

## **LOCAL ASSISTANCE PROCEDURES FOR REQUESTING A NEW LOCODE & MASTER AGREEMENT**

A Local Agency Code, or “Locode”, is a unique numeric 4-digit agency identifier that is needed for processing of agreements (including Master Agreements) and other respective local agency requests through Caltrans Local Assistance. For a local agency that does not yet have a Locode and executed Master Agreement (MA), after the agency has a project included in an approved programming document with funding that is under the umbrella of Local Assistance, the local agency may request a new Locode and MA. A Local Agency’s first MA for Federal or State-only funded projects, whose processing will be initiated upon Locode creation, must be executed prior to the processing of allocation requests, E76s and program supplemental agreements (PSAs) with DLA for specific projects.

The “New Locode/MA Request” process is to be accomplished in several steps, outlined under the following:

- A. Request initiation
- B. Pre-award Audit
- C. Generation of new Locode
- D. Processing of Master Agreement

A local agency who contacts Local Assistance for a new Locode should be made aware that they will be required to undergo a pre-award audit by the Caltrans Division of Audits and Investigations (A&I) which may take from 3-6 months on average to complete. If documentation is not provided to A&I in a timely manner or if responses are inadequate, the process may take longer. It may be advisable for a Local Agency who has been awarded a project and who may be impacted by this timeframe to partner with another agency such as a City or County, that already has an executed MA, to administer a project. The Locode/MA request procedures are detailed below:

### **A. Request initiation**

1. Local Agency requests new Locode/MA through DLAE. It may be beneficial for the DLAE to provide the local agency with a sample Master Agreement so that the local agency is made aware of what they will ultimately be agreeing to, provided that they are able to meet the prerequisite requirements.
2. DLAE to verify that DLA Locode/Master Agreement are necessary and applicable at this time to justify needing a pre-award audit:
  - Check currently approved programming to confirm that DLA Federal/State funds are programmed for project.
  - Check LP2000 to confirm whether Locode / Master Agreement already exist
3. DLAE assesses the type of local agency requesting Locode/Master Agreement. Issues to consider:
  - Public vs. Private Agency
    - Typically, DLA does not enter into Master Agreements with private or non-profit entities due to concerns regarding:
      - \* Compliance with maintenance responsibilities of Master Agreement (here today, gone tomorrow)
      - \* In event of project default, Caltrans does not have a mechanism for recouping costs for completing project or placing project in acceptable state of repair, intercepting funds (e.g., future gas tax funds, withholding payment from other local assistance project invoices, etc.), or withholding future federal authorizations or CTC allocations, if any.
    - DLA recommends these entities find a city or county project sponsor to administer project
  - Transportation vs. Nontransportation Agency
    - Non-Transportation type agencies are limited to administering non-infrastructure projects and will enter into non-infrastructure Master Agreements only.
4. If DLAE concurs with request:
  - DLAE to submit (scan and email) completed “New Locode/Master Agreement Request Form” to DLA Office of Project Implementation.

## **B. Pre-award Audit**

5. DLA Locode Coordinator to initiate pre-award audit process with DLA Audit Coordinator.
  - Purpose is to assess:
    - Risk to Caltrans of entering into a Master Agreement with the new agency
      - \* Source of revenue? (ability to meet financial commitments to contractors, consultants, Caltrans)
      - \* Financial status? High Risk agency?
    - Ability of Agency's Accounting System to capture financial data and administer Local Assistance projects
      - \* Compliance with Federal and State regulatory requirements?
  - Timeliness of A&I agency Audit is subject to workload and available staff. To assist A&I in prioritizing work, DLAE may request additional information from the local agency such as:
    - Type of agency? How long has the agency been in business? How large is the agency?
    - Staffing levels? Type of Staff? Staff Turnover?
    - Has agency been audited by another State agency before? If so, when? Any adverse findings? Copy of Audit Report available?
    - Is this their first Local Assistance project? Federal/State Aid dollar amounts? Other anticipated projects?
6. DLA Audit Coordinator:
  - Requests A&I to perform a pre-award audit of the local agency.
  - Provides to DLA Project Implementation status updates of pre-award audits in progress.
  - Insures that DLA Project Implementation (DLA Locode Coordinator and respective AE) and DLAE receive a copy of pre-award audit report upon it's issuance.
7. Upon DLAE and DLA Implementation receiving copy of A&I pre-award audit report:
  - If there are no findings, skip to "C." below
  - If there are findings,
    - DLAE to notify Local Agency that Locode and Master Agreement processing are on hold.  
Local Agency may:
      - Take action to find a sponsor, such as a City or County who already have an MA, to administer a project on their behalf.
      - Work to address the audit findings. After the findings have been addressed to the satisfaction of A&I:
        - provide documentation of such (a subsequent audit report with no findings, or other documentation from A&I indicating that their report findings have been adequately addressed and resolved by the agency to the satisfaction of A&I) to the DLAE.
        - DLAE to forward documentation to HQ AE.
        - Upon verification by HQ AE that the local agency has no audit findings remaining, , HQ AE contacts DLA Locode Coordinator to proceed with "C." below.

