

Cooperative Work Agreements (CWA) Frequently Asked Questions

CWA Rules of Thumb

1. When should a Local Agency apply for a CWA?

If a Local Agency has any doubt that they will not completely expend (liquidate) an encumbrance on the list by December 31, 2012, they should apply for a CWA.

2. What criteria will be used for approving/denying extension requests?

The Department of Finance (DOF) determines the criteria. It is the Local Agency's responsibility to convince DOF that there is a critical need to extend the appropriation period. Local Assistance recommends for Local Agencies to provide any unforeseen circumstances that caused delays, and a new timeline with projected milestones.

Board of Supervisors/Council Approval:

3. Can the Public Works Director approve the extension requests on behalf of the Board of Supervisors (Board) or Council?

The Board or the Council must approve the extension request. The Public Works Director may sign the request if he/she has delegation authority from the Board or Council. The intent is to ensure the Board or the Council understands the potential financial responsibility if DOF does not approve fund extension requests, and if DOF approves, funding will lapse when the CWA expires.

4. Is there a resolution needed from the Board of Supervisors or Council? Does the Local Agency need to submit a resolution?

No, the Local Agency may have the Board or Council sign the spreadsheet. They may alternatively submit a resolution, letter, or meeting minutes.

Due Dates and Transmittal of Information:

5. Responses are due to the District CWA Liaisons by November 1, 2012. Does this mean Local Assistance will accept responses up until 5:00 PM on that date?

Yes, they will accept responses until 5:00 PM on November 1, 2012.

6. The spreadsheet indicates the Board/Council's signature must be included. Not every Local Agency has the capability to submit "signed" electronic copies.

Electronic copies of the request should be submitted indicating that the Board/Council has approved such a request to extend funds. Please state that a signed paper copy has been sent to the District CWA Liaisons. Also refer to questions #3 and #4.

Indirect Cost Proposals:

- 7. When will the Indirect Cost Rate Proposals (ICRPs) be approved so that Local Agencies may bill for projects that have been completed?**

Pending Headquarters (HQ) ICRPs should be brought to the attention of HQ Local Assistance who will coordinate with the Division of Audits to prioritize the completion of the ICRPs for encumbered funds that are lapsing.

- 8. What should the Local Agency do if the final invoice cannot be submitted since the ICRP is not yet been approved by the Division of Audits?**

The Local Agency should request for an extension and state the ICRP has not been approved (Delay Code 3) as the reason.

Fiscal Year Assigned to Projects/Project Phases:

- 9. How are fiscal years assigned to projects?**

Encumbrances are typically funded from the most current fiscal year and the overlap of federal and state fiscal years. The fiscal year may be assigned based on the funding availability on the fiscal years that are open for encumbrances and other factors such as the Budget Act being passed on time.

- 10. How do Local Agencies know what fiscal years have been assigned?**

All finance letters include the appropriation year. The finance letter also includes the reversion or lapsing date. Local Agencies may also contact their District Local Area Engineers for information if uncertain.

Notification of Approval/Denial:

- 11. Once an extension is granted, is there a formally signed CWA agreement that the Local Agencies will be receiving?**

There will be no “formal” agreement. HQ forwards DOF’s approval/denial decisions to the Liaisons who will notify Local Agencies. HQ will also post the approvals to: <http://www.dot.ca.gov/hq/LocalPrograms/CWA/cwa.htm>

Funds Needed Beyond 8 Years:

- 12. If funding for an encumbrance is needed beyond the 8 years allowed by Section 16304.3 of the Government Code (GC), what funding alternatives are available?**

No alternatives are available. Local Agencies are responsible to expend the encumbrances with their own revenues if the lapsing funds cannot be expended within the 8-year timeframe.

13. Timely Use of Funds (TUF) per STIP guidelines may not agree with the maximum number of years allowed by Section 16304.3 of the GC.

Requirements for STIP TUF and Section 16304.3 of the GC are independent. The most restrictive (earlier) deadline will apply. Please contact your DLAE with any questions concerning STIP TUF.

Cancelled Projects/Projects (Phase) Completed:

14. Who clears the unexpended funds for projects or project phases that have been cancelled, dropped or completed? Do funds need to be de-obligated and disencumbered?

If a project has been cancelled, dropped or completed, unspent funds need to be zeroed out. The funds need to be de-obligated and disencumbered. Please, contact your DLAE so that records can be properly updated.

What Lapses and When?

15. Lapsing funds are based on the appropriation year assigned to each encumbrance. A given project or phase of a project may have received funds from multiple Budget Acts depending on when funds were encumbered.

16. When does the clock start ticking for funds that are lapsing? When the funds are obligated or when they are encumbered?

The clock starts ticking based on the fiscal year funds were appropriated. The fiscal year is assigned at bottom of the finance letter for each encumbrance. State Budget Authority is issued when the State Budget Act is signed. Clock starts ticking on July 1, even if the Budget Act is signed late. Budget Authority allows a maximum of 6 years for the liquidation of encumbrances. Funds are obligated when E-76s are approved by the FHWA. They are encumbered when accounting process the program supplements.

General Questions:

17. Are funds for Demonstration, High Priority, and Emergency Relief programs subject to lapse?

Yes. Budget authority for these programs is subject to lapse. However, federal Obligation Authority may remain available until the obligation authority is expended. Lapsing of budget authority applies to all local assistance funds regardless of the program using the funds (i.e. Bridge Rehabilitation, Emergency Relief, Demonstration, etc).

18. What is the difference between a one year extension for projects listed under CWA and a re-appropriation?

Re-appropriations were traditionally included in the annual budget bill. Federal and state funds could be extended for one year only. Through this process, federal and state funds may be extended every year as long as the encumbrance is active.

The **CWA process** will allow up to a maximum extension of 8 years from the original year of appropriation.

19. How are invoices paid for projects funded from several fiscal years? Are payments processed from the oldest fiscal years?

Generally, payments are made from the oldest appropriation years first. The type of costs being billed (i.e. preliminary engineering, construction, right-of-way) may be considered when charging a specific fiscal year. If an invoice for construction cost is submitted for payment, it will be applied to the fiscal year that funds the construction phase of the project.