Delphi eInvoicing – ARP Policy Training

External Training – for AIP Sponsors/Grantees

Presented to: ARP FAA Employees
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Federal Aviation Administration

Introduction

- ## Course Outline

    - DOT Delphi eInvoicing – Introduction & Training Module
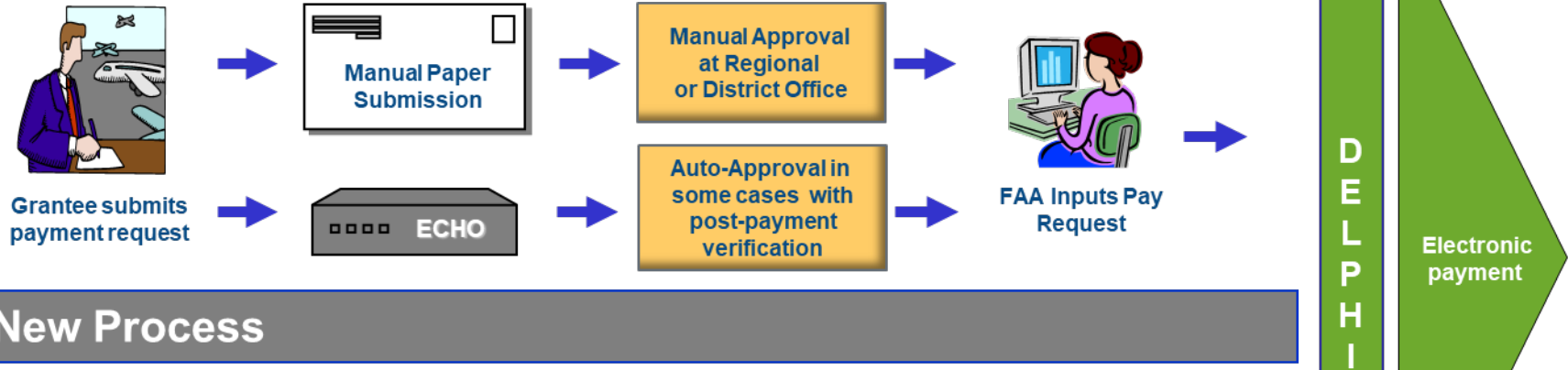
    - New AIP Grant Payment Policy Overview

- ## Purpose

    - To educate sponsors on the new ARP policy and processes requirements associated with grant payments and train sponsors on the Delphi eInvoicing system and sponsor financial reporting.
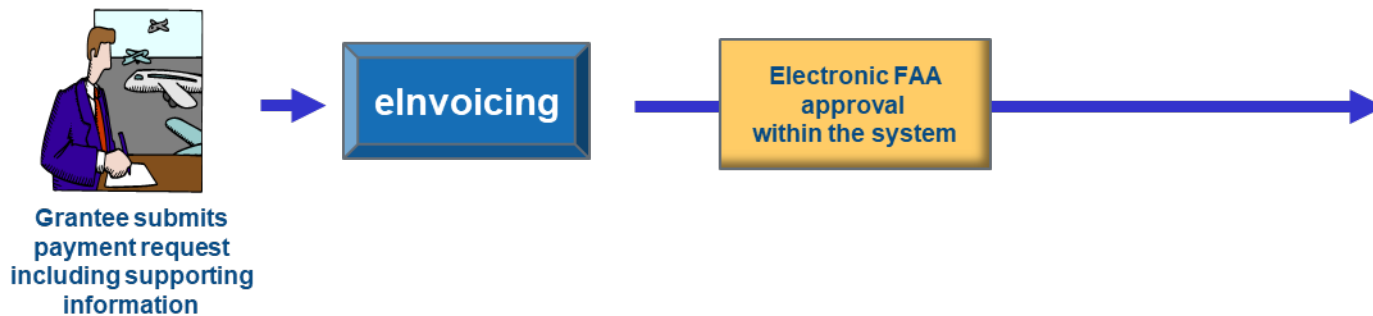
Grants Payment Process Steps

| Payment Request | Funds Check | Review/ Approval | Payment Transmission | Payment |

Current Process

Grantee submits payment request

→ **Manual Paper Submission** → **Manual Approval at Regional or District Office** →

→ **ECHO** → **Auto-Approval in some cases with post-payment verification** →

FAA Inputs Pay Request →

DELPHI

Electronic payment

New Process

Grantee submits payment request including supporting information

→ **eInvoicing** → **Electronic FAA approval within the system** →

System Functionality - Key Features

- Supporting Documentation - Attachments
- Automated Fund Control Checks (Delphi & Final 10% Closeout)
- Real-Time Reporting & Tracking
- Auto-Generated Email Notifications
- Electronic FAA Approvals
- Ability to Accommodate Unique State & Airport Sponsor Relationships (State Block Grants & Channeling Act Payment Process)

AIP Policy Overview and Applicability

- Process and policy requirements for submitting AIP grant payment requests.

