

Delphi eInvoicing – AIP Policy

External Training - FOR AIP Sponsors/Grantees

Presented to: AIP Grant Sponsors
By: Kay Ryder
Date: October 2012



Federal Aviation
Administration





Introduction

- **Course Outline**

- DOT Delphi eInvoicing – Introduction & Training Module
- New AIP Grant Payment Policy Overview

- **Purpose**

- To educate sponsors on the new ARP policy and processes requirements associated with grant payments and train sponsors on the Delphi eInvoicing system and sponsor financial reporting

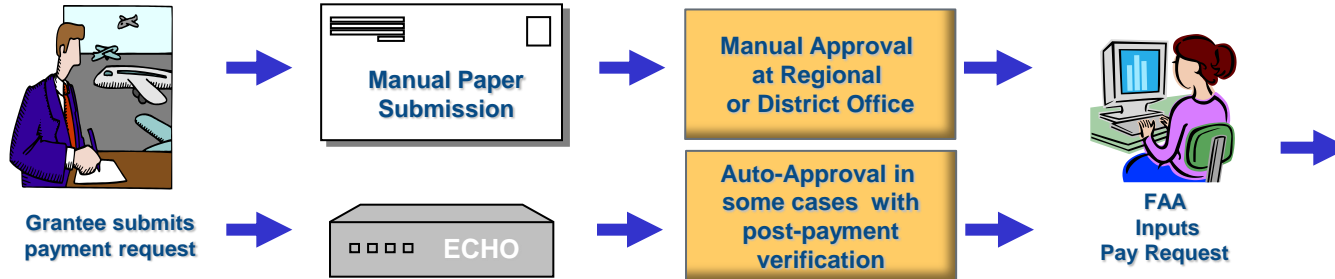




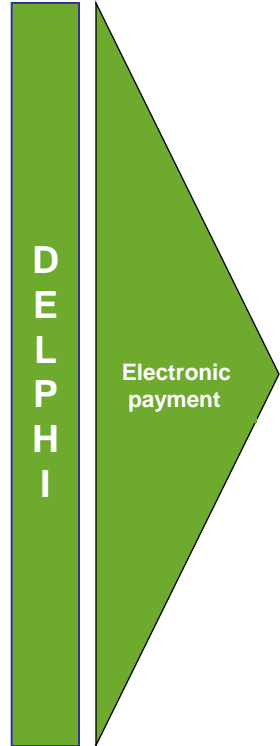
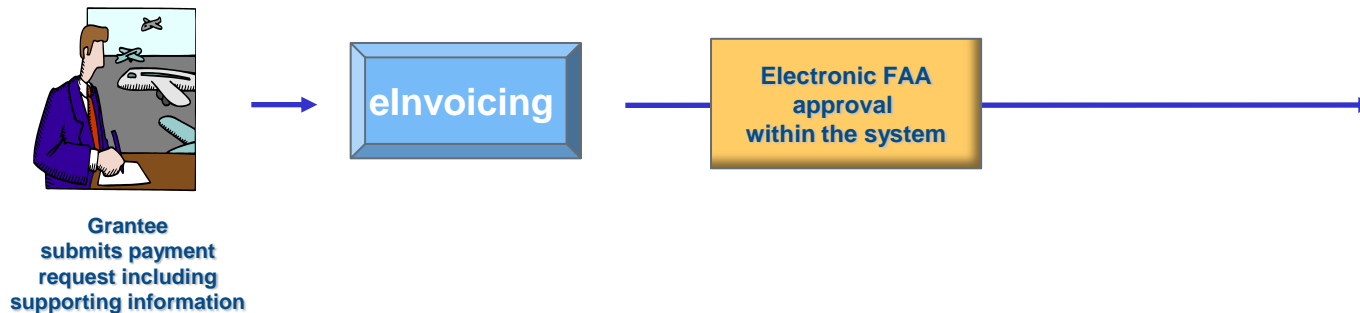
Grants Payment Process Steps



Current Process



New Process





System Functionality - Key Features

- Supporting Documentation - Attachments
- Automated Fund Control Checks (Delphi & Final 10% Closeout)
- Real-Time Reporting & Tracking
- Auto-Generated Email Notifications
- Electronic FAA Approvals
- Ability to Accommodate Unique State & Airport Sponsor Relationships (State Block Grants & Channeling Act Payment Process)





AIP Policy Overview and Applicability

- New process and policy requirements for submitting AIP grant payment requests
- Updated sponsor financial reporting requirements
- Policy applies uniformly to all grant sponsors, including States in SBGP, unless noted otherwise
- Effective on the date grant payment activities are transitioned into the Delphi eInvoicing system





Grant Payment Method/Frequency

- **All AIP sponsors are required to:**
 - Submit payment requests electronically through Delphi eInvoicing
 - 3 Step Process:
 1. Test Access to DOT Delphi eInvoicing website
 2. Complete e-Authentication process for system access
 3. Submit payment requests electronically through Delphi eInvoicing in accordance with project accomplishments
 - Typically monthly but may vary by project
 - Note: Continued grant payment inactivity (no drawdowns over a 12 month period) can result in grant agreement termination.





