

Chapter 5 Invoicing

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Exhibits

[LAPM 5-A: Local Agency Invoice](#)

[Exhibit 5-G: Sample Alternative Payment Procedure](#)

All LAPM Exhibits are located at:

<https://dot.ca.gov/programs/local-assistance/forms/local-assistance-procedures-manual-forms>

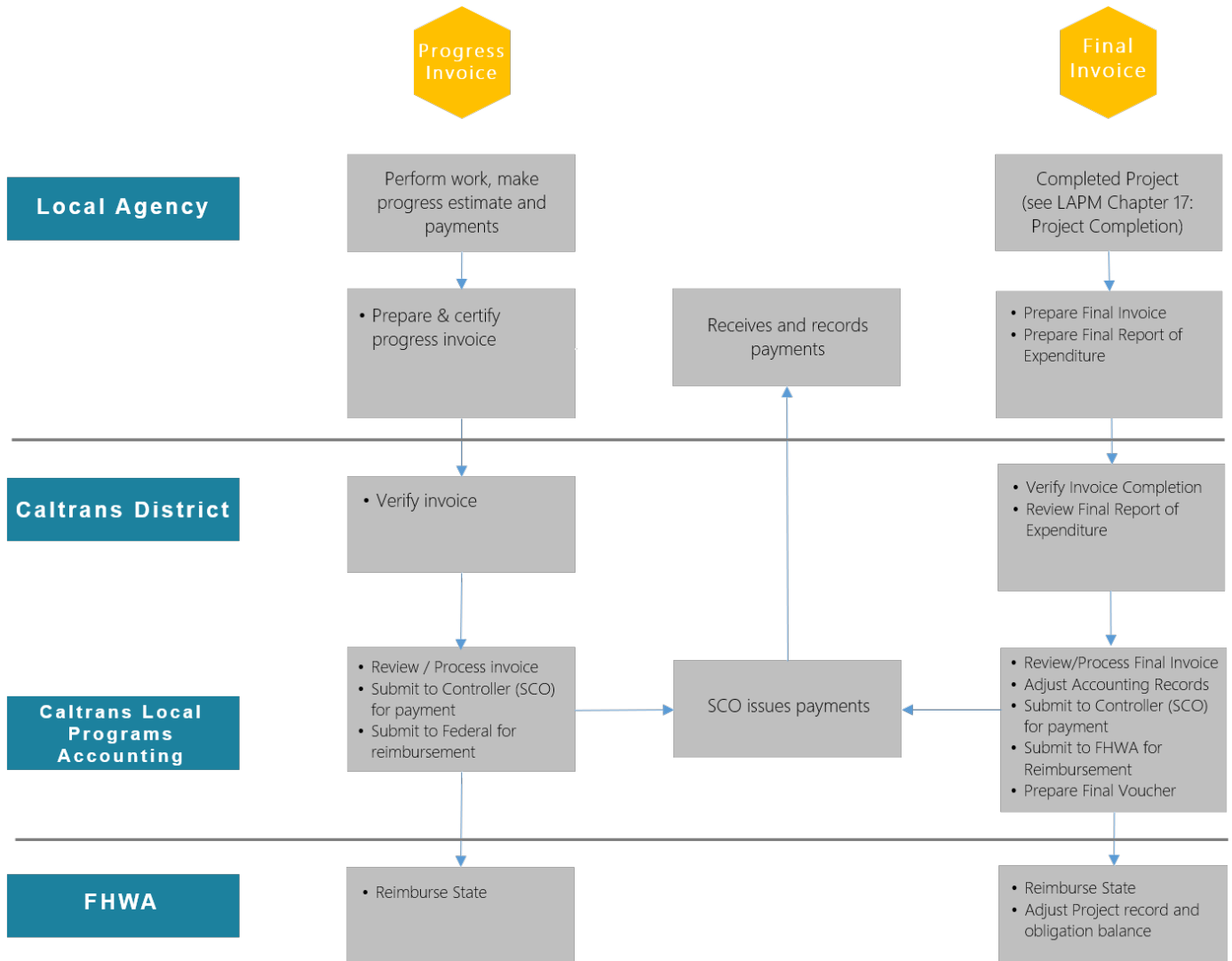


Figure 5-1: Invoice Flowchart

Chapter 5 Invoicing

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

5.1 Tracking Status of Invoices

As invoices are processed by CLPA, LPAs can monitor the status of their invoices by viewing the data at the Vendor Payment History website:

<https://dot.ca.gov/programs/accounting/vendor-payment-history>. 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 LPA 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 LPA (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 refer to [LAPM 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 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 LPA must prepare the Request for Authorization package (see [LAPM 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 At-Risk Preliminary Engineering, Emergency Opening, and Preliminary Engineering work that is part of the Emergency Relief program; see [LAPM Chapter 3](#) (Section 3.3: At-Risk Preliminary Engineering) and [LAPG Chapter 11: Emergency Relief Program](#) for additional details.