- Sponsor financial reporting requirements.

- Policy applies uniformly to all grant sponsors, including States in SBGP, unless noted otherwise.

DOT Delphi eInvoicing

- **All AIP sponsors are required to:**
  - Complete e-Authentication process for system access
    - If your region receives any questions from the users, please refer them to the ESC eInvoicing Help Desk at (405) 954-3000 or (866) 641-3500
    - For external user log in/instruction/FAQ etc., go to: https://einvoice.esc.gov/
    - For grantee training go to: https://www.transportation.gov/cfo/Delphi-einvoicing-system
    - Submit payment requests electronically through Delphi eInvoicing in accordance with project accomplishments;
    - Typically monthly but may vary by project.

Payment Method - System Waiver

- **System waiver granted on limited basis**
  - Permits Sponsors to submit hard copy paper requests to FAA staff outside Delphi eInvoicing system.

  - Waivers issued by U.S. DOT through completion of Waiver Request Form (OST F 2270.4)
    - Sponsors must consult with FAA staff prior to requesting a system waiver.

Authorized Payment Requesters

- Access granted to sponsors on an individual user level

- Users must maintain active account - access expires after 90 days if no log-in has occurred

- No limitation on the number of individual users permitted to have system access per sponsor

- Sponsors may designate consultants as authorized users

  - Sponsors must review all saved payment requests prepared by consultants

  - System enables consultants to prepare and save requests for sponsors to review and submit

  - Consultants must have separate Delphi login and passwords for each Sponsor they represent to avoid conflict of interest.

Grant Payment Risk Level

- **Each sponsor will be assigned a grant payment risk level of nominal, moderate, or elevated**

  – The grant payment risk level is specific to payments and will differ than other grant administration risk levels established.

  – The grant payment risk level will be used to determine the required supporting documentation to be electronically attached to a payment request.

Sponsor Risk Levels/Supporting Documentation – Nominal Sponsors

- **Nominal Grant Payment Risk Level:**
  - Sponsors that pose minimal risk of improper use of grant funds.

- **Payment Supporting Documentation Requirements for Nominal Sponsors:**
  - <u>Invoice Summary</u>: A summary document generated by the sponsor that includes: contractor name, invoice date, billed amount, invoice payment due date, worksite name, and short summary of services/material billed

- **All grants exceeding $20 Million (excluding SBGP) must meet moderate sponsor documentation requirements regardless of if the sponsor is assigned a nominal risk level.**

Sponsor Risk Levels/Supporting Documentation – Moderate Sponsors

- **Moderate Grant Payment Risk Level:**
  - Sponsors that have a documented record of deviation from appropriate grant payment processes and documentation.
  - This may include: lack of required supporting documentation submitted with payment requests, repeated grant drawdown irregularities, and financial audit findings.

- **Payment Supporting Documentation Requirements for Moderate Sponsors:**
  - Invoice Summary: A summary document generated by the sponsor that includes: contractor name, invoice date, billed amount, invoice payment due date, worksite name, and short summary of services/material billed
  - Contractor Pay Request/Invoice Cover Sheet: Summary Statement provided by contractor accompanying the contractor's invoice.

Sponsor Risk Levels/Supporting Documentation –Elevated Risk Sponsors

- **Elevated Grant Payment Risk Level:**
  - Sponsors that have a blatant or reckless violation of a grant agreement or a repeat of any of the following conditions: lack of required supporting documentation submitted with payment requests; identified fraud, waste, abuse; repeated grant drawdown irregularities, and financial audit findings.

- **Payment Supporting Documentation Requirements for Elevated Risk Sponsors:**
  1. Invoice Summary: A summary document generated by the sponsor that includes: contractor name, invoice date, billed amount, invoice payment due date, worksite name, and short summary of services/material billed.
  2. Contractor Pay Request/Invoice Cover Sheet: Summary Statement provided by contractor accompanying the contractor's invoice.
  3. Invoices: A copy of the detailed invoices sent by the contractor for each service/material billed.
  4. A signed sponsor verification statement explaining the sponsor generated analysis of the detailed invoices.

Supporting Documentation – System Waiver Sponsors

- **All sponsors issued a system waiver must submit the following documentation with each payment request :**
  - A hard copy of the SF-271/SF-270 Form
  - Additional documentation required with their associated grant payment risk level.

