Locally Administered Projects (LAP) Manual

PART 3

Standards and practices for LAP

Chapter 19

Financial Management / Reimbursement Processing

Updated December 2017

CHAPTER 19
FINANCIAL MANAGEMENT AND REIMBURSEMENT PROCESSING

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19.1.INTRODUCTION

This chapter provides guidance for the LPA in complying with VDOT and FHWA financial requirements for federal and state-funded transportation programs and projects. This chapter includes guidance on eligible expenses and invoicing requirements.

All progress billings shall be submitted to the project coordinator by the LPA in accordance with the terms of the Project Administration Agreement (PAA). Billings will not be accepted before the PAA is executed and authorization in writing has been received from VDOT. The execution of the PAA **does not** constitute approval of federal funds. This authorization from VDOT is separate from the PAA. The PAA, when completed, establishes an account which permits billing to the project. The VDOT-assigned project number and UPC number identifies the project and must be used on all project invoices and correspondence with VDOT.

One of the fundamental requirements of VDOT and the LPA personnel is to effectively manage their programs and projects. In order to fulfill this requirement, it is imperative that the LPA staff capture project detail information accurately and record it correctly. The VDOT project coordinator should ensure the coding used on all transactions is accurate to the best of their knowledge. In addition, the project coordinator must also ensure all federally related expenditures are coded with the appropriate participating and non-participating activity codes in accordance with federal regulations.

Federal agreements between VDOT and FHWA are based upon the detailed estimates, and all expenditures that are charged to FHWA should be included on the detail estimate. In a case where the expenditure is not listed on the detail estimate, it should be coded/charged with a non-participating activity code, ie., (7XX). In special cases where FHWA has agreed to pay for exceptional items, documentation of this agreement must be forwarded to the Fiscal Division.

The Financial Integrity Review and Evaluation (FIRE) is part of the Federal Highway Administration's (FHWA's) annual certification of internal and financial controls. The purpose of the review is to assess the administration of the federal aid program and the compliance of grant payments with federal requirements.

Costs are eligible for Federal Highway Administration (FHWA) federal participation if claimed in accordance and in compliance with 23 CFR and 2 CFR 200. A list of FHWA eligible expenses is found in Appendix B. No costs may be claimed for reimbursement if incurred prior to FHWA authorization or outside of the period of performance dates as outlined in 2 CFR 200.Period of performance dates are set for each respective project phase (PE,RW,CN) based on the project schedule and according to the following:

All project phase period of performance start dates begin when FHWA authorization is provided.

The performance end dates are established utilizing the following methodology:

Preliminary Engineering end-

- With RW and CN phases: Start of Advertisement plus 12 months
- PE Only: PE End Date (in Programming Schedule) plus 12 months

Right of Way end-

- Start of Advertisement plus 12 months

Construction end-

- Start of District Closeout Completion Date plus 12 months
- *It is recommended to apply this rule to design-build projects as well*

VDOT is responsible for programming work with FHWA. Localities may review the period of performance dates in the Federal tab of the Project Pool or request this

information be provided by their respective Project Coordinator. In the event that period of performance dates require adjustment, the locality will coordinate with their respective Project Coordinator. Adjustments must be made prior to expiration of the current performance end date.

Expenses on state-funded only projects must be deemed necessary, reasonable, consistent treatment, and adequately documented. Direct costs to the project are generally allowable, such as materials, employees, use of equipment, consultants, and contractors. Some funding programs, such as access road projects, have additional restrictions on eligible expenses.

Compliance with the requirements set forth by the VDOT, Department of Accounts (DOA) and FHWA will ensure:

- Expenditures are accurate and properly documented
- Invoices are comprehensible and submitted timely
- Disbursements are made to the vendors
- Payments or reimbursements are received from FHWA.
- Expenditures and invoices submitted to VDOT for reimbursement are accurate and properly supported for FIRE and Audit purposes.

19.2. APPLICABILITY

- These processes are applicable to state and federally funded projects

Requirement/Task		
Federal aid	*State aid/VDOT Maintained*	*State aid/LPA Maintained*
X	*X*	*X*

Special Program Requirements are noted at the end of each section.

19.3. PROCESSING OF INVOICES

A project level invoice, accompanied by supporting documentation or summary of expenses, should be submitted to the VDOT project coordinator no more frequently than monthly, however in order to ensure timely processing and verification of invoices, all invoices shall be submitted within 90 days after any eligible project expenses are incurred by the LPA. For federally funded projects and pursuant to the Code of Federal Regulations Title 49, Section 18.43, violations of the provision may result in the imposition of sanctions including possible denial or delay of payment of all or a part of the costs associated with the activity or action not in compliance. **The supporting documentation should include copies of invoices or a summary, as prescribed by the PC, paid by the LPA and a to-date project summary schedule, tracking payment requests and any adjustments**. When submitting the monthly invoice, the LPA should submit a statement providing the following, where applicable:

- The voucher is accurate and the payment request for satisfactorily completed work.
- All Civil Rights, Equal Opportunity, and DBE-related documentation, as applicable to the project, has been submitted.
- All applicable environmental controls are in place and are being maintained by the contractor.

