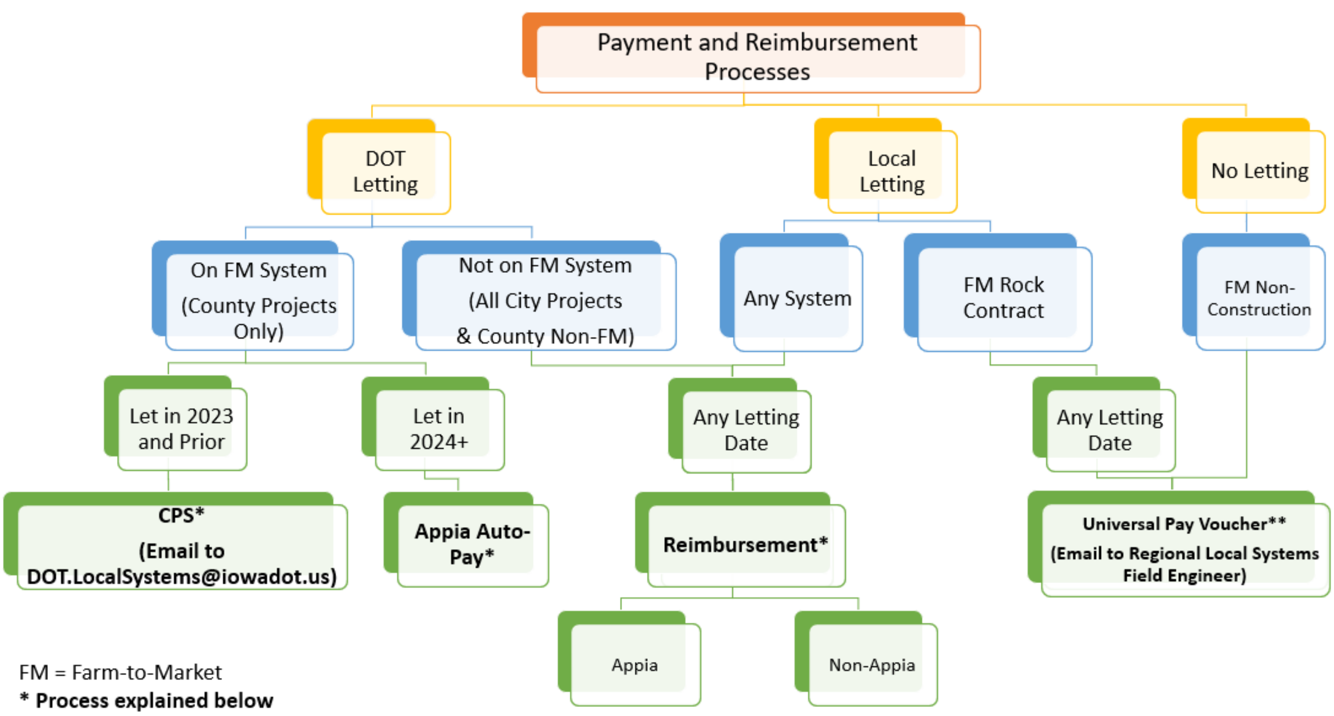
INSTRUCTIONAL MEMORANDUMS
To Local Public Agencies

To:	Counties and Cities	Date: December 27, 2024
From:	Local Systems Bureau	I.M. No. 6.020
Subject:	Payment and Reimbursement Processes	

Contents: This Instructional Memorandum (I.M.) includes guidelines and procedures for a Local Public Agency (LPA) to request payment or reimbursement for state and Federal-aid transportation funds.

Introduction

There are four (4) primary methods for an LPA to request Payment or Reimbursement. Those methods are defined below and include CPS, Appia Auto-Pay, Reimbursement, and Universal Pay Voucher. The below chart illustrates the various factors that determine the type of payment or reimbursement process utilized on LPA state and Federal-aid transportation projects in Iowa.