For additional information about phases of work and the project authorization process refer to [LAPM Chapter 3](#).

State-only Funded Project Allocation

For projects funded with state-only funds, reimbursable work begins the day of fund allocation. For more information on allocation procedures go to [LAPG Chapter 25: State Programs for Local Agency Projects](#).

Invoice Submittal

The LPA 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 LPA 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. Refer to the Inactive Projects webpage for more details: <https://dot.ca.gov/programs/local-assistance/projects/inactive-projects>

Towards the end of the State fiscal year (June 30), it is very important for LPAs 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 LPAs 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 LPA must submit a complete Award Package to the DLAE within 60 days of the award of the construction contract and prior to the LPA's first invoice for construction capital costs. The DLAE will forward a copy of the Award Package to DLA and [Exhibit 15-L: Local Agency Contract Award Checklist](#) to CLPA for processing.

If the DLAE does not receive a copy of the Award Package with the first invoice for construction capital costs, the invoice will be returned to the LPA unpaid. No award package is required if the LPA utilizes only its own work forces (force account); however, a Public Interest Finding ([Exhibit 12-F](#)) approved by the DLAE must be included with the first invoice. Note: an Award Package is not required prior to Construction Engineering reimbursement.

The Award Package for federal-aid funded construction contracts must consist of the documents outlined in Award Package; see [LAPM Chapter 15: Advertise and Award Project](#) (Section 15.6: Award Package).

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

The Award Package for state-only funded construction contracts must consist of the completed Award Information for STIP Projects (see [LAPG 25: State Programs for Local Agency Projects](#)).

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 [LAPM Chapter 16: Administer Construction Contracts](#) (Section 16.10: Change Order).

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:
 - Project Approval / Environmental Document (PA&ED)
 - 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 LPAs if it is used for a valid Title 23 purpose. It is the LPA's responsibility to assure they comply with Title 23 if this option is selected. For additional information about Right of Way topics, see [LAPM 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 [LAPM Chapter 16: Administer Construction Contracts](#)).

Direct Costs

Direct costs are costs incurred solely for a specific state/federal-aid funded transportation project direct costs must be reasonable and allowable per 2 CFR 200. These costs include contractor payments, Right of Way acquisition, direct materials, salaries, wages, fringe benefits and related costs, approved equipment and other capital expenditures, contracted services, and other items of expense furnished specifically for the federal-aid project. Refer to [2 CFR 200, Subpart E: Cost Principles](#) and [2 CFR 200.439: Equipment and other capital expenditures](#) for additional information regarding reasonable and allowable costs and equipment thresholds.

Indirect Costs

At the discretion of the LPA, indirect costs are eligible for reimbursement on their federal-aid transportation projects, as well as STIP and ATP projects, and state-funded projects. Should the LPA seek reimbursement of their indirect costs, they must receive an Approval/Acceptance Letter of the LPA's Indirect Cost Rate Proposal (ICRP)/Indirect Cost Allocation Plan (ICAP) for the fiscal year(s) involved from Caltrans Internal Audits Office (CIAO) 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. Refer to the CIAO website for details on obtaining approval/acceptance of ICRP/ICAP: <https://dot.ca.gov/programs/audits>.

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

Note: Some programs may have special requirements or restrictions for indirect costs. For example: the Freeway Service Patrol program does not allow the use of state funds for administrative purposes pursuant to Streets and Highways Code Section 2564.

LPAs may be eligible to use the 10% de minimis indirect cost rate per 2 CFR 200.414. If LPAs would like to apply the de minimis rate of up to 10% to their modified total direct costs, then LPAs must submit both the Application form and the De Minimis Submission Certification to CIAO at ICAP-ICRP@dot.ca.gov. Please refer to the CIAO website links below for further details.