- All materials used on the project during the pay period meets applicable FHWA and VDOT requirements, as applicable to federal aid and VDOT maintained projects.
- A breakdown of current charges for material-on-hand, any price adjustment, fuel adjustment, and change order(s).
- An updated project schedule (when a schedule is contractually required) showing the items completed during the pay period.

The LPA must also submit:

- Documentation submitted by the contractor when he requested payment from the LPA;

However, upon agreement between the LPA and the project coordinator in lieu of copies of invoices paid by the LPA, a one-page summary of what documentation the LPA has on file may be used, provided that the LPA's Director of Finance, Accounting Manager, or local employee of similar position signs it. Where the LPA submits a one-page summary of documentation it has on file, it must also certify that such records are retained in accordance with state and federal (where federal funds are utilized) records retention requirements for future audit purposes.

When an invoice is presented for payment to VDOT, the local match should be noted and adequate records maintained to document the local contribution. The use of direct-charge, in-house, LPA staff time is allowed to count towards the LPA's obligation provided adequate documentation is submitted by the LPA which details such staff time and costs.

LPA personnel are responsible for effectively managing the projects they are administering or working on. It is imperative that the staff capture project detail information accurately. LPA's should include only those eligible federal expenses and non-participating items stipulated in the PAA when billing VDOT.

Progress billings will be numbered sequentially and submitted not more than once per month and not less than once every 90 days. A certified project level invoice with supporting documentation to VDOT must include:

- Supporting documentation with copies of invoices.
  - The VDOT project coordinator may allow a summary of expenses in lieu of copies of invoices. The LPA remains responsible for providing all necessary supporting documentation as needed for later audits.
  - If the invoice is for internal labor provided by LPA employees the invoice should include the following at a minimum:
    - Project ID (project number and UPC)
    - Period of Time Covered
    - Amount

When utilizing a Lump sum contract, payments must be based on estimated project completion, deliverables, major work items, and/or milestones. Payments based solely on contract time are not allowable.

Sample billing shown in Appendix 19-A: The Fund Summary Invoice Total is required. LPA must indicate "Final" on the final invoice, so that project close-out procedures with FHWA may begin. The final estimate and voucher should be examined and verified by a qualified independent reviewer or auditor and written documentation of the verification should be provided with the invoice for final payment to the department. The reviewer may be employed by the LPA but should not be affiliated with the project.

VDOT Responsibilities:

- *VDOT is responsible for making payment to the LPA within 30 days after the receipt of an* ***acceptable*** *invoice. Invoices may not be paid if supporting documentation as outlined in Chapter 19.3 is not submitted.*
- *The amount may be reduced if a project does not have sufficient allocations as shown in the SSYP/SYIP.*

- *VDOT project coordinator will ensure the coding used on all transactions is accurate and directly relates to and/or supports the project they are seeking reimbursement. In addition, the project coordinator must also ensure all federally related expenditures are coded with the appropriate participating and non-participating activity codes in accordance with federal regulations.*
- *VDOT project coordinator will ensure expenditures are appropriate for using federal and/or state funds. Cost must be deemed necessary, reasonable, consistent treatment, and adequately documented. Direct costs to the project are generally allowable, such as materials, employees, use of equipment, consultants, and contractors.*
- *The project coordinator will forward the correct invoice to the District Accounting office for processing and payment.*
- *If federal funds are involved, VDOT will bill FHWA to recoup the cash paid to the local agency.*

Special Program Requirements

Urban Construction Initiative

UCI Projects shall follow the requirements for processing of invoices as outlined in Section 5.4.3 of the Urban Construction and Maintenance Manual (aka Urban Manual).

19.4.LOCAL PERCENTAGE

For projects utilizing federal funds, a local match may be required from the LPA. Under most circumstances the match must be made from local funds. The local match percentage varies between programs, but in most cases they are as follow:

- Urban Programs, 2 percent of the project cost, or as defined by agreement
- Transportation Alternatives projects or federal aid Secondary Construction Program projects in Arlington and Henrico County, 20 percent of the project cost.
- Other programs may also have match requirements.

The LPA should always consult with the project coordinator to determine what, if any, local match may be required. When an invoice is presented for payment to VDOT, this cost to the locality should be noted and adequate records maintained to document this.