Assignment of Approval Process

- FAA staff will assign sponsors one of two types of approval processes based on associated risk level:
  - Auto-approval
  - Manual approval
- All nominal risk sponsors should be assigned the auto-approval process
  - Specific grants <u>may</u> be assigned a manual approval process
  - Any grant higher than $20M <u>may</u> be manually approved

Assignment of Approval Process Cont'd

- All moderate risk level sponsors = manual approval
  - At least one FAA staff level of approval required
- All elevated risk level sponsors = manual approval
  - At least two FAA staff levels of approval, at least one including management, required

Grant Payment Approval Process

- Delphi eInvoicing automatically validates the grant available balance before payment requests can be submitted

- Auto-Approval (ARP specific)
  - All invoices up to 90% of the total grant award amount
  - FAA staff will monitor accounts quarterly

- Manual Approval
  - Any payment request beyond 90% of the total grant award will be re-routed to a manual processing and trigger grant close-out procedures (except SBGP)
  - FAA staff to review all manual payment requests within 30 days
  - All credit memo requests (refunds) require manual approval

Approved/Rejected Payment Requests

- **Approved Payment Requests**
  - Once the request has been approved either manually or via auto-approval the payment will be electronically batched in Delphi and sent to the U.S. Treasury for payment
  - Payment received by Sponsor within 2 business days of batch
  - Final payment status can be viewed by sponsors in Delphi eInvoicing

- **Rejected Payment Requests (Manual)**
  - FAA staff must include the reason the for rejection in the comment field
  - No partial payments are allowed, sponsors must resubmit their request
  - All sponsors will be automatically emailed when an FAA staff member rejects a payment request
  - Auto-Approval payments can not be rejected
    - If an error has been detected on an auto-approved payment the sponsor must submit a credit memo

Improper Payments & Credit Memos

- **Handling Improper Payments**
  - Overpayments, Drawdown on incorrect grant, etc.
- **Delphi eInvoicing credit memo**
  - Immediately contact the FAA staff
  - Submit a credit memo
    - A credit memo is a negative request of the amount that should be refunded.
    - credit memos require a manual approval by FAA and sponsor must attach an official letter detailing the error when submitting any credit memos.
- **All approved credit memos will be held for 29 days to be offset by a subsequent payment request.**
  - If no offsetting payment request is submitted by the sponsor the credit memo will be sent to FAA Accounts Receivable for collections processing and removed from Delphi eInvoicing

Note: FAA must reject an improper payment request if the grant is assigned a manual approval process

  - Sponsor must resubmit a new request with the corrected amount.

AIP Policy Review – Final Payment Requests

- **Final Payment Request**
  - As directed in statute, "Payments totaling not more than 90 percent of United States Government's share of the project's estimated allowable costs may be made before the project is completed…" (49 U.S.C. § 47111)
  - All payment requests above 90% of the grant award amount require RO/ADO approval:
    - Auto-Approval grants will automatically be reassigned a manual approval process
    - Project amendments – recalculation of trigger will occur
    - RO/ADO can not approve final payment requests until all financial closeout documentation has been received from the sponsor and reviewed (except block grants)

    The FAA Office of Airports expects SBGP States to adhere to the same rule based on statute for SBGP sub-awards. Final payment for sub-awards should not be made until the participating state has received the necessary documentation to close out the sub-award.

AIP Policy Review –Holding Payment Requests

- **Holding Payment Requests**
  - Sponsor is non-compliant or indebted to the U.S. Government.
  - RO/ADO staff must contact their Regional POC, first before putting a hold on all sponsors payment requests.
  - FAA Office of Airports may not withhold payment for approved incurred costs for more than 180 days unless the sponsor has:
    - Failed to comply with grant conditions
    - Has been notified

Sponsor Financial Reporting Requirements

- ## Changes to Financial Reporting Requirement
  - Under 2 CRF §200.343 sponsors are required to submit certain financial reports to summarize grant expenditures and report on the status of project funds.
  - These financial reports must be collected outside of the Delphi eInvoicing system.

- ## Required Sponsor Financial Reports
  - SF–425, Federal Financial Report:
    - Submit **annually** for each open grant, due 90 days after the grant year, by sponsors to monitor outlays and program income on a cash or accrual basis.
    - Submit as a final financial report during grant **closeout** procedures in accordance with 2 CFR § 200.343 and other pertinent sections.
  - SF–271 and SF-270: These report are used for construction/non-construction project and must be submitted **annually**, due 90 days after the grant year, for each open grant summarizing requests for reimbursements.
    - Must be submitted as a final financial report during **closeout** in accordance with 2 CFR § 200.343 and other pertinent sections.

Conclusion