

Invoicing Best Practices for Transit Agencies

Office of Public Transportation

Tennessee Department of Transportation

September 30, 2023



Contents

- Introduction2
 - Purpose of this guidance:2
- Overall Invoice Organization2
 - Statement of Expenditures2
 - Invoice Checklist.....2
 - Invoice Summary Sheet.....2
 - Documentation of Expenses in Sections2
 - Supplemental Documentation as Needed2
- Financial Information3
 - Schedule of Expenditures (SOE)3
 - TDOT Contract Terms re: Invoice Contents.....3
 - TDOT's New SOE Spreadsheet4
 - Grantee Tasks to Prepare the New SOE for the First Invoice on a Contract6
 - Entering Amounts Requested for the Current Invoice.....8
 - Preparing Subsequent SOEs9
 - Invoice Checklist.....11
 - Invoice Summary Sheet.....11
 - General Ledger15
- Documentation of Direct Costs16
 - Documentation for Travel Expenses18
 - Documentation for Rent Expenses18
- Documentation of Indirect Costs23
 - Documentation of the Indirect Cost Pool.....23
 - Documentation of Allocation of Indirect Costs Across Programs26
 - Periodic Allocation of Actual Indirect Expenditures26
 - Use of a Federally-Approved Indirect Cost Rate.....27
- Personally Identifiable Information (PII)28
- Supplemental Documentation as Necessary29

Introduction

Purpose of this guidance:

- Provide agencies with clarity about what TDOT wants to see in an invoice.
- Help TDOT staff process invoices and reimburse agencies expeditiously.
- Reduce requests from TDOT for follow-up information.
- Help both TDOT and transit agencies in training new staff.

Overall Invoice Organization

Statement of Expenditures

- Provided as an Excel spreadsheet on Multimodal's website.
- Built-in formulas facilitate data entry.

Invoice Checklist

- Provided on Multimodal's website.
- Only one checklist is required per invoice –
 - Grantee Checklist- Federal Funds (UPDATED: 1/23/2023)
 - Grantee Checklist- State Funds (UPDATED: 1/1/2023)
- Supports TDOT's efforts to monitor specific issues.

Invoice Summary Sheet

- A crosswalk between the SOE and the documentation provided.

Documentation of Expenses in Sections

- Section Divider
- List of Expenses in Section - General Ledger (GL)
- GL entries associated with specified invoices.
- Highlight GL entries charged to contract.
- Documentation for each expense in the order presented in the GL.
- Documentation of payment
- Documentation of the expense

Supplemental Documentation as Needed

- Asset documentation
- Insurance Proceeds

Financial Information

Schedule of Expenditures (SOE)

- Concisely provides financial information required in each invoice under the terms of section C.5 of grant the contract:
- Itemization of Reimbursement Requested for the Invoice Period. It must detail, at minimum, all of the following:
 - The amount requested by Grant Budget line-item.
 - The amount reimbursed by Grant Budget line-item to date.
 - The total amount reimbursed under the Grant Contract to date.
 - The total amount requested (all line-items) for the Invoice Period.
- Developed in coordination with TDOT Finance Division, the SOE concisely provides much of the information contractually required to be submitted with each invoice.
- The SOE tracks expenditures relative to contract maximums by category over the life of the contract.
- Because TDOT Multimodal staff are not permitted to alter a transit agency's submitted SOE, errors necessitate returning to the Grantee for correction.

TDOT Contract Terms re: Invoice Contents

C.5. a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

- (1) Invoice/Reference Number (assigned by the Grantee).
- (2) Invoice Date.
- (3) Invoice Period (to which the reimbursement request is applicable).
- (4) Grant Contract Number (assigned by the State).
- (5) Grantor: Tennessee Department of Transportation, Multimodal Transportation Resources Division.
- (6) Grantor Number (assigned by the Grantee to the above-referenced Grantor).
- (7) Grantee Name.
- (8) Grantee Tennessee Edison Registration ID Number Referenced in Preamble of this Grant Contract.
- (9) Grantee Remittance Address.
- (10) Grantee Contact for Invoice Questions (name, phone, or fax).
- (11) Itemization of Reimbursement Requested for the Invoice Period- it must detail, at minimum, all of the following:
 - i. The amount requested by Grant Budget line-item (including any travel expenditure reimbursement requested and for which documentation and receipts, as required by "State Comprehensive Travel Regulations," are attached to the invoice).
 - ii. The amount reimbursed by Grant Budget line-item to date.
 - iii. The total amount reimbursed under the Grant Contract to date.
 - iv. The total amount requested (all line-items) for the Invoice Period.

TDOT's New SOE Spreadsheet

Starting Fall 2023, TDOT will distribute a partially completed SOE Excel spreadsheet to Grantees along with each executed contract. TDOT Program Managers will have already populated certain fields and protected them. The new SOE also includes macros that enable the Grantee to quickly convert the most recent invoice for a contract to an SOE ready for input of the current amounts to be invoiced, updating the amount billed to date and the amount remaining for each line item.

TDOT Program Managers will enter the following into the SOE prior to sending a contract-specific SOE to the Grantee:

- most of the SOE header information,
- the budget amount for each major expenditure category (Project Administration, RTAP, Planning, Capital, and Operating);
- the federal/state/local share percentages for each category of expenditures; and
- list of capital items in the contract, including the FTA Activity Line Item (ALI) number if appropriate.

Figure 1. SOE Header Information

TDOT will pre-fill all information in the SOE header except the fields shaded in green.

Schedule Of Expenditures			
Grantor Agency	TDOT - Multimodal	Invoice Number	Z-22-5311-05-01
Grantee Name	Mid-Cumberland Human Resource Agency	Invoice Period	07/01/2023-7/31/2023
Grantee Edison ID	1101 Kermit Dr	Contract Period	07/01/2023-06/30/2024
Grantee Address	Suite 300	F&A Contract Number	Z23531105
City, State, Zip	Nashville TN 37217	Program	5311
Contact Person/Telephone	Terry Dixon/615-850-3902	FTA Grant Number	TN2023020
State Funds Only Contract?	NO	State Project Number	985311S3560

Table 1. SOE Header Information

Header Data Field	Instructions
Grantor Agency	TDOT - Multimodal
Grantee Name	Agency name
Grantee Edison ID	Edison ID that is unique to the Grantee and found on the cover page of the grant contract.
Grantee Address, City, State, Zip	Agency address. This needs to be entered exactly as the address is shown in Edison. If an agency needs to change their address, contact Edison Supplier Maintenance
F&A Contract Number	Nine (9) characters, typically starting with a "Z" or "G." Examples: GG2273106 or Z22531102
State Project Number	Eleven (11) characters, starting with the two-digit code for the county or counties in which the project is located. Example: 985311S3312
Invoice Number	[CONTRACT_NUMBER]-#. The invoice number is the state contract number followed by a dash and a number indicating where the invoice falls relative to other invoices against that contract number, Example the first three invoices against contract number GG2273106 will be GG2273106-01, GG2273106-02, and GG2273106-03.
Invoice Period	The invoice period is the period in which most of the expenses were paid by the agency. Typically, this is a month. This does not mean that every expense included in the invoice must fall within this period.
Contract Period	[BEGIN_MONTH/DAY/YEAR] to [END_MONTH/DAY/YEAR]
Contact Person/Phone	Person responsible for the invoice that can be contacted if TDOT has questions or needs additional documentation.
Program	Name of the federal or state program under which the contract is issued (e.g., 5311, 5307, UROP, IMPROVE Act). For IMPROVE grants, please include the award year of the grant (e.g., IMPV-2022).
FTA Grant Number	For contracts that include federal funds, include the FTA grant number. Recent projects have an FTA grant number similar to TN2022019. Older FTA grants may have a number with an "X" in the middle, such as TN18X033.
State-match only contract?	Yes/No. Answer "Yes" if the contract only includes state funds provided as match to an FTA grant for which the transit agency is a direct recipient. An urban agency that receives 5307 funds directly from FTA would receive a state-match-only contract for state match. That agency would answer "Yes" to this question on invoices for that state match contract.

Grantee Tasks to Prepare the New SOE for the First Invoice on a Contract

- Check the header information entered by the TDOT Program Monitor.
- Complete the green fields in the SOE header.
 - Enter the name and phone number of the contact person.
 - Enter the invoice number.
 - Enter the invoice period. The invoice period is the date range that applies to most of the expenditures included on the invoice. It is not a problem if there are specific expenses that fall outside that range as long as they are within the contract term.
- Click the “Switch to Capital Sheet” button to the right of the SOE form (Figure 2).

