33D	Q24/33D	Q24/33D	Q24/33D
Federal Authorization Date	5/12/14	5/12/14	5/12/14	5/12/14	
Federal/State Participating Costs From	5/15/14	5/15/14	5/15/14	5/25/14	
To	7/15/14	7/15/14	6/30/14	8/30/14	
Total Indirect Costs to Date	\$825.00	\$1,865.50			\$2,690.50
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00	\$171,342.90
Less Retention				(\$20,000.00)*	(\$20,000.00)
Less Liquidated Damages				\$0.00**	\$0.00
Less Nonparticipating Costs	(\$350.00)	(\$840.00)	(\$1,200.00)	(\$16,000.00)	(\$18,390)
Total Federal Participating Costs to Date	\$4,475.60	\$9,425.80	\$7,090.00	\$114,652.00	\$135,643.40
Less Participating Costs on Previous Invoice	\$2,120.95	\$6,350.20	\$0.00	\$98,231.00	\$106,702.15
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$16,421.00	\$28,941.25
Federal Reimbursement Ratio/State Reimbursement Ratio (if applicable)	88.53	88.53	88.53	88.53	
Amount of this Claim	\$2,084.57	\$2,722.82	\$6,276.77	\$14,537.51	\$25,621.67
TOTAL INVOICE AMOUNT					\$25,621.67

EXHIBIT 5-B SAMPLE FEDERAL-AID INVOICE
WITH TWO APPROPRIATIONS & DIFFERENT
REIMBURSEMENT RATES
(Except for STIP and ATP Projects)

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice:	
Name, District Local Assistance Engineer:	
Department of Transportation:	
District Local Assistance:	
Street/P.O. Box:	
City, CA, Zip Code:	
Billing Number:	1, 2....., or Final
Invoice Number:	Local Agency's Invoice Number
Federal-aid Project Number:	Prefix Project Number (Fed. Agreement #)
Tax Identification Number:	Agency IRS ID Number
Date Project Accepted by City/County:	Final Date or "Ongoing" if not Final
Project Location:	Project Limits
Expenditure Authorization or Advantage Project Number:	

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on date _____.

	Preliminary Engineering	Construction Engineering	Right of Way Acquisition	Construction Contract	Total
Federal Appropriations Code	Q24	Q24	Q24	Q24	Q24
Federal Authorization Date	5/12/14	6/5/14	5/12/14	6/5/14	
Federal/State Participating Costs From	5/15/14	6/15/14	5/15/14	6/15/14	
To	7/15/14	8/30/14	8/30/14	8/30/14	
Total Indirect Costs to Date	\$825.00	\$1,865.50			\$2,690.50
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00	\$171,342.90
Less Retention				(\$20,000.00)*	(\$20,000.00)
Liquidated Damages				\$0.00**	\$0.00
Nonparticipating Costs	(\$350.00)	(\$840.00)	(\$1,200.00)	(\$16,000.00)	(\$18,390)
Total Federal Participating Costs to date	\$4,475.60	\$9,425.80	\$7,090.00	\$114,652.00	\$135,643.40
Less Participating Costs on Previous Invoice	\$2,120.95	\$6,350.20	\$0.00	\$98,231.00	\$106,702.15
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$16,421.00	\$28,941.25
Federal Reimbursement Ratio State Reimbursement Ratio (if applicable)	88.53	88.53	88.53	88.53	
Amount of this Claim	\$2,084.57	\$2,722.82	\$6,276.77	\$14,537.51	\$25,621.67
Federal Appropriations Code	114	114	114	114	114
Federal Authorization Date	5/12/14	6/5/14	5/12/14	6/5/14	

**Sample Federal-Aid Invoice with Two Appropriations &
Different Reimbursement Rates (Except for STIP and ATP Projects)**

	Preliminary Engineering	Construction Engineering	Right of Way Acquisition	Construction Contract	Total
Federal/State Participating Costs From	5/15/14	6/15/14		6/15/14	
To	7/15/14	8/30/14		8/30/14	
Total Indirect Costs to Date	\$500.00	\$1,375.25			\$1,875.25
Total Direct Costs to Date	\$2,700.00	\$5,250.00	0.00	\$63,240.00	\$71,190.00
Less Retention				(\$6,324.00)*	(\$6,324.00)
Liquidated Damages				0.00**	
Nonparticipating Costs	(0.00)	(0.00)	(0.00)	(\$9,500.00)	(\$9,500.00)
Total Federal Participating Costs to Date	\$3,200.00	\$6,625.25	\$0.00	\$47,416.00	\$57,241.25
Less Participating Costs on Previous Invoice	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Change in Participating Costs	\$3,200.00	\$6,625.25	\$0.00	\$47,416.00	\$57,241.25
Federal Reimbursement Ratio	80.00	80.00		80.00	
State Reimbursement Ratio					
Amount of this claim	\$2,560.00	\$5,300.20	\$0.00	\$37,932.80	\$45,793.00
TOTAL INVOICE AMOUNT		\$71,414.67			

INDIRECT COST CALCULATION

Preliminary Engineering Indirect Costs (Q24):

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$1,994.00	\$673.82
Approved Indirect Cost Rate	31%	33%
Subtotal****	\$602.64	\$222.36

Total Indirect Costs to Date for Preliminary Engineering **\$825.00** (this Amount is carried to the front of the invoice under the Preliminary Engineering column)

Construction Engineering Indirect Costs (Q24/33D):

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved Indirect Cost Rate	31%	33%
Subtotal****	\$1,474.43	\$391.07

Total Indirect Costs to Date for Construction Engineering **\$1,865.50** (this Amount is carried to the front of the invoice under the Construction Engineering column)

Preliminary Engineering Indirect Costs (114):

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$972.00	\$602.07
Approved Indirect Cost Rate	31%	33%
Subtotal****	\$301.32	\$198.68

Total Indirect Costs to Date for Preliminary Engineering **\$500.00** (this Amount is carried to the front of the invoice under the 114 Preliminary Engineering column)

EXHIBIT 5-C SAMPLE STATE PROJECT INVOICE
(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice:
 Name, District Local Assistance Engineer:
 Department of Transportation:
 District Local Assistance:
 Street/P.O. Box:
 City, CA, Zip Code:
 Billing Number: **1, 2....., or Final**
 Invoice Number: **Local Agency's Invoice Number**
 Project Number: **Prefix Project Number**
 Tax Identification Number: **Agency IRS ID Number**
 Date Project Accepted by City/County: **Final Date or "Ongoing" if not Final**
 Project Location: **Project Limits**
 Expenditure Authorization or Advantage Project Number:

Reimbursement for State funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on date _____.

