



DEPARTMENTAL PROCEDURES MEMORANDUM

Subject: Cost Recovery: Invoicing	Number: DPM-CR-16 ¹
	Date Issued: November 21, 2013

PURPOSE: The Department's mission is to protect California's people and environment from the harmful effects of hazardous substances, in part, through the restoration of contaminated resources. In fulfilling its mission, the Department incurs costs overseeing the investigation and cleanup of contaminated sites (oversight costs) and may also incur costs performing investigation and/or cleanup activities itself (cleanup costs). The oversight, cleanup, and other costs incurred by the Department are collectively known as "response costs." The Department is authorized to recover its response costs from responsible parties.

In developing various Departmental Procedures Memoranda (DPMs), the Department seeks to maximize its recovery of response costs by defining the roles and responsibilities of all Department staff with respect to cost recovery. This DPM explains the Department's procedures for issuing invoices to billable parties (e.g., project proponents and responsible parties) for the Department's response costs.²

APPLICABILITY: This DPM applies to Cost Recovery Billing Unit (CRBU)³ staff responsible for issuing invoices for the Department's response costs and Cleanup Program and Hazardous Waste Management Program (collectively referred to as "Program"), Office of Legal Counsel (OLC), Collections and Resolutions Unit (Collections), and Accounting Office (Accounting) staff that assist with the invoicing process.

¹ This DPM supersedes DPM-CR-03, "Cost Recovery: Invoicing" (May 2013).

² This DPM is not a rule and does not create any legal obligations on behalf of the Department. This DPM outlines the Department's general procedures with respect to the subject area addressed herein. There may be site-specific circumstances that require Department staff to deviate from these procedures, and the extent to which the Department applies this DPM may depend on the facts of each case. Department staff should consult with their immediate supervisors if they have questions regarding the applicability of this DPM to their site.

³ The Cost Recovery Billing Unit (CRBU) was formerly known as the Cost Recovery Unit (CRU).

AUTHORITIES, POLICIES, PROCEDURES, AND GUIDANCE:

- Health and Safety Code sections 25360 and 25269.6

PROCEDURES:

Cost Recovery Billing System (CRBS) Billing Statuses⁴

1. The Department issues invoices on a quarterly basis according to the following schedule:

Cost Periods	Estimated Billing Date
January - March	Mid-May/Early-June
April - June	Mid-August/Early-September
July - September	Mid-November/Early-December
October - December	Mid-February/Early-March

2. CRBU assigns appropriate billing statuses to sites in the Cost Recovery Billing System (CRBS) based on information provided in the California State Accounting and Reporting System (CALSTARS) Project/Site Code Request Form (DTSC Form 1431) and received from Branch Liaisons and Grant Administrators, as well as information subsequently provided by Program staff. (See DPM-CR-03, "Cost Recovery: Site Code and Project Code Origination," for more information about requesting Site Codes.)
3. The CRBS billing status of a site affects whether an invoice will be issued during the next quarterly billing cycle. Possible CRBS billing statuses (and definitions) include:
 - a. **BILCRU** (Bill Cost Recovery Billing Unit) indicates that the site is set for billing and invoices will be issued for the site during the next quarterly billing cycle.
 - b. **BILCRU/HOLD** (Bill Cost Recovery Billing Unit/Temporary Hold) indicates that the site has a BILCRU status, but invoicing has been temporarily suspended.
 - i. A change in the billing status of a site that results in a temporary or permanent hold on billing, with the exception of

⁴ This overview of CRBS billing statuses applies to CRBU, Program, OLC, Collections, and Accounting staff.

temporary holds based on pending or anticipated timesheet amendments, may be made only with Branch Chief Approval or after a request from OLC or Collections.