The local match can be provided in cash or in kind match, based on program guidelines (i.e. Urban 2 percent is cash only). In Kind match is further discussed in 19.4.1. The use of direct-charge, in-house, locality staff time may be allowed to count towards the locality's obligation.

For state-funded projects financed by programs requiring a local match, such as revenue sharing, the various Access programs (in certain circumstances), and Urban Construction Program, the LPA shall provide documentation of total project cost while only billing VDOT for VDOT's portion of the eligible costs.

Special Program Requirements

Urban Construction Initiative

UCI Projects should follow the requirements regarding a local match as outlined in Section 5.4.4 of the Urban Construction and Maintenance Manual (aka Urban Manual)

19.4.1 In Kind Match

In-kind match can be a bit more complicated than cash match, because there may be several sources of match becoming available at different times, and there are frequent requests to use ineligible match sources. In-kind contributions represent eligible project costs provided by a third party to the project sponsor for satisfying the non-federal share (also known as "match") requirements of a federal-aid project. A third party is generally defined as a non-federal entity other than the direct recipient or indirect recipient (sub-recipient) recipient of the program.

The locality must assure that the value of in-kind contributions received is eligible, adequately documented, and established at fair market value. ***The first rule of in-kind match is that any contribution put towards match, must otherwise be eligible for reimbursement through the program, and that the costs must have already been incurred.***

Other requirements include: (1) In-kind match must be pre-approved. Before the LAP participates or allows activities for which they would like to receive in-kind credit, the LPA must first submit sufficient supporting documentation and receive written approval from VDOT for both the activity and the expected value of the services; (2) In-kind match cannot be applied to a previously authorized project phase and must be incurred during the authorized phase or a subsequently authorized phase. For example, the in-kind value of work performed or anticipated to be performed work during a project's construction phase cannot be applied to the preliminary engineering or right of way phases nor can the value of work performed prior to a project's authorization be credited as in-kind match. Donated Right of Way can be provided an exemption from this requirement with approval from the Department; (3) In-kind match must not include the value of activities that would otherwise occur whether or not the FHWA/VDOT project was provided and must be directly related to the project completion.

Volunteer Labor or Donated Goods and Services:

Contributions of donated goods or services, including volunteer labor, can be used on projects to reduce the locality's share of the project cost and to meet the program's local match requirement. Note however, that any contribution put towards match, must otherwise be eligible for reimbursement through the program.

In order to establish a fair market value for volunteer services, rates must be consistent with those allowable rates paid for similar work by the Department and may be established using accepted, published government or industry standards such as, but not limited to, those published by the Department of Labor, the Bureau of Labor Statistics, or RSMeans® Cost Data. The value of *pro bono* work

donated by professionals such as lawyers and engineers may be justified using published company standard hourly rates but must not exceed rates customarily paid by VDOT for similar services. For any donated service, the rate is based on the service provided rather than the potential or actual earning ability of the volunteer. For example the rate established for a Principal at an engineer firm providing staff level engineering design services must be at the staff level rate, not at the Principal rate.

Donated goods will be valued at-cost with no mark-up. Donated goods must be itemized and the value of donated goods may be justified using merchant catalogue pricing, a letter from the merchant on merchant letterhead itemizing the value of donated material, published rental rates where applicable, or other similar method.

Supporting documentation for credit should include time records of volunteer work along with the applicable rates and calculation of in-kind match value.

Donated Right of Way:
Private contributions of donated right of way can also be used to meet the match requirement. Note that match based on donated right of way is limited to that which is specifically needed for use on the project, and at a value that is approved by VDOT R/W staff. For example: if 10 acres of land is donated, but only seven acres is needed for the project, match applied to the project is limited to the value of the seven acres.

The value of donated right of way is based on the appraisal or tax assessment at the time of donation. Another option for parcels or easements valued at less than $10,000 is for the LPA to estimate the value using VDOT's Basic Acquisition Report (BAR). Although VDOT will not perform the BAR analysis on behalf of the LPA, District Right of Way staff can be consulted for technical assistance on

using the BAR. The BAR analysis must be performed by a real estate professional, such as the local tax assessor.

19.4.2 In-Kind Contribution

Project expenditure processing (information for VDOT project coordinator)

- Used for locally administered projects
- Used to reflect the total participating cost of the project, not just the portion reimbursed to the LPA. The deferral billing percentage is applied to the total cost to compute the amount to bill FHWA.

For locally administered projects, if there is a local match involved on the project that is federally funded, the amount of the local match needs to be shown on the coding distribution on the reimbursement voucher to the LPA as in-kind contribution.