Figure 2. Location of the “Switch to Capital Sheet” Button

Schedule Of Expenditures					
Grantor Agency	TDOT - Multimodal	Invoice Number	Z-22-5311-05-01		
Grantee Name	Mid-Cumberland Human Resource Agency	Invoice Period	07/01/2023-7/31/2023		
Grantee Edison ID	1101 Kermit Dr	Contract Period	07/01/2023-06/30/2024		
Grantee Address	Suite 300	F&A Contract Number	Z23531105		
City, State, Zip	Nashville TN 37217	Program	5311		
Contact Person/Telephone	Terry Dixon/615-850-3902	FTA Grant Number	TN2023020		
State Funds Only Contract?	NO	State Project Number	985311S3560		
Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)

Switch to Capital Sheet
Prepare for Next SOE

- Before the Grantee enters budget amounts for sub-categories, the cell showing the budget amount for each capital item will appear in red (Figure 3).

Figure 3. Capital Sheet Prior to Entry of Budget Amounts by the Grantee

Cost Categories		Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)
Capital						
ALI	ALI Description					
11.13.04	Buy Expansion - Capital Bus - <3					
	Total Capital		-	-		-
	Eligible Total Capital	\$ -	\$ -	\$ -	\$ 84,000.00	\$ 84,000.00
	Total Federal Requested	\$ -	\$ -	\$ -	\$ 71,400.00	\$ 71,400.00
	Total State Requested	\$ -	\$ -	\$ -	\$ 6,300.00	\$ 6,300.00

- o Enter the budget amount for each capital item in the green field under Contract Budget (4), as shown in Figure 4.

Figure 4. Capital Sheet After Entry of Budget Amounts by the Grantee

Cost Categories		Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)
Capital						
ALI	ALI Description					
11.13.04	Buy Expansion - Capital Bus - <3(
		Capital 01				
	Total Capital		-	\$ -	\$ 84,000.00	\$ 84,000.00
	Eligible Total Capital	\$ -	\$ -	\$ -	\$ 84,000.00	\$ 84,000.00
	Total Federal Requested	\$ -	\$ -	\$ -	\$ 71,400.00	\$ 71,400.00
	Total State Requested	\$ -	\$ -	\$ -	\$ 6,300.00	\$ 6,300.00

- o Click the "Switch to SOE" button to the right of the SOE form (Figure 5).

Figure 5. Location of the "Switch to SOE" Button on the Capital Sheet

Capital Expenses					
Grantor Agency	TDOT - Multimodal	Invoice Number	Z-22-5311-05-01		Switch to SOE
Grantee Name	Mid-Cumberland Human Resource Agency	Invoice Period	07/01/2023-7/31/2023		
Grantee Edison ID	1101 Kermit Dr	Contract Period	07/01/2023-06/30/2024		
Grantee Address	Suite 300	F&A Contract Number	223531105		
City, State, Zip	Nashville TN 37217	Program	5311		
Contact Person/Telephone	Terry Dixon/615-850-3902	FTA Grant Number	TN2023020		
State Funds Only Contract?	NO	State Project Number	985311S3560		

- Once the Grantee is back on the SOE form, for each major category of expenditures, complete the budget for each of the subcategories by entering amounts in the green fields under Contract Budget (4).
 - o Before the Grantee enters budget amounts for sub-categories, the cell showing the total budget amount for the category will appear in red (Figure 6).

Figure 6. New SOE's Project Administration Category Prior to Entering Budgets for Sub-Categories

Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)
Project Administration					
Salaries & Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Travel & Training	-	-	-	-	-
Rent & Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Supplies & Printing	-	-	-	-	-
Insurance	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Indirect Cost	-	-	-	-	-
Total Project Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Eligible Total Proj Admin	\$ -	\$ -	\$ -	\$ 395,980.00	\$ 395,980.00
Total Federal Requested	\$ -	\$ -	\$ -	\$ 316,784.00	\$ 316,784.00
Total State Requested	\$ -	\$ -	\$ -	\$ 39,598.00	\$ 39,598.00

- When the sum of the sub-categories equals the total for that category, the cell showing the category total will no longer be red (Figure 7).
 - The SOE template is now ready to be used for the first invoice.
 - After the first invoice, the Grantee will be able to update amounts in the Excel spreadsheet for the following invoice using the macros embedded by TDOT. More information is provided below.

Figure 7. New SOE's Project Administration Category After Entering Budgets for Sub-Categories

Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)
Project Administration					
Salaries & Wages	-	-	-	54,000.00	54,000.00
Fringe Benefits	-	-	-	25,000.00	25,000.00
Travel & Training	-	-	-	1,000.00	1,000.00
Rent & Utilities	-	-	-	6,000.00	6,000.00
Communications	-	-	-	1,500.00	1,500.00
Supplies & Printing	-	-	-	1,000.00	1,000.00
Insurance	-	-	-	170,000.00	170,000.00
Other Direct Costs	-	-	-	14,480.00	14,480.00
Indirect Cost	-	-	-	123,000.00	123,000.00
Total Project Administration	\$ -	\$ -	\$ -	\$ 395,980.00	\$ 395,980.00
Eligible Total Proj Admin	\$ -	\$ -	\$ -	\$ 395,980.00	\$ 395,980.00
Total Federal Requested	\$ -	\$ -	\$ -	\$ 316,784.00	\$ 316,784.00
Total State Requested	\$ -	\$ -	\$ -	\$ 39,598.00	\$ 39,598.00

Entering Amounts Requested for the Current Invoice

- Enter the amounts to be billed on the current invoice in the green cells under the column "Amounts Due this Invoice (1)."
 - It is not necessary for the Grantee to round down. The SOE spreadsheet will do this automatically when calculating the amount to be reimbursed. Note the rounded amounts in Eligible Project Admin., Total Federal Requested, and Total State Requested in Figure 8, below.
 - If amounts exceed the remaining available budget for a sub-category, there will not be an error, but the remaining budget for that sub-category will appear as a negative number. Note that in Figure 8, below, the budget for Travel & Training was exceeded and shows as a negative number in the Remaining Budget column.
 - At the category level, the amount for reimbursement will not exceed the budget amount for the category, even if sub-categories have all been overdrawn.

Figure 8. Amounts Due This Invoice Entered into New SOE

Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)
Project Administration					
Salaries & Wages	6,251.47	-	6,251.47	54,000.00	47,748.53
Fringe Benefits	20,045.38	-	20,045.38	25,000.00	4,954.62
Travel & Training	3,000.00	-	3,000.00	1,000.00	2,000.00
Rent & Utilities	1,032.89	-	1,032.89	6,000.00	4,967.11
Communications	200.14	-	200.14	1,500.00	1,299.86
Supplies & Printing	100.65	-	100.65	1,000.00	899.35
Insurance	31,056.72	-	31,056.72	170,000.00	138,943.28
Other Direct Costs	1,357.96	-	1,357.96	14,480.00	13,122.04
Indirect Cost	4,985.62	-	4,985.62	123,000.00	118,014.38
Total Project Administration	\$ 68,030.83	\$ -	\$ 68,030.83	\$ 395,980.00	\$ 327,949.17
Eligible Total Proj Admin	\$ 68,030.00	\$ -	\$ 68,030.00	\$ 395,980.00	\$ 327,950.00
Total Federal Requested	\$ 54,424.00	\$ -	\$ 54,424.00	\$ 316,784.00	\$ 262,360.00
Total State Requested	\$ 6,803.00	\$ -	\$ 6,803.00	\$ 39,598.00	\$ 32,795.00

- Save the invoice.
- Print the SOE as a PDF and sign for submission to TDOT with the invoice package.

Preparing Subsequent SOEs

- Open the most recently submitted SOE for the contract to be invoiced and save it with the name for the current invoice. A copy of the previous period’s SOE should be retained for the Grantee’s records.
- Click the “Prepare for Next SOE” button to the right of the SOE form (Figure 9).

Figure 9. Location of the “Prepare for Next SOE” Button

Schedule Of Expenditures					
Grantor Agency	TDOT - Multimodal		Invoice Number	Z-22-5311-05-01	
Grantee Name	Mid-Cumberland Human Resource Agency		Invoice Period	07/01/2023-7/31/2023	
Grantee Edison ID	1101 Kermit Dr		Contract Period	07/01/2023-06/30/2024	
Grantee Address	Suite 300		F&A Contract Number	Z3531105	
City, State, Zip	Nashville TN 37217		Program	5311	
Contact Person/Telephone	Terry Dixon/615-850-3902		FTA Grant Number	TN2023020	
State Funds Only Contract?	NO		State Project Number	985311S3560	
Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)

Switch to Capital Sheet

Prepare for Next SOE

- A warning appears after clicking “Prepare for Next SOE” to make sure the Grantee has saved the previous SOE. If the previous invoice has been retained under a different filename, click “Yes” to proceed.

Figure 10. Confirmation that the Previous SOE Has Been Saved

The previous period SOE has been saved prior to preparation for next period?

Every schedule of expenditures (SOE) for each reimbursement request should be saved and retained prior to preparing the invoice for next period. For example, if this is the fourth invoice, this invoice and the prior three should be saved. Once the fourth invoice has been saved, a new copy should be created and then the copy can be prepared for the fifth invoice.

Has the SOE been saved for the previous period and is now ready to prepare to start the next period SOE? If yes, press the "Yes" button below. If no, press the "No" button below, make a copy of the current SOE for next period and then use that copy to prepare an SOE for the next period.