	Preliminary Engineering	Construction Engineering	Right of Way Acquisition	Construction Contract	Total
Total Indirect costs to Date	\$825.00	\$1,865.50			\$2,690.50
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00	\$171,342.90
Participating Costs From					
To					
Less Retention				(\$20,000.00)*	(\$20,000.00)*
Liquidated Damages				\$0.00**	\$0.00**
Nonparticipating Costs	(\$350.00)	(\$840.00)	(\$1,200.00)	(\$16,000.00)	(\$16,000.00)
Total State Participating Costs to Date	\$4,475.60	\$9,425.80	\$7,090.00	\$114,652.00	\$135,643.40
Less Participating Costs on Previous Invoice	\$2,120.95	\$6,350.20	\$0.00	\$98,231.00	\$106,702.15
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$16,421.00	\$28,941.25
Reimbursement Ratio	75.00	75.00	75.00	75.00	
Amount of this Claim	\$1,765.98	\$2,306.70	\$5,317.75	\$12,315.75	\$21,705.93
TOTAL INVOICE AMOUNT					\$21,705.93

INDIRECT COST CALCULATION

Preliminary Engineering Indirect Costs:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$1,994.00	\$673.82
Approved Indirect Cost Rate	31%	33%
Subtotal***	\$602.64	\$222.36

Total Indirect Costs to Date for Preliminary Engineering **\$825.00** (this Amount is carried to the front of the invoice under the Preliminary Engineering column)

EXHIBIT 5-D SAMPLE RIGHT OF WAY INVOICE
(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice:
 Name, District Local Assistance Engineer:
 Department of Transportation:
 District Local Assistance:
 Street/P.O. Box:
 City, CA, Zip Code:
 Billing Number: **1, 2....., or Final**
 Invoice Number: **Local Agency's Invoice Number**
 Federal-aid Project Number: **Prefix Project Number (Fed. Agreement #)**
 Tax Identification Number: **Agency IRS ID Number**
 Date Project Accepted by City/County: **Final Date or "Ongoing" if not Final**
 Project Location: **Project Limits**
 Expenditure Authorization or Advantage Project Number:

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on date _____.

	Capital	Support	Total
Federal Appropriations Code	33D	33D	33D
Federal Authorization Date	5/12/14	5/12/14	
Federal/State Participating costs From	5/15/14	5/15/14	
To	7/15/14	7/15/14	
Total Indirect Costs to Date		\$4,147.00	\$4,147.00
Total Direct Costs to Date	\$1,133,907.00	\$243,642.00	\$1,377,549.00
Less: Nonparticipating Costs	(\$20,750.00)	(\$64,356.00)	(\$85,106.00)
Federal Participating Costs to Date	\$1,113,157.00	\$183,433.00	\$1,296,590.00
Less Participating Costs on Previous Invoice	\$980,165.00	\$150,794.00	\$1,130,959.00
Change in Participating Costs	\$132,992.00	\$32,639.00	\$165,631.00
Federal Reimbursement Ratio State Reimbursement Ratio (if applicable)	88.53	88.53	
Amount of this Claim	\$117,737.81*	\$28,895.30*	\$146,633.11
TOTAL INVOICE AMOUNT			\$146,633.11

INDIRECT COST CALCULATION

Right of Way Indirect Costs:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$1,994.00	\$10,740.49
Approved Indirect Cost Rate	31%	33%
Subtotal**	\$602.64	\$3,544.36

Total Indirect Costs to Date for Right of Way **\$4,147.00** (this Amount is carried to the front of the invoice under the Right of Way column)

- I certify that to the best of my knowledge and belief the above data is correct; that adequate title to the necessary right of way has been acquired for the herein above described federal-aid project in the name of the **Local Agency name** for the amount of just compensation based on bona fide appraisals duly qualified as required by the right of way procedures of the Federal Highway Administration and other written justification now contained in the **Local Agency** files, in accordance with procedures as submitted and accepted by the Director.

2. I further state that this certification is made in my official capacity as Title, pursuant to Section 1.31 of Title 23 of the Code of Federal Regulations and Section 121 of Title 23, United States Code, for the purpose of securing, pursuant thereto, by the Local Agency name, federal-aid funds in connection with the above designated federal-aid highway project, and that neither I nor to the best of my knowledge, any officer, agent, or employee of the City, County authorized in any official capacity to perform services in connection with the appraisal or acquisition of any such right of way has any interest, or contemplates any benefit from any transaction which involves acquisition of property for right of way for such project, other than as herein disclosed.

Signature, Title and Unit of Local Agency Representative Phone No.

For questions regarding this invoice, please contact:

Name Phone No.

- * Please round down the figures to the lowest cent. Federal rules do not allow rounding up.
- **
 - Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

NOTE: Rental income may be retained by local agencies, but must be used for Title 23 purposes.

Distribution: Original & 2 copies to DLAE

**EXHIBIT 5-E SAMPLE "STIP or ATP PROJECT"
FEDERAL INVOICE
(PREPARE ON LETTERHEAD OF LOCAL AGENCY)**

Date of Invoice:
 Name, District Local Assistance Engineer:
 Department of Transportation:
 District Local Assistance:
 Street/P.O. Box:
 City, CA, Zip Code:
 Billing Number: 1, 2....., or Final
 Invoice Number: Local Agency's Invoice Number
 Federal-Aid Project Number: Prefix Project Number (Fed. Agreement #)
 Tax Identification Number: Agency IRS ID Number
 Date Project Accepted by City/County: Final Date or "Ongoing" if not Final
 Project Location: Project Limits
 Expenditure Authorization or Advantage Project Number:

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on date _____.