Example: City of Roanoke
80 percent federal participation
20 percent local participation
0 percent state participation
Reimbursement to Roanoke is 80 percent of the cost
Remaining 20 percent should be coded to account code 50232302 with the same coding as the 80 percent reimbursement.
On the federal bill, billing program will take 80 percent of the total amount and bill FHWA.
The 50232302 account code is set up to net itself out for expenditure reporting purposes. Its purpose is to provide a charge for federal billing.
If there was state portion on a locally administered project, the state portion would also be reimbursed to the LPA in the payment.

19.5.RECOVERY OF VDOT COSTS

It is recognized that VDOT will have various costs associated with the processing of locally administered projects. VDOT will provide an estimate of such costs to the LPA. For routine activities such as plan reviews, environmental coordination, or civil rights compliance review, a fee may be charged to the project. The project administration agreement will provide guidance on how such costs are to be handled for a specific project.

VDOT may agree to provide specific project services for which considerable manpower and financial resources are needed, such as: preparation of environmental documentation, purchasing right-of-way, etc. In these instances, the PAA will detail how costs shall be charged and will be detailed in a project services agreement appendix.

Special Program Requirements

Urban Construction Initiative

UCI Projects shall follow the requirements for recovering the VDOT costs as outlined in Section 5.4.2 of the Urban Construction and Maintenance Manual (aka Urban Manual)

19.6.NON-COMPLETION OF PROJECTS

In those cases where a LPA begins a project and then subsequently cancels it, state law requires that, in some cases, the LPA be responsible for reimbursing the net amount of all funds expended for planning, engineering, right-of–way acquisition, utility relocation, demolition, relocation, and construction to the date of cancellation. If the LPA and VDOT agree that a project should be cancelled due to changed conditions or circumstances beyond the control of the LPA, the payback requirement may be waived. It is important that a LPA receive a determination regarding payback before canceling a project.

For state-funded only projects, even though the law specifically states that the CTB is to be reimbursed, the spirit of the law is to prevent a LPA from starting and then stopping projects and thus using highway construction funds without addressing a transportation need. The law has provisions for the CTB to forgive this obligation under extenuating circumstances. It is important that a LPA receive a determination regarding payback before canceling a project.

19.7. RECORD REVIEW

A random review may be conducted of basic construction and project records, to verify compliance with applicable federal and state laws and regulations and any requirements within the standard agreement and/or these guidelines. Project records must be retained for no less than three (3) years following FHWA and/or VDOT acceptance of the final voucher, and the municipality shall make such records available to VDOT upon request.

Records that are to be retained also include the following:

Area / Phase	Record Requirement
Project Initiation and Authorization	Records as required in Chapter 8, such as • Documentation of project inclusion in the SYIP, SSYIP, MPO-TIP, STIP and/or the locality's urban priorities. • Any authorization and/or compliance documentation of advance construction (AC) on federal projects. • Any authorization and/or compliance documentation for the use of special funding.
Project Administration and Agreements	See Appendix 10-A
Consultant Procurement	Records as required in Chapter 11, such as • Documentation supporting completed activities from Appendix 11-A (procurement of federal aid professional services contracts) • Documentation supporting procurements performed as non-professional services or professional services under the VPPA. • Documentation supporting procurements performed under a local professional services contract procurement processes developed pursuant to Code of Virginia 2.2.4301 and in compliance with VPPA.
Project Scoping	Records as required in Section 12.1, such as • Documentation supporting activities in the table at Section 12.1.4 • Consideration of Bicycle and Pedestrian Accommodations. • Results of the SERP.
Plan Design	Records as required in Section 12.2, such as • Documentation supporting compliance with VDOT design standards when such compliance is not explicit in the project. • Documentation supporting design waivers or exceptions from VDOT

	standards or from external requirements such as the ADA.
Budget Schedule and Estimates	Records as required in Section 12.3 such as • Documentation supporting activities in the table at Section 12.3.5.
Public Involvement	Records as required in Section 12.4 such as • Documentation supporting activities in the table at Section 12.4.10.
Plan and Approval Submittals	Records as required in Section 12.5 such as • Documentation supporting activities in the table at Section 12.5.7. • Documentation supporting Plan Title Sheet requirements when such compliance is not explicit in the project plans.
Advertisement/Award/PS&E	Records as required in Section 12.6 such as • Documentation supporting activities in the table at Section 12.6.11. • Bid Proposals (including required forms, and documentation detailed within Section 12.6.4 and, if applicable, Appendix 12.6-A of Chapter 12. • Submittal Package, including certifications, forms and other documentation required in Section 12.6.7. • Documentation supporting compliance with the Bid Opening and Award procedures in 12.6.9.1 and 12.6.9.2. • Documentation of VDOT approvals as listed in Section 12.6.9.3.
Construction Administration	Records as required in Section 13.1 such as • Documentation supporting activities in the table at Appendix 13-A. • Construction contract including applicable permits, bonds and special provisions.

