

UTILITY INVOICE PROCESSING PROCEDURES

Review of any reimbursement claim for utility work is primarily the responsibility of the Region, with technical assistance from the Central Office. In general, the Region Office reviews the billing so they can certify that the work was completed satisfactorily, in the agreed upon manner. The Region also reviews the technical aspects of the claim for adherence to the intent of the agreement.

Expenses incurred prior to an authorization date (utility agreement approval date) are not eligible for reimbursement with one exception, preliminary coordination and engineering work needed to determine the extent of conflicts and complete the Reimbursement Information Form. Separate authorization can be requested for advance purchase of materials prior to the relocation authorization as long as the materials are not incorporated into the work prior to the relocation authorization date. This acknowledges that some materials have long delivery times and must be ordered many months (sometimes over a year) in advance of construction.

Upon receipt of a billing submitted by the utility company, the appropriate region personnel will review each detailed utility contract billing and determine the supportable amount based upon the agreement, region records, supervision, and knowledge of the utility work. The billing should be checked for arithmetic correctness, the inclusion of the appropriate credits, and should be of similar form and amount of the contract estimate. Acceptable variations from the contract estimate should be explained. Unacceptable variations, such as contested expenditures, etc., should be deleted from the amount of the invoice and explanation provided after reasonable attempts have been made to correct the billing by contact with the utility.

After the region review has determined the billing is correct the Region will certify the following in the transmittal letter to the Central Office:

“Based upon my review of the billing, I certify that the costs reflect actual expenditures to date and the work performed and materials incorporated into the project substantially conform to the agreement, contract plans, and estimate.”

An **invoice for a Lump Sum agreement** can be very basic. The scope of work was previously agreed to and the dollar amount was established in the estimate. The invoice should reflect the agreed upon amount, and the appropriate company and project information should be included on the invoice.

An **invoice for an Actual Cost agreement** needs to be more detailed. The billing should contain a statement by the utility that the billing represents actual charges incurred in the accomplishment of the work agreed to in the estimate. It must also set forth the State’s share or obligation. The invoice submittal needs to contain sufficient detail information to determine that the actual costs incurred are consistent with the intent of the estimate and that the invoiced costs are supported by the utility company’s

cost bookkeeping system. An invoice for the exact amount of the estimate should be viewed with caution. While it is possible that the actual costs are the same as the estimated costs, history has shown that this is rarely true unless the company uses a materials based cost accounting system. An invoice that just provides the dollar amount and project identification information is insufficient for an Actual Cost agreement. There needs to be supporting documentation explaining how the total actual cost was arrived at. If you receive an invoice for an Actual Cost agreement and there is no cost detail, contact the utility company and request the additional supporting information.

The intent of the procedure is to provide for payment of 100 percent of the billing amount that can reasonably be determined by the Region to be owed to the utility company under a specific agreement and based upon region supervision, records, and knowledge of the job. It is expected that the region review will be able to check engineering items such as material, labor, equipment, salvage, etc., but will not be able to check overhead loading, mileage rates, etc., which are verifiable at the Central Office. The larger utilities with which the Department has a continuing relationship offer little risk, as any overpayment can be recovered. A very small utility that is rarely encountered, or one that has a limited record keeping system may require additional conferences on its billing before a reasonable amount may be determined.

It is important that the invoices be processed in a timely manner. State Statute, ORS 279C.570 requires payment within 30 days or interest is due. This statute also applies to city contracts for their utility relocations, thus, the 30-day time frame begins when the city contractor submits their bill to the city.

PROCESSING OF A UTILITY BILLING

Region Office

1. Region receives the bill from the utility company
2. Region reviews the bill for accuracy, completeness, and verifies that the work has been done and is in substantial conformance to the agreement. If the estimate was based on a percentage of the total work, the percent used at the time of billing should be the same.
3. Region prepares cover memo.
4. Region recommends payment and sends a cover memo and the original bill to the Central Office: Right-of-Way Section/Project Administration Unit of the Technical Services Branch.

Central Office Utility Unit

1. Receives bill and cover memo from the Region.
2. Compares bill to agreement.
3. Confirms funding authorization with Highway Finance.
4. Approves bill and forwards to Financial Services for payment.
5. Keeps file copy of billing and backup for audit purposes.

Financial Services

1. Reviews invoice for proper accounting practices.
2. Authorizes payment of bill.
3. Images all invoices and documentation.
4. Sends check (payment) to the utility.