- c. **CLOSED** indicates that the site is no longer active and invoices are no longer being issued for the site.
- d. **HOLD/NEW** is the default billing status for new sites and indicates that CRBU has not yet received billable party information for the site.
 - i. New sites are uploaded to CRBS when a billable Site Code is originated through submission of DTSC Form 1431 and assigned a HOLD/NEW billing status in CRBS. CRBU will update the site's CRBS billing status to BILCRU when billable party information is provided on DTSC Form 1431. If the form does not include billable party information, the site billing status/reason will be changed to HOLD/RP SEARCH. (See DPM-CR-03, "Cost Recovery: Site Code and Project Code Origination," for more information about DTSC Form 1431.)
- e. **HOLD/RP SEARCH** (Hold/Responsible Party Search) indicates that invoicing for the site has been placed on hold because the Department has not identified billable parties for the site.
 - i. New sites are uploaded to CRBS when a billable Site Code is originated through submission of DTSC Form 1431 and assigned a HOLD/NEW billing status in CRBS. If billable party information is not provided on DTSC Form 1431, CRBU will change the site's CRBS billing status to HOLD/RP SEARCH. (See DPM-CR-03, "Cost Recovery: Site Code and Project Code Origination," for more information about DTSC Form 1431.)
- f. **HOLD/LEGAL** indicates that invoicing for the site has been placed on hold because OLC is handling negotiations, litigation, or other matters concerning the site. OLC approval is required to change the CRBS billing status to HOLD/LEGAL.
 - i. Refer to the site "classification" on the CRBS Action Report for an explanation of why a site has a HOLD/LEGAL billing

status in CRBS. The CRBS Action Report is accessed through the CRBS Reports SharePoint page. A link to the CRBS Reports SharePoint page is available on the Cost Recovery Policies and Procedures SharePoint page at <http://dtsc-share/PP/CostRecovery/default.aspx>.

- g. **ORPHAN/NPL** indicates that invoicing for the site has been placed on hold because a determination was made that no viable PRPs exist after conclusion of a PRP search or the Department made a formal decision not to pursue cost recovery for a U.S. EPA Fund-Lead National Priority List (NPL) site. (See DPM-CR-07, "Cost Recovery: Potentially Responsible Party (PRP) Search" for more information regarding the PRP search process; DPM-CR-08, "Cost Recovery: Classifying 'Orphan' Sites in the Cost Recovery Billing System (CRBS)," for more information regarding orphan sites; and DPM-CR-14, "Cost Recovery: National Priorities List (NPL) Sites," for more information about the NPL process.)
 - h. **ORPHAN/STATE** indicates that invoicing for the site has been placed on hold because a determination was made that no viable parties exist after conclusion of a PRP search or the Department made a formal decision not to pursue cost recovery for a State Lead site. (See DPM-CR-07, "Cost Recovery: Potentially Responsible Party (PRP) Search" for more information regarding the PRP search process, and DPM-CR-08, "Cost Recovery: Classifying 'Orphan' Sites in the Cost Recovery Billing System (CRBS)," for more information regarding orphan sites.)
 - i. **NFCRA** (No Further Cost Recovery Action) is a historical designation that is no longer used by CRBU that indicates that CRBU received information that a NFCRA was appropriate or had been completed for costs incurred by the Department related to the site.
4. Questions regarding CRBS billing status, invoices for a particular site, and any information required to be transmitted to CRBU pursuant to this DPM may be sent via email to billing@dtsc.ca.gov or the CRBU analyst assigned to your site (see Contacts, below). Emails should include the following information in the "Subject" line of the email: Site Code, Site Name, and purpose of the email.

Cost Recovery Billing Unit (CRBU)

1. DTSC Form 1431 requests information regarding billable parties that will be entered into CRBS by CRBU to assign a BILCRU billing status to the site in CRBS and invoice the site on a quarterly basis.
 - a. If the Site Code is for a Site Mitigation and Brownfields Reuse, Enforcement Lead, Reimbursement/Voluntary Cleanup Program, or School site (as those terms are used on DTSC Form 1431), then CRBU will invoice the billable party as soon as billable party information is provided to CRBU by Program staff.
 - i. If the Site Code is for an Enforcement Lead site and the billable party information was not provided on DTSC Form 1431, then CRBU will: (1) assign the site a HOLD/RP SEARCH billing status in CRBS; and (2) inform the Project Manager and/or Branch Liaison that he or she must supply the billable party information as soon as it is available.
 - b. If the Site Code is for a Hazardous Waste Management Program (HWMP) facility, corrective action site, or a Fee for Service/Standard (Reimbursement) Agreement signed by the Contracts and Business Services Branch, then CRBU will not invoice billable parties until it receives a copy of the document giving rise to the Department's ability to collect from the billable party (e.g., order, contract, judgment).
 - c. If a Site Code is for a site with an interagency agreement, then CRBU will refer the site to the Accounting Interagency Agreement Desk for invoicing.
2. CRBU will also perform the following tasks:
 - a. CRBU will maintain the accuracy of information contained in CRBS to facilitate the Department's cost recovery efforts.
 - b. CRBU will immediately process receipts and adjustments (i.e., settlements and NFCRA determinations).
 - c. CRBU will respond to inquiries emailed to billing@dtsc.ca.gov or received by phone.

