

PROFESSIONAL ENGINEERING SERVICE REIMBURSEMENT GUIDELINES FOR BUREAU OF FINANCE AND ADMINISTRATION

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INSTRUCTIONS ON REQUESTING REIMBURSEMENT

Requesting reimbursement from MDOT requires the submittal of several forms, summarization of expenses, copies of receipts, etc. The combination of these materials will be referred to as the “invoicing package” throughout these instructions. The invoice packages must be submitted to the Lansing central office who will then distribute to the Project Manager for review.

ACTUAL COST PLUS FIXED FEE REIMBURSEMENT

BACKGROUND INFORMATION:

The full name for this method of reimbursement is “Actual cost Plus Fixed Fee not to Exceed”. There are three key parts to this name which define the method of billing and payment.

Actual Cost: Reimbursement is made for costs that have been incurred by the firm in carrying out the services required for the project. A post audit will verify that these costs were actually incurred, documented and that they were properly charged to the service. **Fixed Fee:** In addition to the reimbursement of actual costs, the consultant is paid a fee. The amount of fee to be paid is based on the completion of the service, not on expenses. Michigan law prohibits the payment of fixed fee based on expenses incurred. **Not to Exceed:** Every contract or authorization originating from MDOT will have a maximum dollar limit. Michigan law specifies that this limit cannot be increased or decreased without a commensurate increase or decrease in the scope of work to be provided.

The following discussion relates to services for which the costs will be reimbursed on the actual cost plus fixed fee basis.

Invoices are to be submitted to MDOT on a monthly basis **except** as follows:

- A. If the invoice is less than \$1,000. The exception to this would include; the final invoice, invoicing for remaining fixed fee, consultant’s quarter end, etc.
- B. Invoices on Contracts or Authorizations that are reimbursed on a lump sum/milestone basis are submitted upon the completion of a milestone rather than after a sequence of time. For further information on these payments, please see **Lump Sum/Milestone Reimbursement** section.

Each service must be invoiced separately. Do not combine two or more services onto one invoice. The best way to identify a service is by the contract number or authorization that initiated the service. Each service will have its own unique contract or authorization under an IDS (Indefinite Delivery of Services) contract. A large service may have numerous job numbers which are identification numbers for the funding source.

CONTENTS OF AN INVOICING PACKAGE:

An invoicing package should contain one of each of the following items in the order that they are listed below:

- A. Payment Voucher Summary Form**
- B. Invoice & Job Number Summary Form**
- C. Company Invoice**
- D. Detail of Expenses**
- E. Copies of Receipts (in excess of \$2,500.00)**
- F. Progress Reports**
- G. Task Reporting**

Items A & B are MDOT forms to be completed by the Consultant. Further description of each of these items follows:

A. Payment Voucher Summary Form

This form serves three purposes: (1) it summarizes information that is detailed on the other documents, (2) it is used to record MDOT approvals, and (3) it is used to initiate payment.

Payments that have more job numbers than there are spaces on this form in box 16 require the use of a Continuation Sheet for Job Number Distribution.

B. Invoice & Job Number Summary Form

This form is needed for all invoices that have either multiple job numbers and/or sub-consultant costs. The Invoice & Job Number Summary Form (IJNS) contains some additional breakdown (cost of labor, overhead, direct expenses) of costs not shown on the Payment Voucher Summary Form. A separate IJNS must be submitted for each job number OR an IJNS spreadsheet form containing all the same information (see example enclosed) can be provided instead of completing an IJNS for each job number.

C. Company Invoice

The company invoice should be prepared on company letterhead paper and should include the following information: the billing period, amount owed for the period, project description, the contract number, Authorization letter/number if applicable, and it should be signed by an officer of the company.

D. Detail of Expenses

This portion of the invoicing package should include the information described below. Examples of the following items and calculations are shown on the **Example of Supporting Detail** page.

DIRECT LABOR:

List names and position titles of the people who worked on the service, the hours worked (1), rate of pay, subtotal of cost per person and the total cost and total

hours worked of direct labor for the billing period. *The sample billing package indicates one method of showing the cost and hours of direct labor. This format is for illustrative purposes only; you may vary the format as long as this information is provided.*

NOTE (1): This portion of the billing package must detail when these hours were worked. This information may be summed by day, week, two week period, or half month. **Totaling these hours for an entire month is not acceptable.**

OVERHEAD:

List the audited overhead rate that is in effect for the billing period. Multiply this rate by the direct labor.