	• Source documentation supporting data entered into PCES or Dashboard. • Minutes from formal meetings with the contractor and/or VDOT management such as preconstruction meetings, partnering or progress meetings, etc. • Organizational charts (or equivalent contact information) and qualifications for the locality's construction administration team, including the project inspection team/contractor. • Required certifications for individual project inspectors. • Documentation of sufficient project inspection supporting the construction contractor's compliance with the Road and Bridge Specifications; the VDOT Construction Manual; any special provisions of the contract as discussed in Section 13.1.5, Appendices 13.1-D and 13.1.E; and other specific inspection sections of this manual. (This primarily includes inspection of contractor work but also includes assuring the contractor's civil rights compliance, workzone safety compliance and environmental compliance.) • Documentation and approval of change orders or design modifications occurring during the construction phase as defined in Section 13.1.5.5. • Documentation supporting reimbursement request as defined in Section 13.1.5.6.
Materials Quality Assurance	Records as required in Section 13.2 such as • Documentation as defined in Appendix 13.2-B.
Change Orders	Records as required in Section 13.3 such as

	• Contract provision defining the LPA change order process as required in Section 13.3.1. • Prior approval by the VDOT ACE and FHWA as applicable within Chapter 13 or FHWA requirement. • Documentation of verbal notification for change orders to address emergency work as discussed in Section 13.3.3. • Final approved change orders. • Analysis supporting pricing and cost estimates of the change order. • Documentation of costs under Force Account type change orders as described in Section 13.3.7.
Claims	Records as required in Section 13.4 such as • The LPA claims process as approved by VDOT. • The construction contractor's "notice of intent" to file a claim, as discussed in Section 13.4.7. • Copies of the actual claim notification from the construction contractor. • Documentation supporting a progressive administrative review and/or analysis of the claim beginning at the project level as discussed in Section 13.4.3 and 13.4.8. • Documentation of efforts by the LPA to mitigate the claim. • Documentation from VDOT or FHWA stating participation or non-participation in the payment of the claim. • Documentation supporting settlement of the claim by the authorized LPA official, including payment, if applicable.
Final Acceptance	Records as required in Section 14.1 such as • Documentation supporting activities in the table at Section 14.1.5. • Final materials certification records. • Documentation supporting the semi-final payment. (The payment

	made at time of project acceptance but prior to final records review.)
Final Invoicing	Records as required in Section 14.2 such as • Documentation supporting activities in the table at Section 14.2.4. • Documentation supporting the reconciliation of project records and any adjustments for final unit quantities. (Commonly referred to as finals review) • Documentation required in Section 14.2.3 for supporting the final voucher.
Street Acceptance	Records as required in Section 14.3 such as • Documentation supporting activities in the table at Section 14.5.2.
Environmental Requirements	Records as required in Chapter 15 such as • Documentation listed in Appendix 15.1-B. • Documentation as provided for in Section 15.2.6.
Right of Way	Records as required in Chapter 16 such as • Documentation as provided for in the table at Section 16.12. • Documentation supporting activities listed in Appendix 16-C. • Documentation supporting federal compliance and avoidance of conflict of interest as required in Section 16.3. • Files supporting right of entry, environmental reviews, appraisals, offers, negotiations, counter-offers, relocations and purchase/condemnation for individual parcels. (including any VDOT specific forms such as an RW-24.) • Qualifications and certifications of appraisers and negotiators, including any right of way contractors/consultants performing these functions.

	• Documentation supporting any property management activities. • Documentation supporting changes to “limited access” as discussed in Section 16.9. • Documentation for acquisitions meeting special circumstances, such as advance acquisitions, uneconomic remnants, functional replacements or exchanges as described in Section 16.10.1.
Civil Rights and DBE	Records as required in Chapter 17 such as • Documentation supporting activities listed in Section 17.1.3 "Tasks, Submittals" table. • Documentation as listed or supporting activities as listed in Appendices 17-A, 17-B and 17-C.
Structure and Bridge	Records as required in Chapter 18 such as • Documentation supporting activities listed the table at Section 18.4. • Any design waivers. • Documentation supporting change orders (field revisions to the bridge plans after contract is awarded). • Documentation supporting the preparation and submittal to VDOT of “as built” plans discussed in Appendix 18-A.
Financial Management / Reimbursement	Records as required in Chapter 19 such as • Project Administration Agreement with VDOT. • Authorization of Federal Funds. • Detail estimate of Federal Participating Expenditures. • Monthly/Quarterly Progress Billings including supporting documentation required in Section 19.3. (In cases where the VDOT Project Coordinator does not require invoices to be submitted, such invoices are still subject to review by VDOT Internal Audit upon their request.) • Documentation supporting the computation of matching funds, including in-kind contributions, and

	supporting that the locality actually incurred the cost as defined in Section 19.4. (note that this number is out of order and is identical at this time to the audit provision.) • Documentation related to VDOT cost recovery for services provided to the locality as defined in Section 19.5. • Documentation of repayment or waiver of repayment for cancelled projects as defined in Section 19.6.
Alternate Project Delivery	TBD after development of section.