	Environmental Studies & Permits	PS&E	Construction Engineering	Construction	Total
Federal Appropriations Code	Q24/33D	Q24/33D	Q24/33D	Q24/33D	Q24/33D
Federal Authorization Date	5/12/14	5/12/14	6/10/14	6/10/14	
Federal/State Participating costs From	5/15/14	6/15/14	6/15/14	6/15/14	
To	8/15/14	8/15/14	8/15/14	8/15/14	
Total Indirect Costs to Date	\$825.00	\$1,865.50	\$2,690.50		\$5,381.00
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00	\$171,342.90
Less Retention				(\$20,000.00)*	(\$20,000.00)
Liquidated Damages				\$0.00**	\$0.00
Nonparticipating Costs	(\$350.00)	(\$840.00)	(\$1,200.00)	(\$16,000.00)	(\$18,390)
Total Federal Participating Costs to date	\$4,475.60	\$9,425.80	\$9,780.50	\$114,652.00	\$138,333.90
Less Participating Costs on Previous Invoice	\$2,120.95	\$6,350.20	\$0.00	\$98,231.00	\$106,702.15
Change in Participating Costs	\$2,354.65	\$3,075.60	\$9,780.50	\$16,421.00	\$31,631.75
Federal Reimbursement Ratio	88.53	88.53	88.53	88.53	
State Reimbursement Ratio	0.00	0.00	11.47	11.47	
Amount of this Claim	\$2,084.57***	\$2,722.82***	\$9,780.50***	\$16,421.00***	\$31,008.89
TOTAL INVOICE AMOUNT					\$31,008.89

INDIRECT COST CALCULATION

Environmental Studies & Permits Indirect Costs:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$1,994.00	\$673.82
Approved Indirect Cost Rate	31%	33%
Subtotal****	\$602.64	\$222.36

Total Indirect Costs to Date for Environmental Studies & Permits **\$825.00** (this Amount is carried to the front of the invoice under the Preliminary Engineering column)

EXHIBIT 5-F SAMPLE "STIP or ATP PROJECT" STATE INVOICE
(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice:
 Name, District Local Assistance Engineer:
 Department of Transportation:
 District Local Assistance:
 Street/P.O. Box:
 City, CA, Zip Code:
 Billing Number: **1, 2....., or Final**
 Invoice Number: **Local Agency's Invoice Number**
 Project Number: **Prefix Project Number**
 Tax Identification Number: **Agency IRS ID Number**
 Date Project Accepted by City/County: **Final Date or "Ongoing" if not Final**
 Project Location: **Project Limits**
 Expenditure Authorization or Advantage Project Number:

Reimbursement for State funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on date _____.

	Environmental Studies & Permits	PS&E	Right of Way Acquisition	Construction Including CE	Total
State Participating costs From	5/12/14	5/12/14	5/12/14	5/12/14	
To	6/29/14	6/29/14	6/29/14	6/29/14	
Total Indirect Costs to Date	\$825.00	\$1,865.50		\$4,323.22	\$7,013.72
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00	\$171,342.90
Less Retention				(\$20,000.00)*	(\$20,000.00)
Liquidated Damages				\$0.00**	\$0.00
Nonparticipating Costs	(\$350.00)	(\$840.00)	(\$1,200.00)	(\$16,000.00)	(\$18,390.00)
Total State Participating Costs to date	\$4,475.60	\$9,425.80	\$7,090.00	\$118,975.22	\$139,966.62
Less Participating Costs on Previous Invoice	\$2,120.95	\$6,350.20	\$0.00	\$98,231.00	\$106,702.15
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$20,744.22	\$33,264.47
Reimbursement Ratio	75.00	75.00	75.00	75.00	
Amount of this Claim	\$1,765.98	\$2,306.70	\$5,317.50	\$15,558.16	\$24,948.34
TOTAL INVOICE AMOUNT					\$24,948.34

INDIRECT COST CALCULATION

Environmental Studies & Permits Indirect Costs:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Direct Cost Base Expense	\$1,994.00	\$673.82
Approved Indirect Cost Rate	31%	33%
Subtotal****	\$602.64	\$222.36

Total Indirect Costs to Date for Environmental Studies & Permits **\$825.00** (this Amount is carried to the front of the invoice under the Preliminary Engineering column)

EXHIBIT 5-G SAMPLE ALTERNATIVE PAYMENT
PROCEDURE

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice:
 Name, District Local Assistance Engineer:
 Department of Transportation:
 District Local Assistance:
 Street/P.O. Box:
 City, CA, Zip Code:
 Billing Number: **1, 2....., or Final**
 Invoice Number: **Local Agency's Invoice Number**
 Federal-aid Project Number: **Prefix Project Number (Fed. Agreement #)**
 Tax Identification Number: **Agency IRS ID Number**
 Date Project Accepted by City/County: **Final Date or "Ongoing" if not Final**
 Project Location: **Project Limits**
 Expenditure Authorization or Advantage Project Number:

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. _____, Program Supplement No. _____, executed on date _____.

	Construction Engineering	Construction Contract	Total
Federal Appropriations Code	Q24/33D	Q24/33D	Q24/33D
Federal Authorization Date	5/12/14	5/12/14	
Federal/State Participating Costs From	5/15/14	5/25/14	
To	7/15/14	8/30/14	
Total Indirect costs to Date	\$1,865.50		\$2,690.50
Total Direct Costs to Date	\$8,400.30	\$150,652.00	\$171,342.90
Less Retention		(\$20,000.00)*	(\$20,000.00)
Liquidated Damages		\$0.00**	\$0.00
Nonparticipating Costs	(\$840.00)	(\$16,000.00)	(\$18,390)
Total Federal Participating Costs to date	\$9,425.80	\$114,652.00	\$135,643.40
Less Participating Costs on Previous Invoice	\$6,350.20	\$98,231.00	\$106,702.15
Change in Participating Costs	\$3,075.60	\$16,421.00	\$28,941.25
Federal Reimbursement Ratio	88.53	88.53	
State Reimbursement Ratio (if applicable)			
Amount of this Claim	\$2,722.82	\$14,537.51	\$25,621.67
TOTAL INVOICE AMOUNT			\$25,621.67

ADJUSTMENT OF STATE FUNDS FOR ESTIMATED CONTRACT PAYMENTS

Total Expended Funds	\$60,948.20
Less: Estimate Previously Invoiced for the month	\$80,000.00
Difference (positive or negative amount)	(\$19,051.80)
Plus: Estimate for next month	\$100,000.00
TOTAL INVOICE AMOUNT	\$80,948.20

EXHIBIT 5-I SAMPLE INDIRECT COST RATE PROPOSAL

**[LOCAL AGENCY NAME]
Indirect Cost Rate(s)
FY(s) XXXX**

The Indirect Cost Allocation Plan/Indirect Cost Rate Proposal (ICAP/ICRP) contained herein is for use on grants, contracts and other agreements with the Federal Government and the California Department of Transportation (Caltrans), subject to the provisions in Section II. This rate(s) was prepared by the [AGENCY NAME] and accepted by Caltrans.