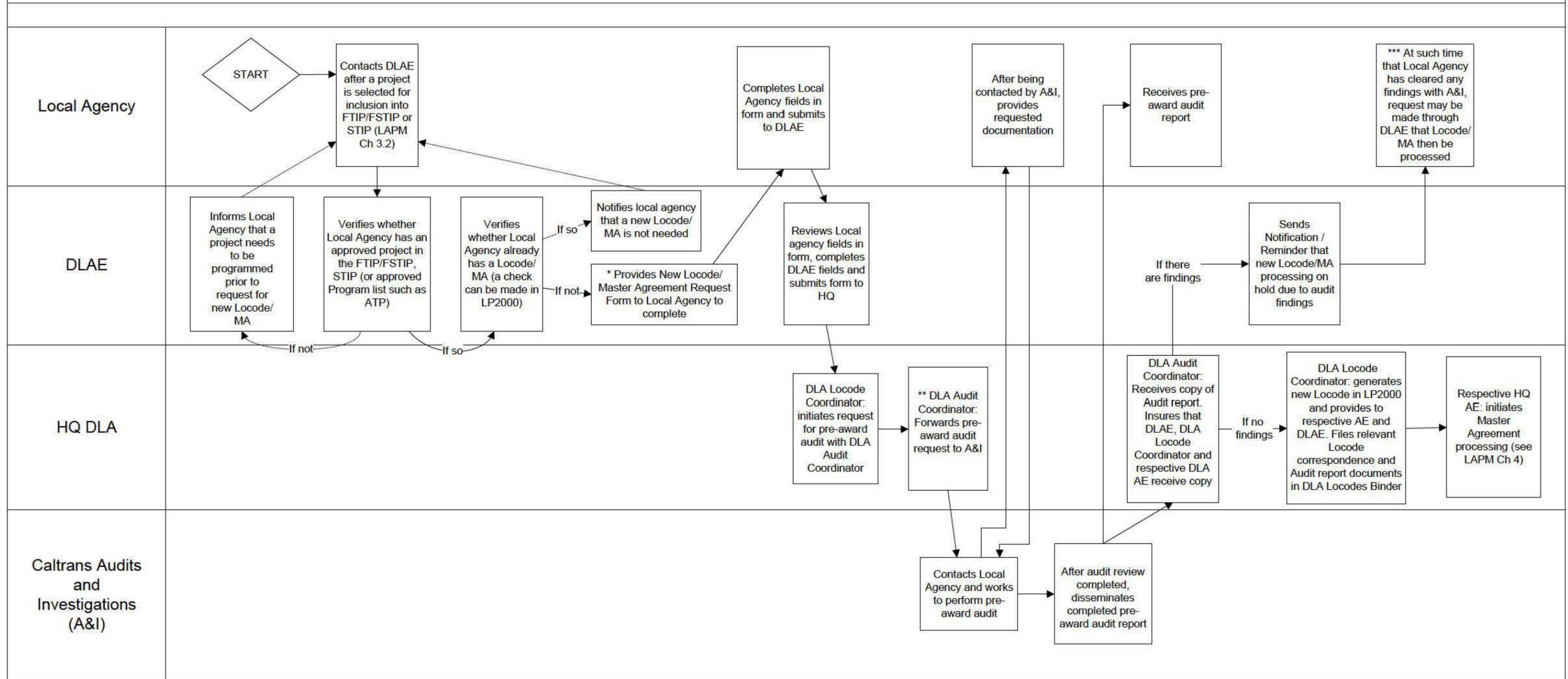
## **C. Locode**

8. DLA Locode Coordinator:
  - Generates new Locode in LP2000 and provides LP2000 Locode information to AE and DLAE.
  - Files copy of Locode request correspondence including completed "New Locode/Master Agreement Request Form" and pertinent request emails and pre-award audit documentation into DLA Project Implementation "Locodes" binder

## **D. Master Agreement**

9. Upon receiving notification of new Locode by DLA Locode Coordinator, AE to initiate MA processing

# Process for Acquiring a New Locode / Master Agreement (MA)



\* It may be useful for DLAE to provide a sample or scanned Master Agreement template to the local agency at this point to insure Local Agency is aware of what they may ultimately be agreeing to  
 \*\*DLA Audit Coordinator to provide monthly pre-award audit status updates to DLA Implementation  
 \*\*\* It may be advisable for a local agency to partner with another agency who already has a Master Agreement