

# Doing Business with DeIDOT – Audit

January 29, 2015

# Learn:

- What Documents are required at Pre-award Audit of an agreement or sub-agreement
- How to Avoid Common Proposal Mistakes
- How to Avoid Common Invoice Mistakes

# Pre-Award Review of a new Agreement or Sub- agreement

# Pre-Award Review

New Agreement/Sub-agreement:

Need to Submit:

- ❖ Most Current Indirect Cost Rate (Overhead)
- ❖ Any Cognizant Letter(s)
- ❖ Cost Certification Form
- ❖ Completed Internal Control Questionnaire (ICQ) – updated Annually

# Cost Certification Form

## **Certification of Final Indirect Costs**

Firm Name: \_\_\_\_\_

Indirect Cost Rate Proposal: \_\_\_\_\_

Date of Proposal Preparation (mm/dd/yyyy): \_\_\_\_\_

Fiscal Period Covered (mm/dd/yyyy to mm/dd/yyyy): \_\_\_\_\_

*I, the undersigned, certify that I have reviewed the proposal to establish final indirect cost rates for the fiscal period as specified above and to the best of my knowledge and belief:*

1. 1.) *All costs included in this proposal to establish final indirect cost rates are allowable in accordance with the cost principles of the Federal Acquisition Regulations (FAR) of title 48, Code of Federal Regulations (CFR), part 31.*
2. 2.) *This proposal does not include any costs which are expressly unallowable under the cost principles of the FAR of 48 CFR 31.*

*All known material transactions or events that have occurred affecting the firm's ownership, organization and indirect cost rates have been disclosed.*

Signature: \_\_\_\_\_

Name of Certifying Official (Print): \_\_\_\_\_

Title: \_\_\_\_\_

Date of Certification (mm/dd/yyyy): \_\_\_\_\_

# Internal Control Questionnaire

- Name of Engineering Consultant
- TIN (Taxpayer Identification Number)
- Headquarters Address
- Company Website
- Fiscal Year End
- Time Period Covered
- Location of Accounting Records

# Internal Control Questionnaire

- Contact Information
- Background Information
- Accounting Questions
- Accounting System Questions
- Information Technology System Questions
- Payroll Questions
- Labor Cost Accumulation / Billing Questions
- Expense Accumulation / Billing Questions
- Other – General Questions

# Internal Control Questionnaire

- Attachments:
  - Financial Statements
  - Sample Timesheets
  - Chart of Accounts
  - Company Policies & Procedures
  - Company Employee Handbook

# How to Avoid Common Proposal Mistakes

# Proposal Review

## Direct Labor:

- ❖ Need to be at the rates currently approved by Contract Administration
- ❖ Must name individuals or list individuals used in determining average rate(s)
- ❖ Waiver required for any rate over \$65/hour

# Proposal Review

## Overhead:

- ❖ Must be the current approved or provisional rate recognized by the Department
- ❖ The fixed fee request form should denote if the rate is an offered rate

## Fixed Fee:

- ❖ A rating higher than normal for complexity, risk or schedule needs to be supported and approved

# Proposal Review

## Direct Expenses:

- ❖ Mileage – based on lower of the Consultant’s policy, IRS or GSA rate for personally owned vehicles
- ❖ Mileage – company owned vehicles reimbursed up to the GSA rate, based on internal cost support submitted annually
- ❖ Tolls – reasonable
- ❖ Postage - reasonable

# Proposal Review

- ❖ Per Diem – based on GSA guidelines & should be broken down by number of first/last days of travel and number of full days
- ❖ Rental Equipment/Other Items – supported by price quotes and also require a cost benefit analysis
- ❖ Miscellaneous – more than \$100 requires more detail

# Proposal Review

Sub-consultant:

- ❖ Must be approved by Contract Administration to work on the agreement (Appendix “A”)
- ❖ Subject to the same level of review and support as the prime consultant

# How to Avoid Common Invoice Mistakes

# Standard Invoice

- ❖ agr # must include task #
- ❖ period must have a begin & end date
- ❖ invoicing must be monthly