Payment Method - System Waiver

- **System waiver granted on limited basis**
 - Permits Sponsors to submit hard copy payment requests to FAA staff outside Delphi eInvoicing system
 - Only hardship cases considered
 - Sponsors must consult with FAA staff prior to submitting a system waiver to DOT
 - Waivers are issued by U.S. DOT through completion of Waiver Request Form (F 2270.4)





Supporting Documentation Overview

- For single payment requests covering several grants, sponsors must break out supporting documentation to clearly illustrate the grant that expenses are associated with in their payment request.
- SBGP payment requests must be based on contractor invoices, not sub-award requests.
- **Sponsor Documentation Management**
 - Per 49 U.S.C 47107, it is the sponsor's responsibility to:
 - Maintain all original source documentation supporting payment requests, including grant payments from the FAA to the sponsor and payments made by the sponsor for the project (both prime and subcontractor payments).
 - Accounting records must be made available upon request.
 - Sponsors must hold all documentation supporting grant payments for 3 years after sponsor submits the final expenditure report.





Authorized Payment Requesters

- Access is granted to sponsors on an individual user level through the DOT eAuthentication process
- Users must maintain an active account - access expires after 90 days if no log-in activity has occurred
- No limitation on the number of individual users permitted to have system access per sponsor
- Sponsors may designate consultants as authorized users
 - Sponsors must review any payment requests prepared by consultants to guarantee documentation accuracy.
 - Consultants should prepare and save payment requests in Delphi eInvoicing for sponsors to review and actually submit for payment
 - Consultants will have separate Delphi login and passwords for each Sponsor they represent





Grant Payment Risk Level

- **Each sponsor will be assigned a grant payment risk level of nominal, moderate, or elevated**
 - The “grant payment” risk level is specific to payment requests only and may differ from other grant administration risk levels established
 - The “grant payment” risk level will be used to determine the required supporting documentation to be electronically attached to a payment request





Sponsor Risk Levels/Supporting Documentation – Nominal Sponsors

- **Nominal Grant Payment Risk Level:**
 - Sponsors that pose minimal risk of improper use of grant funds
- **Payment Supporting Documentation Requirements:**
 - Invoice Summary: A summary document generated by the sponsor that includes: contractor name, invoice date, invoice number, billed amount, breakout of AIP and non-AIP participating costs, invoice payment due date, worksite name, and short summary of services/material billed.
- All grants exceeding \$20 Million must meet moderate sponsor documentation requirements. SBGP grants are excepted.
- Grants at exactly \$20 Million or below must meet nominal sponsor documentation requirements.





Sponsor Risk Levels/Supporting Documentation – Moderate Sponsors

- **Moderate Grant Payment Risk Level:**
 - Sponsors that have a documented record of deviation from appropriate grant payment processes and/or related documentation.
 - This may include: lack of required supporting documentation submitted with payment requests, repeated grant drawdown irregularities, or Single Audit findings requiring payments to the Federal Government in excess of \$100,000.
- **Payment Supporting Documentation Requirements:**
 - Invoice Summary: A summary document generated by the sponsor that includes: contractor name, invoice date, invoice number, billed amount, breakout of AIP and non-AIP participating costs, invoice payment due date, worksite name, and short summary of services/material billed
 - Contractor Pay Request: Each Pay Application/Invoice including Line Item Summary from contractor, vendors, or other source providers.





Sponsor Risk Levels/Supporting Documentation –Elevated Risk Sponsors

- **Elevated Grant Payment Risk Level:**
 - Sponsors that have a blatant or reckless violation of a grant agreement; finding of waste, fraud, or abuse; or a repeat of any of the moderate risk factors as outlined in the AIP Grant Payment Policy.
- **Payment Supporting Documentation Requirements:**
 - Invoice Summary: A summary document generated by the sponsor that includes: contractor name, invoice date, invoice number, billed amount, breakout of AIP and non-AIP participating costs, invoice payment due date, worksite name, and short summary of services/material billed.
 - Contractor Pay Request: Each Pay Application/Invoice including Line Item Summary from contractor.
 - Invoices: A copy of the detailed invoices sent by the contractor for each service/material billed.
 - Sponsor Certification Letter and Other Supporting Documentation: A letter from the Airport Director/Grant Signer that certifies the billed services met contractor pricing and bill quantity requirements, and any other documentation to support billing, such as contractor pay requests, contractor supplier invoices, inspection/observation reports (sponsor or contractor prepared), any associated sponsor/engineer analysis, and labor summary.