SECTION I: Rates

<u>Rate Type*</u>	<u>Effective Period</u>	<u>Rate*</u>	<u>Applicable to</u>
Fixed w/ carryforward	7/1/14 to 6/30/15	xx.xx%	LIST APPLICABLE AREAS
Final w/o carryforward	7/1/14 to 6/30/15	xx.xx%	LIST APPLICABLE AREAS
Fringe Benefit (if applicable)**	7/1/14 to 6/30/15	xx.xx%	LIST APPLICABLE AREAS

* Base: [IDENTIFY BASE]

** [A proposed fringe benefit rate computation should accompany the ICAP/ICRP if it is not approved as part of the Agency’s central service cost allocation plan. A fringe benefit rate is not required for Agencies that specifically identify fringe benefit costs to individual employees.]

SECTION II: General Provisions

A. Limitations:

The rate(s) in this Agreement is subject to any statutory or administrative limitations and applies to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rate(s) is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; (4) The information provided by the organization which was used to establish the rate is not later found to be materially incomplete or inaccurate by the Federal Government or Caltrans. In such situations the rate would be subject to renegotiation at the discretion of the Federal Government or Caltrans; (5) Prior actual costs used in the calculation of the approved rate are contained in the grantee's Single Audit which was prepared in accordance with OMB A-133. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) For fixed and final rates, the rate(s) is based either on an estimate of the costs to be incurred or actual costs incurred during the period.

B. Accounting Changes:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. [Fixed Rate with Carry Forward, or Final Rate]:

The [fixed/final] rate(s) used in this Agreement is based on an [estimate/actual] of the costs for the period(s) covered by the rate(s).

[For fixed rates, when the actual costs for this period is determined by the grantee’s audited financial statements – any differences between the application of the fixed rate and actual costs will result in an over or under recovery of costs. The over or under recovery will be carried forward, as an adjustment to the calculation of the indirect cost

rate, to the second fiscal year subsequent to the fiscal year covered by this plan]. (*Note: If a final rate is used, then the carry forward provision does not apply*).

D. Audit Adjustments:

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plans approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the grantee

E. Record Retention:

The proposal and all related documentation must be retained for audit in accordance with the record retention requirements of the State or Federal agreements for which the indirect rate will be billed or for three years after the fiscal year for which the rate is calculated, whichever is longer.

F. Use by Other Federal Agencies:

Authority to accept this agreement by Caltrans has been delegated by the Federal Highway Administration (FHWA), California Division. The purpose of this acceptance is to permit subject local government to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT).

The acceptance will also be used by Caltrans in State-only funded projects.

G. Other:

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the accepted rate in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the accepted rate to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

H. Rate Calculation:

FY 2015 Budgeted Indirect Costs	\$x,xxx,xxx
Carry Forward from FY 2013	_____ \$0
Budgeted FY 2015 Indirect Costs	\$x,xxx,xxx
FY 2015 Budgeted Direct Salaries & Wages (or applicable base)	\$x,xxx,xxx
FY 2015 Indirect Cost Rate	xx.xx%

CERTIFICATION OF INDIRECT COSTS

This is to certify that I, [NAME OF RESPONSIBLE OFFICIAL], have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

- (1) All costs included in the proposal to establish billing or final indirect cost rates for fiscal year 201X (July 1, 201X to June 30, 201X) are allowable in accordance with the requirements of the Federal and State award(s) to which they apply and 2 Code of Federal Regulations (CFR), Part 200, "Cost Principles", Subpart E, and Appendices V & VII for State, Local, and Indian Tribal Governments. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- (2) All costs included in this proposal are properly allocable to Federal and State awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government and Caltrans will be notified of any accounting changes that would affect the fixed, or final rate.
- (3) Additionally, I understand that in accordance with 2 CFR, Part 200, Appendix VII, refunds shall be made if proposals are later found to have included costs that are unallowable as specified by law or regulation, as identified

in Subsection 200.420 to this part, or by the terms and conditions of Federal and State award, or are unallowable because they are clearly not allocable to Federal or State awards. These adjustments or refunds will be made regardless of the type of rate negotiated (final, fixed or provisional).

I acknowledge as a representative of [NAME OF AGENCY] that the proper use and application of the indirect rate contained in this indirect cost rate proposal is the responsibility of the [NAME OF AGENCY] and such use may be subject to audit by Caltrans or FHWA. Failure to cooperate with an audit can result in the withdrawal of Caltrans' acceptance and require immediate reimbursement of previously reimbursed indirect costs.

I declare that the foregoing is true and correct.

Government Unit: [AGENCY NAME]

Signature: _____

Signature: _____

Reviewed, Approved and Submitted by:

Prepared by:

Name of Official: _____

Name of Official: _____

Title: _____

Title: _____

Date of Execution: _____

Telephone No.: _____

INDIRECT COST RATE(S) SUBMISSION ACCEPTANCE

Caltrans has received this ICAP/ICRP and accepts the plan for billing and reimbursement purposes.

Signature

Accepted by:

NAME

Position: _____

Date: _____

Phone Number: _____

Local Agency Name
CARRY FORWARD CALCULATION

	FY 2012	FY 2013	FY 2014		FY 2015
APPROVED RATE	43.33%	50.10%	51.47%	Approved Rate (Indirect Costs/ Direct S&W+FB)	46.56%
INDIRECT CARRY FORWARD					
Carry Forward	(99,748)	(16,796)	20,794	Carry Forward	(33,592)
Indirect Costs from Single Audit	<u>2,400,168</u>	<u>2,847,563</u>		Estimated Indirect Costs (From FY 15 Budget)	<u>3,168,447</u>
Total Indirect Costs	2,300,384	2,830,767		Totals Estimated Indirect Costs	<u><u>3,134,855</u></u>
Recovered Costs				Estimated Direct S&W +FB (From FY 15 Budget)	<u><u>6,732,880</u></u>
Direct Salaries & Wages +Fringe Benefits (* Approved Rate)	5,260,998 43.33%	5,717,283 50.10%			
Total Recovered Indirect Costs	<u>2,279,590</u>	<u>2,864,359</u>			
Indirect Carry Forward	20,794	(33,592)			
DIRECT SALARIES & WAGES + FRINGE BENEFITS (Per Single-Audit)					
General Fund-S&W+FB	5,260,998	5,717,283			
Special Revenue Fund-S&W_FB	N/A	N/A			
Internal Service Fund-S&W+FB	<u>N/A</u>	<u>N/A</u>			
Total Direct Salaries & Wages + Fringe Benefits	5,260,998	5,717,283			