FACILITIES COST OF CAPITAL:

List the audited facilities cost of capital rate that is in effect for the billing period. Multiply this rate by the direct labor.

DIRECT EXPENSES:

Provide a brief description of the direct expenses incurred during the billing period. Where applicable, such as vehicle mileage, indicate the unit rate. Multiply this rate by the number of miles.

FIXED FEE:

Indicate the calculation method used to determine the amount of fixed fee earned and billed. This calculation is computed by using the total fixed fee authorized multiplied by the percent complete billed, less any previously billed fixed fee.

TOTAL:

Provide the sum of all these items. In the event there are sub-consultants on the service, provide a sum for each individual firm and a sum of all of the firms (prime consultant plus sub-consultants).

SUB-CONSULTANTS:

In the event there are sub-consultants on the service, provide all the information described above for each sub-consultant. If the sub-consultant is authorized for \$25,000 or more, an approved subcontract must be in place before the bill will be paid.

E. Copies of Receipts (in excess of \$2,500) All purchases charged to the service must have photocopies of receipts for such charges that are in excess of Twenty Five Hundred Dollars (\$2,500). This dollar minimum refers to each individual expense.

F. Progress Reports

The current language in IDS contracts on progress reporting states as shown below. The regular contracts have similar language although some older contracts that are still active

have different language. Consultants should review their contracts and scope of services to determine their reporting requirements on a particular service.

“During the performance of the SERVICES, submit written progress reports to the DEPARTMENT outlining the work accomplished during the reporting period. Identify any problems, real or anticipated, associated with the performance of the AUTHORIZATION; and identify any deviations from the agreed upon work plan and schedule. In the event the CONSULTANT identifies any problem(s), the CONSULTANT will submit a plan to correct the problem(s) to the DEPARTMENT for consideration. The content and format of such written progress reports will be as defined in the Scope of Services. The quantity, timing, period covered, and recipients of the progress reports will be as directed by the Project Manager.

As a part of the progress report, the CONSULTANT will report the actual hours of performance, the actual start, and, if necessary, an estimated completion date or an actual completion date, as may be further defined in the Scope of Services and as defined in the DEPARTMENT guidelines. In the event that the CONSULTANT does not submit a progress report for a particular month, the CONSULTANT is still required to submit any report or information required by this sub-section.”

Project managers often direct consultants to submit progress reports with the invoices. If so directed, please refer to **Contents of a Billing Package** section as to where within the billing package it should be located.

Graphical Details -For **full construction engineering services** contracts, the Consultant shall provide the Project Manager a table and graph as shown in the attached sample of Tables #1 and #2 and Graph #1.

G. Task Reporting

PPMS task reporting is required for Design and Traffic and Safety contracts. The CONSULTANT shall report, by PPMS task, the actual hours of performance, the actual start, and if necessary, an estimated completion date or an actual finish date as may be further defined in the Scope of Services for a specific service. This reporting is to be submitted electronically via email to MDOT-designppms@michigan.gov. **For further information related to this process, please contact Lenny Robinson at 517-335-3291.**

LUMP SUM/MILESTONE REIMBURSEMENT

Some services will be reimbursed on a Lump Sum/Milestone basis. This method of reimbursement is a modification of the traditional lump sum payment. The reimbursement is lump sum in that payment is a defined amount and it is paid upon completion of an agreed upon amount of work. The word milestone is added because the payment is usually divided into a series of payments, each paid upon the completion of a milestone event. During the selection and proposal stage of the service, the milestones are defined in the scope of services. Each milestone has a percentage assigned to it representing the value attributed to the work needed to achieve that milestone. Upon the

completion of negotiations, the agreed upon price is applied to the milestone percentages to establish the payment for that milestone. During the course of the service, the consultant may bill for the lump sum payment for a milestone upon completion and acceptance by MDOT of the milestone. At this time, MDOT is not making partial milestone payments.

PLEASE NOTE: Although the amount of the payment is determined as described above, MDOT requires the submittal of same information on direct labor as required for actual cost plus fixed fee reimbursements described above. This hours and costs information on direct labor must be maintained by the consultant to the same level of detail as services that are reimbursed on an actual cost basis. With each billing provide this information for the time period going back to the previous billing. At the time of the request for the last milestone payment on this service all of the hours and costs for direct labor should have been reported in the manner described above.

The consultant does not have to provide information on overhead, facilities cost of capital, direct costs, fixed fee or retainage. On the Invoice and Job Number Summary Form you need only provide the information required for Lines 7, 8 and 9.