Supporting Documentation – System Waiver Sponsors

- **All sponsors issued a system waiver must submit the following documentation with each pay request:**
 - A copy of the SF271/270 Form, or an approved equivalent to their FAA POC;
 - Any additional documentation required with associated risk level.
- **FAA staff will review these requests within 30 days**
 - Upon approval, documents sent to FAA Accounting for manual entry into Delphi
 - FAA staff will then receive an automated email that a payment request is pending
 - Payment will be electronically batched and sent to U.S. Treasury for payment within 2 business days





Sponsor Assignment of Approval Process

- FAA staff will assign sponsors either an auto or manual approval process
- FAA may assign a risk level to a specific grant based on the type of project
- **Nominal Sponsors**
 - Auto-approval process
 - FAA staff may assign specific grants a manual approval process for projects related to terminal, environmental, land, planning, parking lots, and multi-year projects which must meet nominal risk documentation requirements
 - Manual approval required in the final 10% of total grant amount. SBGP excepted
- **Moderate Sponsors**
 - Manual approval process where the approval hierarchy will include at least one FAA staff level
- **Elevated Sponsors**
 - Manual approval process where the approval hierarchy will include at least two levels of FAA approval, of which one must be conducted by an FAA manager

NOTE: Any single grant higher than \$20M must be manually approved (SBGP grants excepted)





Grant Payment Approval Process

- **Delphi eInvoicing automatically checks the grant available balance before payment requests can be submitted**
- **Auto-Approval (FAA Office of Airports Specific)**
 - FAA staff approval action is not required up to 90% of the total grant award amount;
 - Any payment request beyond 90% of the total grant award amount will be automatically re-routed to a manual process requiring FAA staff approval action, and trigger grant close-out procedures (SBGP grants excepted)
- **Manual Approval**
 - FAA staff will review all manual payment requests within 30 days
 - All credit memo requests require manual approval



Approved/Rejected Payment Requests



- **Approved Payment Requests**

- Once the request has been approved either manually or via auto-approval, the payment will be electronically batched in Delphi and sent to the U.S. Treasury for payment
- Sponsor to receive payment within 2 business days of batch
- Final payment status can be viewed by sponsors in Delphi eInvoicing

- **Rejected Payment Requests (Manual)**

- FAA staff must include the reason the for rejection in the comment field
- No partial payments are allowed; sponsors must resubmit their request
- All sponsors and FAA staff assigned to the sponsor's hierarchy will be automatically emailed when an FAA staff member rejects a payment request, where reason for rejection can be viewed
- Auto-Approval payments can not be rejected
 - If an error has been detected on an auto-approved payment the sponsor must submit a credit memo





Improper Payments & Credit Memos

- **Handling Improper Payments – Immediately contact FAA**
 - Overpayments, Drawdown on incorrect grant.
 - All payment requests must match the invoice information as uploaded in the system
- **If grant is under the manual approval process, FAA staff will reject the improper payment request**
 - Sponsor must resubmit a new request with the corrected amount
- **If grant is under the auto approval process, sponsor must submit a Credit Memo in Delphi eInvoicing**
 - A Credit Memo is a negative request of the amount that should be refunded.
 - Credit Memos require a manual approval by FAA; sponsor must attach an official letter detailing the error with the Credit Memo request
- **All approved Credit Memos will be held for 29 days to be offset**
 - If no offsetting payment request is submitted by the sponsor, the credit memo will be sent to FAA Accounts Receivable for collections processing and removed from Delphi eInvoicing





Final & Holding Payment Requests

• Final Payment Request

- As directed in statute, “Payments totaling not more than 90 percent of United States Government’s share of the project’s estimated allowable cost may be made before the project is completed...” (49 U.S.C. § 47111)
- All payment requests over 90% of the grant amount require FAA manual approval:
 - Auto-Approval grants will automatically be reassigned a manual approval process
 - Project amendments – recalculation of percentage will be triggered in Delphi
 - FAA staff can not approve final payment requests until all financial closeout documentation has been received from the sponsor and approved (SBPG grants excepted)

The FAA Office of Airports expects SBGP States, to the best of their ability, to adhere to the same rule based on statute for SBGP sub-awards. Final payment for sub-awards should not be made until the participating State has received the proper documentation to close out the sub-award.

• Holding Payment Requests

- Sponsor is non-compliant or indebted to the U.S. Government.
- FAA staff will contact the Office of Airports Compliance Division, ACO-100, first before putting a hold on all sponsors payment requests
- FAA Office of Airports may not withhold payment for approved incurred costs for more than 180 days unless the sponsor has:
 - Failed to comply with grant conditions
 - Has been formally notified by the FAA



Sponsor Financial Reporting Requirements



- **Changes to Financial Reporting Requirements**
 - Part 18 requires sponsors to submit financial reports throughout the life of the grant
 - Based on the new AIP Grants Payment and Financial Reporting Policy, sponsors must submit forms SF-425 or equivalent and SF 271/270 annually for each open grant
 - ***Exception: Waived sponsors are required to use the appropriate form with each payment request in addition to annual reporting requirements***
- **Grant Closeout**
 - Based on part 18 sections 41 and 50, both the SF 425 or equivalent and the SF 271/270 are required documents for final financial reporting during grant closeout procedures
 - To avoid processing delays it is recommended sponsors submit final payment requests separately from other payment requests
- **Clarification**
 - The Delphi eInvoicing system is purely for grant payment processing and the housing of documents related to a specific invoice based on an assigned grant payment risk level. FAA staff will maintain full closeout documentation records outside of the Delphi eInvoicing system





Conclusion

- Q & A