- The fields under Amount Previously Invoiced (2), Cumulative Expenditures (1+2=3), and Remaining Budget (4-3=5) are updated to include the amounts from the prior invoice. Compare these fields in Figure 8 with the amounts in Figure 11.

Figure 11. SOE After Carrying Prior Invoice Data Forward

Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget (4)	Remaining Budget (4-3=5)
Project Administration					
Salaries & Wages	-	6,251.47	6,251.47	54,000.00	47,748.53
Fringe Benefits	-	20,045.38	20,045.38	25,000.00	4,954.62
Travel & Training	-	3,000.00	3,000.00	1,000.00	(2,000.00)
Rent & Utilities	-	1,032.89	1,032.89	6,000.00	4,967.11
Communications	-	200.14	200.14	1,500.00	1,299.86
Supplies & Printing	-	100.65	100.65	1,000.00	899.35
Insurance	-	31,056.72	31,056.72	170,000.00	138,943.28
Other Direct Costs	-	1,357.96	1,357.96	14,480.00	13,122.04
Indirect Cost	-	4,985.62	4,985.62	123,000.00	118,014.38
Total Project Administration	\$ -	\$ 68,030.83	\$ 68,030.83	\$ 395,980.00	\$ 327,949.17
Eligible Total Proj Admin	\$ -	\$ 68,030.00	\$ 68,030.00	\$ 395,980.00	\$ 327,950.00
Total Federal Requested	\$ -	\$ 54,424.00	\$ 54,424.00	\$ 316,784.00	\$ 262,360.00
Total State Requested	\$ -	\$ 6,803.00	\$ 6,803.00	\$ 39,598.00	\$ 32,795.00

- Confirm that these amounts match the Grantee’s own records.
- Having carried forward data from the prior invoice, the Grantee is ready to enter the amount to be invoiced in the current invoice. Repeat the steps described above in the section entitled “Entering Amounts Requested for the Current Invoice.”

Invoice Checklist

- Thoughtful completion of the invoice checklist each time an invoice is completed will help the Grantee remember any special issues associated with the invoice being prepared.
- The checklist was largely created to address TDOT's past audit findings. In some cases, inclusion of items related to problem areas represented TDOT's corrective action for those past audit findings.

Invoice Summary Sheet

- A crosswalk between the SOE and the documentation provided.
- Facilitates review by Multimodal and TDOT Finance staff who need to pair the documentation provided with the amounts found in the SOE.
- Categories used will vary between agencies since it will reflect the categories found in each agency's accounting system.
 - Categories used in the Summary Sheet roll up to the SOE categories
 - Individual expenses roll up to the Summary Sheet Categories
- Support documentation shall include a summary sheet showing the itemization of transactions by category. The FTA Activity Line Item (ALI) should be shown for each capital transaction as shown in the contract budget.
- Itemization should include the transaction description and the amount to be billed in each category or each ALI in the case of capital items.
- All support documentation should be organized in a manner which allows documents to be linked to each transaction on the summary sheet.
- The support documentation should be arranged in order of the transactions on the summary sheet to allow for easy review and matching of expenses to totals.

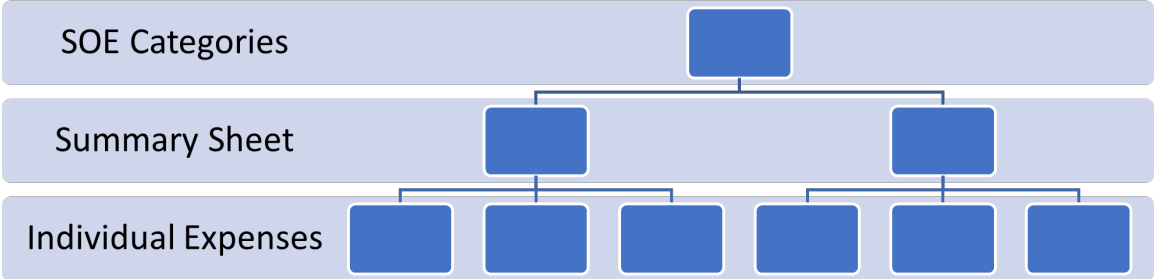


Figure 12. Invoice Summary Sheet – Example from SCTDD

	BEDFORD	COFFEE	FRANKLIN	GILES	HICKMAN	LAWRENCE	LEWIS	LINCOLN	MARSHALL	MAURY	MOORE	PERRY	WAYNE	5311 TOTAL	TDOT Billing
BUS DRIVERS SALARIES	17,871.26							21,813.19	17,075.70	43,863.50	5,174.73	28,559.63	21,856.96	156,214.97	156,214.97
OTHER PERSONNEL	7,054.58							9,368.69	7,497.83	9,134.09	2,862.96	6,749.69	4,236.48	46,904.32	46,904.32
FRINGE	1,894.34							2,325.16	1,868.07	4,021.56	595.38	2,661.73	1,910.92	15,277.16	15,277.16
TRAVEL	101.25													101.25	
FUEL	1,648.10							5,598.27	3,588.81	8,440.19	986.63	6,530.13	4,743.61	31,535.74	31,535.74
FUEL - JULY 2022	3,343.00	2,824.52	5,419.87	3,966.55	2,817.17	4,647.70	2,871.48	6,796.78	5,204.32	13,046.78	1,655.18	7,507.18	5,759.41	65,859.94	65,859.94
MAINTENANCE - VEHICLES	470.49							4,813.76	1,148.38	7,265.33	242.99	5,499.25	2,858.18	22,298.38	22,298.38
INSURANCE / GENERAL LIABILITY														0.00	0.00
INSURANCE / MEDICAL	1,133.13							8,269.79	3,106.82	6,087.16	2,507.03	10,363.09	9,789.38	41,256.40	41,256.40
INSURANCE / WORKERS COMP.														0.00	0.00
INSURANCE /VEHICLE														0.00	0.00
INSURANCE OTHER														0.00	0.00
DRUG & ALCOHOL TESTING	971.20							218.20	482.35	2,205.45	375.05	448.60	277.35	4,978.20	
CONSULT/PROFESSIONAL SERVICES	493.84							852.59	788.51	1,200.87	333.11	669.53	600.80	4,939.25	4,939.25
RENT & UTILITIES	1,500.00							950.00	1,000.00	2,306.84	1,703.22	1,550.00	1,480.60	10,490.66	10,490.66
UNIFORMS												190.98	60.00	250.98	250.98
EQUIPMENT														0.00	
ADVERTISING	95.83													95.83	
COMMUNICATIONS	96.00							21.80	154.55	1,353.14	276.14	584.08	264.94	2,750.65	
PHYSICALS									214.80	99.00		375.00	240.00	928.80	
MAINTENANCE - BLDG.											52.99			52.99	
SUPPLIES	121.10							25.39	139.97	628.64	25.37	760.96	155.75	1,857.18	
MISCELLANEOUS											-10.00			-10.00	
TOTAL CASH COSTS	36,794.12	2,824.52	5,419.87	3,966.55	2,817.17	4,647.70	2,871.48	61,053.62	42,270.11	99,652.55	16,780.78	72,449.85	54,234.38	405,782.70	395,027.80
LESS: FARES	1,118.50							2,177.00	1,751.50	2,701.5	762.00	3,926.50	4,642.00	17,078.98	17,078.98
LESS: INCIDENTALS														0.00	0.00
NET CASH COSTS	35,675.62	2,824.52	5,419.87	3,966.55	2,817.17	4,647.70	2,871.48	58,876.62	40,518.61	96,951.07	16,018.78	68,523.35	49,592.38	388,703.72	377,948.82
PLUS IN-KIND														0.00	0.00
TOTAL DISBURSEMENTS	35,675.62	2,824.52	5,419.87	3,966.55	2,817.17	4,647.70	2,871.48	58,876.62	40,518.61	96,951.07	16,018.78	68,523.35	49,592.38	388,703.72	377,948.82