VENDOR REGISTRATION **For Payment with the State Of Michigan**

Public Act 533 of 2004 requires all payments to vendors doing business with the state of Michigan be processed by Electronic Funds Transfer (EFT).

Vendors need to register for EFT (Electronic Funds Transfer) on line at the **Contract & Payment Express (C&PE)** web page @ http://www.michigan.gov/budget/0,1607,7-157-13404_37161-179392--,00.html

To register you will need your Companies Federal Tax ID #, or Social Security #, the account # and name of the Financial Institution where payments from the state will be deposited.

It takes approximately 10-14 days to become registered because Treasury must run a test to your Financial Institution. If you need any help registering please Click on the [Contact Us](#) Link at the top of the web page.

MDOT will not be able process payments to vendors who are not registered for EFT payments effective July 1, 2008.

Instructions for Completing the PAYMENT VOUCHER SUMMARY FORM

1. MDOT Contract No.:

This is a number assigned by MDOT (i.e.: 2008-1234). This number is located in the upper right hand corner on the front page of the contract document or the upper left hand corner of the authorization. Use the number from the “Prime” contract not the number from any subsequent amendments to that prime.

2. Authorization Letter/Number:

Enter a single letter/number designating the authorization under which the service is funded. A separate PAYMENT VOUCHER SUMMARY FORM must be used for each separate authorization. If the service is funded by a “Regular” contract, leave this space blank.

3. Date:

Enter the date that the billing package is prepared.

4. Federal ID No.:

Enter the Federal Identification Number of the consultant firm that is performing the services.

5. Mail Code:

Enter the appropriate Mail Code supplied by MDOT. Remember, if your address changes, your Mail Code will also change.

6. Payee Name & Remittance Address:

Enter the full name of the consultant firm and the address that the payments should be mailed to and name of contact person who can answer questions on the invoice.

7. Project/Service Description:

If the service is provided on one project, enter a brief description of the project. For a road project, this description should begin with the identifier of the main route through the project, then the end points. For example, M-39 from I-94 to Ford Road. For a bridge project, this description should begin with the identifier of the main route over or under another. For example, I-94 under Napier Road. If the service is provided at various locations, give a description of the service. For example, bituminous testing services.

8. Control Section:

Enter the MDOT Control Section number(s).

9. Service Period

Enter the effective dates (the date of award until the expiration date) of the authorization or contract (NOT THE SERVICE COMPLETION DATE)

10. Consultant Certification:

Signature of an officer of the firm that certifies, to their knowledge, that the expenses for which reimbursement is being requested in the invoice package are proper charges to the State of Michigan.

NOTE: This signature must be an original signature. Copies, stamps or faxes of signatures are not acceptable.

11. Vendor Invoice No.:

This space is provided for any reference numbers assigned by the consultant to this invoice.

12. MDOT Project Manager:

Please list the MDOT Project Manager listed on your contract

13. Service Maximum:

The amount is the maximum dollar total for the service (including all amendments or additional work authorizations). The term service is used because this billing form may be used to request reimbursement on services initiated under a contract or under an authorization.

14. Invoiced to Date:

Enter the total of all previous billings, plus the current billing, on this service.

15. Remaining Balance:

Enter the balance remaining which is the "Service Maximum" less the "Invoiced to Date".

16. Job Number and Amount:

Enter each job number, including all suffixes (phases), and the related invoice amount applicable to that job number. The total of these amounts should equal the amount entered on Line 20. Use a Continuation Sheet if necessary.

17. Billing Period:

Enter the beginning and ending date of the time period for which the invoice is requesting reimbursement. For example, March 1, 2008 to March 31, 2008.

18. % Complete to Date:

Enter your firm's estimate of the percentage that the entire service is complete as of the end of the billing period. This percent is to include all work on the entire service by the prime consultant or any sub-consultants for all job numbers on the service. On a service that is being reimbursed on a lump sum basis, the billing and payment is based on the achievement of a milestone; however the percentage complete may be different. For example, upon the completion of the survey which has been determined to be twenty percent of a service, the bill and payment would be based on the amount established for the survey which would be twenty percent of the service total. In the event that the consultant had been working on other portions of the service, the percent complete for the entire service would be higher than twenty percent.

19. Hours This Period:

Enter the total hours worked by the project team on this service during the billing period. This total is to include all work on the service during that period by the prime consultant and/or any sub-consultants.

20. Fixed Fee This Period:

Enter the fixed fee earned during the billing period. This amount is computed by using the total fixed fee authorized, multiplied by the percent complete billed, less any previously billed fixed fee. Example of the calculation is shown on the **Example of Supporting Detail** pages.

