



*Norfolk Southern*  
*State & Federal Aid Billing*

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# Topics

- Overview of Miscellaneous Billing
- Billing Life Cycle of a Federal Aid Project
- Information Requirements
- Opportunities for Errors
- Frequently Asked Questions
- Contact Information

# Overview of Miscellaneous Billing

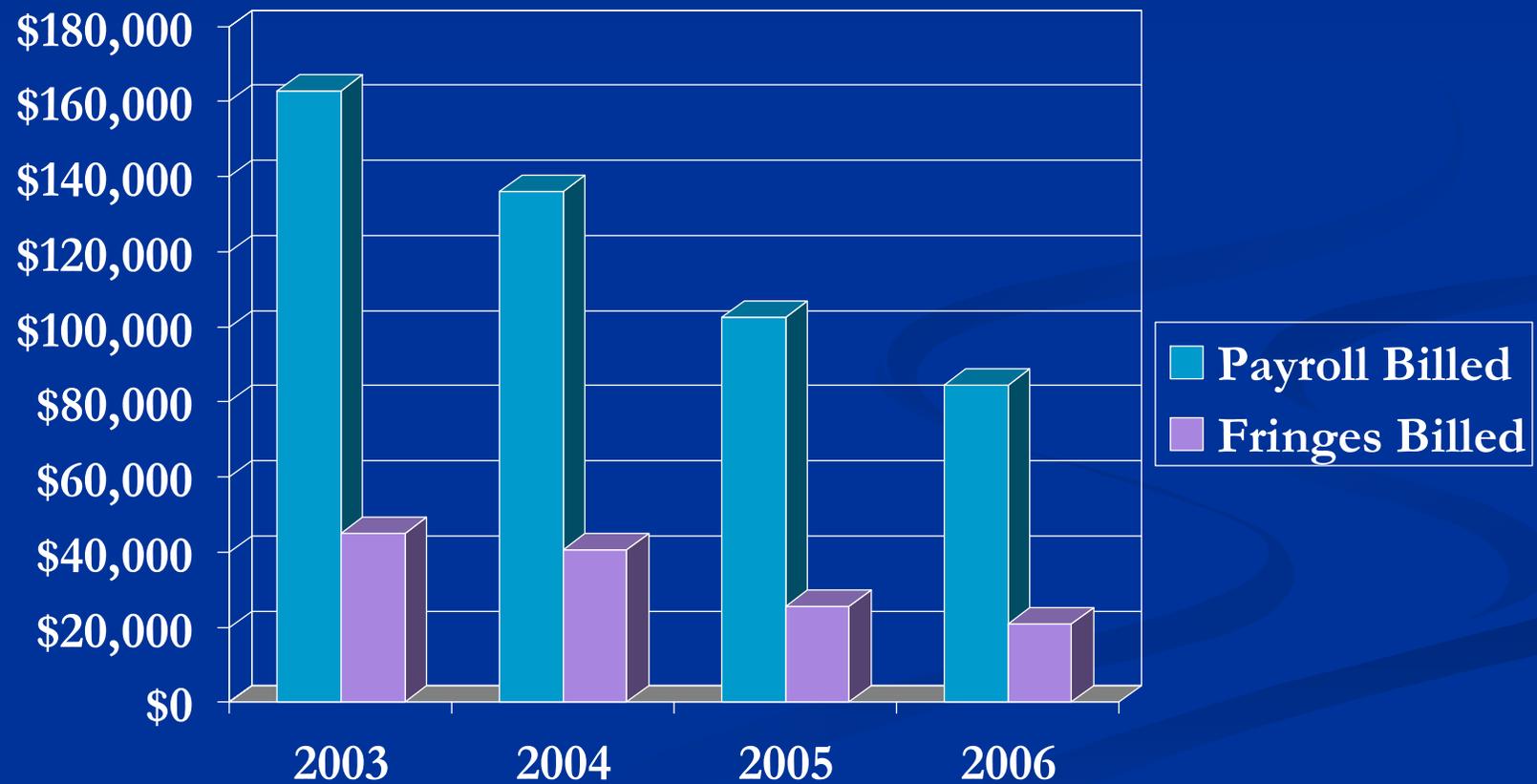
- Miscellaneous Billing consists of 30 employees handling all non-revenue related billing and collection, for invoices involving Joint Facilities, Scrap, Damages, Detours, Rent, Insourcing, & Federal Aid
- Federal Aid billing team consists of 1 supervisor and 4.5 clerks
- The Federal Aid collection team consists of 1 collector

