

Audits Invoice Approval Process

SDDOT – Audits

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Audits Objective

- SDDOT Audits ensure costs are paid in compliance with Federal and State laws, rules, and regulations.
- Audits verifies that entities are properly following the guidelines of their contracts, manuals, policies and procedures.
- Ultimately – is taxpayer money being spent accordingly?

Types of Contracts

- ◉ Cost-Plus-Fixed-Fee Contracts
 - > Cost-reimbursement contract that provides a negotiated fee (Derivation of Profit form) that is fixed at the inception of the contract.
 - > Subconsultants are held to the same guidelines as the Prime.
- ◉ Lump Sum (Fixed Price) Contracts
 - > Total lump sum is paid once all work is done.

Cost plus Fixed Fee Invoice Procedure

- Current Approved Overhead (Indirect Cost) Rate
 - > Current Rate must be applied upon receipt of the approval letter, not before
- Correct rates
 - > Wages
 - > Fixed Fee %
 - > Approved Cost of Money (FCCM) % (if applicable)

Cost plus Fixed Fee Invoice Procedure

○ Mileage Rates

- > Majority of the time, the IRS/GSA rate is used.
- > A different rate may be used if you have submitted the information for an approved rate.
 - Special equipment rates

Cost plus Fixed Fee Invoice Procedure

○ Labor

- > Hours worked must be within the beginning and end dates of the contract
- > Work can begin with written approval from DOT - Notice-to-Proceed
- > Current wages must be used
- > Overtime must be approved in writing (email) prior to the work being done (**48 CFR 22.103-4**)

Cost plus Fixed Fee Invoice Procedure

- Travel
 - > Airline tickets, lodging receipts, receipts for meals, fuel receipts (if mileage isn't claimed), car rentals, etc.
 - > Travel expense must include names of travelers, purpose/justification of the trip (if needed) , date and location
- Invoices for miscellaneous items such as rentals, copies, etc.
- Subconsultant invoices and receipts for travel, etc., if applicable.

Final Invoice

- Final invoice
 - > Indicate FINAL on the last invoice
 - > Request any **remaining fixed fees** on the final invoice
- Additional documentation determined case-by-case

Top Common Mistakes

- ◉ Lodging Cost (GSA Rate plus tax)
- ◉ Meal Maximum (State Per Diem)
- ◉ Meals missing detail receipts at Locations with alcohol
- ◉ Overhead & FCCM
- ◉ Missing Documentation
- ◉ Notation of cost split among projects

Newest Common Mistake

◉ Retainer Contract Number

- > *Work Orders MUST have the correct Retainer Contract.*
- > *The contract retainer number you created the work order under is the one you use throughout the life of that work order.*
- > *Documentation is coming in with the newest retainer contract number for work orders created under older retainers.*

Change this Retainer Year

- Prime and Sub split

- > In the past, we split the prime money and sub money and tracked both separately. The DOT has collectively decided that we will only track the max limiting amount and fixed fees as a TOTAL, no split between consultants. It is at the Prime's discretion to track the splits on their side.

Changes to an Invoice

- *If a change is made to the invoice by an auditor because of unallowable costs, ineligible costs, or the amount is over the max remaining amount, the DOT Project Manager will be notified. They are responsible for notifying the consultant of the change.*

Guidance

- ◉ AASHTO Uniform Audit & Accounting Guide
- ◉ Government Auditing Standards (GAGAS or Yellowbook)
- ◉ 48 CFR Part 31 (Federal Acquisition Regulation)
- ◉ 48 CFR Part 16 (Cost Plus Fixed Fee Contracts)
- ◉ 23 CFR Part 172 (Engineering & Design Services)
- ◉ 2 CFR Part 200 (Uniform Guidance)

Website & Manual

- ◉ <https://dot.sd.gov/programs-services/programs/audits>
- ◉ https://dot.sd.gov/programs-services/programs/audits#listItemLink_1372

Available Upon Request

- ◉ Slide Presentation
- ◉ SDDOT Audit Procedures
- ◉ Links to other information

Questions?

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