

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
ADMINISTRATIVE PROCEDURES  
VOLUME II, CHAPTER 10

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SUBJECT: ACCOUNTING  
CHAPTER TITLE: OBLIGATION OF CONSTRUCTION PROJECT FUNDS

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**I. INTRODUCTION**

Effective 9/15/1999

The Department of Transportation (DOT) requires that funds be budgeted or obligated prior to work commencing on construction projects. This promotes financial responsibility and aids in agencies' overall budget planning efforts. The obligation process involves a series of managerial approvals and a computer tracking system on REMIS.

While this chapter deals primarily with the policies and processes of the obligation of *highway* construction project funds, the associated forms and the REMIS Project Tracking System may be used for other kinds of construction projects, such as office buildings, parking lots, etc., and by other DOT agencies as well as the Division of Highways (DOH). When this Procedure is used for projects other than road or bridge construction, the DOH Project Control Division's review and *programming* is typically **not involved**. Often, the DOT Business Manager's review **is required**. Agencies should seek the DOT Business Manager's guidance in making use of the forms and Project Tracking System under these circumstances.

**II. GENERAL POLICIES**

Effective: 9/15/1999

The Division of Highways' fiscal control procedures require the review and approval of a road or bridge project (programming) by the Program Review Committee and the approval of a Project Authorization (obligation) prior to incurring costs or obligating funds. Scheduling procedures and a review of required project funding will be performed prior to either project programming or obligation.

The Program Review Committee consists of the DOH Commissioner, the Director of Highways' Project Control Division, and other "C" and "H" level managers appointed by the DOH Commissioner. The approval of a project (or project *phase*) by this Committee *programs* funds in the amount estimated for completion.

**A. INITIATION OF OBLIGATION**

1. The DOH organization responsible for the development of an approved phase of a project will be notified of the Program Review Committee's approval by the receipt of a computer print-out sheet. This print-out will outline the project approved, the program, the funds programmed, the State Project Number, the functional system, the type of work, the location and length of the project (and/or phases), and other pertinent details.

- a. The receipt of the computer print-out indicates only that the Review Committee has approved a project phase for development.

Such approval, programs (or encumbers) funds from the total available over an extended period of time for that particular project; it does not obligate State or Federal funds for incurring costs, as these must be authorized (obligated) from those funds immediately available.

- b. Obligation of funds is accomplished through the preparation and processing of Project Authorizations. **Costs may not be incurred nor funds committed prior to obligation**, which is indicated by the creation of a Project Authorization within the computer system.

2. The data from the computer print-out is used to prepare Form BF-98, Authorization. The BF-98 is used to obligate funds, request authorization of work, and to request approval to revise funding. **Neither state nor federal funds may be expended prior to notification that an authorization has been approved.**

3. Supplementary BF-98's must be prepared, processed, and approved prior to incurring any fund expenditure in excess of that previously authorized.

4. A completed project phase must be closed as soon as possible by processing Form BF-150, Closure.

## **B. BASIC OBLIGATION RESPONSIBILITIES**

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1. Road and bridge construction projects may be separated into several phases, such as planning, design, right-of-way, and construction. Each phase requires a separate obligation and authorization process.

- a. Design Authorization:

Engineering Division or Traffic Engineering Division, as appropriate, will prepare all BF-98's and the BF-150 for preliminary engineering except for projects which are estimated to have a preliminary engineering cost of \$10,000 or less. These projects will be designed under the master authorizations issued to each DOH District yearly. Engineering Division will prepare this annual BF-98.

- b. Right-of-Way Authorization:  
Right-of-Way Division or, if appropriate, Right-of-Way Sections of Districts will prepare all BF-98's and the BF-150.
  - c. Construction Authorization:  
BF-98's and the BF-150 will be the responsibility of Engineering Division, Contract Administration Division, or Traffic Engineering Division, whichever is appropriate. However, Highway Operations Division may be responsible if the work is to be performed by DOH maintenance forces. The actual consolidation and completion of the BF-98 may be delegated to the District by Engineering Division or Traffic Engineering Division as a part of the preparation of plans, specifications, and estimates.
2. Change Orders on contract work will be handled through Contract Administration Division. However, any Change Order in excess of four percent of the original contract amount must be accompanied by a Supplemental Authorization (use Form BF-98), or the Supplemental Authorization may be approved before the Change Order is submitted.
    - Change orders are not required on State Forces' work, but a Supplemental Authorization must be prepared to cover extra work, with sufficient justification shown on Form BF-98. These Supplemental Authorizations must have the approval of Highway Operations Division before commencing additional work.
  3. The current, approved authorized amount for any project phase is always available via computer inquiry (HWIQ on REMIS). Therefore, there is no need for organizations to submit copies of the BF-98 to all of the other organizations involved, or for organizations to maintain files of BF-98's received on a "cc" basis.

### **III. OBLIGATION PROCESSES**

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The obligation processes for all phases of road and bridge construction projects are similar, and therefore will be covered as one process. The phases and scenarios that require additional process steps will be noted.

#### **A. INITIAL**

Project Control Division will assign the project phase to the appropriate organization by submitting to them a computer print-out.

