

Cooperative Work Agreements (CWA) Frequently Asked Questions

Why funds Lapse:

1. What lapses (reverts) 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 up to six years before they lapse (revert).

2. Where do I find the appropriation and reversion years, and how are they determined?

The appropriation and reversion years are located at the bottom of the Finance Letter (FL). Please refer to DLA-OB 15-01 Attachment A to learn how the appropriation years are assigned to local program funding:

http://www.dot.ca.gov/hq/LocalPrograms/DLA_OB/DLA_OB.htm

CWA Rules of Thumb:

3. 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, 2015**, we highly recommend they apply for a CWA. Please note that a Local Agency may only receive **one** CWA for each encumbrance.

Note: If the Local Agency does not apply for a CWA, they are responsible to submit their final invoices for the encumbrance to the District by **April 1**. If funds lapse, the local agency will be responsible to use their own funds to reimburse remaining costs.

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

The Department of Finance (DOF) will evaluate the "Reasons for Delay," "Obstacles to Future Completion," and "Consequences if CWAs are not approved" columns on the CWA spreadsheet. It is the Local Agency's responsibility to convince DOF that there is a critical need to approve the CWA.

Board of Supervisors/Council Approval:

5. 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. The intent is to ensure the governing body understands that if DOF does not approve the CWA request, the Local Agency will be

responsible to use local funds for the remaining balance. If DOF approves the CWA, funding will lapse when the CWA expires.

6. Does the Local Agency need to submit a Board/Council resolution?

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

7. What if the Board/Council will not meet until after October 23, 2015?

The Local Agency needs to submit the spreadsheet to their District CWA Liaison (Liaison) prior to October 23, 2015 and indicate "Forthcoming" in the Board/Council signature line. Please send the Board/Council signature, resolution, letter, etc. to the Liaison after they meet.

Due Dates and Transmittal of Information:

8. Responses are due to the District CWA Liaisons by October 23, 2015. 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 23, 2015**.

9. What format should I use when sending information to the District CWA Liaisons?

Please send the CWA spreadsheet in **EXCEL ONLY** 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:

10. 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).

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?

Yes, the reversion date will be added in the bottom right-hand corner of the FL. Please request a copy from your District Local Assistance Engineer (DLAE) or District Engineer.

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 local sources.

14. Timely Use of Funds (TUF) per California Transportation Commission (CTC) 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 of funding that is subject to TUF. The most restrictive (earlier) deadline will apply. For your convenience, the TUF and time extension expiration dates (if applicable) have been published on the CWA spreadsheet.

Cancelled Encumbrances/Projects (Phase) Completed:

15. Who clears the unexpended funds for encumbrances that have been cancelled, dropped or completed?

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.

General Questions:

17. 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.

18. 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 that project.

19. If budget authority doesn't expire until June 30, 2016, why must Local Agencies submit the final invoice by April 1, 2016?

This deadline has been created to provide sufficient time for Districts to review and approve the final invoice and final report of expenditures (FROE) 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