19.8. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

As a condition of receiving federal and state funds, the locality is required to conduct a yearly independent audit of its expenditures. As part of this audit, the auditors must certify that the funds under this program have been expended in accordance with applicable federal and state laws and regulations. This is similar to the statement required for certifying fiscal expenditures under VDOT's program.

VDOT is a pass-through entity of federal awards, meaning it is a non-federal entity that provides federal awards to sub-recipients to carry out federal programs. The Virginia Localities, Municipalities, Metropolitan Planning Organizations (MPOs), and Planning District Commissions (PDCs) are sub-recipients of federal awards, meaning they are non-federal entities that spend federal awards received through VDOT to carry out a federal program, but do not include an individual that is a beneficiary of such a program.

All sub-recipients must comply with the requirements of 2 CFR Part 200, Subpart F – Audit Requirements, Section 200.501. The auditee shall ensure that the single audits required are properly performed and submitted within sixty (60) days of the audit being completed to the Assurance and Compliance Office (ACO) of VDOT. The auditee will provide access to any relevant records and financial statements as necessary to ensure

such compliance. This requirement is to be followed by all localities receiving more than $750,000 in federal assistance.

Within 150 days of the audit being received by ACO they will:

- Review the single audits to ensure that sub-recipients expending $750,000 or more in Federal awards during the sub-recipient's fiscal year have met the audit requirements of 2 CFR Part 200, Subpart F – Audit Requirements, Section 200.501.

- Submit a written report to the Local Assistance Director (LAD), detailing any sub-recipient audit findings identified in the Schedule of Findings and Questioned Costs related to VDOT pass-through Federal awards.

As provided in 2 CFR Part 200, Subpart F – Audit Requirements, Section 200.521, Management Decision (c), the LAD shall be responsible for:

- Notifying the sub-recipient of the audit findings that relate to the federal awards and requesting from the sub-recipient certification that appropriate and timely corrective action has been taken.
- Notifying the Fiscal Division of VDOT of the audit findings that relate to the federal awards for Fiscal Division's determination of whether the sub-recipient audit findings necessitate adjustment of VDOT's own financial records.

19.9.KEY SUBMITTALS/REQUIREMENTS

Task/Submittal/File Documentation	***LPA Responsibility***	***VDOT Responsibility***	***Submittal Timing/Recordkeeping Requirements***
Invoices	Submit with proper documentation and certifications.	Review and pay within 30 days	LPA must submit within 90 days of eligible expenses
CAFR audit	Must submit for projects over $750,000	Send to ACO for review	ACO will review within 150 days.

19.10. REGULATORY REQUIREMENTS

49 CFR Part 18 – Common Rule	§15.2-2511 of the Code Virginia
OMB Circular A-87 (Cost Principles for State and Local Governments)	23 CFR 630
Sections 33.1-44 and 33.1-70.01 of the Code of Virginia	

19.11. MISCELLANEOUS REFERENCES

CAPP Manual (Commonwealth Accounting Policies and Procedures Manual)
http://www.whitehouse.gov/omb/circulars_a087_2004/
http://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Topics/60108.pdf
www.vdot.virginia.gov

CH 19 Reimbursement Processing Checklist

CH 19 - Reimbursement Processing

This chapter provides guidance for the LPA in complying with VDOT and FHWA financial requirements for federal and state-funded transportation programs and projects. This chapter includes guidance on eligible expenses and invoicing requirements

SUBMIT	COMPL	F	S-V	S-L	T-A	UCI	Requirement	Chapter / Section	
	☐	x	x	x	x	x[1]	Invoices should be submitted monthly but at least every 90 days. Include all supporting documentation (contractor invoices or summary and evidence of payment), unless other submittals are arranged with the Project Coordinator.	19.3	
	☐	x	x	x	x	x	Also include a statement that provides the following: • The voucher is accurate and the payment request for satisfactorily completed work. • All Civil Rights, Equal Opportunity, and DBE-related documentation, as applicable to the project, has been submitted. • All applicable environmental controls are in place and are being maintained by the contractor. • All materials used on the project during the pay period meets applicable FHWA and VDOT requirements, as applicable to federal aid and VDOT maintained projects. • A breakdown of current charges for material-on-hand, any price adjustment, fuel adjustment, and change order(s). • An updated project schedule (when a schedule is contractually required) showing the items completed during the pay period.	19.3	