Figure 13. Invoice Summary Sheet - Example from SWHRA

SOUTHWEST HUMAN RESOURCE AGENCY TDOT CARES			
February 28, 2023			
GL CATEGORY - 716-010		YTD	ADJUSTMENTS/ TOOK OUT
		Expenditures	GL Reference
SALARIES	5000	17,943.02	A
FICA TAX	5010	1,327.02	B
UNEMP. INS.	5020	189.63	B
WORKMAN'S COMP.	5030	46.83	B
MEDICAL INS.	5040	1,201.51	B
DENTAL INS.	5050	132.78	B
VISION INS.	5055	37.99	B
LIFE INS.	5060	85.84	B
RETIREMENT	5080	1,794.33	B
AUDIT FEE	5200		
MEMBERSHIP FEES	5220		
MEDICAL SERVICES	5225		
PHYSICALS	5226		
CONTRACTED SERVICES	5245		
HEALTH AND SAFETY	5250		
FOOD	5256		
TRAINING & TA	5270		
CLIENT SERVICES	5500		
RTATP	5570		
TRAVEL	5600	3,576.76	C
REGISTRATION FEES	5650		
DEPRECIATION - CENTRAL OFFICE	5700		
RENT - SITES	5710	3,149.84	D
VEHICLE/EQUIPMENT RENTALS	5720	1,556.28	G
COPIER EXPENSE	5730		
DEPRECIATION - CENTRAL OFFICE	5800		
UTILITIES - CENTRAL OFFICE	5800		
UTILITIES - SITES	5810	498.66	D
INSURANCE	5860/5870	11,969.27	F
PRINTING	5900		
SUBS/PUBS/ADVERT.	5910		
TELEPHONE - CENTRAL OFFICE	5930	153.70	E
TELEPHONE - SITES	5940	242.82	E
TECHNOLOGY	5945	1,510.37	E
POSTAGE	5950		
MAINTENANCE	6000/6150	567.50	G
VEHICLES MAINTENANCE	6010		
EQUIPMENT MAINTENANCE	6020		
FUEL & OIL	6030		
VEHICLE PARTS	6040		
VEHICLE SERVICE FEE	6050		
OFFICE SUPPLIES	6100		
PROGRAM SUPPLIES	6110		
OTHER EQUIPMENT	6220		
MISCELLANEOUS	6999		
SUB-TOTAL		45,984.15	
ADMIN. COST	6995	20,483.55	H
TOTAL COSTS		66,467.70	
			0.00
			66,467.70

SWHRA assigns codes to expense categories that they repeat in the General Ledger. This is

Figure 14. Invoice Summary Sheet – Example from Nwthra

NWTHRA ALI Summary SOE Cost Category	ALI	Expense Description	Total Expense
		985311-S3-311 Z-22-5311-06-10	Dec-22 NW
Project Adm.	11.79.00	Salaries 013	15,316.47
	11.79.00	Fringe 013	2,941.02
	11.79.00	Travel	1,058.50
	11.79.00	Rent & Utilities	1,604.13
	11.79.00	Communications	149.90
	11.79.00	Supplies & Printing	1,459.80
	11.79.00	Insurance	0.00
	11.79.00	Indirect	1,425.65
	11.79.00	Other Dir	2,359.48
Grand Total			26,314.95
Operating			
Operating	30.09.01	Salaries Wages 012	61,312.82
Operating	30.09.01	Salaries Wages 001	188,361.40
Operating	30.09.01	Fringe 012	18,230.46
Operating	30.09.01	Fringe 001	-4,719.47
Operating	30.09.01	Drug and Alcohol Screening 001	0.00
Operating	30.09.01	Travel 001	0.00
Operating	30.09.01	Travel 012	0.00
Operating	30.09.01	Indirect 012	5,704.04
Operating	30.09.01	Indirect 001	18,018.01
Operating	30.09.01	Fuel, Parts, Repair	31,366.81
Operating	30.09.01	Other Direct 001	25,846.81
Operating	30.09.01	Other Direct 012	1,374.52
Operating	30.09.01	Drug and Alcohol Screening 012	0.00
Licenses and Ins	30.09.01	Vehicle Ins/Lic	399.30
Total			345,894.70
Fare Box Revenue			8,358.00
Grand Total			337,536.70

NWTHRA notes the FTA Activity Line Item (ALI) associated with each category. This is helpful but not required.

General Ledger

- Exported from the agency's accounting system for the time period of the invoice.
- For some types of expenses, the General Ledger itself is all the documentation that is needed. (Discussed further under the section on Documentation that follows)
- Report should include the vendor/payee for each expense.

Figure 15. Relationship of the SOE, Invoice Summary Sheet, and General Ledger

Schedule Of Expenditures				
To/State Agency	TDOT - Multimodal	Invoice Number	Z-22-5311-07-08	
Contractor/Grantee Name	SOUTH CENTRAL TN DEVELOPMENT DISTRICT	Invoice Period	10/01/2022 - 10/31/2022	
Contractor/Grantee Address	101 SAM WATKINS BLVD	Contract Period	07/01/2021 - 12/31/2022	
City, State, Zip	MT PLEASANT, TN 38474	Contact Person/Telephone	JENNY GREEN 931-379-2911	
F&A Contract Number	Z-22-5311-07	Program	5311 RURAL PUBLIC TRANS	
State Project Number	985311-S3-312	FTA Grant Number	TN-2021-020	
		State-match only contract?	NO	

Cost Categories	Amount Due This Invoice (1)	Amount Previously Invoiced (2)	Cumulative Expenditures (1+2=3)	Contract Budget
Project Administration				
Salaries & Wages	42,223.42	244,413.85	286,637.27	-
Fringe Benefits	17,123.16	108,310.12	125,433.28	-
Travel & Training	1,364.80	6,383.65	7,748.45	-
Rent & Utilities	1,655.29	12,578.50	14,233.79	-
Communications	1,055.23	29,212.66	30,267.89	-
Supplies & Printing	87.43	7,260.49	7,347.92	-
Insurance	-	-	-	-
Other Direct Costs	855.35	18,224.57	19,080.02	-
Indirect Cost	11,309.39	84,190.94	95,500.33	-
Total Project Administration	\$ 75,674.07	\$ 510,574.88	\$ 586,248.95	\$ 930,433.00
Total Federal Requested	\$ 60,539.00	\$ 408,458.00	\$ 468,997.00	\$ 744,347.00
Total State Requested	\$ 7,567.00	\$ 51,054.00	\$ 58,621.00	\$ 93,043.00

26 (5311) Admin			
Expense	(Transportation Programs)	Total Transportation Programs	TOTAL
50100 - Salaries A	42,223.42	42,223.42	42,223.42
50300 - Employee Benefit Allocation B	17,123.16	17,123.16	17,123.16
50900 - Travel, Staff C	1,364.80	1,364.80	1,364.80
52700 - Occupancy D	1,655.29	1,655.29	1,655.29
53100 - Communications E	1,055.23	1,055.23	1,055.23
52900 - Consumable Supplies F	87.43	87.43	87.43
50700 - Consultants/Professional Serv G	72.40	72.40	72.40
52500 - Legal Services H	125.00	125.00	125.00
52800 - Rent-Furniture & Equipment I	417.95	417.95	417.95
54800 - Maintenance & Repairs J	240.00	240.00	240.00
79000 - Indirect / Admin Costs Applied K	11,309.39	11,309.39	11,309.39
Total Expense	75,674.07	75,674.07	75,674.07

8:44 AM
01/30/23
Accrual Basis

SOUTH CENTRAL TN DEVELOPMENT DISTRICT
Transaction Detail By Account
October 2022

Type	Date	Num	Name	Memo	Class	Debit	Credit	Balance
50100 - Salaries								
Paycheck	10/14/2022	DD10379		rect Deposit	Transportation Programs:26 (5311) Admin	2,373.36		2,373.36
Paycheck	10/14/2022	DD10380		rect Deposit	Transportation Programs:26 (5311) Admin	2,997.35		5,370.71
Paycheck	10/14/2022	DD10381		rect Deposit	Transportation Programs:26 (5311) Admin	2,721.56		8,092.27
Paycheck	10/14/2022	DD10396		rect Deposit	Transportation Programs:26 (5311) Admin	1,846.32		9,938.59
Paycheck	10/14/2022	DD10406		rect Deposit	Transportation Programs:26 (5311) Admin	1,880.67		11,819.26
Paycheck	10/14/2022	DD10413		rect Deposit	Transportation Programs:26 (5311) Admin	1,733.33		13,552.59
Paycheck	10/14/2022	DD10374		rect Deposit	Transportation Programs:26 (5311) Admin	329.33		13,881.92
Paycheck	10/14/2022	DD10405		rect Deposit	Transportation Programs:26 (5311) Admin	3,655.92		17,537.84
Paycheck	10/14/2022	DD10404		rect Deposit	Transportation Programs:26 (5311) Admin	616.34		18,154.18
Paycheck	10/14/2022	DD10387		rect Deposit	Transportation Programs:26 (5311) Admin	2,857.53		21,111.71
Paycheck	10/31/2022	DD10436		rect Deposit	Transportation Programs:26 (5311) Admin	2,373.36		23,485.07
Paycheck	10/31/2022	DD10437		rect Deposit	Transportation Programs:26 (5311) Admin	2,997.35		26,482.42
Paycheck	10/31/2022	DD10438		rect Deposit	Transportation Programs:26 (5311) Admin	2,721.56		29,203.98
Paycheck	10/31/2022	DD10453		rect Deposit	Transportation Programs:26 (5311) Admin	1,846.32		31,050.30
Paycheck	10/31/2022	DD10463		rect Deposit	Transportation Programs:26 (5311) Admin	1,880.67		32,930.97
Paycheck	10/31/2022	DD10470		rect Deposit	Transportation Programs:26 (5311) Admin	1,733.33		34,664.30
Paycheck	10/31/2022	DD10431		rect Deposit	Transportation Programs:26 (5311) Admin	329.33		34,993.63
Paycheck	10/31/2022	DD10462		rect Deposit	Transportation Programs:26 (5311) Admin	3,655.92		38,649.55
Paycheck	10/31/2022	DD10461		rect Deposit	Transportation Programs:26 (5311) Admin	616.34		39,265.89
Paycheck	10/31/2022	DD10454		rect Deposit	Transportation Programs:26 (5311) Admin	2,957.53		42,223.42
Total 50100 - Salaries						42,223.42	A 0.00	42,223.42

Documentation of Direct Costs

- Inserting a section divider page between sections of documentation for different categories of expenses helps reviewers navigate invoice packages, especially if the label has a very large font (72 point) that is legible in page sorter view of Adobe Acrobat.
- Providing a list of expenses included in each section helps the reviewer find the documentation for expenses that together roll up to amounts on the SOE. The summary should include the cost category and the name of the vendor/supplier/payee so that TDOT staff can match the payment to the relevant documentation.
- Make sure copies are straight and legible.
- Mark up documents (either by hand or electronically) to add explanatory notes as needed.
- Adobe Acrobat Pro is a great tool for arranging pages in a PDF, inserting new pages, deleting pages, and marking up documents. The purchase of this software to facilitate invoicing TDOT is an eligible grant expense.

