

**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, 2013**, they should apply for a CWA.

**2. What criteria will be used for approving/denying CWA 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 (timeframe that funding is eligible for reimbursement). Local Agencies are requested to provide any unforeseen circumstances that caused delays including a timeline with projected milestones, obstacles to future completion, and consequences if the CWA is denied.

**Board of Supervisors/Council Approval:**

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

The Board/Council must approve the extension request. The Public Works Director may sign the request if he/she has delegated authority from the Board/Council. The intent is to ensure the Board/Council understands that if DOF does not approve the CWA request, the Local Agency must fund the remaining encumbrance balance. If DOF approves, funding will lapse when the CWA expires.

**4. Is there a resolution needed from the Board/Council? Does the Local Agency need to submit a resolution?**

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

**Due Dates and Transmittal of Information:**

**5. Responses are due to the District CWA Liaisons by October 31, 2013. Does this mean they will accept responses up until 5:00 PM on that date?**

Yes, they will accept responses until 5:00 PM on October 31, 2013.

**6. What format should I use when sending information to the District?**

Please send the CWA spreadsheet in Excel to the District and a copy containing the Board/Council signature. However, if the Board/Council signs a resolution, letter, or

meeting minutes; please send a copy to the District in pdf. format.

**Indirect Cost Proposals:**

**7. When will the Indirect Cost Rate Proposals (ICRPs) be approved so that Local Agencies may receive reimbursement for indirect costs?**

Pending ICRPs should be brought to the attention of your District CWA Liaison (Liaison) who will request prioritization for your ICRP review since funds may lapse. On the CWA list, the Local Agency should request for an extension and state the ICRP has not been approved (Delay Code 3) as a reason for delay (there may be multiple reasons, but this reason should also be submitted).

**Appropriation Year Assigned to Encumbrances:**

**8. How are appropriation years (first fiscal year eligible for reimbursement) assigned to encumbrances?**

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

**9. How do Local Agencies know the appropriation year that has been assigned?**

All Finance Letters (FL) indicate the appropriation year at the bottom of the page. The FL also includes the reversion/lapsing date. Local Agencies may also contact their District Local Assistance Engineers (DLAEs) for information if they are still uncertain.

**Notification of Approval/Denial:**

**10. 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:**

**11. 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.

**12. Timely Use of Funds (TUF) per California Transportation Guidelines is not consistent with the appropriation period for an encumbrance. What is the general rule in this scenario?**

Requirements for TUF and the appropriation period are independent, but **both** are necessary for reimbursement on a project that is subject to TUF. The most restrictive (earlier) deadline will apply. Please contact your DLAE with any questions concerning TUF.

**Cancelled Encumbrances/Projects (Phase) Completed:**

**13. Who clears the unexpended funds for encumbrances that have been cancelled, dropped or completed? Do funds need to be de-obligated and disencumbered?**

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

**Lapsing Funds in General**

**14. What lapses and when?**

Lapsing funds are based on the appropriation year assigned to each encumbrance, and the annual State Budget Act authorizes reimbursements to occur over a period of six to seven years. A given project or phase of a project may have received funds from multiple Budget Acts depending on how many occasions and when funds were encumbered.

**15. When does the clock start ticking?**

The clock starts ticking based on the assigned appropriation year at the bottom of the Finance Letter. The clock starts ticking on July 1<sup>st</sup> of the year, even if the State Budget Act is signed late.

**General Questions:**

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

Yes. Budget authority is a California requirement that is independent of rules for federal funding. Even though certain types of federal Obligation Authority may remain available until expended, state budget authority is required and applies to **ALL** local assistance funding.

**17. How are invoices paid for projects funded in several different appropriation years?**

Generally, invoices are credited to the oldest appropriation year first. The type of costs being billed (i.e. preliminary engineering, right-of-way, construction) will be considered as well. If an invoice for construction is submitted for reimbursement, it will be reimbursed from the earliest appropriation year that is assigned for the construction phase of the project.

**18. If budget authority doesn't expire until June 30, 2014, why must Local Agencies submit the final invoice by April 1, 2014?**

This deadline has been created to provide sufficient time for Districts to review and approve final invoices before submittal to Accounting. Next, Accounting must ensure they are able to request reimbursement from the State Controller's Office prior to the year-end cut-off deadline, which is usually the first week of June.