Definitions

Contractor Payment System (CPS): The Contractor Pay System makes direct payments from the Farm-to-Market (FM) account to a Contractor. Payments are made to the contractor via CPS for all county construction projects on the FM system let at the Iowa DOT prior to 2024. This process is further detailed below and under the "Construction Payment Process" in I.M. 2.100, Farm-to-Market Program and in the Appia® "Under Construction" Instructions.

Appia Auto-Pay: For county projects on the FM system let at the Iowa DOT in 2024 and after, payments are made to the contractor via an auto-pay process, which integrates with Iowa DOT's financial system, Workday. As of the January 2024 DOT letting, Appia®, Doc Express®, and Workday have been set up to exchange data. This method minimizes human error and email usage. It is important to follow the instructions for this automated method to work seamlessly. This process is further detailed below and under the "Construction Payment Process" in I.M. 2.100, Farm-to-Market Program and in the Appia® "Under Construction" Instructions.

Reimbursement: For all city projects, and county projects not on the FM system, state and Federal-aid transportation funds are reimbursed after costs have been incurred. This process is referred to as a reimbursement, and generally includes the submittal of a reimbursement form, documentation supporting the payment of costs incurred, and proof of payment. Reimbursements on Federal-aid projects shall be requested a minimum of once every 6 months to prevent inactive obligations. See I.M. 1.200, Federal Fund Management, for additional details. Additional reimbursement process details can be found below.

Universal Payment Voucher: This is the name of the Iowa DOT Form (Form 181001) used by a County to request direct payment for a FM granular resurfacing contract (FM Rock Contract) or FM Non-construction work as further detailed in I.M. 2.100, Farm-to-Market Program.

Proof of Payment: This is evidence that the costs incurred have been paid. Proof of payment could be either a canceled check or an official check register showing the expenditure has been processed.

Insurance Requirements: Contractors are required by Iowa DOT Standard Specifications Article 1103.04, Certificate of Insurance, to maintain insurance throughout the prosecution of the work and until final acceptance and completion of the contract. As further detailed in Article 1107.02, failure to comply with the insurance requirements will be considered sufficient cause to suspend the work and withhold estimates. Ongoing insurance requirements for CPS and Appia Auto-Pay projects are being checked by Iowa DOT Finance Bureau as part of the payment processing. For reimbursement projects, the LPA shall monitor and verify Contractors are complying with these insurance requirements as part of their payment process.

Payment and Reimbursement Process Details

Contractor Pay System (CPS) *(Applies only to county projects on the FM system let prior to 2024)*

The CPS process applies only to county projects on the FM system let at Iowa DOT prior to 2024 (does not apply to locally let FM rock contracts and FM non-construction contracts). In the CPS process, the County authorizes payment to the Contractor, and the Finance Bureau processes the payment through the FM account. Payments to the Contractor are made through CPS for all Iowa DOT let projects on the FM system, regardless of whether the project is ultimately funded using FM funds. The FM account provides payment to the contractor up front and then gets reimbursed by the appropriate fund.

- If a project includes Federal-aid, the Finance Bureau automatically requests reimbursement from FHWA, and the reimbursement is then transferred into the FM account from which the project payment was made. For example, a bridge project located on a FM route utilizing HBP funds will be paid via CPS using a payment report submitted to the Finance, and the FM account will get reimbursed with the respective HBP funds.
- If a project includes State-aid, upon completion of the project, the County Engineer shall email the Administering Team (copying the Secondary Roads Engineer) requesting transfer of the State-aid to the FM account. Reimbursement of State-aid to the FM account is not an automated process.

The Finance Bureau processes the payments after receiving a 309 Voucher or an Appia® payment report (described below) from the County. Local Systems will assist the Finance Bureau if any questions arise pertaining to a payment.

All payments must be submitted to the DOT.LocalSystems@iowadot.us email address by noon on Wednesday for processing on Thursday of that same week.

There are two types of payment reports submitted to Finance for CPS projects.