- d. CRBU will conduct CRBS site billing maintenance, including, but not limited to:
 - i. When information is received from Department staff related to the billing status of a site, immediately responding, analyzing the information, and updating CRBS with the information and appropriate notations.
 - ii. Changing the default billing status of a site in CRBS from HOLD/NEW to BILCRU or other appropriate billing status based on input received from Department staff.
 - 1. A change in the billing status of a site that results in a temporary or permanent hold on billing, with the exception of temporary holds based on pending or anticipated timesheet amendments, may be made only with Branch Chief Approval or after a request from OLC or Collections.
 - 2. Upon notification of a pending or anticipated timesheet amendment, CRBU will change the billing status of the site to BILCRU/THOLD.
 - iii. Upon notification from the Fiscal Systems Unit (FSU) of new or reactivated Site Codes, CRBU will immediately follow up with Branch Liaisons and/or Project Managers to obtain billable party information and copies of voluntary agreements, orders, contracts, and other appropriate documents.
 - iv. At least every six months, CRBU will review sites for which billing is on a temporary or permanent hold, closed sites with outstanding balances, and NFCRA sites and follow up with Program staff for status updates regarding each of these sites. If CRBU changes the CRBS billing status of the site based on information provided by Program staff, then CRBU must note the new or changed status information in CRBS and update the new Classification/Action and Action Date.
3. **Pre-Billing.** Prior to issuing invoices for sites in CRBS, CRBU will perform the following tasks:

- a. CRBU will upload cost data, overhead rates, and interest rates into CRBS in preparation for the quarterly billing cycle.
 - b. CRBU will complete a final review of sites with a HOLD/RP SEARCH billing status in CRBS for potential billing in the upcoming quarterly billing cycle.
 - c. Using the Quarterly Billing Project Listing report, CRBU will review costs and notes and follow up on sites with a BILCRU/THOLD billing status for potential billing in the upcoming billing cycle.
4. **Billing.** When issuing invoices for sites in CRBS, CRBU will perform the following tasks:
- a. CRBU will prepare, print, and mail invoices to all billable parties identified in CRBS. CRBU will also print and mail copies of invoices to send to additional parties as requested by Program staff.
 - b. CRBS will record the invoice, update the invoice balance and cost tab, and store a copy of the invoice on the intranet.
 - c. CRBU will immediately log and follow up on returned invoices by contacting the Branch Liaison and/or Project Manager to obtain valid billable party information.
 - d. Upon receipt of a Daily Log and Cost Recovery Billing System (CRBS) Closure Request (DTSC Form 1554), CRBU will follow the procedures outlined in DPM-CR-13, "Cost Recovery: Daily Log and Cost Recovery Billing System (CRBS) Closure," to administratively close out the site and issue final invoices as necessary.
5. Invoicing Sites with Payment Agreements
- a. Unless otherwise instructed by Program, Collections, or OLC staff, CRBU will continue to issue quarterly invoices to billable parties with whom the Department has entered into payment agreements. (See DPM-CR-21, "Cost Recovery: Payment Agreements," for more information regarding the payment agreement process.)
 - i. A change in the billing status of a site that results in a temporary or permanent hold on billing may be made only

with Branch Chief Approval or after a request from OLC or Collections.