21. Invoice Amount:

Enter the gross amount of the invoice. This amount is the gross amount earned during the billing period derived by summing the amount earned on each applicable job number for both prime and

sub-consultants. This amount should be calculated as shown on the **Example of Supporting Detail** pages for the individual calculations for the prime consultant and a sub-consultant.

22. Retainage Amount:

Enter the amount to be retained on this service, if any. This amount should be calculated as shown on the **Example of Supporting Detail** pages.

23. Pay Amount:

Enter the amount to be paid. This is the invoice amount less the retainage amount and should be calculated as shown on the **Example of Supporting Detail** pages.

Instructions for Completing the
INVOICE & JOB NUMBER SUMMARY FORM

This form must be completed for each job number within a service. This form further separates costs by firm (prime consultant and sub-consultant(s)) within each job number. Enter zeros and the applicable percentage for any sub-consultants on the service that did not have any expenses in the billing period.

1. Job Number:

Enter the six digit job number. An MDOT job number is a six digit alpha numeric field with the first five digits numeric and the last digit alpha. The alpha field may be blank on EPE services.

2. Contract Number:

This is a number assigned by MDOT. This number is located in the upper right hand corner on the front page of the contract document or the upper left hand corner of the authorization. Use the number from the “Prime” contract not the number from any subsequent amendments to that prime.

3. Authorization Letter/Number:

Enter a single letter/number designating the authorization under which the service is funded. A separate PAYMENT VOUCHER SUMMARY FORM must be used for each separate authorization. If the service is funded by a “Regular” contract, leave this space blank.

4. Billing Period:

Enter the beginning and ending date of the time period for which the invoice is requesting reimbursement. For example, March 1, 2008 to March 31, 2008.

5. Consultant Name:

Enter the name or initials of the various firms on the service as column headings.

6. Consultant Job Number:

This entry is optional. This space is provided so that a consultant may enter their own reference numbers.

7. % Complete:

Enter your estimate of the percent complete that the prime consultant and each of the sub-consultants have achieved for each job number on the service. These estimates of completion should be as of the end of the billing period. In the far right column entitled “TOTAL”, enter the

cumulative estimate of the percent complete for all work related to this job number.

8. Work Hours:

Enter the total hours worked by the prime consultant and each of the sub-consultants on this job number during the billing period.

FOR THE PRIME CONSULTANT AND EACH OF THE SUB-CONSULTANTS ENTER THE FOLLOWING APPLICABLE COSTS INCURRED RELATED TO THIS JOB NUMBER DURING THE BILLING PERIOD.

9. Labor Cost:

Enter the cost of labor for each firm that is performing services on this job number. This cost is the direct labor (hours multiplied by rate) for the labor charged directly to this job number on this service.

10. Overhead:

Enter the overhead charge for each firm on this job number. This charge is derived by multiplying the labor cost on Line 9 by the overhead rate. The overhead rate used must be a rate approved by the MDOT Office of Commission Audit for the period that the costs were incurred. Any overhead rates that have been audited and adjusted during the course of a contract may be used for future billings from that point on.

NOTE: BACK DATED OVERHEAD ADJUSTMENT BILLINGS WILL NOT BE ALLOWED. THIS ISSUE WILL BE ADDRESSED UPON AUDIT OF THE CONTRACT.

11. Facilities Cost of Capital:

Enter the facilities cost of capital (FCC) charge for each firm on this job number. This charge is derived by multiplying the labor cost on Line 9 by the FCC rate. The FCC rate used must be a rate approved by the MDOT Office of Commission Audit for the period that the costs were incurred. In order to charge and be reimbursed for FCC, this cost must have been a separate line item in the consultant's priced proposal.

12. Fixed Fee:

Enter the fixed fee earned (based on percentage completion) by each firm on this job number.

13. Direct Cost:

Enter the sum of the direct charges by each firm on this job number. For the purposes of this form, do not enter the sub-consultants costs as direct costs of the prime consultant.

14. Total Cost:

Enter the sum of the charges listed above by each firm on this job number. This is the sum of Lines 9 through 13.

15. Retainage (if any):

Some services have a portion of the payment due held until completion or audit. This amount as a percentage varies from 0% to 10%. The percentage rate is stated during the selection and proposal process or included in your contract or on your authorization. If applicable, enter the amount to be retained on this billing for each firm (retainage % multiplied by "Total Cost", Line 14).

16. Pay Amount:

This is Line 14 “Total Cost” less Line 15 “Retainage” (if any).

