

X. REIMBURSEMENT

X.1. Costs Eligible for Reimbursement

Costs directly related to the project are reimbursable as long as the LPA, prior to incurring the eligible activity cost, completed the necessary steps and received the appropriate approvals from KYTC and FHWA.

As mentioned in **Chapter I**, indirect costs (such as overhead) are not eligible for reimbursement unless the LPA has an approved Cost Allocation Plan.¹

If the LPA is seeking reimbursement for employee time and equipment usage for construction force account expenditures, as discussed in **Chapter VIII**, the LPA must provide appropriate documentation. Time spent on administrative duties is not eligible for reimbursement. Employees of the LPA must record daily only that time worked and those equipment hours used specifically for the individual project. Employees must sign the daily time and equipment record and their supervisor must approve it. This documentation must be included with the reimbursement request.

X.2. Reimbursement Process

The LPA must pay project expenses up front and then submit a request for reimbursement to the Administering Office on the appropriate reimbursement request form. There are currently separate forms for OLP-Administered and District-Administered projects; these are provided, respectively, at the links below and a copy of each is provided as an attachment to this chapter.

OLP-Administered: <http://transportation.ky.gov/Organizational-Resources/Forms/TC%202020-29.xlsx>

District-Administered: <http://transportation.ky.gov/Program-Management/Documents/LPA10%20-%20Attach%20%20-%20District%20Reimbursement%20Request%20Form.docx>

The LPA must submit invoices for reimbursement payments every 90 days (at a minimum) until its project is completed and final reimbursement payment is made to the LPA (and the project is closed by KYTC). Monthly invoicing is recommended. If an invoice is not submitted within any 90 day period, an explanation must be provided. Projects with no expenditures processed for reimbursement are subject to being added to the Federal “Inactive Project” project list and the federal funding is subject to being de-obligated by FHWA.

Reimbursement requests must be appropriately supported with legible, detailed vendor invoices and receipts that include a detailed description and/or location for the work performed, printed name and approval signature, date, cancelled checks (front and back) proving the LPA has paid the vendors, and any other supporting documents, as appropriate, to explain expenditures submitted for reimbursement.

Supporting documentation must demonstrate that the DBE goal (discussed in **Chapter VIII**) is being met and that DBEs employed on the project are being promptly paid. If the DBE requirements are not being met, the LPA’s reimbursement payment will not be made.

¹ OMB Circular A-87 (as revised); FHWA Memorandum: “Indirect Costs Eligibility and other TEA-21 Revisions to Title 23 USC § 302,” September 24, 1998.

After KYTC review and approval, the LPA will be reimbursed by KYTC at the agreed upon federal share for properly documented, eligible, and authorized project costs.

If the project is being constructed through a non-reimbursement program, prime contractors must be paid by the LPA within 7 days of the date the LPA receives the funds from KYTC. The LPA must also ensure that all subcontractors are being promptly paid in accordance with statute.² For both non-reimbursement and reimbursement programs subcontractors must be paid within 7 days from the date the prime contractor receives its payment from the LPA. In no instance shall the subcontractors wait more than 30 days from the time they satisfactorily provided their services or items to receive payment. The party with whom the subcontractor has contracted must pay it within 30 days of the date the subcontractor satisfactorily performed its services regardless of whether or not it has received reimbursement or payment.

² 49 CFR 26.29.