	☐	x	x	x	x	x	Local Percentages confirmed and payments (if required) up to date	19.4	
	☐	x	x	x	x	--	In-kind and donations properly documented and calculated	19.4.1 19.4.2	
	☐	x	x	x	x	x	VDOT oversight costs accounted for	19.5	
	☐	x	x	x	x	x	Comprehensive Annual Financial Report submitted annually when expenditures exceed $750,000	19.8	

[1] UCI Projects shall follow the requirements for processing of invoices as outlined in Section 5.4.3 of the Urban Construction and Maintenance Manual (aka Urban Manual).

Appendix 19-A

Sample Invoices

DATE:

TO:

RE: Request for Reimbursement

Grant Program:		**Reimbursement # RE -**
UPC #	**Project #**	☐ *Revised Project Schedule attached*
Project Phase: ☐ PE ☐ ROW ☐ Construction		
Attachments for Federal Construction: ☐ *Civil Rights/DBE/EEO Report* ☐ *Environmental Controls* ☐ *Materials Used*		
Project Description:		
Vendor/Contractor Name:		
Date of Invoice:	Invoice No:	Invoice Amount: $
Time Period Covered by Invoice: to		
Paid by Check #		Check Date:
Vendor/Contractor Name:		
Date of Invoice:	Invoice No:	Invoice Amount: $
Time Period Covered by Invoice: to		
Paid by Check #		Check Date:
TOTAL REIMBURSEMENT AMT. REQUESTED:		**$**
	☐ *Revenue-Sharing Program: Above reimbursement request is for **50%** of Total Amount Spent* *Revenue-Sharing Program only: Total Amount Spent:* $ ☐ N/A	

Staff has reviewed the above charges and approved the relevant invoice(s) for payment; the work was completed satisfactorily and has not been previously invoiced. Copies of the locality pay request form(s), invoice(s) and cleared check(s) are attached. If check amount exceeds invoice amount, a screen shot from the locality accounting program is also attached.

Submitted by:

_____

Enclosures:
- Copy of Invoice(s) with Pay Request(s)
- Cleared Check(s)
- Screen shot if applicable
- Other Attachments as checked above

cc:

UCI Program Sample:

SAMPLE LIFE TO DATE PROJECT SUMMARY SCHEDULE
REQUEST FOR FEDERAL REIMBURSEMENT

Attachment A (Revised 04/09/08)
DRAFT Life to Date Project Summary Schedule - Request to VDOT for Federal Reimbursement

City Name	**Hampton**	**Invoice Number**	**121314**
Project ID/UPC#	**AAAAA/UPC 60104**	**Invoice Date**	**11/28/2005**
Project Description	**Metropolis Boulevard**	**Invoice Amount**	**$ 12,000.00**
Federal Project ID#	**5401538**	**Billing Period**	**10/1-10/31/2005**

Request Number	Invoice Number	Invoice Date	Invoice Amount	Adjustment Date	Adjustment Amount	Project to Date Request for Reimbursement	Project to Date Collected	Balance Outstanding	Comments
1	1234	07/31/2004	$ 10,000.00		$ -	$ 10,000.00	$ 10,000.00	$ -	
2	5678	08/30/2004	$ 5,300.00		$ -	$ 15,300.00	$ 15,300.00	$ -	
3	91011	10/30/2004	$ 7,000.00	09/22/2004	$ (1,800.00)	$ 20,500.00	$ 20,500.00	$ -	Adjustment was made by VDOT due to tranposition error on invoice 5678 (invoice amount shold have been $3,500 instead of $5,300
4	121314	11/28/2004	$ 12,000.00		$ -	$ 32,500.00	$ 20,500.00	$ 12,000.00	

	Funding Summary Invoice Total				Funding Summary Project Life to Date Total			
Phase	**Total Federal Dollars Requested**	**State Dollars Applied**	**Local Match Applied**	**Total Project Expenditures**	**Total Federal Dollars Requested**	**State Dollars Applied**	**Local Match Applied**	**Total Project Expenditures**
Pre. Eng					$ 10,000.00	$ 2,250.00	$ 250.00	$ 12,500.00
Right of Way					$ 3,500.00	$ 787.50	$ 87.50	$ 4,375.00
Construction	$ 12,000.00	$ 2,700.00	$ 300.00	$ 15,000.00	$ 19,000.00	$ 4,275.00	$ 475.00	$ 53,750.00
Total	$ 12,000.00	$ 2,700.00	$ 300.00	$ 15,000.00	$ 32,500.00	$ 7,312.50	$ 812.50	$ 70,625.00

*This scenario assumes all reimbursements requested of VDOT are eligible federally participating expenses and the Federal participation rate is equal to 80% on all phases of work and a 2% local match is required on this project

Certification

I certify that the above invoiced amounts are correctly calculated, the items being requested for payment have been used or installed on the project, and the costs are allowable per state and federal regulations. Documentation to support the invoiced amounts is attached.