Figure 16. List of Expenses for a Section – Example from NWTBRA

Total Rent & Utilities			<u>\$ 1,604.13</u>
Vendor	Description	Program Acct	Amount
Servall	Rent	013-555-00	180.00
Tennessee Home Solutions	Rent	013-555-00	618.80
Total			798.80
Vendor	Description	Program Acct	Amount
WCMES	Utilities	013-560-00	489.66
City of Martin	Utilities	013-560-00	315.67
Total			805.33
Total Communications			<u>\$ 149.90</u>
Vendor	Description	Program Acct	Amount
WK&T	Phone	013-565-00	149.90
Total			149.90
Total Travel			<u>\$ 1,058.50</u>
Vendor	Description	Program Acct	Amount
Janet Moore	Travel	013-550-00	1,058.50
Total			1,058.50

NWTBRA lists the vendor/payee name for each expense within a category. Including this helps identify the proof of payment and invoice associated with each expense.

- It is not necessary to provide bill and proof of payment for every expense. For the expenses highlighted in green below, the General Ledger suffices for documentation.

Table 2. Documentation Required for Various Expense Categories

Expense	Documentation
Salaries and Wages	General Ledger
Fringe Benefit	General Ledger
Travel and Training	Bill, Payment and Agenda
Rent	General Ledger or Bill & Payment (if lease is not on File)
Communication	Bill & Payment
Printing	Bill & Payment
Supplies	Bill & Payment
Insurance	General Ledger
Vehicle Operating	General Ledger
Indirect Costs	Expense Pool and Formula used to Calculate Expense
RTAP	Bill & Payment
Other Direct Costs	Bill & Payment
Licenses	Bill & Payment
Capital Expenses	Bill & Payment
Preventative Maintenance	General Ledger
Drug and Alcohol	Bill & Payment

- For most other expenses it is necessary to provide documentation of a bill and payment.
 - Proof of payment
 - Checks
 - Bank statements showing ACH transfers
 - Credit card statements with a copy of the check used to pay the credit card
 - Bill/Invoice
 - Clearly identify items charged to the contract
 - Allocation by program [EXAMPLE]
 - Specify the amount shown on proof of payment, the cost allocation factor [% billed to transit], and amount billed to the contract.
 - Multiple-item purchases with only select items billed to the contract. [EXAMPLE – purchases from Walmart or Amazon]
 - Highlight items billed to the contract.
- Rounding
 - Contracts issued since 2022 require that amounts for “Total Federal Requested” and “Total State Requested” at the bottom of each expense category and at the

bottom of the SOE must be rounded down to the nearest dollar. Agencies are encouraged to check their contracts for the expanded C.5.b.4 clause requiring rounding.

- Individual expense lines can include cents.

Documentation for Travel Expenses

- Expenses for travel must be in conformance with Tennessee's State Travel Regulations.
- In addition to bill and payment for expenses, the agenda for the event necessitating the travel must be provided. If there were multiple attendees from the agency it is only necessary to provide one copy of the agenda in the invoice package with a note indicating the names of attendees.

C.2. Travel Compensation. Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time, and shall be contingent upon and limited by the Grant Budget funding for said reimbursement.

Documentation for Rent Expenses

- If TDOT has the rental lease on file, the general ledger is sufficient documentation for rent expenses.
- If TDOT does not have the lease on file, it is necessary to provide a bill (or the lease) and proof of payment.
- It is NOT necessary to include the whole lease every month unless the agency's rent payment amount changes from month-to-month.

Figure 17. Check Paired with Invoice and Cost Allocation between Programs

NO. 77034
 DATE 10/10/2022
 PAY TO THE ORDER OF DOCUPHASE \$ 1,680.00
 One thousand six hundred eighty and 00/100*****
 ADDRESS
 DOCUPHASE
 iDATIX CORPORATION
 13577 FEATHER SOUND DRIV
 CLEARWATER, FL 33762
 MEMO

When an expense is allocated among several programs, it is important to show the amount charged to transportation. Here, \$240 of the \$1,680 paid is allocated to Transportation and included on this invoice.

ACCOUNT	CLASS	AMOUNT	MEMO
74800 · Admin Maintenance ...	Cost Allocation Pools:99 Administrative Costs	720.00	ON PREMISE MAINTENANCE RENEWAL
74800 · Admin Maintenance ...	Cost Allocation Pools:99 Administrative Costs	240.00	ON PREMISE MAINTENANCE RENEWAL...LMOORE
54800 · Maintenance & Rep...	Aging & Disability:24 Guardianship	480.00	ON PREMISE MAINTENANCE RENEWAL...C WARREN, P MOORE
54800 · Maintenance & Rep...	Transportation Programs:26 (5311) Admin	240.00	ON PREMISE MAINTENANCE RENEWAL...J GREEN

DOCUPHASE
 DocuPhase LLC
 13577 Feather Sound Dr
 Suite 200
 Clearwater FL 33762

Invoice
 #22940512
 10/1/2022

Bill To
 South Central Tennessee
 Development District
 101 Sam Watkins Blvd
 Mount Pleasant TN 38474

Ship To
 South Central Tennessee
 Development District
 101 Sam Watkins Blvd
 Mount Pleasant TN 38474

Balance Due
\$1,680.00
 Due Date: 11/30/2022

Pmt Terms	Due Date	PO #	Sales Rep
Net 60	11/30/2022		Alex Rodriguez

Qty	Product	Amount
1	On-Premise Maintenance Renewal: DocuPhase DM Core Maintenance Service Period: 12/1/2022 To: 11/30/2023	\$720.00
4	On-Premise Maintenance Renewal: DocuPhase DM Concurrent User Service Period: 12/1/2022 To: 11/30/2023	\$960.00
4	Maintenance Renewal: Analytics User included with DM Service Period: 12/1/2022 To: 11/30/2023	\$0.00

Memo
 Annual Maintenance Renewal

Subtotal \$1,680.00
Tax (%) \$0.00
Balance Due \$1,680.00

Figure 18. Credit Card Statement Paired with Airline Ticket

FIRST FARMERS.
BANKING | WEALTH MANAGEMENT | TRUST

October 2022 Statement 09/03/2022 - 10/04/2022
SCTDD (CPN 001900011)

Transactions MCMULLIN DEBBIE G

Post Date	Trans Date	Ref #	Transaction Description	Amount	Handwritten
09/16	09/15	1245	IN JLB 615-794		
09/16	09/16	2573	ULINE *SHIP SUPPLIES		
09/19	09/18	9972	AMZN Mktp US*1M2D97JB2 Amzn.com/bill WA	\$30.97	42 ✓
09/19	09/16	8192	MUSIC ROAD RESORT HOTE 865-4297700 TN	\$141.43	43 ✓
09/19	09/16	7307	EB TFA ANNUAL CONFERE 801-413-7200 GA	\$180.00	44 ✓
09/20	09/19	1937	4IMPRINT, INC 4IMPRINT.COM WI	\$577.63	45 ✓
09/21	09/19	7109	MYRON CORP 800-5269766 NJ	\$473.03	46 ✓
09/21	09/20	7721	UWM SCE 414-2273200 WI	\$775.00	47 ✓
09/21	09/20	7770	UWM SCE 414-2273200 WI	\$775.00	48 ✓
09/22	09/20	9769	SOUTHWES 5262167417038 800-435-9792 TX DEPRIEST/JEFFR 10/09/22 NASHVILLE TO MILWAUKEE WS MILWAUKEE WS TO NASHVILLE	\$358.96	49 ✓
09/22	09/20	9777	SOUTHWES 5262167417039 800-435-9792 TX MORROW/ROBERTA 10/09/22 NASHVILLE TO MILWAUKEE WS MILWAUKEE WS TO NASHVILLE	\$358.96	50 ✓
09/22	09/21	6325	WALMART.COM AA 800-966-6546 AR	\$15.49	51 ✓
09/22	09/21	8170	INTUIT *ProSeries CL.INTUIT.COM CA	\$392.00	52 ✓
09/26	09/23	4032	L2G 4UP HENRY HORTON CHAPEL HILL TN	\$5,189.19	53 *
09/26	09/23	5064	AMZN Mktp US*1U7192171 Amzn.com/bill WA	\$318.52	54 ✓

When a credit card statement is provided as proof of payment, circling or highlighting the expense(s) charged to this invoice is helpful.