Local Agency Name

FY 2014/2015
BUDGET

	DIRECT COSTS	INDIRECT COSTS	UNALLOWED COSTS	TOTAL BUDGET
Salaries	5,034,970	1,214,698		6,249,668
Fringe Benefits	<u>1,697,910</u>	<u>417,485</u>		<u>2,115,395</u>
Total	6,732,880	1,632,183		8,365,063
DIRECT COSTS	11,037,468			11,037,468
INDIRECT COSTS				
Printing		150,300		150,300
Computer Services		102,700		102,700
Conference & Training		104,475		104,475
Auto Expense		8,889		8,889
Travel / Local Mileage		45,000		45,000
Transit Tickets		1,050		1,050
Meeting Room Rentals		5,250		5,250
Office Supplies		46,620		46,620
Equipment Rental		6,217		6,217
Equipment Maintenance & Repair		16,370		16,370
Mailing & Postage		147,814		147,814
Communications		95,550		95,550
Insurance		64,279		64,279
Subscriptions / Library		29,400		29,400
Personnel Recruitment		26,250		26,250
Public Hearings		22,050		22,050
County Auditor		10,000		10,000
Law Library		17,850		17,850
Parking		22,050		22,050
Other Maintenance		26,250		26,250
Janitorial Services		32,970		32,970
Clippings/Newswire Services		13,125		13,125
Utilities		94,500		94,500
Storage Rental		8,295		8,295
Advertisement / Legal Notices		9,450		9,450
Advisory Committees		16,500		16,500
Miscellaneous Expense		7,560		7,560
Equipment less than \$300		20,000		20,000
Independent Audit Fees		62,000		62,000
Memberships		39,900		39,900
Special Events		24,150		24,150
ADA Special Services		<u>9,450</u>		<u>9,450</u>
Subtotal	<u>11,037,468</u>	<u>1,286,264</u>		<u>12,323,732</u>
TOTAL BUDGET	17,770,348	2,918,447		<u>\$ 20,688,795</u>
Depreciation		<u>250,000</u>		
TOTAL INDIRECT COSTS		<u>\$ 3,168,447</u>	*	

* For the sake of simplicity, this sample does not include any central service costs carried forward from a Central Service Cost Allocation Plan. See ASMB C-10 for a sample Indirect Cost Rate Proposal which includes central service costs and a sample Central Service Cost Allocation Plan.

Local Agency Name

COMBINED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FY2013
REVENUES	
Sales Taxes under Transportation Development Act:	
Planning	\$ 5,312,475
Administration	885,410
Grants:	
Federal Highway Administration	4,926,640
Federal Transit Administration	750,631
Federal Aviation Administration	510
State Department of Transportation	682,542
Project revenues from state and local agencies	2,813,359
Interest	349,160
Other	863,414
	<hr/>
Total Revenues	16,584,141
EXPENSES:	
Operating:	
Salaries and benefits	7,082,555
Travel	243,331
Printing and reproduction	170,641
Professional fees	2,784,847
Computer charges	54,000
Overhead	1,482,291
Contributions to other agencies	1,044,402
Other	930,155
	<hr/>
Total Expenses	13,792,222
EXCESS OF REVENUES OVER EXPENSES	2,791,919
FUND BALANCE, Beginning of Year	<hr/> 8,996,570
FUND BALANCE, End of year	<hr/> \$ 11,788,489
** Total Indirect Costs	2,847,563
Less Indirect Salaries & Benefits	1,365,272
Overhead	1,482,291

Local Agency Name

S U P P L E M E N T A L S C H E D U L E O F O V E R H E A D A N D S A L A R I E S A N D B E N E F I T S E X P E N S E
F O R T H E F I S C A L Y E A R E N D E D J U N E 3 0 , 2 0 1 3

	Direct Costs	Indirect Costs	Total Costs
Salaries	4,275,487	1,016,059	5,291,546
Benefits	<u>1,441,796</u>	<u>349,213</u>	<u>1,791,009</u>
Total salaries and benefits	\$ 5,717,283	1,365,272	\$ 7,082,555
REIMBURSABLE OVERHEAD			
Printing / reprographics		16,124	
Computer Services		89,306	
Conference & Training		63,625	
Auto Expense		6,328	
Travel / Local Mileage		2,280	
Transit Tickets		680	
Meeting Room Rentals		1,280	
Office Supplies		54,469	
Equipment Rental		2,147	
Equipment Maintenance & Repair		4,063	
Mailing & Postage		76,610	
Communications		89,868	
Insurance		45,990	
Subscriptions		16,915	
Library Acquisitions		11,950	
Personnel Recruitment		7,052	
Public Hearings		9,338	
County Auditor		7,488	
Press clippings		1,653	
Law Library		15,251	
Parking		13,934	
Legislative analysis services / supplies		2,230	
Other Maintenance		30,974	
Janitorial Services		29,892	
News wire Services		1,212	
Utilities		85,404	
Storage Rental		8,197	
Advertisement / Legal Notices		5,980	
Advisory Services		5,676	
ADA Services		2,238	
Miscellaneous Expense		2,235	
Elderly and handicapped		3,776	
Audio reproduction / supply		2,068	
Equipment less than \$300		10,634	
Independent Audit Fees		44,800	
Memberships		<u>27,536</u>	
Total Indirect G & A Costs		799,203	
Depreciation		<u>274,691</u>	
Total Overhead before carry forward		2,439,166	
Over (under) absorbed for FY 2013** carry forward (from FY 2011)		425,193 <u>(16,796)</u>	
Total Indirect Costs		<u>\$ 2,847,563</u>	
<hr/>			
Direct Salaries & Wages plus Fringe Benefits		5,717,283	
Approved FY 2013 IC Rate		<u>50.10%</u>	
Indirect Costs Recovered		2,864,359	
Actual Indirect Costs		<u>2,847,563</u>	
**Over absorbed costs		425,193	

EXHIBIT 5-J LOCAL AGENCY INVOICE REVIEW CHECKLIST

District / Local Agency:

Invoice No. _____

Federal / State Project Number:

NI Project: YES NO

Local Project Number:

Project Description:

SECTION 1 - CHECKLIST ITEMS TO BE COMPLETED BY LOCAL AGENCY WITH / CONCURRENCE BY CALTRANS

(Check applicable box for each item)

		Local Agency		Caltrans	
		Confirm	N/A	Concur	
1	Verify project funding agreement (e.g., program supplement agreement) has been executed by Caltrans, <u>and</u> Local Agency has received copy of executed agreement.	First Invoice for Phase of Work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Local Agency Invoice Package format, content and support documentation are consistent with Chapter 5 "Invoicing" of Local Assistance Procedures Manual (LAPM).	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	CTC Allocation (or SB184/LONP letter) and/or Federal Authorization to Proceed (E-76) date prior to beginning reimbursable work and advertising construction contract.	First Invoice for Phase of Work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Work performed and costs invoiced are consistent with approved project scope/limits of CTC Allocation and/or E-76.	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Phase(s) of work/fund types and amounts/reimbursement rates are consistent with state approved project Finance Letter.	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Work performed in accordance with STIP or ATP Timely Use of Funds deadlines, Invoice Package submitted to Caltrans in time (April 1 of fund reversion year) to comply with Department of Finance fund reversion/Cooperative Work Agreement deadlines.	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	All consultant agreements/amendments follow the procurement and Caltrans oversight processes as outlined in LAPM Chapter 10:	First New Consultant Invoice			
	• LAPM Exhibit 10-C "Consultant Contract Reviewers Checklist" has been completed and is in the Local Agency project files.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• For contracts over \$150,000, LAPM Exhibit 10-K(s) "Consultant Certification of Costs and Financial Management System" has been submitted to Caltrans A&I.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• For federally funded projects, LAPM Exhibits 10-O1 "Consultant Proposal DBE Commitment" and/or 10-O2 "Consultant Contract DBE Information", are also included in Local Agency project files.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• A copy of the executed consultant contract along with these exhibits have been forwarded to DLAE within 30 days of contract award or concurrent with first		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

consultant invoice, whichever is earlier

8	Construction Contract Award Package (see LAPM Chapter 15) forwarded to DLAE within 60 days of award or concurrent with first construction invoice, whichever is earlier.	First Construction Invoice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Construction Contract Change Orders (federally eligible, DLAE reviewed and concurred)	Construction Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Level of work completed consistent with total federal/state funds invoiced. ²	Construction Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Invoiced amount shall be greater than two percent (2%) of the total federal and/or state funds or \$1,000, whichever amount is greater, unless authorized by DLAE (e.g., to prevent loss of federal funds).	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Total invoiced funds do not exceed amounts allocated/authorized by the CTC and/or E-76 (less retention amount ³)	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Submittal of Local Agency Invoice, signed Local Agency Invoice Review Checklist, and Billing Summary ⁴ with appropriate documentation	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION 2 - LOCAL AGENCY INVOICE CERTIFICATION / COMMENTS

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursement, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal/State award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812). I certify that the costs claimed follow pertinent program guidelines, and all Federal/State regulations. All consultant and contractor agreements have been reviewed and approved in accordance with the LAPM Chapter 10 “Consultant Selection” and Chapter 16 “Administer Construction Contracts”. I understand that Caltrans may review this invoice and support documentation for reasonableness at this time and that all invoice related documentation is subject to future detailed review by the Federal Highway Administration (FHWA) and/or Caltrans.

Signature of Responsible Local Agency Representative	Date
---	-------------

Printed Name and Title	
-------------------------------	--

For questions regarding this invoice, please contact:

Local Agency Contact Name	E-mail Address	Phone No.
----------------------------------	-----------------------	------------------

Local Agency Comments:

Distribution: 2 signed copies to DLAE

SECTION 3 - CHECKLIST ITEMS TO BE COMPLETED BY CALTRANS

DATE THAT CALTRANS RECEIVED LOCAL AGENCY INVOICE: _____

		Frequency	Caltrans	
			Confirm	N/A
14	Invoice Package received and date-stamped by District and Invoice Package Receipt Date logged into LP2000.	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>
15	Consultant Contract DBE Information entered into LP2000. ⁵	First Consultant Invoice	<input type="checkbox"/>	<input type="checkbox"/>
16	Construction Contract Award Package: 1) Make adjustments as required through FADS (see LAPM Exhibit 3-G) 2) Copy of LAPM Exhibit 15-L "Local Agency Contract Award Checklist" to LPA.	First Construction Invoice	<input type="checkbox"/>	<input type="checkbox"/>
17	Construction Contract Award DBE information entered into LP2000 prior to submittal of Invoice Package documentation to LPA	First Construction Invoice	<input type="checkbox"/>	<input type="checkbox"/>

Distribution: District – 1 signed copy to LPA

SECTION 4 - CALTRANS CONCURRENCE TO PAY INVOICE

I have reviewed this Invoice Package in accordance with Chapter 5, I agree that the Invoice Package is complete and accurate, and I concur with payment of this invoice.

Signature of Caltrans District Representative	Date
Printed Name and Title	Phone No.

Footnotes:

- 1 This Local Agency Invoice Review Checklist acts as the Caltrans "receiving record" for this invoice.
- 2 Local Agency must demonstrate that completed construction work is consistent with the level of federal and/or state funds invoiced (see Exhibit 5-K).
- 3 For Construction phases, the state shall withhold the greater of two (2) percent of the total federal/state funds encumbered for each funding agreement, or a minimum of \$40,000 (unless otherwise authorized by the DLAE), until after the Local Agency submits the Final Report of Expenditures (FROE).
- 4 A "Billing Summary" (Exhibit 5-K) must be submitted with each Local Agency invoice unless an acceptable alternative is authorized by the DLAE.
- 5 Prior to submitting local agency invoice to LPA for payment, DLAE is to confirm that DBE information has been entered into LP2000.

Note: Incomplete or disputed invoice packages must be returned promptly to the local agency to avoid incurring interest penalties. A Dispute Notification Letter shall accompany all Invoices returned to the Local Agency. Update LP2000 accordingly.

