

# Texas Commission on Environmental Quality

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## INTEROFFICE MEMORANDUM

**To:** PST Reimbursement Section- Standard Operating Procedures File      **Date:** 06/10/2005

**From:** Frederick Meyers, Manager, PST Reimbursement Section

**Subject:** Implementation of New PST Reimbursement Application Assignments and Acceptable Proof of Payments

**Objective:** Changes to requirements for the application for reimbursement were adopted on November 18, 2004. Discussion is focused on the required submittal of documents relating to assignment and proof of payment.

### **REIMBURSEMENT POLICY:**

#### **ASSIGNMENTS**

As of April 1, 2005, for those applications that have a right to assignment, the TCEQ will not require that an assignment form be submitted with every application, but one must be on file with the TCEQ. For reimbursement purposes, the attached assignment form is the only acceptable assignment document demonstrating that a right of assignment exists. It is the responsibility of the owner/operator to ensure that the TCEQ has the most recent assignment form on file.

#### **PROOF OF PAYMENT**

Proof of payment will be required for any eligible applicant who submits subcontractor invoices in a Reimbursement Application. For applications submitted after July 1, 2005, the only acceptable forms of proof of payment (POP) will be the posting of a payment bond or signature on the certification affidavit in the reimbursement application demonstrating that an invoice has been paid in full.

POP requirements will be applicable to those subcontractor invoices that were generated because the subcontractor has directly contracted with the applicant of the reimbursement application for providing services or supplies. Proof of payment will be required for all invoices.

#### **PAYMENT BONDS**

If a payment bond is to be used as the POP, the TCEQ's payment bond form must be included with the application. General requirements are that the bonding company must be licensed with the Texas Board of Insurance as a surety company. The applicant to be reimbursed must have sufficient coverage and be able to demonstrate that sufficient payment bond coverage is available for all applicable invoices declared in the application.

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Assignments and Proof of Payment

A payment bond may be used by either an owner/operator or an assignee to validate proof of payment.

A substitute payment bond form may be submitted in lieu of the TCEQ's payment bond form. However, the alternate payment bond form must be submitted to the TCEQ for approval. General guidance of the content of the bond is described in the Payment Bond Guidance Document, which can be obtained on our web site at [http://www.tnrcc.state.tx.us/permitting/r\\_e/reimb/](http://www.tnrcc.state.tx.us/permitting/r_e/reimb/).

### **FINANCIAL TRANSACTION VERIFICATION FOR AUDIT PURPOSES**

For claims that are audited, examples of forms of proof that a financial transaction had occurred are.

1. Canceled Checks.
2. Documentation that an electronic transfer of funds has occurred.
  - a. A printed transaction document produced by the bank or other financial institution forwarding the funds. Details on this document would include the bank, bank identifying number or address, amount paid, and date transaction occurred. Additionally, the document must include the reimbursement application number, which subcontractor payment was made to, and the invoice number and amount.
  - b. Other forms as accepted by the agency.

### **EFFECTIVE DATE OF IMPLEMENTATION:**

This Standard Operating Procedure (SOP) is a revision of the document dated April 1, 2005.

Assignment and POP SOP Revised 06/10/05