It is necessary to provide a **copy of the check used to pay the credit card** to close the loop on documenting payment of the expense. In this case, a copy of the check paying First Farmers is required.

Flight 2: Wednesday, 10/12/2022 Est. Travel Time: 1h 35m Wanna Get Away®

FLIGHT #	DEPARTS	ARRIVES
1764	MKE 06:20PM Milwaukee	BNA 07:55PM Nashville

Payment information

Total cost	Payment
Air - 419G8R	Visa ending in 8941 Date: September 20, 2022
Base Fare \$ 613.50	Payment Amount \$358.96 ✓
U.S. Transportation Tax \$ 46.02	Visa ending in 8941 Date: September 20, 2022
U.S. 9/11 Security Fee \$ 22.40	Payment Amount \$358.96 ✓
U.S. Flight Segment Tax \$ 18.00	
U.S. Passenger Facility Chg \$ 18.00	
Total \$ 717.92	

Fare rules: If you decide to make a change to your current itinerary it may result in a fare increase.
Your ticket numbers: 5262167417039, 5262167417038

Figure 19. ACH Payment Paired with Utility Statement

FIRST CITIZENS NATIONAL BANK
MEMBER FDIC
P.O. BOX 376 - Dyersburg TN 36025-0370

NORTHWEST TN HUMAN RESOURCE AGENCY
Account Number: XXXXXX4035
Statement Date: 12/30/22

Miscellaneous Credits

Date	Deposits	Withdrawals	Activity Description
12/20	2,024.29		STATE-TN PAYMNTS/TN PAYMNTS
12/22	7,981.60		Tennessee Carrie/UHC Escrow
12/22	8,156.50		TN Carriers
12/27	120.00		DEPOSIT
12/27	133.00		DEPOSIT
12/27	187.52		DEPOSIT
12/27	264.00		DEPOSIT
12/27	398.48		DEPOSIT
12/28	5,003.18		DEPOSIT
12/28	9,031.68		DEPOSIT
12/28	121,334.74		DEPOSIT
12/30	16,844.93		STATE-TN PAY
12/30	3,443.86		INTEREST EARN

Miscellaneous Debits

Date	Deposits	Withdrawals	Activity Description
12/02		88,708.07	Northwest TN Hum/PAYROLL
12/05		821.69	GREAT-WEST TRUST/PAYMENTS
12/05		24,220.46	IRS/USATAXPYMT
12/06		11,884.21	FLEETCOR FUNDING/BT1205
12/13		149.90	WK&T/TELE BILL Telephone
12/13		194.75	WK&T/TELE BILL
12/13		315.67	CITY OF MARTIN/BANKDRAFT Utilities
12/16		23,846.21	IRS/USATAXPYMT
12/16		87,407.16	Northwest TN Hum/PAYROLL
12/19		821.69	GREAT-WEST TRUST/PAYMENTS
12/20		7,262.71	FLEETCOR FUNDING/BT1219
12/27		4,455.33	GREAT-WEST TRUST/PAYMENTS
12/28		489.66	WEAKLEY COUNTY M/UTIL PYMT Utilities
12/30		24,422.39	IRS/USATAXPYMT
12/30		88,197.08	Northwest TN Hum/PAYROLL

When a bank statement is used as proof of payment for a direct withdrawal, circling or highlighting the expense(s) charged to this invoice is helpful

ACCOUNT NUMBER:	222344 - 115838
METER NUMBER:	119963
CUSTOMER NAME:	NORTHWEST TN HRA
SERVICE ADDRESS:	118 WELDON DR
METER READING DATE:	DEC 02 2022

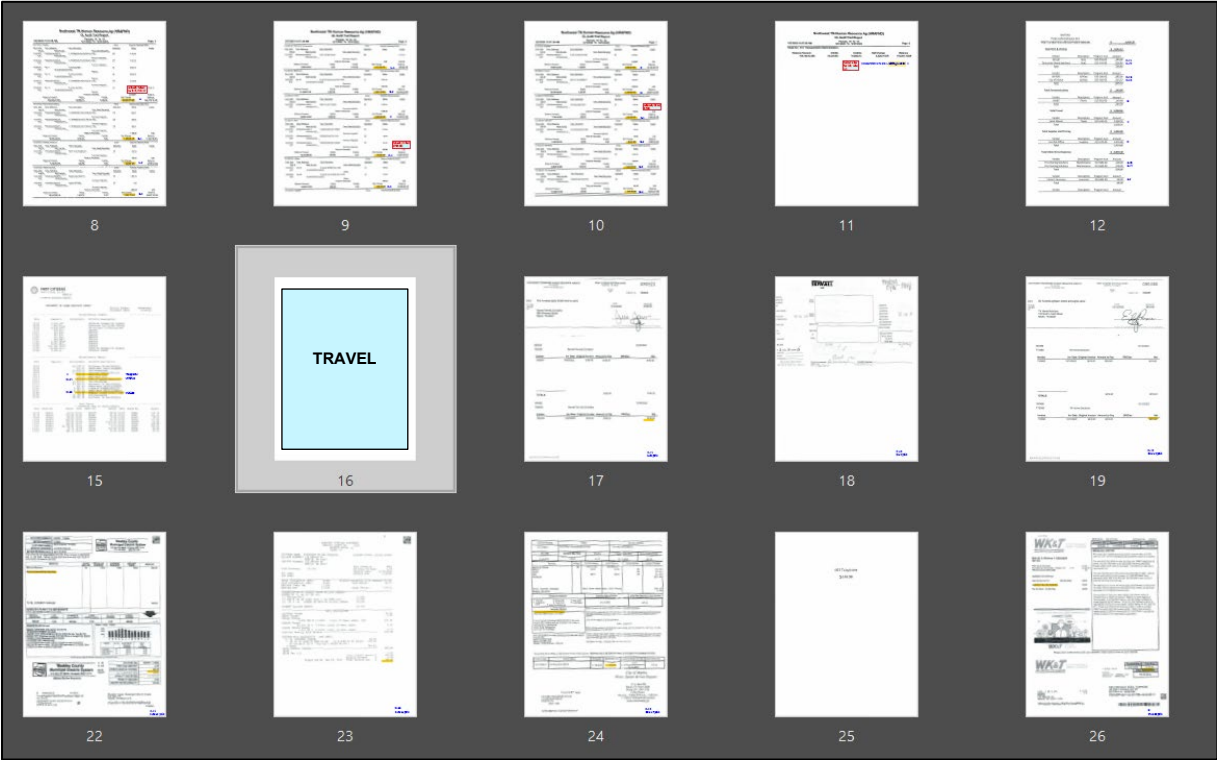
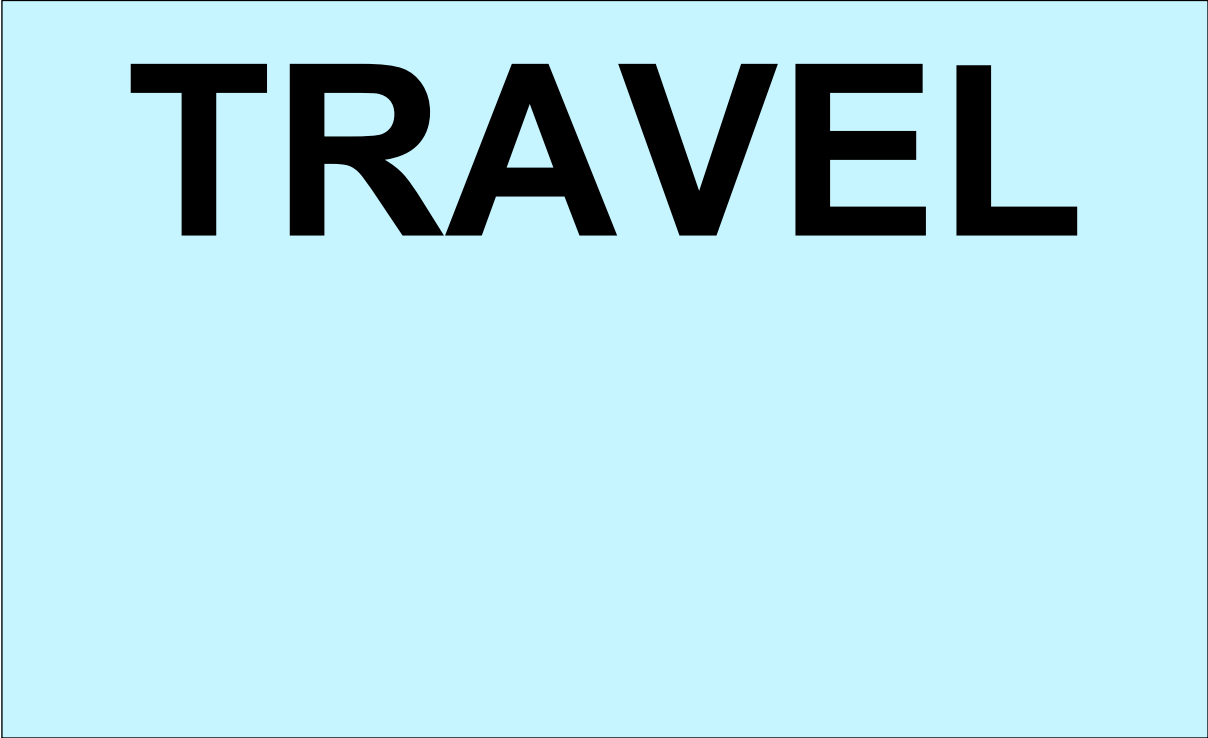
This office is not responsible for bills, final notices or payments lost in the mail. Failure to pay past due amounts may result in termination of electric service.