1. The assigned organization will prepare a Form BF-98, Authorization, from the data in the print-out and when the schedule dictates, assuming all necessary plans and other articles are available. The BF-98 will then be submitted to Project Control Division for their review. The BF-98

approval cycle will take no more than two weeks.

- a. If a consultant will be used, the BF-98 will be prepared for State forces work only. The BF-98 must be prepared, processed, and approved prior to the initiation of negotiations with a consultant.
  - b. If Federal funds are involved, Project Control Division will contact the Federal Highway Administration (FHWA) for approval.
  - c. If a contractor (or contractors) is to be used, the requested amount on the BF-98 will be the aggregate of the estimated contract cost and engineering and contingencies. The plans, schedules, and estimates (P.S.&E.) will be submitted, along with the BF-98, to Project Control.
2. Project Control Division will review the BF-98 for program compliance. If incorrect, it will be returned to the originator. If correct, it will be transmitted to Transportation Finance Division.
- If there is a P.S.& E. package, it will be transmitted to the State Highway Engineer for approval.
3. IF FEDERAL FUNDS ARE INVOLVED:
- a. If approved, Project Control will notify Finance, who will (in turn) notify the originating organization.
  - b. If disapproved, the originating organization and Transportation Finance Division will be notified.
4. IF ANY PART OF THE WORK IS TO BE DONE BY A CONTRACTOR:

The originating organization will prepare an advertisement for the contract and transmit it to Project Control Division.

- a. Project Control will advertise the approved contract for letting.
- b. At this point, construction engineering costs (if applicable) may be incurred.
- c. The originating organization and the State Highway Engineer will participate in a contract award meeting, where they will award the contract(s) or reject bids.
- d. If the bid(s) is rejected and the project is not to be re-advertised within ninety days, Form BF-150 Closure) must

be prepared immediately.

5. Upon receipt of the BF-98, Transportation Finance Division will assign an authorization number and enter it into the authorization system in REMIS, which will update the Project Tracking System overnight. Then, Finance will advise the applicable organizations of the authorization number issued (or that it is available on HWIQ) and set the appropriate edits for the authorization.
6. Upon knowledge of the authorization number and fulfillment of the requirements in "3" and "4" (above), if applicable, the originating organization may initiate work and incur costs.

**B. SUPPLEMENTAL**

Effective: 9/15/1999

In cases where funding is not expected to be adequate to cover the remaining work, the work must cease and a supplemental authorization must be processed. Supplemental authorizations may be prepared and processed throughout the life of a project to adjust the unexpended balance of the authorized amount to that which is required for completion.

1. As often as necessary, the assigned or originating organization will prepare a supplemental BF-98 and transmit it to Project Control Division.
  - a. In cases where a consultant is to be used, a supplemental BF-98 must be prepared upon culmination of consultant negotiation, but **prior** to contract execution, requesting funding for consultant payment and (if applicable) additional State forces work.
  - b. If Federal funding is involved, Project Control Division will contact the FHWA for approval.
  - c. If a contractor is being used, a supplemental BF-98 must be submitted for the amount required to adjust the initial BF-98 to the award amount, plus engineering and contingencies.
  - d. Supplemental authorizations are also to be performed in conjunction with change orders to the agreement.
2. Upon receipt of the supplemental BF-98, Project Control Division will review it for program compliance. If incorrect, it will be returned to the originating organization. If correct, it will be transmitted to Transportation Finance Division.
3. If Federal funds are involved:
  - a. If approved, Project Control will transmit the supplemental BF-98 with notification of FHWA approval to

Transportation Finance Division.

- b. If not approved, the originating organization and Finance will be notified.
4. Transportation Finance Division will notify the assigned (originating) organization that a supplement was received.
5. Work may commence (or resume), and costs may be incurred.

**C. CLOSURE**

Effective: 9/15/1999

A Form BF-150, Closure, must be prepared immediately upon project phase completion. If possible, authorizations for corridor location should be closed when the project moves into the design report phase, design report authorizations should be closed when work progresses to the contract plans phase, and contract plans authorizations should be closed when the contract is awarded. Authorizations for any projects which have been dropped from the program must be closed immediately.

1. At the completion of the project phase, the originating organization will prepare Form BF-150 and transmit it to Transportation Finance Division.
  - a. IF FEDERAL FUNDS ARE INVOLVED:  
The BF-150 will be prepared by Transportation Finance Division upon submission of the final voucher to the FHWA.
  - b. IF RIGHT-OF-WAY PHASE:  
In the event that condemnation cases are outstanding, Right-of-Way Division will reduce or increase the unexpended balance of the authorized amount to the best estimate of the remaining project cost.
  - c. IF A CONTRACTOR IS INVOLVED:
    - i. The assigned (originating) organization will transmit the final contract estimate and required documentation to the Finals Section of Contract Administration Division.
    - ii. Contract Administration will review the final estimate and return it to the originating organization for contractor and District Administrator signatures.
    - iii. The originating organization will obtain the above required signatures on the final estimate, prepare Form BF-150, and transmit both documents to the Finals Section of Contract

Administration Division.

- iv. Finals Section will transmit the BF-98 to Project Control Division.
  - v. Project Control will transmit the BF-98 to Transportation Finance Division.
2. Transportation Finance Division will make any necessary monetary adjustments, in coordination with the originating organization.