

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 will not completely expend (liquidate) an encumbrance on the list by **December 31, 2014**, we highly recommend they apply for a CWA. Please note that they may only receive **one** CWA for each encumbrance.

Note: If Local Agency does not apply for CWA, they are responsible to submit their invoices on time and will need to use their own funds to cover the remaining costs once the funds lapse.

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 or extraordinary circumstances that caused delays including a timeline with projected milestones to expend the remaining funds, 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. Unless, the Public Works Director 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.

5. What if the Board/Council will not meet until after October 24, 2014?

The Local Agency may submit the signed request after the meeting. Please notify the District CWA Liaisons (Liaisons) if the meeting date will occur after October 24, 2014.

Due Dates and Transmittal of Information:

- 6. Responses are due to the District CWA Liaisons by October 24, 2014. 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 24, 2014.

- 7. What format should I use when sending information to the District CWA Liaisons?**

Please send the CWA spreadsheet in **EXCEL** to the Liaisons and a copy containing the Board/Council's signature. However, if the Board/Council signs a resolution, letter, or meeting minutes; you may send a PDF copy to the Liaisons.

Indirect Cost Proposals:

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

Pending ICRPs should be brought to the attention of your 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:

- 9. 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.

- 10. 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 associated to the appropriation year. Local Agencies may also contact their District Local Assistance Engineers (DLAEs) or Liaisons for information if they are still 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>

- 12. Is there an updated reversion date on the FL once the CWA extension is approved?**

No, the reversion date will not be on the FL, but the information is on the Local Assistance website:
<http://www.dot.ca.gov/hq/LocalPrograms/CWA/cwa.htm>

Funds Needed Beyond 8 Years:

- 13. 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 encumbrance balances with their own revenues if the funds cannot be expended within the 8-year timeframe. In addition, the state budget authority will lapse after the 8 years and invoices cannot be reimbursed.

- 14. 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. For your convenience, we have indicated the TUF or time extension expiration dates on the CWA spreadsheet.

Cancelled Encumbrances/Projects (Phase) Completed:

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

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

16. What happens when the project has been de-obligated?

When the funds are de-obligated, there is no funding available for reimbursements. The Local Agency needs to work with the DLAE to re-obligate the funds.

Lapsing Funds in General:

17. What lapses and when?

All state and federal funds are assigned an appropriation year, and the annual State Budget Act authorizes reimbursements to occur over a period of six years. A given project or phase of a project may have received funds from multiple appropriation years depending on the obligations and agreements.

18. 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 always starts ticking on July 1st of the year, even if the State Budget Act is signed late.

General Questions:

19. 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 funding may remain available until expended, state budget authority is required and applies to **ALL** local assistance funding.

20. 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.

21. If budget authority doesn't expire until June 30, 2015, why must Local Agencies submit the final invoice by April 1, 2015?

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. Please see Office Bulletin DLA-OB 13-08, Final Invoicing When Funds Lapse:
http://www.dot.ca.gov/hq/LocalPrograms/DLA_OB/DLA_OB.htm

22. How about if a project is on the inactive list?

If the Local Agency does not submit any invoice for more than six months, the project will be on the inactive list although the budget authority has not lapsed. The Local Agencies are responsible to work with the DLAEs to ensure projects are invoiced timely.