

# Project Delivery Directive

Number: PDD-015R1

**TO** Project Delivery Employees

References: OFR 15-01R1  
DD-34-R1  
PD-08  
PMD 003R  
PMD 005  
PMD 018R3

Effective Date: September 30, 2020

Supersedes: PDD-015 of July 12, 2017

Review by: June 30, 2022

**Title** Capital Outlay Project Closeout

---

## Directive

For all capital projects, all capital outlay and support phase expenditures must be complete and the phases must be closed prior to End Project Expenditures (EP/Milestone 800/M800) or respective phase closure deadlines specified in the Capital Project Closeout Handbook. All financial closeout activities of the Final Voucher (FV) process must be completed and approved by Federal Highway Administration (FHWA) prior to the Final Project Closeout (FPC/Milestone 900/M900).

To ensure that all project expenditures are recorded accurately, all planned project tasks and activities are to be completed by the appropriate functional units by M800, including final utility payments, monumentation, and real property services. M800 should be achieved within 18 months<sup>1</sup> after M600 and in accordance with the FHWA Project End Date (PED). After receiving the notification of the Construction Expenditure Done (CED) date from District Construction, the Project Manager shall proceed with necessary work to close project phases prior to sending the Final Voucher Request Form (FA-2658) to Accounting<sup>2</sup>. Accounting has up to 9 months to FV and submit the close sequence to FHWA after M800. For all capital outlay projects,

---

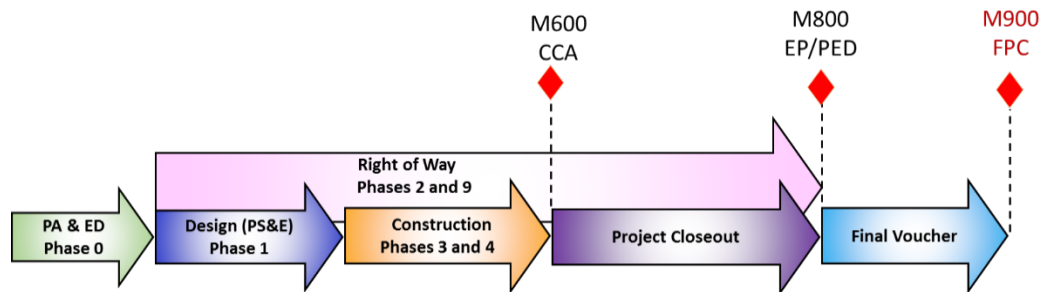
<sup>1</sup> Based on the recommended performance measures from a hybrid Lean Six Sigma and Value Analysis process improvement study of April 2018 for Caltrans' Capital Project Close-Out process.

<sup>2</sup> If Right of Way phases (2 and 9) are expected to be completed much later than CED Date, Project Manager can submit form FA-2658 to Accounting after CED date has been achieved and expenditures for phases 0 and 1 have been completed. In this case, Accounting will start the partial FV process for phases 0, 1, 3 and 4 with CED date.

the Final Project Closeout (FPC) or M900 should be scheduled 11 months<sup>3</sup> from M800.

For each federally funded project, it is mandatory to establish a PED and M800 must be achieved no later than the PED.

### Capital Outlay Project Lifecycle



### Background

Requirements have increased for more comprehensive financial management of the California Department of Transportation (Caltrans) Capital projects. These requirements are externally imposed by agencies such as the FHWA and the California Transportation Commission and are internally driven by Caltrans goals such as stewardship and efficiency. This directive is intended to improve Caltrans practices for managing project costs and schedules throughout the project closeout process.

Caltrans strives to deliver capital outlay projects within scope, cost, and schedule. As stewards of public funds, Caltrans continuously works with internal and external partners to improve and streamline processes to meet these commitments.

FHWA issued guidelines under the FHWA Memo (2 CFR 200) dated December 4, 2014<sup>4</sup> which requires Caltrans to provide a PED for all federally funded projects when a federal fund authorization or modification (E-76) request is processed by the Office of Federal Resources (OFR).

<sup>3</sup> Based on the data analysis of Accounting financial project closeout and FHWA approval timeline.

<sup>4</sup> <http://www.fhwa.dot.gov/cfo/2cfr200guidance.pdf>

The Division of Budgets and Division of Project Management, in partnership with Accounting, developed a policy memo OFR 15-01R1 dated April 05, 2019<sup>5</sup>, adopted Federal Aid Project Funding Guidelines in a memo dated January 28, 2019<sup>6</sup>, and adopted the new FHWA guidelines statewide.

This directive provides a standardized project closeout process and ensures that all capital outlay project expenditures are accounted for in a timely, accurate and consistent manner.

### **Definitions**

**Advantage Project Group Code** is the project financial closeout status. Project Group Code 7A is the start of the FV process and it indicates that the project/phase has been accepted for FV processing.

**Construction Contract Acceptance (CCA)** also known as Milestone 600 (M600) is the date when the District accepts the completed construction contract.

**Construction Expenditure Done (CED)** is the date recorded in the Construction Contract Information System (CCIS) by District Construction when all construction expenditures in both Phase 3 and 4 are completed.

**E-76** is the State-Federal Agreement that provides FHWA funding approval and/or FHWA authorization to proceed with the project.