Projects in April 2022 through December 2023 lettings – Appia® Payment Reports

Starting with the April 2022 letting, counties are required to use Appia® and Appia® payment reports. In order to use Appia® payment reports, counties must send a request for approval to the E-Construction Administrator in the Local Systems Bureau. Approval will be granted when the Local Systems Bureau is satisfied that the county is using the correct Appia® settings and that the county has given read-only access to the appropriate Iowa DOT staff in Appia®.

To create an Appia® payment report, refer to the Appia® "Under Construction" Instructions.

Projects let prior to April 2022 - Either a "309 Voucher" (a.k.a. "FM Voucher") or Appia® Payment Report

"309 Vouchers" are printed payment forms in which the county fills in the appropriate quantities for payment. For projects let prior to April 2022, upon receiving confirmation that the contract had been fully awarded, the Local Systems Bureau uploaded the first blank 309 Voucher to Doc Express. Subsequent vouchers reflecting previously paid amounts are also uploaded to Doc Express after a payment is made, or upon receipt of a Change Order adding an item(s) to a contract or adjusting the quantity of an existing contract item(s).

Alternately, Appia® payment reports may be used in place of 309 Vouchers. If Appia® payment reports are used, the 309 Vouchers should be disregarded. 309 Vouchers will not be uploaded to Doc Express for projects let in April 2022 or later. To create an Appia® payment, refer to the Appia® "Under Construction" Instructions.

To fill out a "309 Voucher", follow the steps below:

- Enter the total to-date quantity that you want paid in the appropriate column. For projects using only FM or Swap (and State-aid when applicable) funds, enter the quantities in the "Rural Non-Participating" column for each applicable item. For projects that have Federal-aid participation, enter the quantities in the "Rural Participating" column for Federal-aid eligible items and the "Rural Non-Participating" column for non-Federal-aid eligible items.
- Enter the total number of working days charged to date, as applicable, on the top left area of the "309 Voucher" in the block titled "Days Worked, To Date".
- Enter the date of "This Voucher" on the top right area of the "309 Voucher" .
- The County Engineer must sign all of the "309 Vouchers". This is accomplished via digital signature in Doc Express. For the semi-final "309 Voucher" , the County Engineer and Contractor must both sign the voucher. For the final "309 Voucher" , the County Engineer, Board of Supervisors, and the Contractor must all sign the voucher. The Contractor signs the final "309 Voucher" in the "Claimant's Certification" box located on the bottom right of the "309 Voucher" form.
- The intermediate "309 Vouchers" for projects using stand-alone FM funds shall be submitted by the LPA, directly to the DOT.LocalSystems@iowadot.us email address. In the email sent to DOT.LocalSystems@iowadot.us, intermediate "309 Vouchers" may be submitted in one of two ways:
    - as an attachment, or
    - in the form of a link to the appropriate "309 Voucher" document in Doc Express. A link to the "309 Voucher" in Doc Express can be generated by navigating to the specific "309 Voucher" file, selecting the "Share" option under the "Actions" pull down on the right side of the line and then clicking "Copy" in the resulting window. This address can then be pasted into the email.
- The final "309 Voucher" shall be uploaded to Doc Express in the appropriate drawer according to the Doc Express naming convention, and the Regional Local Systems Field Engineer (LSFE) shall be notified for processing and signature, if required. This final "309 Voucher" would also be known as the final payment.

Appia® Auto-Pay *(Applies only to county projects on the FM system let in 2024 or later)*

The Appia® Auto-Pay process applies only to county projects on the FM system let at Iowa DOT in January 2024 or later (does not apply to locally let FM rock contracts and FM non-construction contracts). In the Appia® Auto-Pay process, the County authorizes payment to the Contractor, and the Finance Bureau processes the payment through the FM account. Payments are made to the Contractor through Workday via the auto-pay integration for ALL projects on the FM system, regardless of whether the project is ultimately funded using FM funds. The FM account provides payment to the contractor up front and then gets reimbursed by the appropriate fund.