6. Invoicing Fund 0294 or Fund 0458 Costs

- a. On a quarterly basis, CRBU will invoice the Department's Accounting Office for sites reimbursed by Fund 0294 (Removal and Remedial Action Account) or Fund 0458 (Site Operation and Maintenance Account, Hazardous Substance Account). (See DPM-CR-18, "Cost Recovery: Payments," for more information about Fund 0249 and Fund 0458 sites.)

7. Invoicing Sites with Advance Payments

- a. For contracts signed by the Contracts and Business Management Branch
 - i. Earned Advance: If the amount of the advance is equal to 100 percent of the estimated cost of the Department's activities, then the advance payment is an "earned advance."
 - 1. CRBU will invoice the site on a quarterly basis and earns (applies) the funds in CRBS as the costs are incurred by the Department. (See DPM-CR-18, "Cost Recovery: Payments," for more information on application of earned advances to CRBS costs.)
 - ii. Permanent Advance: If the amount of the advance is less than 100 percent of the estimated cost of the Department's activities, then the advance payment is a "permanent advance."
 - 1. CRBU will issue invoices for the Department's costs on a quarterly basis, but retain the permanent advance until the contract or agreement is completed or terminated. Invoices must be paid by the billable party in a timely manner. (See DPM-CR-18, "Cost Recovery: Payments," for more information regarding payment of invoices.)
 - 2. When the final invoice is issued, CRBU will earn (apply) the permanent advance to the costs covered

by the final invoice (as well as any additional costs incurred by the Department after the final invoice is issued) and issue a refund of any remaining advance to the billable party. (See DPM-CR-13, "Cost Recovery: Daily Log and Cost Recovery Billing System (CRBS) Closure," for more information regarding the site closure process.)

8. For voluntary agreements signed by the Cleanup Program
 - a. Advance payments received for sites being addressed under voluntary agreements signed by the Cleanup Program are treated as "earned advances." CRBU will invoice the site on a quarterly basis and apply the funds in CRBS as the costs are incurred by the Department. (See DPM-CR-18, "Cost Recovery: Payments," for more information on application of advance payments.)

9. Special invoicing procedures for bankruptcies
 - a. CRBU will cease invoicing billable parties for whom the Department has received a bankruptcy notice. (See DPM-CR-23, "Cost Recovery: Bankruptcy Notices," for more information about the Department's procedures for tracking bankruptcy notices.)
 - i. Where the bankruptcy debtor is only one of multiple billable parties for a site, on advice of OLC, then CRBU will temporarily suspend invoices to the bankruptcy debtor by turning off the print flag for the bankruptcy debtor in the Billable Parties list for that site in the Cost Recovery Billing System (CRBS) so that the bankruptcy debtor does not continue to receive invoices.
 1. However, CRBU will maintain the BILCRU status of the site in CRBS to ensure that invoices are sent to the remaining billable parties.
 - ii. If the bankruptcy debtor is the only billable party for a site, then CRBU will place a hold on invoicing for the entire site.
 1. CRBU will change the CRBS billing status of the site to HOLD/LEGAL and the CRBS classification to "LEGAL: Bankruptcy notice received."

- iii. CRBU will consult OLC prior to resuming invoicing the bankruptcy debtor.

Program Project Managers and Branch Liaisons

1. In order to assist CRBU in issuing timely and accurate invoices to billable parties, the Project Manager and/or Branch Liaison will:
 - a. Immediately provide the CRBU analyst assigned to the site with the contact information for all billable parties that need to be invoiced and all parties that should receive copies of any invoices. For new sites, the Branch Liaison will include billable party information, if available, on DTSC Form 1431. (See DPM-CR-03, "Cost Recovery: Site Code and Project Code Origination," for more information about DTSC Form 1431.)
 - b. Immediately provide the CRBU analyst assigned to the site with a PDF copy of or an EnviroStor link to all final, executed cost recovery documents, including, but not limited to, voluntary agreements, orders, contracts, Imminent and Substantial Endangerment (I/SE) Determinations, land use covenants, Operation and Maintenance (O&M) Agreements, or other documents establishing the billable party's obligation to pay the Department's costs.
 - c. Immediately notify CRBU of any changes to contact information for billable parties and other parties that should receive copies of invoices.
 - i. At least every six months, the Project Manager or Branch Liaison will review the Billable Parties Report to ensure the accuracy of contact information for billable parties and other parties that should receive copies of invoices. The Billable Parties Report can be accessed through the CRBS Reports SharePoint page. A link to the CRBS Reports SharePoint page is available on the Cost Recovery Policies and Procedures SharePoint page at <http://dtsc-share/PP/CostRecovery/default.aspx>.
 - ii. Changes in billable party information may be sent directly to the assigned CRBU analyst or submitted to