SERVICE	DAYS BILLED	PREVIOUS READING	CURRENT READING	AMOUNT USED	AMOUNT
Metered Electric	30	1354	1399	3600	489.66
Memorandum Bill Do Not Pay					
TOTAL CURRENT CHARGES					489.66

EVEN PAY PLAN Y-T-D DIFFERENCE
Minus sign indicates a credit on your behalf

PREVIOUS AMOUNT DUE	LATE CHARGES	PAYMENTS & ADJUSTMENTS	OTHER DEBITS/CREDITS	BALANCE FORWARD	CURRENT CHARGES	NET AMOUNT DUE
502.26	0.00	502.26-	0.00	0.00	489.66	489.66

Figure 20. Section Divider with Title in a Very Large, Bold Font



Documentation of Indirect Costs

Indirect Costs are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted. Any given cost type should be given consistent treatment. In other words, costs of same purpose and in like circumstances cannot be treated as both direct and indirect costs.

Invoices must include documentation for indirect costs. Documentation should be provided for (1) the indirect cost pool and (2) the allocation of the indirect cost pool across programs.

Documentation of the Indirect Cost Pool

Indirect Cost Pool: A grouping of costs that have more than one cost objective.

Itemized Indirect Cost Pool Detail: For each pool, provide a list of items included in that pool along with an amount for each item, as well as the grand total for the pool. The list needs to include a description and amount for each item as well as a pool grand total for the month of the invoice as well as year to date. Only allowable expenses are to be included in cost pool amounts.

TDOT Contract Terms re: Indirect Costs

C.8. Indirect Cost. Should the Grantee request reimbursement for indirect costs, the Grantee must submit to the State a copy of the indirect cost rate approved by the cognizant federal agency or the cognizant state agency, as applicable. The Grantee will be reimbursed for indirect costs in accordance with the approved indirect cost rate and amounts and limitations specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency or the cognizant state agency, as applicable. If the indirect cost rate is provisional during the Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the State, and subject to the availability of funds the State agrees to remit any underpayment to the Grantee.

CPO Policy 2013-017 Guidance re: Indirect Costs

7.1.5. Indirect Costs (facilities & administrative costs)

Indirect costs are overhead or administrative costs incurred for joint purposes that cannot easily be allocated to a single use. Such costs include:

- *Executive director's salary and benefits (or the administrative portion thereof if the executive director spends time on program-related activities);*
- *Fiscal officer's salary and benefits;*
- *Secretarial support of administrative employees;*
- *Supplies of administrative employees;*
- *Travel of administrative employees;*
- *Occupancy costs (e.g. rent and utilities) of administrative employees;*
- *Postage and telephone costs of administrative employees; and*

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- 1) Administrative or clerical services are integral to a project or activity;*
- 2) Individuals involved can be specifically identified with the project or activity;*
- 3) Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and*
- 4) The costs are not also recovered as indirect costs.*

Figure 21. Itemized Indirect Cost Pool

Date>>>	11/30/2022			
INDIRECT RATE	8.7752711458%			\$0.01
ADMIN Dept	0100			
ACCOUNT DESCRIPTION	MONTH	MONTH	ACCCOUNT	
Salaries - Administrative	\$61,515.87	\$61,515.87	50000	
Salaries - Area Coordinator	\$0.00	\$0.00	50001	
Salaries - Drivers	\$0.00	\$0.00	50002	
Salaries - Site Managers	\$0.00	\$0.00	50003	
Salaries - Back-up Site Manage	\$0.00	\$0.00	50004	
Salaries - Office Aides	\$0.00	\$0.00	50005	
Salaries - Back-up Office Aide	\$0.00	\$0.00	50006	
Annual Leave Administrative-Ap	\$295.14	\$295.14	50010	
Annual Leave Drivers-Ap	\$0.00	\$0.00	50011	
Annual Leave Site Managers-Ap	\$0.00	\$0.00	50012	
Annual Leave Office Aides-Ap	\$0.00	\$0.00	50013	
Fringe Benefits - Medical Insu	\$6,454.22	\$6,454.22	51000	
Fringe Benefits - Retirement	\$4,642.11	\$4,642.11	51001	
Fringe Benefits - Workers' Com	\$355.08	\$355.08	51002	
Fringe Benefits - FICA	\$4,552.44	\$4,552.44	51003	
Fringe Benefits - UI	(\$17.88)	(\$17.88)	51004	
Fringe Benefits-WC Deductible	\$0.00	\$0.00	51005	
Travel - Local	\$220.50	\$220.50	52000	
Meetings & Conferences - Local	\$0.00	\$0.00	52001	
Meetings & Conferences - Overn	\$0.00	\$0.00	52002	
Motor Vehicle Pool - ISF	\$0.00	\$0.00	52003	
Communications - Telephone	\$1,419.16	\$1,419.16	52004	
Communications - Cellular	\$468.69	\$468.69	52005	
Communications - Paging	\$0.00	\$0.00	52006	
Postage & Shipping	\$45.72	\$45.72	52007	
Occupancy - Rent	\$5,721.13	\$5,721.13	52008	
Occupancy - Utilites	\$128.39	\$128.39	52009	
Occupancy - Cleaning-Ap	\$0.00	\$0.00	52010	
Office Supplies	\$539.69	\$539.69	52011	
Office Supplies - Sensitive	\$0.00	\$0.00	52012	
Supplies - Program Related	\$0.00	\$0.00	52013	
Gasoline & Oil	\$0.00	\$0.00	52014	
Raw Food	\$0.00	\$0.00	52015	
Printing & Publications	\$658.33	\$658.33	52016	
Professional Services - Data P	\$3,165.45	\$3,165.45	52017	
Professional Services - Legal	\$1,307.00	\$1,307.00	52018	
Professional Services - Drug S	\$0.00	\$0.00	52019	
Professional Services - Counse	\$0.00	\$0.00	52020	
Professional Services - Tuitio	\$0.00	\$0.00	52021	
Contract Services	\$6,894.31	\$6,894.31	52022	
Equipment	\$0.00	\$0.00	52023	
Equipment Leasing	\$431.04	\$431.04	52024	
Maintenance - Van Repairs	\$0.00	\$0.00	52025	
Maintenance Building	\$226.78	\$226.78	52026	
Insurance - Vehicle	\$0.00	\$0.00	52027	
Insurance - Property	\$0.00	\$0.00	52028	
Insurance - Liability	\$0.00	\$0.00	52029	
Depreciation - Office Equipmen	\$93.28	\$93.28	52030	
Depreciation - Vehicles	\$0.00	\$0.00	52031	
Miscellaneous	\$0.00	\$0.00	52032	
Membership and Subscriptions	\$8,816.50	\$8,816.50	52033	
Indirect Costs	\$0.00	\$0.00	52034	
In-kind - Supervision	\$0.00	\$0.00	52035	
In-kind - Other	\$0.00	\$0.00	52036	
Interest Expense	\$0.00	\$0.00	52037	
Audit Expense-Ap	\$0.00	\$0.00	52038	
RTAP-Ap	\$0.00	\$0.00	52039	
Loss on Disposals-GFAG	\$0.00	\$0.00	52049	
Totals	\$107,932.95	\$107,932.95		

List of the costs included in the indirect cost pool

Indirect cost pool total

\$107,932.95

Documentation of Allocation of Indirect Costs Across Programs

For each indirect cost pool, show the allocation of the pool total across programs. This demonstrates how the amount on the Schedule of Expenditures (SOE) was calculated. The method used to distribute indirect costs across programs should be in accordance with the Cost Allocation Plan approved by your agency's state or Federal Cognizant Agency. For more information about Cost Allocation Plans, see the Central Procurement Office Policy 2013-017 and the Department of Finance and Administration's Policy 3. Both the amount for the period invoiced and year to date amounts should be shown.