# Overview of Miscellaneous Billing

- In 1999, 1511 invoices totaling \$37M were issued by the Federal Aid billing team which consisted of 8 clerks
- In 2006, 2098 invoices totaling \$75M were issued by the Federal Aid billing team which consisted of 4.5 clerks
- Jan- June 2007, 1692 invoices totaling \$50M were issued by the Federal Aid billing team which consists of 4.5 clerks

# Overview of Miscellaneous Billing

What does that mean for DOTs?



# Billing Life Cycle of a Federal Aid Project

Begin Phase



Billing Phase



Final Phase

# Billing Life Cycle of a Federal Aid Project

## Begin Phase:

- Obtain executed agreement
- Obtain estimate
- Obtain authorization paperwork

# Billing Life Cycle of a Federal Aid Project

## Billing Phase:

- Read and understand agreement
- Prepare brief to summarize contract
- Identify/assign customer number
- Enter estimate into Bill System
- Define capital AFE in Bill System (if applicable)
- Verify charges on billable AFE
- Gather supporting documentation for invoices
- Generate invoices
- Handle overruns

# Billing Life Cycle of a Federal Aid Project

## Final Phase:

- Obtain installation date
- Issue final invoice
- Monitor charges after final invoice
- Generate supplemental final if needed
- Research any charges on incorrect project
- Delete charges that are not billable

# Information Requirements

- Executed agreement
- Project estimate
- Authorization to invoice
- Purchase Card summary report by project
- Vendor invoices
- Lodging vouchers
- Payroll labor detail verification
- Material detail verification

# Opportunities for Errors

- Different requirements for each state
- Invoices mailed to incorrect customer address
- Charges are coded to the incorrect project
- Specific charges must be billed to two different customers
- Vendors provide incorrect project number on invoices submitted to NS
- Final billing is not submitted by DOT's required deadline

# Frequently Asked Questions

1. The audit adjustment factor from the last multi-state audit was effective 11/1/03. When will NS perform a new audit and update the factor?

NS does not perform the multi-state audit. According to the Multi-state Audit Committee, the next audit is tentatively scheduled for 2008. States wanting to participate should contact the Audit Committee

# Frequently Asked Questions

2. It is difficult to follow NS's additives. Could you simplify this process?

It is unlikely that the additive process will change in the near future. NS spends several months analyzing data to accurately assess the additives to apply to future billing.

# Additive Methodology

## Information Sources:

ICC Wage Statistics

Consolidated Income Statement

R-1 Annual Report

# Additive Methodology

## Labor Additives Include:

Holiday

Vacation and Other

Railroad Retirement and Unemployment Insurance

Health & Welfare & Group Life Insurance

Supplemental Sickness

Supplemental Pension

Supervision and Administration

Liability Insurance

Small Tools

Equipment

Vehicles

# Additive Methodology

## Line Item Surcharges Include:

Material Handling Fees

Administration Fee

State Tax

# Frequently Asked Questions

3. NS passed on the audit adjustment fee charged by KPMG. Can you provide the total cost paid to KPMG for the service?

KPMG rates are proprietary. Please contact me directly to discuss the fees paid to KPMG.

# Frequently Asked Questions

4. States often have difficulty following NS labor charges. Can names of employees be added to each transaction?

In an effort to assist in the identification of employees charging time to billable projects, employee id numbers were added to each transaction along with a job title. Employee ids are easier to audit than name.

# Frequently Asked Questions

5. Credit card charges are not accompanied with receipts. Why?

Our Corporate Policy requires that individual receipts be maintained at the location of the card approver. Verification of charges is handled by a supervisor more familiar with the project than the Accounts Payable Dept. Our Internal Audit Dept. audits these transactions regularly for compliance.

# Contact Information for Miscellaneous Billing

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*Questions?*