_____
Director of Finance

Appendix 19–B

Eligible expenses for federal aid

Classifications of work programmed with FHWA and eligible for federal aid:

a. Preliminary Engineering.
The work of locating and designing, making surveys and maps, sinking test holes, making foundation investigations, preparing plans, specifications and estimates, centerline, right-of way plan preparation and other related preliminary work and incidental construction staking, to the extent such staking is necessary to review construction plans, and related general engineering preparatory to the letting of a contract for construction.

The work may also include traffic counts, studies undertaken to determine traffic demands, holding of public hearings, preparation of right-of-way cost estimates, legal, and other costs incidental to the location and design of a highway project necessitating the acquisition of right of- way thereon up to but not including the initial offer to begin negotiations of individual parcels.

These engineering costs are generally incurred prior to the date of construction PS&E approval or the date construction plan changes are completed prior to the beginning of construction. The date of contract award is the cutoff for charging to preliminary engineering.

During the construction phase of a project when a major change takes place that requires additional design or PE effort, the appropriate job can be reopened on a case-by-case basis after approval from FHWA. Also, any construction staking done in advance of the award should be charged to construction engineering, not PE.

b. Acquisition of Rights-of-Way.
The continuation of preparation of right-of-way plans; appraisal for parcel acquisition; review of appraisals; preparation for and trial of condemnation cases; management of properties acquired; furnishing of relocation advisory assistance; and other related labor expenses.
• Excess land (appraised value) including uneconomic remnants.
• Improvements (appraised salvage value).
• Right-of-way acquired after certification by the local agency that right-of-way necessary for a designated federal aid highway project has been acquired.

• Judgments in condemnation cases not appealed when the attorney's closing report indicates a basis for appeal. The amount in excess of the review appraiser's determination of value is nonparticipating.
• Landowners:
• Attorneys' fees;
• Witness fees;
• Expert witness fees; or
• Similar costs to a landowner based on value of the services rendered to him which are paid by the local agency in connection with acquisition of rights-of-way, regardless of whether such costs are included in court judgments or court costs in litigated condemnation cases, e.g., statutory evaluation allowance.

c. Construction Engineering.
The work of supervising construction activities; the inspection of construction and related mechanical aspects (e.g., staking necessary to review construction plans together with those staking activities necessary for the local agency to control construction operations); testing of materials incorporated into construction, checking shop drawings and measurements for and preparations of progress and final estimates, and as-built drawings.

Construction engineering costs are generally incurred only after approval of the PS&E, a contract number is issued, and also incurred prior to:
• Completion date of the final contract pay estimate and its submission to the contractor;
• The final date of charges for required material testing; or
• Completion date of the separation of contract cost by code type, location, etc., whichever is applicable to that portion of the construction engineering phase involved.

d. Highway Planning. The orderly and continuing assembly and analysis of information about highways, such as the history of highway development and their extent, dimensions and conditions, use, economic and social effects, costs, and future needs.

e. Research and Development. The search for more complete knowledge of the characteristics of the highway system and the translation of the results of research into practice.

f. Administrative Settlement Costs-Contract Claims. Services related to the review and defense of claims against federal aid projects.

g. Miscellaneous Functions. Costs incurred for other activities which are properly attributable to, and for the benefit of, federal aid projects but are not assignable to any of the previously defined functions.

h. Construction Costs for Other Than Contractor Payments.
• Royalty expenses for material furnished by the local agency that are used by the contractor.
• Temporary signs, traffic control labor, traffic control devices, and temporary illumination furnished by the local agency. The initial basic cost of traffic control devices purchased for use on the project is an authorized participating cost. When used items are furnished by the local agency, federal participation will not be requested.
• Striping and pavement marking work performed by local forces.
• Second stage fertilizing by local forces. Application of second-stage seeding and fertilizer, after other work on the project has been completed and the contractor has been released from the contract, is eligible for federal participation. All costs for the fertilizer and the application by local forces are carried as below the line expense on the preliminary estimate and will be fully eligible for the appropriate matching federal funds.