EXHIBIT 5-K BILLING SUMMARY – SUPPORT PHASES

Project Title								
Federal Project Number:		<i>(Add lines as necessary for multiple appropriation codes)</i>						
Appropriation Codes:								
Invoice Number:								
Work Performed from:								
Work Performed to:								
Date	Description	PE	ROW Support	CE	Overhead ¹	Total	Non-Participating Amount	Total Participating Amount
	Staff 1 -single day	1,497.17			66.78	1,563.95	66.78	1,497.17
	Staff 2 - from-to	8,138.54				8,138.54	-	8,138.54
	Staff 3	7,230.25				7,230.25	-	7,230.25
	Equipment	498.72				498.72	-	498.72
	Invoice #1 - Sub-total	17,364.68			66.78	17,431.46	66.78	17,364.68
						-		
	Staff 4	7,676.39				7,676.39	-	7,676.39
	Staff 5	5,035.91				5,035.91	-	5,035.91
	Staff 6	12,182.75				12,182.75	-	12,182.75
	Consultant A - Staff	2,209.91			403.31	2,613.22	-	2,613.22
	Consultant A - Equipment	804.23				804.23	-	804.23
	Consultant A - Materials	232.58				232.58	-	232.58
	Invoice #2 - Sub-total	28,141.77			-	28,141.77	-	24,895.05
						-		
	Total Expended	45,506.45			66.78	45,573.23	66.78	42,259.73

Footnotes

1

Agency Overhead is non-participating unless the Agency has an approved Indirect Cost Allocation Plan/Indirect Cost Rate Proposal (ICAP/ICRP) rate

EXHIBIT 5-K BILLING SUMMARY – RW CAP

Project Title				
Federal Project Number:			<i>(Add lines as necessary for multiple appropriation codes)</i>	
Appropriation Codes:				
Invoice Number:				
Work Performed from:				
Work Performed to:				
Date	Description	TOTAL	Non-Participating Amount	Participating Amount
	Acquired Parcels			
	RAP (Family)			
	RAP (Business)			
	Last Resort Housing/Hardship			
	Utilities			

EXHIBIT 5-K BILLING SUMMARY – CONSTRUCTION CAP

Project Title															
Federal Project Number:															
Appropriation Codes:		<i>(Add lines as necessary for multiple appropriation codes)</i>													
Invoice Number:		Bid Amount				Previous Paid Amount			Invoice Amount			Total Amount			
Work Performed from:															
Work Performed to:															
Item	Description	Participating (Y/N)	Units	Estimated Quantity	Contract Price	Total Authorized Amount	Qty or %	Unit Price	Amount	Qty or %	Unit Price	Amount	Qty or %	Unit Price	Amount
1	Item 1		LS	500.00	500.00	250,000.00	100.00	500.00	50,000.00	200.00	500.00	100,000.00	300.00	500.00	150,000.00
2	Item 2		LF												
3	Item 3		EA												
4	Item 4		CY												
5	Item 5		Ton												
CCO															
1	CCO Item 1														
2	CCO Item 2														
3	CCO Item 3														
4	CCO Item 4														

Original Contract Amount: \$ _____
 Contract Changes: \$ _____
 Revised Contract Amount: \$ _____
 Work Completed to Date (Amt or %): _____
 Retention amount: \$ _____
 Net Billed To Date: \$ _____
 Amount Due This Invoice: \$ _____

EXHIBIT 5-K BILLING SUMMARY – NON-INFRASTRUCTURE

Project Title							
Federal Project Number:			<i>(Add lines as necessary for multiple appropriation codes)</i>				
Appropriation Codes:							
Invoice Number:							
Work Performed from:							
Work Performed to:							
Date	TASK	Description	Direct Labor/Direct Costs	Overhead ¹	Total	Non-Participating Amount	Total Participating Amount
		Staff Time/Consultants					
		Other Costs					

Footnotes

1 Agency Overhead is non-participating unless the Agency has an approved Indirect Cost Allocation Plan/Indirect Cost Rate Proposal (ICAP/ICRP) rate

EXHIBIT 5-L BILLING SUMMARY INSTRUCTIONS

The Local Agency Billing Summary provides basic information necessary for the review and approval of a Local Agency invoice. The Billing Summary provides a format to streamline review and ensure Local agencies are meeting the requirements for invoicing.

A “Billing Summary” must accompany all Local Agency Invoices. The example Billing Summary provided is only a guideline; a Local Agency may submit their own version of a billing summary as long as it is able to convey the same information and the Local Agency has received approval from the District Local Assistance Engineer (DLAE) to use their version.

The Billing Summary is a supplement to the Local Assistance Procedures Manual (LAPM), Chapter 5, Accounting/Invoice Contents. All requirements outlined in the Chapter remain in effect and must be met.

The Billing Summary is broken into 4 sections: Support Phases (PE, R/W, and CE), R/W Capital, Construction Capital, and Non-Infrastructure. Only those sections of the Billing Summary that are applicable for the work for which reimbursement is being sought need to be completed. As a project proceeds and additional invoices are submitted, a subsequent Billing Summary will be updated for the new work performed and the costs involved but will also include a cumulative summary of previous expenditures. A subtotal of prior billings will be noted to track the history of invoicing. Please note that dates of actual work performed should be listed on the summary sheets.

All invoices include a cover page (see LAPM, Exhibit 5-A or equivalent) that shows the total amount being invoiced. This cover page includes critical information (i.e. appropriation codes, authorization dates, federal reimbursement ratios, et al) that will be applied. The Billing Summary includes the Federal Project Number and Appropriation codes to serve as the link to the cover page. For projects funded with multiple funding sources, costs need to be segregated due to eligibility; otherwise invoicing will be applied proportionally according to the reimbursement ratio listed on the approved Caltrans finance letter.

Support Phases

A single Billing Summary may be used for all support phases (PE, R/W, and CE). It is critical to verify the dates when the expenditures occurred. **Expenditures prior to authorization are not eligible for reimbursement.** Each line needs to be detailed enough to verify the accuracy of the charge. Consultant charges need to be itemized similar to agency charges.

Agency Overhead is non-participating unless the Agency has an approved Indirect Cost Allocation Plan/Indirect Cost Rate Proposal (ICAP/ICRP) rate.

Capital R/W Phase

Expenditures need to be segregated by the right-of-way activity per billing number. This includes utility work not included in the construction contract.

Capital Construction

The Bid Summary/Cost to Date Form is the recommended format for construction expenditures.

Non-Infrastructure

The Non-Infrastructure project Billing Summary is similar to the Support Phases summary; however, the difference is that each charge needs to be tied to a Task identified in the work plan.