- Application form: <https://dot.ca.gov/-/media/dot-media/programs/audits/documents/submission-review/submission-review-application-a11y.pdf>
- De Minimis Submission Certification: <https://dot.ca.gov/-/media/dot-media/programs/audits/documents/submission-review/submission-review-de-minimis-cert-a11y.pdf>

Underfunded Projects

When LPA 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 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, LPAs 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 an LPA 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. For pro-rata projects, subsequent cost adjustments will maintain the established reimbursement rate. If no additional federal funds are added, the reimbursement rate will be reduced. In no cases will the reimbursement rate be increased.

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 LPA's [LAPM 3-A: Project Authorization/Adjustment Request](#) submittal, on the project's 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 Financial Management Information System (FMIS), the same share method must 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 LPAs 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, an LPA may consider programming Local Advance Construction in the project Federal Transportation Improvement Program/ Federal Statewide

Transportation Improvement Program (FTIP/FSTIP) prior to a request for authorization for the respective phase of work.

Tables 5-1 and 5-2 provide 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.

Table 5.1: Pro Rata vs Lump Sum – Fully Funded Scenario

	Pro Rata Agreement (Maximum Reimbursement Rate: 88.53%)	Regulation/Policy Basis
Initial authorization	<p>Project A: Construction Phase ; Fully funded at maximum</p> <p>Total project cost: \$1,000,000¹ Federal funds: \$885,300</p> <p>Pro rata Federal share: <u>88.53%</u></p>	23CFR 630.106(f)(1)
Adjustment at contract award	<p><u>Scenario 1 – Reduced Cost:</u></p> <p>Revised total project cost: \$900,000¹ Adjusted federal funds: \$796,770</p> <p>Pro rata Federal share: <u>88.53%</u></p>	23 CFR 630.106(f)(2)
Post-award Adjustments prior to final invoice (for CCOs. Etc)	<p><u>Scenario 1 – Reduced Cost:</u></p> <p>Revised total project cost: \$800,000¹ Adjusted federal funds: \$708,240 Pro Rata Federal share: <u>88.53%</u></p> <p><u>Scenario 1 – Increased Cost:</u></p> <p>Revised total project cost: \$1,050,000¹ Adjusted federal funds: \$929,565 Pro Rata Federal share: <u>88.53%</u></p>	23CFR 630.110(b)
Adjustment at contract award (interpreted as within 90-days)	<p><u>Scenario 2 – Increased Cost:</u></p> <p>Revised total project cost: \$1,200,000¹ Adjusted federal funds: \$985,300² Pro Rata Federal share: <u>82.11%² (After award adjustment, reimbursement not to exceed this percentage)</u></p>	23 CFR 630.106(f)(2)
Post-award adjustments prior to final invoice (for CCOs. Etc)	<p><u>Scenario 2 – Reduced Cost:</u></p> <p>Revised total project cost: \$1,100,000¹ Adjusted federal funds: \$903,191 Pro Rata Federal share: <u>82.11%</u></p> <p><u>Scenario 2 – Increased Cost:</u></p> <p>Revised total project cost: \$1,250,000¹ Adjusted federal funds: \$1,026,354 Pro Rata Federal share: <u>82.11%</u></p>	23CFR 630.110(b)
Final Invoice/Voucher	<i>No upward adjustment of federal funds will be allowed</i>	

Notes

1. Dollar figure chosen arbitrarily, solely for the purpose of illustrating sample adjustments that could be allowable.
2. Dollar figure chosen arbitrarily for illustration purposes. In this example, MPO/RTPA has allowed obligation of an additional 100,000 of Federal Funds as a 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). An LPA 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).