**End Project Expenditures (EP)** also known as Milestone 800 (M800) is the date when all project work is completed from all functional units including Construction, Design, Division of Engineering Services, Environmental, Right of Way, Surveys and Project Management. After M800, no support costs, capital expenditures, A&E invoices, utility payments or any other costs can be charged to the project. For federally funded projects, the EP/M800 date directly correlates to the Project End Date (PED), as required for authorization by FHWA.

---

<sup>5</sup> [https://budgets.onramp.dot.ca.gov/downloads/budgets/files/2019\\_04\\_05\\_OFR\\_Directive\\_15-01R1.pdf](https://budgets.onramp.dot.ca.gov/downloads/budgets/files/2019_04_05_OFR_Directive_15-01R1.pdf)

<sup>6</sup> <https://budgets.onramp.dot.ca.gov/downloads/budgets/files/2019%2001%2028%20Federal-Aid%20Project%20Funding%20Guidelines1.pdf>

**Federal Projects** are project components (PE/RW/CON) that have been authorized for federal funds by FHWA under an approved E-76. Some or all components of a State project may be federalized dependent on Federal Aid Project Funding Guidelines eligibility.

**FHWA Project End Date (PED)**<sup>7</sup> is the estimated date that the District-submitted Final Voucher is accepted by Accounting, correlating to the EP/M800 milestone

**FHWA Final Voucher Closeout Date** is the date when the FV process is completed and the close sequence is submitted by Accounting to FHWA.

**Final Project Closeout (FPC)** also known as Milestone 900 (M900) is the date when FV has been approved by FHWA.

**Final Voucher (FV)** is the final financial analysis completed during project/phase closeout process by Accounting.

**Final Voucher Request Form (FA-2658)** is submitted by the Project Manager to Accounting certifying that all final vouchering requirements and expenditures are completed for requested phases.

## **Responsibilities**

### District Director:

- Ensure implementation of this directive.
- Assign appropriate support resources for the activities outlined in this directive.
- Share this directive with functional units responsible for delivering products and services related to project closeout.

### Chief, Divisions of Construction, Design, Engineering Services, Environmental Analysis, Project Management, and Right of Way and Land Surveys:

- Provide statewide direction to ensure compliance with this directive.
- Develop and implement procedures, guidance and tools, as needed, to assist districts in the successful closeout of all projects.

---

<sup>7</sup> Additional information on PED is available on FHWA website for Project Management Guide for State Grants, under Attachment 1. <https://www.fhwa.dot.gov/cfo/projfundsmgt.cfm>

Chief, Division of Accounting:

- Ensure Accounting practices and financial systems support reporting of the project closeout status as described in this directive.
- Provide timely communication to the Project Manager for any additional documentation needed for FV process.
- Ensure Accounting staff enters project group code 7A in Advantage after the receipt of completed FA-2658 from the Project Manager.
- During the FV process, submit a project FV Closeout Date extension request to FHWA if the delay is caused by the FV process. Notify the Project Manager and OFR when project is closed in Fiscal Management Information System (FMIS).

Chief, Office of Federal Resources (OFR):

- Ensure OFR staff enters the planned project PED into FMIS.
- Assist Project Manager to process any necessary time extensions on project PED.
- Assist District and Accounting staff by providing Federal obligation information for projects from FMIS to reconcile federal cost changes prior to FV closeout.

Deputy District Director of Construction:

- Ensure Construction staff enters the CED date in CCIS and notifies Project Manager.
- Ensure Resident Engineer manages the project schedule and informs Project Manager of any potential delays to achieve M600.

Deputy District Director of Program/Project Management:

- Ensure the district Capital Outlay Support workload includes project closeout efforts.
- Ensure project phases are properly closed and no additional funds are expended after project phase's closeout.

District Project Management:

- Coordinate with the Project Development Team (PDT) to develop the project workplan including project closeout according to this directive.
- Update the project workplan schedule through project closeout based on progress reports from the PDT during all phases.
- Collaborate with OFR when requesting PED time extensions.
- Keep OFR informed of PED extensions as needed.

- Ensure all project expenses are completed and all phases are deactivated in Advantage.
- For Emergency Relief (ER) Program funded projects awaiting ER funds, ensure all phases are deactivated prior to the PED to ensure no additional expenditures are incurred.
- Complete, sign and submit Form FA-2658 to Accounting for any federal projects requested for FV.
- Monitor and assist project delivery functional units to achieve M800 within 18 months from M600.
- Coordinate with Accounting to ensure FPC (M900) will be completed within 11 months after M800.

Functional Manager:

- Advise and update the Project Manager on the closeout of WBS tasks and effort required for each deliverable.
- Ensure no project expenditures occur after M800 and all expenditures have been recorded before each project phase is deactivated in Advantage.

Task Manager:

- Update closeout activities in Project Resource and Schedule Management (PRSM) weekly.
- Monitor to make sure employees are conducting closeout tasks according to the workplan and charging to appropriate closeout WBS tasks.
- Inform Functional Managers and Project Managers of any potential delays in a timely manner.
- Ensure that all charges, including utilities, have occurred before closing the tasks for time entry in PRSM.

**Applicability**

All Caltrans employees.

*Michael D. Keever* 9/24/2020  
MICHAEL KEEVER Date Signed  
Chief Engineer  
Deputy Director, Project Delivery

*Steven D. Keck* 9/28/2020  
STEVEN KECK Date Signed  
Chief Financial Officer  
Deputy Director, Finance