

SECTION 11 - PAYMENT OF STATE SHARE AND PROJECT CLOSEOUT

Relevant Law –

Relevant Regulation –

Critical Due Dates - Not applicable

11.01 GENERAL

It shall be the responsibility of the college to maintain a separate and complete financial accounting of all projects funded by the State. The DGS shall monitor all expenditures reported by the college as applicable to approved State funded projects and maintain a detailed financial record.

The college, as owner, shall make every effort possible to process A/E, construction or vendor invoices wherein payments can be made by the State within twenty-five (25) calendar days from receipt of a properly executed invoice. All construction applications for payment must be certified by the contractor, project architect, and an authorized official of the college prior to payment.

11.02 EXPENDITURE OF LOCAL FUNDS

The Board of Public Works has a policy that requires the local share to be expended completely prior to any expenditure from the State share. This policy is contained in each Board of Public Works agenda item as:

No State funds will be disbursed until after such time as the loan recipient has presented suitable evidence to the Comptroller that it has expended its portion of the required matching funds for this project. After the loan recipient has met this requirement, all future invoices will be submitted to the Comptroller who shall disburse the State portion in amounts equal to the invoices submitted.

The State of Maryland has established the firm policy that it will not place itself in the position of having to pay federal penalties imposed upon issuers of tax free bonds. Therefore, there is a requirement that bonds will be issued only when the proceeds will be expended within six months of sale and only when clearly made for services already performed.

Upon award of any capital project contract that is supported by State financial assistance, the community college shall provide to the Maryland Higher Education Commission (MHEC) a Cash Flow Projection (MHEC Form P) for the duration of the contract and shall indicate when the initial request for State funds will be made. The Form P shall be adjusted as the project progresses and as significant changes are made, forming the basis upon which the MHEC will request issuance of bonds to support the cash payments.

11.03 REQUESTS FOR PAYMENT OF STATE SHARE

Once the college has expended the required matching funds for a project, it will submit to the Department of General Services (DGS) a request for payment on a *Certificate of Project Expenditures* (CPE) form (CCL-18). There are two acceptable approaches to making State financial assistance payments. They are:

OPTION 1: The college may expend its required matching funds for the eligible costs for the project and submit a Certificate of Project Expenditures (CPE) form requesting that the State payments for eligible costs be made directly to the vendor. This request must be accompanied by legible copies of canceled checks (front and back) equal to the amount of the required local match, as well as copies of contractor's AIA Document G702 or A/E or vendor's invoices for the local match and the requested payment amount.

OPTION 2: The college may make ALL payments directly to the vendor and submit a Certificate of Project Expenditures (CPE) form requesting State reimbursement for eligible costs. The first payment request shall include a legible copy of canceled checks (front and back) equal to the amount of the required local match plus the amount of the requested payment, as well as copies of contractor's AIA Document G702 or A/E or vendor's invoices for the total amount. Canceled checks and invoices for subsequent payment requests need only equal the amount of the requested payment.

Of the two approaches listed above, Option 2 is considered the preferred method.

While the Department of General Services makes every effort to process requests for payments promptly, it cannot guarantee nor be responsible for late payments to architects, contractors and vendors.

NOTE: Three copies of CPE form and all backup information, separated into three complete and separate sets, shall be submitted to the DGS for payment. Payments cannot be made without receipt of all appropriate backup information. CPE payment requests should be sent to:

Bob Machin
Program Administrator for Community Colleges
Department of General Services
301 West Preston Street - Suite 1405
Baltimore, MD 21201

Requests for payments of State share should be made periodically throughout the project once the local share has been paid and funds should be expended promptly as work is completed.

Funds not expended within two years of project completion may be withdrawn and reverted into the MHEC contingency fund.

11.04 REQUIRED CPE PAYMENT BACKUP INFORMATION

The college must provide evidence that work has been accomplished and that the local share has been paid in full including copies of all cancelled checks (front and back) along with applicable vendor invoices.

11.05 CITS AND CONTINGENCY ALLOWANCES

Payments for CITS and contingency allowances will be evaluated and reviewed for State participation at project closeout. Therefore, sufficient local funds must be available to pay the total cost of change orders when approved by the college. The DGS will review all change orders at project closeout and will participate in all eligible change order as available funds allow. It is advisable to avoid change orders.

11.06 INSTRUCTIONS FOR COMPLETING CERTIFICATE OF PROJECT EXPENDITURES FORM (CCL-18: Section 14.02, page 17)

Date Submitted:	Enter date form is submitted to DGS.
College:	Enter name of community college.
State Project No.:	Enter project number.
Project Title:	Enter project title.
Date Approved by BPW:	Enter date the Board of Public Works approved the allocation of funds for the project.
CPE Sequential No.:	Enter the CPE sequential number.
Phase:	Enter either design, construction, furniture & equipment or closeout.
Name of Payee:	Enter the name (either the college/local political subdivision or vendor) to which the State is to make the check payable.
Address of Payee:	Enter the address where the check is to be mailed and if the check should be sent to anyone's attention.
Federal I.D. No.:	Enter Federal Identification Number of payee.