Table 5.2: Pro Rata vs Lump Sum – Underfunded Scenario

	Lump Sum Agreement (Maximum reimbursement rate: 88.53%)	Regulation/Policy Basis
Initial authorization	<p>Project B: Construction Phase; Underfunded</p> <p>Total project cost: \$1,000,000³ Federal funds: \$750,000³ Lump Sum Federal share: <u>\$750,000</u> Effective reimbursement: 75% (<88.53%)</p>	23CFR 630.106(f)(1)
Adjustment at contract award	<p><u>Scenario 1 – Reduced Cost:</u></p> <p>Revised total project cost: \$900,000³ Adjusted federal funds: \$750,000 Lump Sum Federal share: <u>\$750,000</u> Effective Reimbursement: 83.33% (< 88.53%)</p>	23 CFR 630.106(f)(2)
Post-award Adjustments prior to final invoice (for CCOs, etc.)	<p><u>Scenario 1A – Reduced Cost:</u></p> <p>Revised total project cost: \$800,000³ Adjusted federal funds: \$708,240 (vs \$750,000) Lump Sum Federal share: <u>\$708,240</u> Effective Reimbursement: 88.53% (= 88.53%)</p> <p><u>Scenario 1B – Increased Cost:</u></p> <p>Revised total project cost: \$1,050,000³ (additional \$150,000 of approved CCOs) Adjusted federal funds: \$882,795 (\$750,000 plus \$150,000 x 88.53%) Lump Sum Federal share: <u>\$882,795</u> Effective Reimbursement: 84.07% (< 88.53%)</p>	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 approved change orders, not to exceed maximum legal share.
Adjustment at contract award (interpreted as within 90-days)	<p><u>Scenario 2 – Increased Cost:</u></p> <p>Revised total project cost: \$1,200,000³ Adjusted Federal funds: \$950,000⁴ Lump sum federal share: <u>\$950,000</u> Effective reimbursement: 79.17% (<88.53%)</p>	23 CFR 630.106(f)(2)
Post-award Adjustments prior to final invoice (for CCOs, etc.)	<p><u>Scenario 2A – Reduced Cost:</u></p> <p>Revised total project cost: \$1,100,000³ Adjusted federal funds: \$950,000 Lump sum federal share: <u>\$950,000</u> Effective Reimbursement: 86.36% (< 88.53%)</p> <p><u>Scenario 2B – Increased Cost:</u></p> <p>Revised total project cost: \$1,250,000³ (additional \$50,000 of approved CCOs) Revised Federal funds: \$994,265 (\$950,000 plus \$50,000 x 88.53%) Lump sum federal share: <u>\$994,265</u> Effective reimbursement: 79.54% (<88.53%)</p>	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 approved change orders, not to exceed maximum legal share.
Final Invoice/Voucher	<u>No upward adjustment of federal funds will be allowed</u>	

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 a 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. An LPA 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).

5.4 Methods of Reimbursement

LPA 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 CLPA. To receive reimbursement ten days sooner, see Electronic Fund Transfer (EFT) Reimbursement Method below.

LPA 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 LPA project payments be done on a reimbursement basis. Therefore, the LPA must incur and pay for project costs prior to invoicing Caltrans for reimbursement. The LPA 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: Invoice Guidelines, Format, and Checklist](#).

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 CLPA 30 days prior to closing escrow for the purchase of the property. CLPA 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. 60 days after all expenditures have been made by the LPA; they must submit a Final Report of Expenditures (FROE), 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 LPAs 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 DLA'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 LPAs. Participation in the EFT program is limited to the LPAs 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 LPA's designated bank account.

1. EFT Processing Time

The processing time within CLPA 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, CLPA 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 LPA'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 LPA's invoice payments to their banking account. Therefore, it is very important that the LPAs verify with their financial institution that EFT payments are allowable.

Download the [EFT Enrollment Form](#) or request it from CLPA if a form cannot be obtained.

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

If the LPA has done business with Caltrans and has several accounts with Caltrans (multiple remittance addresses in Caltrans accounting system), the LPA'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 CLPA 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 LPA must complete a separate Enrollment Form. Sections I and II of the Enrollment Form must be filled out by the LPA by typing or printing the following information:

- Name of the LPA and the address that will receive the Automated Clearing House (ACH) payment
- The LPA 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 LPA'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 LPA's financial institution to establish the EFT payment processing of LPA 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 LPA invoices the usual way. Once the EFT information has been verified, CLPA will begin making all payments via the EFT payment process.

For additional information about the EFT program, please visit the [Caltrans EFT website](#).

5.5 Invoice Guidelines, Format, and Checklist

[LAPM 5-A: Local Agency Invoice](#) replaces all previous invoice templates and is to be used for all reimbursements (with the exception of PPM funds \$300k or less which can be invoiced upfront with a single lump sum payment). It includes the invoice, billing summary, invoice checklist, and instructions. CLPA no longer accepts invoices created by LPAs.