Two approaches to cost allocation are illustrated below:

- **Periodic allocation of actual expenditures**, or
- **Use of a provisional indirect cost rate** (approved by the Federal Cognizant Agency).

Periodic Allocation of Actual Indirect Expenditures

In the example below, the indirect rate equals the total indirect cost pool for the month divided by direct program costs. The total for the month's indirect cost pool (\$107,932.94) equals the total amount of indirect cost allocated across programs. The indirect rate of 8.775% was calculated by dividing the indirect cost pool (\$107,932.94) by program direct expenses for the period (\$1,229,967.07). Applying the indirect rate of 8.775% to each program's direct costs for the period yields the indirect cost allocated to each program for that period. The share of indirect costs attributed to each program is proportional to each program's direct costs as a share of total direct costs. As the ratio between indirect costs and total direct costs varies period to period, so will the calculated indirect rate.

Figure 22. Allocation of Indirect Costs Across Programs

			NET ACCUM COSTS	INDIRECT RATE	INDIRECT COST	PREVIOUS INDIRECT	EXPENSE THIS PERIOD
TRANSPORTATION NONOPER	0003	52034-0003	\$495,512.34	8.775%	\$43,482.55	\$0.00	\$43,482.55
NUTRITION CONG	0005	52034-0005	\$134,795.74	8.775%	\$11,828.69	\$0.00	\$11,828.69
NUTRITION HD	0006	52034-0006	\$194,576.48	8.775%	\$17,074.61	\$0.00	\$17,074.61
OMBUDSMAN	0007	52034-0007	\$23,057.99	8.775%	\$2,023.40	\$0.00	\$2,023.40
Ombudsman CARES	0008	52034-0008	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
NEW FREEDOMS	0009	52034-0009	\$1,340.00	8.775%	\$117.59	\$0.00	\$117.59
RPO	0010	52034-0010	\$10,454.98	8.775%	\$917.45	\$0.00	\$917.45
SSBG Covid	0013	52034-0013	\$21.12	8.775%	\$1.85	\$0.00	\$1.85
YCan Area 8 Reg WE	0014	52034-0014	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
Nutrition CARES City of Franklin	0015	52034-0015	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
Corrections	0016	52034-0016	\$83,961.16	8.775%	\$7,367.82	\$0.00	\$7,367.82
Ombudsman RCC	0017	52034-0017	\$2,499.78	8.775%	\$219.36	\$0.00	\$219.36
YCan Area 9 Reg WE	0018	52034-0018	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
YCan Area 11 Reg	0019	52034-0019	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
YCan Area 11 Reg WE	0021	52034-0021	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
ATJ Oper	0022	52034-0022	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
YCan Area 9 In School	0023	52034-0023	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
<i>Central portion of two-page list is omitted.</i>							
NW OSO Dyer	2259	52034-2259	\$1,720.99	8.775%	\$151.02	\$0.00	\$151.02
NW OSO Gibson	2269	52034-2269	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
NW OSO Henry	2279	52034-2279	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
NW OSO Lake	2289	52034-2289	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
NW OSO Oblon	2299	52034-2299	\$0.00	8.775%	\$0.00	\$0.00	\$0.00
NW OSO Weakley	2309	52034-2309	\$1,637.55	8.775%	\$143.70	\$0.00	\$143.70
		49000-0100	\$1,229,967.07		\$107,932.94	\$0.00	\$107,932.94

Use of a Federally-Approved Indirect Cost Rate

Agencies with a Federal cognizant agency follow guidance of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, also known as the Office of Management and Budget (OMB) “[Super-Circular](#).” Given that Tennessee’s Human Resource Agencies and Development Districts are governmental non-profits, several appendices to the Super-Circular are applicable:

- Appendix IV to Part 200: [Indirect \(F&A\) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations](#)
- Appendix V to Part 200: [State/Local Governmentwide Central Service Cost Allocation Plans](#)
- Appendix VII to Part 200: [States and Local Government and Indian Tribe Indirect Cost Proposals](#)

Agencies with a Federal cognizant agency have a negotiated indirect cost rate based on a clear methodology. A base of direct program costs is used to determine how indirect costs should be allocated among programs. As in the case described above (Periodic Allocation of Actual Indirect Expenditures), the indirect rate is expressed as a percentage: indirect costs for a specified period divided by total program costs for the same period. The difference between the two cases is that agencies with a Federal cognizant agency use the same indirect rate for

the duration of the agency's approved Cost Allocation Plan rather than recalculating the indirect cost rate monthly. For this reason, the total of actual, itemized indirect costs for a specific billing period may not equal the total indirect cost allocated across programs for that same period.

Figure 23. Use of a Constant, Federally-Approved Indirect Rate while the Cost Allocation Plan is in Effect

SOUTHWEST HUMAN RESOURCE AGENCY ADMINISTRATIVE COST December 31, 2022										The indirect cost rate remains stable period to period for the duration of the Federally-approved Cost Allocation Plan		02:23 PM	
PROGRAM CODE	ACTIVITY CODE	LOCATION CODE	EXPENSE CODE	PROGRAM	DIRECT EXPENSES & IN-KIND	ADMIN. COST %	YTD ADMIN. COST	PRIOR YTD ADMIN. COST	CURRENT MONTH ADMIN. COST				
116	170	00	6995	INFO AND REFERRAL	84,835.15	7.75%	6,574.72	5,525.08	1,049.64				
116	171	00	6995	CASE MANAGEMENT	23,960.93	7.75%	1,856.97	1,540.34	316.63				
116	183	00	6995	INCOME/INFRASTRUCTURE	0.00	7.75%	0.00	0.00	0.00				

SOUTHWEST HUMAN RESOURCE AGENCY ADMINISTRATIVE COST January 31, 2023												04:41 PM	
PROGRAM CODE	ACTIVITY CODE	LOCATION CODE	EXPENSE CODE	PROGRAM	DIRECT EXPENSES & IN-KIND	ADMIN. COST %	YTD ADMIN. COST	PRIOR YTD ADMIN. COST	CURRENT MONTH ADMIN. COST				
116	170	00	6995	INFO AND REFERRAL	100,844.56	7.75%	7,815.45	6,574.72	1,240.73				
116	171	00	6995	CASE MANAGEMENT	28,656.48	7.75%	2,220.88	1,856.97	363.91				
116	183	00	6995	INCOME/INFRASTRUCTURE	0.00	7.75%	0.00	0.00	0.00				

Personally Identifiable Information (PII)

PII needs to be blocked out throughout the invoice package. PII includes the following:

- **Social security numbers.** All ten (10) digits must be redacted. If the document displays only the last four (4) digits, those need to be redacted as well.
- **Credit card numbers.** The last four (4) digits may remain visible.
- **Bank account numbers, routing/ACH numbers.** e.g., on a check copy or can also often be found on various places on an invoice
- **Tax ID numbers.** e.g., EIN, TIN, FEIN, ECN, often found on invoices
- **Employee names/birthdates.** Often found on bills for physicals or drug testing
- **Employee home address.** Often found on reimbursement checks to employees.

Figure 24. Invoice with Redacted PII – Example from FTHRA

MAKE PAYABLE TO:		Invoice #180609				
DATA FACTS 8000 CENTERVIEW PARKWAY STE 400 CORDOVA, TN 38018 PHONE: 800-813-4381 FAX: 901-685-7351		INVOICE DATE: 01/31/2023 CUSTOMER #: FTHRA REPRESENTATIVE: David Estel DUE DATE: 02/15/2023				
BILL TO:						
FIRST TENNESSEE HUMAN RESOURCE AGENCY 704 ROLLING HILLS DR JOHNSON CITY, TN 37604						
(V) (423) 461-8200 (F) (423) 461-8247						
REPORT CHARGES - FIRST TENNESSEE HUMAN RESOURCE AGENCY			AMOUNT			
DATE	NAME	SSN	ORDERED BY	FILE #	REFERENCE	
12/29/2022			BARLOW, MALAIKA	2966152	-	
	Package price for Statewide Criminal Package					\$24.00 ✓
	Motor Vehicle Record - TN - Search Fee					\$5.75 ✓
	Motor Vehicle Record - TN - State Fee					\$7.50 ✓
	State Criminal Court Search - Tennessee - Court Access Fee					\$29.00 ✓
Subtotal for						\$66.25

TDOT Contract Terms re: PII

"E.5. Personally Identifiable Information. While performing its obligations under this Grant Contract, Grantee may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Grant Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Grantee agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Grantee shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Grantee and in accordance with this Grant Contract, GLBA and Privacy Laws..."

Supplemental Documentation as Necessary

- Asset Documentation. If assets are included in an invoice, it is necessary to include completed Asset Sheet for each asset over \$5,000 in value.
- Insurance Proceeds. In the event that an agency vehicle is damaged in an accident and an insurance claim is filed, a copy of the insurance check must be included with documentation for the repair expense. The amount received from the insurance payout must be deducted from the cost of the repair. Delay requesting reimbursement for the repair until the insurance check is received if needed.