Line 1. Total cost of contracts approved by the Board of Public Works to date.
Enter the total amount of the contract approved by the Board of Public Works. *(This amount should include the base contract only. Contingency and CITS amounts should only be added in on the final closeout CPE.)*

Line 2. Total Local Share of contract approved by the Board of Public Works
Enter the total local share of contract approved by the Board of Public Works and included on the appropriate BPW agenda item. *(This amount should include the base contract only. Contingency and CITS amounts should only be added in on the final closeout CPE.)*

Line 3. Total Local Share of approved contracts paid to date.
Enter the sum of all payments made by the college or the local subdivision, as applicable. *(Do not include change orders in this amount until the final closeout CPE is submitted)*

Line 4. Overpayment of Local Share to date.
(Line 3 minus Line 2). Should the payee be the vendor, there should be no overpayment and this amount should be zero.

Line 5. Total State Share of contracts approved by the Board of Public Works.
Enter the total State share of contracts approved by the Board of Public Works and included on the appropriate BPW agenda item. *(This amount should include the base contract only. Contingency and CITS amounts should only be added in only on CITS, CONTINGENCY ALLOWANCE the final closeout CPE.)*

Line 6. Amount of grant eligible for payment to date.
The amount is equal to the eligible costs invoiced to date, minus the local share paid to date. (Line 3)

Line 7. Total State payments to date. (Self-explanatory)

Line 8. Payment Requested (Line 6 minus Line 7)

Certification: Complete remainder of form, lining out the wording not applicable on the certification portion (i.e. design, construction, furniture/equipment, telecommunications). An authorized member of the board of trustees must sign the Certificate of Project Expenditures upon completion and submit the original and two copies of CPE form, canceled checks and invoices to the Department of General Services.

11.07 PROJECT CLOSEOUT

The college must request payment for all remaining State share balances within two years after the completion of construction and final payment to the contractor and shall submit a project closeout request to the Department of General Services consisting of the DGS Closeout Form listing all project allocations, expenditures, additional project costs and the anticipated final closeout payment amount.

11.08 CLOSEOUT SUBMISSION

The project closeout submission shall include the following:

Cover letter to DGS - notifying that this is a project closeout submission and should state the anticipated final State payment. Provide a brief description of any unusual conditions during project construction which may help support additional work.

DGS Closeout Submission Form - which includes a list of approved Board of Public Works items including agenda date, and breakdown of total design, construction, furniture and equipment allocations, local, and State shares and a summary of all project expenditure totals to date.

Cancelled checks - Copies of canceled checks (front and back) covering additional costs not previously submitted with prior Certification of Project Expenditures (CPE) payments. Do **not** send cancelled checks and invoices for work for which payments have already been made.

Invoices - supporting additional work. Do **not** resubmit invoices already provided with previous CPE payment requests.

Change Order Justification - A detailed written description of the work involved in each change order along with the reason **why** the work was necessary. Change orders with insufficient description and justification will be considered ineligible.

Misc. Support documentation from Fire Marshal and other regulatory agencies for change orders resulting from inspections, changes in codes etc.

11.09 CHANGE ORDER ELIGIBILITY:

Should change orders become necessary during construction, a Change Order (CO) properly executed by the local contracting authority and signed by the A/E, the contractor, and the college for each change order must be sent by the college to the Department of General Services at project closeout. The AIA Document form G701 may be used to submit a CO.

Change orders shall be considered eligible for State participation only for those changes used to pay the cost of bonafide adjustments to the construction to rectify unforeseen or conflicting building situations. A change order will not be considered as eligible for State participation if it:

- Re-establishes alternates not approved at the time of contract award
- Increases the scope of the work or quality of materials
- Is a result of negligent or faulty contract performance
- Is a result of errors or omissions on the part of the A/E

11.10 FINAL CLOSEOUT Certificate of Project Expenditure

Projects Over Base Contract Amount - A final closeout CPE should not be submitted with the closeout request when payments for change orders and/or additional costs are requested. After reviewing the closeout submission, DGS will notify the college with the results and the amount approved for final payment. Closeout submissions requesting the payment of the remaining balance of the base contracts only.

Project Equal to or less than Base Contract Amount - A closeout review is not required for final payment requests for contracts not exceeding the base contract amount. A final closeout CPE may be submitted accompanied by a cover letter stating the intention to closeout the project.

The project closeout with backup should be sent to:

Original to: Program Administrator for Community Colleges
 Department of General Services
 301 West Preston Street Suite 1207
 Baltimore MD 21201-2365

One copy to: Capital Budget Analyst for Community Colleges
(w/o backup) Department of Budget and Management
 301 West Preston Street Suite 1209
 Baltimore MD 21201-2365

One copy to: Finance Policy Analyst for Community College Capital
(w/o backup) Maryland Higher Education Commission
 839 Bestgate Road Suite 400
 Annapolis MD 21401-3013