General Guidelines

1. The LPA 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. The first time that an LPA 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.
3. Progress and final invoices are submitted directly to the DLAE and should include an original invoice (see Table 5-3). Submit invoices by April 1st to avoid funds lapsing on the June 30th reversion date and to allow sufficient time for CLPA and SCO year-end closing procedures.
4. Final invoices must include the FROE package. The DLAE verifies the project completion and approves payment before forwarding the FROE package, including the original final invoice, to CLPA. More information regarding final invoice procedures is described in [Section 5.6: Final Report of Expenditures & Final Invoice](#).

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.

5. For state-funded projects, the preliminary engineering phase must be separated into PA&ED and PS&E.
6. The first invoice for construction capital must include [Exhibit 15-L: Local Agency Contract Award Checklist](#) (for federally-funded projects). State projects should include the Award Information checklist.
7. 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 LPA for locally acquired Right of Way, a Right of Way Report of Expenditures is needed.
8. Invoices must have a current date when sent to the district or CLPA. If for any reason an invoice is returned to the LPA, the resubmitted invoice must have a revised current date and number (e.g., rejected invoice 1 becomes 1A upon submittal).
9. Invoices must be certified and signed by the appropriate responsible persons in the LPA.
10. Invoices must list the name and phone number of the contact person should Caltrans staff need additional information about invoices.

Table 5-3: Invoice Documents

Document	Agency Submits to DLAE	DLAE Submits to CLPA	CLPA Submits to SCO
Invoice	Original*	Original*	Original
Invoice Review Checklist	Original*	Original signed by DLAE*	None
Billing Summary	Original*	Original*	None
* Electronic submittals accepted			

Invoice Checklist

LPAs are required to complete and sign LAPM 5-A, Section 4: Checklist and submit as part of the Invoice Package for each invoice. Additional documents may be required per the Checklist.

The DLAE will ensure that the checklist and appropriate documentation are included, will concur, and complete and sign the Section 4: Checklist.

Provided LPAs adhere to the format described in this chapter, invoices are typically paid by warrant within 60 days after being received by the DLAE, or 50 days if the agency is signed up for EFT. Please refer to and use Section 4: Checklist prior to sending invoices to the district for reimbursement. Invoices with significant errors will be returned to the LPAs for correction.

5.6 Final Report of Expenditures & Final Invoice

The LPA must submit the Final Report of Expenditures (FROE), which includes the final invoice, to the DLAE within six months of project completion. If the submittal deadline occurs in the year funds will lapse, the FROE must be submitted to the DLAE by April 1 of that year. The FROE is to be signed by the person in responsible charge of the project for the LPA. After the DLAE approves the FROE, including the final invoice, it will be forwarded to CLPA for processing of the final invoice. Refer to [LAPM Chapter 17: Project Completion](#) for detailed instructions on completing the FROE.

If the final invoice is returned to the LPA 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: Project Completion](#). 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
 - [Exhibit 15-M: Detail Estimate](#) (federal-funded projects),
 - Exhibit 15-M: Detail Estimate Summary (pg.2 of 4) (federal-funded projects)
 - [Exhibit 17-M: Final Project 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 LPA'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 LPA are more than the amount eligible for reimbursement, Accounting's Local and Reimbursement Final Vouchering Section will initiate an Accounts Receivable billing to the LPA for recovery of the overpayment.

5.8 Audit of Local Public Agency Expenditures

The LPA must 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 LPA for a minimum period of three years from the date of the final payment by the State.

Refer to 2 CFR 200.333 federal requirements for retention and access of records. LPA expenditures for all Local Assistance programs are subject to financial and compliance audits by Caltrans Independent Office of Audits and Investigations (IOAI) or designee. Audits performed by IOAI may, at a minimum, include an audit of the LPA'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 LPA before finalizing the audit report.

LPAs are also subject to the audit requirements of 2 CFR 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 (2 CFR 200, Subpart F). 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 FROE 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 LPA 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 LPA is responsible for preparing the FROE 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 IOAI, 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 LPA funds expended for the project. The final expenditure of LPA funds is compared to the LPA 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 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 LPA 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 LPA 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 LPA 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 LPA for recovery of the required funds. If the deposit exceeds the agency's share of expenditures, the excess funds are refunded to the LPA.

5.12 Service Contracts

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

5.13 References

2 CFR 200, Subpart E - Cost Principles

<https://www.ecfr.gov/current/title-2/part-200/subpart-e>

2 CFR 200, Subpart F - Audit Requirements

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-F>

State Administrative Manual

<http://sam.dgs.ca.gov/>