Agency Overhead is non-participating unless the Agency has an approved Indirect Cost Allocation Plan/Indirect Cost Rate Proposal (ICAP/ICRP) rate.

EXHIBIT 5-M SAMPLE SCENARIOS – PRO RATA VS. LUMP SUM AGREEMENTS

	Pro Rata Agreement (Maximum Reimbursement Rate: 88.53%)	Regulation/Policy Basis
Initial authorization	Project A: Construction Phase ; Fully funded at maximum Total project cost: \$1,000,000 ¹ Federal funds: \$885,300 Pro rata Federal share: <u>88.53%</u>	23CFR 630.106(f)(1)
Adjustment at contract award	<u>Scenario 1 – Reduced Cost:</u> Revised total project cost: \$900,000 ¹ Adjusted federal funds: \$796,770 Pro rata Federal share: <u>88.53%</u>	23 CFR 630.106(f)(2)
Post-award Adjustments prior to final invoice (for CCOs. Etc)	<u>Scenario 1 – Reduced Cost:</u> Revised total project cost: \$800,000 ¹ Adjusted federal funds: \$708,240 Pro Rata Federal share: <u>88.53%</u> <u>Scenario 1 – Increased Cost:</u> Revised total project cost: \$1,050,000 ¹ Adjusted federal funds: \$929,565 Pro Rata Federal share: <u>88.53%</u>	23CFR 630.110(b)
Adjustment at contract award (interpreted as within 90-days)	<u>Scenario 2 – Increased Cost:</u> Revised total project cost: \$1,200,000 ¹ Adjusted federal funds: \$985,300 ² Pro Rata Federal share: <u>82.11%</u> ² (<i>After award adjustment, reimbursement not to exceed this percentage</i>)	23 CFR 630.106(f)(2)
Post-award adjustments prior to final invoice (for CCOs. Etc)	<u>Scenario 2 – Reduced Cost:</u> Revised total project cost: \$1,100,000 ¹ Adjusted federal funds: \$903,191 Pro Rata Federal share: <u>82.11%</u> <u>Scenario 2 – Increased Cost:</u> Revised total project cost: \$1,250,000 ¹ Adjusted federal funds: \$1,026,354 Pro Rata Federal share: <u>82.11%</u>	23CFR 630.110(b)
Final Invoice/Voucher	<i>No upward adjustment of federal funds will be allowed</i>	

Notes

- Dollar figure chosen arbitrarily, solely for the purpose of illustrating sample adjustments that could be allowable.
- Dollar figure chosen arbitrarily for illustration purposes. In this example, MPO/RTPA has allowed obligation of an additional 100,000 of Federal Funds as result of high bids. An amount up to the maximum Pro Rata may be added provided that MPO/RTPA adds adequate funding to the project (in which case, post-award adjustments would be similar to those shown under Scenario 1). A Local Agency may also choose to utilize Advance Construction (AC) if Federal funds are not currently available for the increased cost but are anticipated to become available in the future (potentially allowing the project to be fully funded).

	Lump Sum Agreement (Maximum reimbursement rate: 88.53%)	Regulation/Policy Basis
Initial authorization	Project B: Construction Phase; Underfunded Total project cost: \$1,000,000 ³ Federal funds: \$750,000 ³ Lump Sum Federal share: \$750,000 Effective reimbursement: 75% (<88.53%)	23CFR 630.106(f)(1)
Adjustment at contract award	<u>Scenario 1 – Reduced Cost:</u> Revised total project cost: \$900,000 ³ Adjusted federal funds: \$750,000 Lump Sum Federal share: \$750,000 Effective Reimbursement: 83.33% (< 88.53%)	23 CFR 630.106(f)(2)
Post-award Adjustments prior to final invoice (for CCOs. Etc)	<u>Scenario 1A – Reduced Cost:</u> Revised total project cost: \$800,000 ³ Adjusted federal funds: \$708,240 (vs \$750,000) Lump Sum Federal share: \$708,240 Effective Reimbursement: 88.53% (= 88.53%) <u>Scenario 1B – Increased Cost:</u> Revised total project cost: \$1,050,000 ³ (additional \$150,000 of approved CCOs) Adjusted federal funds: \$882,795 (\$750,000 plus \$150,000x88.53%) Lump Sum Federal share: \$882,795 Effective Reimbursement: 84.07% (< 88.53%)	23CFR 630.110(b), FHWA Memo HCFM-10(HCF-2-12-002) This memorandum allows adjustment of lump-sum projects to cover additional costs associated with
Adjustment at contract award (interpreted as within 90-days)	<u>Scenario 2 – Increased Cost:</u> Revised total project cost: \$1,200,000 ³ Adjusted Federal funds: \$950,000 ⁴ Lump sum federal share: \$950,000 Effective reimbursement: 79.17% (<88.53%)	23 CFR 630.106(f)(2)
Post-award Adjustments prior to final invoice (for CCOs. Etc)	<u>Scenario 2A – Reduced Cost:</u> Revised total project cost: \$1,100,000 ³ Adjusted federal funds: \$950,000 Lump sum federal share: \$950,000 Effective Reimbursement: 86.36% (< 88.53%) <u>Scenario 2B – Increased Cost:</u> Revised total project cost: \$1,250,000 ³ (additional \$50,000 of approved CCOs) Revised Federal funds: \$994,265 (\$950,000 plus \$50,000x88.53%) Lump sum federal share: \$994,265 Effective reimbursement: 79.54% (<88.53%)	23CFR 630.110(b), FHWA Memo HCFM-10(HCF-2-12-002) This memorandum allows adjustment of lump-sum projects to cover additional costs associated with
Final Invoice/Voucher	<i>No upward adjustment of federal funds will be allowed</i>	

Notes

3. Dollar figure chosen arbitrarily, solely for the purpose of illustrating sample adjustments that could be allowable.

4. Dollar figure chosen arbitrarily for illustration purposes. In this example, MPO/RTPA has allowed obligation of an additional \$200,000 of Federal Funds as result of high bids. The Lump Sum share may be increased such that the resulting effective reimbursement rate is up to the maximum Pro Rata, provided that MPO/RTPA adds adequate funding to the project. A Local Agency may also choose to utilize Advance Construction (AC) if Federal funds are not currently available but are anticipated to become available in the future (potentially allowing the project to be fully funded).