

# Texas Commission on Environmental Quality

## INTEROFFICE MEMORANDUM

**To:** PST Reimbursement Section- Standard Operating Procedures File      **Date:** June 10, 2005

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

**Subject:** Implementation of new Reimbursement Application

**Objective:** To address changes made to the Reimbursement application process because of new rules that became effective November 18, 2004.

### **REIMBURSEMENT POLICY:**

On March 1, 2005, a new application form became effective to be used when applicants submit claims for reimbursement from the PST Remediation Account. The new form was required to be used by all applicants by April 1, 2005.

### **Changes made to application form:**

- Replacing TNRCC to TCEQ throughout document.
- Changing form date to 6/10/05
- Certification Affidavit (page 3): Changed the form and content. This is the most significant change in the document and the page that will generate the most questions.
- Application checklist: Changed language to match certification document and added line for telephone and fax number for application preparer.
- Cost summary page: Added a line for listing of report and date of report. In the past when there were several activities within the claim, it was sometimes difficult to determine which report was tied to which costs.
- Cost comparison sheets: - Line item changes found in the RCSs were added to the cost sheets for each activity. The activity that had the most changes was the PSH sheet because of the addition of the MDPE line items.

### **FREQUENTLY ASKED QUESTIONS:**

1. What does the bond have to cover?

**At this time the agency is requesting the applicants use the agency approved payment bond form to prove that a legally binding payment bond or equivalent is enforced that ensures subcontractor invoices will be paid after reimbursement is paid. 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. We are not dictating the terms of the bond (e.g., if it covers subcontractor invoices on an activity by activity basis, covers subcontractor invoices on a site by site basis, or covers all activities performed at various sites).**

2. What happens to claims submitted before April 1, 2005, without all Proof of Payment (POP) or current form of POP?

**For claims post marked before April 1, 2005, current POP will be accepted.**

3. What happens to claims submitted and received after April 1, 2005, that are administratively complete?

**a. After April 1, 2005, we will be working with the applicant to get the new affidavit, assignment contract and POP. Promissory note, Power of Attorney, and Affidavit of Costs Paid in Full will no longer be accepted as POP.**

**b. We will work with applicant in the pre-screening process. If all that is missing is the new documents and we do not receive them in a short period of time, we will forward claim on to the review process.**

**c. If the POP and certification are never submitted during the review process, the review will be finalized, the Fund Payment Report (FPR) mailed out and a copy forwarded on to the voucher process. At this time, the FPR will treat any POP related issue as a payable amount and will report it as so.**

**d. A voucher will not be issued until the appropriate documents are received.**

4. What is accepted as POP for claims received after April 1, 2005 and before July 1, 2005?

**Canceled checks, reports indicating transfer of funds, receipts (e.g., city permits), or payment bond form. If electronic transfer of funds is utilized, information required will be invoice number, invoice amount, check number, date transaction occurred, banks involved, and dollar amount of the electronic transfer. At the agency's discretion, the agency will accept copies of accounting ledgers showing account number, the invoice number, invoice amount, prime/subcontractor name, amount paid, method of payment, banks involved, date payment was made, and any other tracking information provided.**

5. What is accepted as POP as of July 1, 2005?

**For applications submitted as of July 1, 2005, the only acceptable forms of proof of payment (POP) needed to be included in the claim will be the posting of a payment bond or signature on the certification affidavit in the reimbursement application demonstrating that invoices have been paid in full.**

6. Since we no longer have to submit the supporting documentation for POP in claims as of July 1, 2005, what will be accepted as POP 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.**

6. Does the assignment contract between the owner and assignee have to be submitted with each claim?

**No. We only need it submitted one time for each LPST site unless there is a change of assignee.**

7. Is the agency approved assignment contract available on the PST Reimbursement web site?

**Yes. There is a link to the document on the main web page ([www.tnrcc.state.tx.us/permitting/r\\_e/reimb](http://www.tnrcc.state.tx.us/permitting/r_e/reimb)) under the section titled "Application for Reimbursement".**

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

This Standard Operating Procedure (SOP) is a revision of the one originally put into effect on March 1, 2005 and amended May 2, 2005

New Application Process SOP 04.01.05.wpd