billing@dtsc.ca.gov. Include the following information in the "Subject" line of the email: Site Code, Site Name, and purpose of the email.

- d. Maintain communication with the CRBU analyst assigned to the site on matters:
 - i. Affecting the accuracy or support of costs invoiced.
 - ii. Affecting the site billing status or classification of a site in CRBS. A change in the billing status of a site that results in a temporary or permanent hold on billing, with the exception of temporary holds based on pending or anticipated timesheet amendments, may be made only with Branch Chief Approval or after a request from OLC or Collections.
 - iii. Required to resolve unbilled costs identified on the Incurred versus Invoiced Charges Report on CRBS.
 - iv. Related to site completion and closure and final billing.
- e. Submit accurate timesheets and travel claims to the Attendance Clerk. The Project Manager and Branch Liaison will immediately submit timesheet corrections to the Attendance Clerk and notify CRBU of any timesheet corrections.
- f. Review site Daily Logs prior to the end of the month to ensure the accuracy of reimbursable site activity.

Office of Legal Counsel (OLC)

- 1. OLC will work with CRBU to ensure that a HOLD/LEGAL billing status for a site in CRBS is appropriate.
- 2. Assist Department staff in determining whether invoicing for a site should be temporarily or permanently suspended and the CRBS billing status of a site should be changed to BILCRU/THOLD.
- 3. OLC will immediately notify the CRBU analyst assigned to a site regarding any matters affecting the CRBS billing status or classification of a site.
- 4. OLC will provide legal advice to Department staff regarding any matters affecting the site CRBS billing status or classification of a site.

Collections and Resolution Unit (Collections)

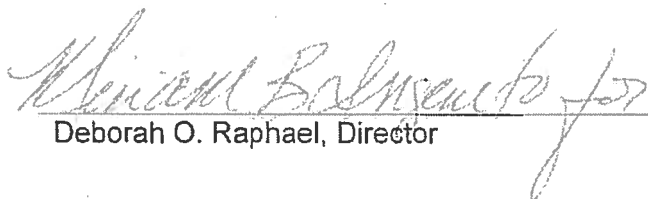
1. Collections will immediately notify the CRBU analyst assigned to a site regarding any matters affecting the site billing status or classification of the site in CRBS.
2. Collections will immediately notify the CRBU analyst assigned to the site regarding matters affecting the accuracy or support of costs related to payment agreements, NFCRA determinations, invoice dispute resolution, write-off amounts, and cost shifts from one Site Code or Program Cost Account (PCA) Code to another.
3. Assist Department staff in determining whether invoicing for a site should be temporarily or permanently suspended and the CRBS billing status of a site should be changed to BILCRU/THOLD.

Accounting Office (Accounting) Interagency Agreement Desk

The Accounting Interagency Agreement Desk will invoice sites that are the subject of an interagency agreement.

CONTACTS: Please see the Cost Recovery Policies and Procedures SharePoint page at <http://dtsc-share/PP/CostRecovery/Lists/Links/AllItems.aspx> for information about staff to contact if you have questions or concerns regarding this DPM.

All DPMs and cost recovery-related policies, procedures, guidance, forms, model documents, and links to the materials referenced in the DPMs are available on the Cost Recovery Policies and Procedures SharePoint page at <http://dtsc-share/PP/CostRecovery/default.aspx>. Questions, comments, and concerns regarding this DPM, as well as the other DPMs, can be posted on the Cost Recovery Policies and Procedures SharePoint page at <http://dtsc-share/PP/CostRecovery/Lists/Feedback/AllItems.aspx>.


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