REFERENCE:

Agreement No. \_\_\_\_\_

Contract No. \_\_\_\_\_

Fed. Aid # \_\_\_\_\_

Invoice No. \_\_\_\_\_

Period \_\_\_\_\_

From Job No. \_\_\_\_\_

# Standard Invoice

- ❖ payroll burden & overhead rate should be the current rate approved by the Department
- ❖ profit must be the amount noted on the NTP and billing must be based on % of completion

Payroll burden and overhead: \_\_\_\_\_ % \_\_\_\_\_

Subtotal \$ \_\_\_\_\_

**PROFIT** (Profit/ fixed fee shall not be expressed on progress invoices as a percentage)

Total Task Profit/Fixed Fee \$ \_\_\_\_\_ @ \_\_\_\_\_

_____	Total % Currently Complete
_____	Previous Invoice % Complete

\$ \_\_\_\_\_

# Standard Invoice

❖ new table for sub-consultants

<b>Sub Consultants</b>					
<b>CATEGORY</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>TOTAL</b>
<b>Total Upset Limit</b>					
<b>Prior Billing</b>					
<b>This Invoice</b>	-	-	-	-	
<b>Total Billed</b>	-	-	-	-	
<b>Amount Remaining</b>					
<b>% Billed</b>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

# Direct Labor

- ❖ Reasonable for the work accomplished
- ❖ Supported by timesheets
- ❖ Necessary classifications being billed
- ❖ Overtime is appropriate and was approved in advance
- ❖ With Premium portion billed as a direct expense

# Overhead

- ❖ Verify that the rate on the invoice is the current approved or provisionally approved rate
- ❖ Supported by DelDOT letter signed by the Audit Manager
- ❖ Agreed rate for a period of time – Typically annually

# Fixed Fee

- ❖ Amount is negotiated based on four factors:
- ❖ Overhead – Complexity – Risk – Schedule
- ❖ The Negotiated amount is noted on the Notice to Proceed for each Task under an Agreement
- ❖ Billed based on percentage of completion

# Direct Expenses - General

- ❖ Should not be items considered a part of overhead
- ❖ Should be supported by detailed receipts
- ❖ Should be the ones originally identified in the proposal
- ❖ Sales tax is unallowable

# Direct Expenses - Mileage

- ❖ Reasonable and supported by approved mileage log for on job mileage. (NOT Commuting)

Employee: \_\_\_\_\_ Period Covered: \_\_\_\_\_

Tag #: \_\_\_\_\_ Make: \_\_\_\_\_

Model: \_\_\_\_\_

Date	Odometer Reading		Traveled Miles	Reason for Travel	Location	Client
	Out	In				
06/08/09	10198	10202	4	Home to jobsite		Personal use
	10202	10219	17	Job 29-061-06	Intersection of SR 4 & SR 72	DeIDOT
	10219	10250	31	Jobsite to home		Personal use
06/09/09	10250	10259	9	Home to office		Personal use
	10259	10263	4	Office to Jobsite		Personal use
	10263	10275	12	Job 29-061-06	Intersection of SR 4 & SR 72	DeIDOT



# Direct Expenses – Sub-Consultant(s)

- ❖ Sub-Consultant must be approved on the Agreement
- ❖ All costs are subject to the same review as the Prime Consultant.

# Compliance

Costs are reviewed to determine that they are:

- Reasonable
- Supported

Compliant with terms of the:

- Agreement,
- Task &
- Notice to Proceed

# Audit Site Visit

- Timesheets to support Direct Labor Charges
- Payroll Records
- Receipts to support Direct Expense Items
- Cancelled checks to support all Expenditures

# Prompt Payment

The Department has 30 days to make payment to a vendor following receipt of a valid, complete invoice

- The Prime vendor has 30 days to make payment to sub-vendors following receipt of DelDOT's payment
- Please note that this means if you miss the deadline submission for the Prime's invoice it may take 90 days to receive payment

# New Audit Email Address & Form

- [DOT.AuditManagement@state.de.us](mailto:DOT.AuditManagement@state.de.us)

Contact Information:

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