



INDIANA DEPARTMENT OF TRANSPORTATION

June 20, 2014

LPA Partners,

The Federal Highway Administration (FHWA) and the Indiana Department of Transportation (INDOT) share a responsibility to develop and maintain a safe and efficient transportation system while following all applicable federal and state legislation and regulations. When a Local Public Agency (LPA) receives an award of federal funds for a project, it too shares in that responsibility. The purpose of this letter is to briefly explain the federal and state processes and requirements for developing LPA projects in compliance with the applicable legislation and regulations. It is only intended to apply to federal-aid projects funded through FHWA.

Federal LPA programs do not provide up-front federal funding. Rather, they are reimbursement programs. An LPA must initially finance the project costs before receiving reimbursement. Federal LPA programs do not provide free money. In most, although not all, federal programs there is a matching requirement. The Federal Government will supply a portion of the money for the project, but the LPA must use some of its own money. There are many requirements to using federal funds. These provisions include, but are not limited to, environmental, consultant selection, design, construction and inspection processes.

If an LPA fails to follow these requirements it will be at risk of not being reimbursed for project costs or having to return funds to FHWA. Due to federal requirements, it is possible that an LPA project will take longer than some think necessary, however, the time the project takes can be limited by diligence and attention on the part of the LPA.

Lastly, Federal LPA program awards should be thought of as an award of a defined project. They should not be thought of as an award of a certain sum of money. The LPA is not entitled to any funds which may remain once the project is completed. No additional funds will be allocated for the LPA's project above the amount of the project award. Any amount over that figure will be 100% the responsibility of the LPA.

INDOT is here to help the LPAs as they navigate the LPA process, but it is only able to allow LPAs as much flexibility as the Indiana Federal-Aid Highway Program Stewardship Agreement and the federal and state legislation and regulations allow.

REIMBURSEMENT

Costs Eligible for Reimbursement

Costs directly related to the project are reimbursable as long as the LPA, prior to incurring the eligible activity cost, completed the necessary steps and received the appropriate approvals from FHWA and INDOT.

REIMBURSEMENT PROCESS

All INDOT LPA projects operate on a reimbursement basis. The LPA pays project expenses up front and then submits a request for reimbursement to the administering INDOT District. The request for reimbursement cannot be processed without the necessary documentation to explain expenditures submitted for reimbursement and cancelled checks (front and back) or wire transfer documents (example: copy of Electronic Funds Transfer) that prove the LPA has paid the vendors.

Vendors are responsible for submitting one invoice every 30-45 days and no more than one 30-45 day period at one time. LPAs are responsible for billing INDOT in the same manner. The submission of more than one LPA Invoice-Voucher per 30-45 day period at once *or* multiple submissions within a 30-45 day period causes an undue and unnecessary burden on LPAs and INDOT staff. INDOT is required to report quarterly to FHWA why funds are needed on purchase orders that have had no financial activity within the last 45 days.

After INDOT review and approval of invoices, the LPA will be reimbursed by INDOT at the agreed upon Federal share for properly documented, eligible and authorized project costs.

The reimbursement process is reviewed during the A-133 audit process by the State Board of Accounts (SBOA). The SBOA reviews the date the LPA paid the vendor against the date reimbursement was requested. In the event reimbursement was requested prior to the vendor being paid, this will be considered a recorded finding to which the LPA must provide corrective action. The reimbursement process described has always been the principle of the INDOT LPA Federal-Aid program, although it has not been explicitly enforced until now.

The reimbursement process described will be implemented and standardized in each INDOT district as of Monday, July 14, 2014.

INVOICING GUIDANCE

The LPA is responsible for completing the LPA Invoice-Voucher (the document that is submitted to their INDOT district for reimbursement of paid claims from the vendor).

The INDOT LPA and Finance divisions are offering a joint monthly webinar titled "Processing LPA Invoices in a Federal-Aid Program". These webinars are for pre-registered attendees only due to bandwidth limitations and will cover complete instructions on invoice procedures. Below is a list of upcoming webinars titled "Processing LPA Invoices in a Federal-Aid Program":

- Friday, June 27, 2014, 11:00AM-12:00PM EDT
- Wednesday, July 23, 2014, 2:00PM-3:00PM EDT
- Thursday, August 21, 2014, 10:00AM-11:00AM EDT
- Tuesday, September 23, 2014, 11:00AM-12:00PM EDT

To register for an upcoming webinar:

- Email your name and the title of the webinar to LPAQuestions@indot.in.gov.
- You will receive a confirmation including the information needed to access the webinar.

We value our partnership with all LPAs and FHWA and appreciate your continued patience as we make necessary improvements to our program.

Our goal is to obligate every penny possible to LPAs while continuing to be a good steward of your funds and FHWA's. We appreciate your help in this process.

Thank you,



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RESOURCES

For questions regarding policy:

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For questions regarding billing reach out to your district's program coordinator:

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