- If a project has Federal-aid, the Finance Bureau requests reimbursement from FHWA, and the reimbursement is transferred into the FM account from which the project payment was made. For example, a bridge project located on a FM route utilizing HBP funds will be paid via the auto-pay process using a payment report auto-submitted to the Finance, and the FM account will get reimbursed with HBP funds.

If a project includes State-aid, upon completion of the project, the County Engineer shall email the Administering Team (copying the Secondary Roads Engineer) requesting transfer of the State-aid to the FM account. Reimbursement of State-aid to the FM account is not an automated process.

Because no account like the FM account exists at the Iowa DOT for cities, the Finance Bureau does not have an account to leverage to make payments directly to contractors for city projects. Therefore, cities are not able to use the Appia® auto-pay process.

To create an Appia® payment and to utilize the auto-pay process, refer to the Appia® "Under Construction" Instructions.

Reimbursements *(Applies only to city projects and non-FM county projects)*

For all city projects, and county projects not on the FM system, state and Federal-aid transportation funds are reimbursed after costs have been incurred. This process is referred to as a reimbursement request. Reimbursement request intervals should be limited to no more than once per month unless previously discussed and approved by the Administering Team. Reimbursements on Federal-aid projects shall be requested at least once every 6 months to prevent inactive obligations. See I.M. 1.200, Federal Fund Management, for additional details. The method and form used for each project varies depending on the Administering Team. See I.M. 1.000, Iowa DOT Oversight of LPA Projects, for assistance determining the Administering Team. In all cases, reimbursement requests should be emailed to your Administering Team for review and processing.

For projects administered by the Local Systems Field Team or Discretionary Grant & Earmark Team:

LPAs shall use Claim Reimbursement Form (517050). Instructions for filling out this form can be found on the second tab within the excel workbook titled "Instructions". This form is designed for simple projects. For complex projects with multiple funding types or multiple reimbursement rates, please contact your Administering Team for assistance. Each reimbursement request shall be accompanied by documentation supporting the payment of costs incurred and proof of payment(s). For projects with multiple funding sources and/or funding categories, reimbursement requests shall be clearly broken out and submitted to reflect each funding source.

Reimbursement requests, along with the required supporting documentation, should be emailed to the Administering Team for review and processing, per their guidance. This will usually be the Local Systems Field Technician or Discretionary Grant and Earmark Field Technician.

For projects administered by the Local Systems Grant Team:

LPAs shall use the Claim Reimbursement of Federal Project Costs (TAP, TE, FRT, ICAAP, NSB, Earmark) Form (240007) for Grant Team reimbursement requests, unless otherwise directed by the Project Manager.

For select grants, including those that have received both TAP and SRT, the Project Manager will supply a contract specific reimbursement form.

Reimbursement requests, along with the required supporting documentation, should be emailed to DOT.GrantTeamClaims@iowadot.us for review and processing.

For projects administered by the District:

LPAs should reach out to their respective Iowa DOT District Staff contact to determine the preferred reimbursement claim method. If the District Staff do not have a preference, use Claim Reimbursement Form (517050) and follow the Local Systems Field Team guidance from above.

Universal Pay Vouchers *(Applies only to county FM rock contracts and FM non-construction contracts)*
Counties complete the Universal Payment Voucher form (Form 181001) and submit it along with supporting documentation to the appropriate LSFE for processing. Upon approval, the LSFE will enter the information into Workday for payment directly to the vendor. Refer to the "Use of FM funds for Non-construction work" section of I.M. 2.100, Farm-to-Market Program for complete details.

Resources

- I.M. 1.000, Iowa DOT Oversight of LPA Projects
- I.M. 1.200, Federal Fund Management
- I.M. 2.100, Farm-to-Market Program
- Iowa DOT Interactive Highway Network Map: to determine which routes are Farm-to-Market.
- Doc Express naming convention

- Appia “Under Construction” Instructions
- Iowa DOT Specifications 1103.04, Certificate of Insurance
- Iowa DOT Specifications 1107.02, Insurance