“**Invoice Total**” column will summarize the entries in each row for that specific invoice period only. With the exception of the percentage complete, this is an estimate of the percent complete for the entire service related to that job number. These totals should then be carried over to the Payment Voucher Summary Form.

NOTE: MDOT Office of Commission Audit (OCA) is requesting a total to date cumulative summary sheet be submitted with the final invoice ONLY for all cost categories (labor, overhead, FCC, fixed fee, direct costs, total costs, and retainage if applicable) based on the consultant=s each fiscal year end. Any questions regarding this process should be directed to OCA at 517-373-1500.

EXAMPLE OF SUPPORTING DETAIL

(Detail of Expenses) [PRIME CONSULTANT]

Prime Consultant:

Job Number:

Contract Number:

Authorization Letter/Number:

Billing Period: From:

To:

Project Engineer	Week	Hours	Rate	Sub-Total	Total
Bob Jones	4/5	8	\$32.00	\$256.00	
	4/12	10	32.00	320.00	
	4/19	12	32.00	384.00	
	4/26	5	32.00	160.00	\$1,120.00

Project Manager	Week	Hours	Rate	Sub-Total	Total
Lori Smith	4/5	40	\$24.00	\$960.00	
	4/12	40	24.00	960.00	
	4/19	40	24.00	960.00	
	4/26	40	24.00	960.00	\$3,840.00

Engineer I	Week	Hours	Rate	Sub-Total	Total
Bill Winters	4/5	40	\$22.00	\$880.00	
	4/12	32	22.00	704.00	
	4/19	24	22.00	528.00	
	4/26	40	22.00	880.00	\$2,992.00

GRAND TOTALS Hours 331 Labor \$7,952.00

Overhead [direct labor multiplied by overhead rate of 140%] \$11,132.80

Facilities Cost of Capital [direct labor multiplied by FCC rate of 2%] \$159.04

Direct Costs [see attached page] \$1,662.44

Sub-consultants Costs [see attached page] \$18,554.40

Fixed Fee [see attached page] \$571.00

Invoice Total \$40,031.68

Less Retainage [invoice total multiplied by retainage %] \$800.05

Pay Amount \$39,231.05

EXAMPLE OF SUPPORTING DETAIL

Summary of Direct Costs [PRIME]:

Air fare Chicago & return (receipts attached) \$448.00

Car rental from O'Hare = \$98.44

Copying at Kinko's [270 copies @ \$0.20 ea] \$54.00

Mileage to project site and return [230 miles @ 0.36] \$62.00

CADD 40 hrs @ \$25.00 = \$1,000.00

TOTAL DIRECT COSTS = \$1,662.44

Summary of Fixed Fee [PRIME]:

Fixed Fee for Service: \$4,500.00

Percent complete as of this billing: 65.0%

Fee earned as of this billing: [$\$4,500 \times 0.65$] = \$2,925.00

Less Fixed Fee paid on previous billings: \$2,354.00

Fixed Fee due this billing: \$571.00

BILLING STATUS REQUEST

The primary method of checking on the status of payment is by fax or email. To find the status of a payment, three pieces of information are essential. These three are as follows: Contract number, authorization letter/number (if any), and vendor invoice number. Other information that is useful to verify that the correct bill has been found are as follows: amount of bill, MDOT job number (inc. phase), and billing period (from & to).

It is important to remember that the person who will be responding to these inquiries is the same person who processes the payments. Any time spent searching for this information and answering inquiries is time taken away from processing payments. For that reason, we request that you refrain from requesting the status on a payment unless it is materially beyond the normal time period for payment.

Submit your request in a format similar to that shown on the following page. Enter the name of the firm that submitted the billing, the name of the person submitting this request, as well as telephone and fax numbers. The name and fax/phone number of the person submitting the request is important so that they may be contacted if additional information is required.

The far right column entitled "STATUS" should be left blank. MDOT staff will enter the status of the billing in this space and return the request by faxing this page back to you.

JOB NUMBERS AND SUFFIXES AS USED BY MDOT

Each funding source in the service is identified by job number and is divided into different phases. The phase is identified by the letter that immediately follows the job number.

The "C" phase identifies the study phase and/or the design phase of the project.

The "D" through "V" phase identifies the structure design phases. Structures are identified such as 33333D, for structure S01 of 01111, a bridge, or 33333E, for structure W01 of 01111, a retaining wall (examples only). Each structure is to be considered as a separate job number.

The "Y" phase signifies hydraulics and hydrology studies. This phase is used for structures involved in stream crossings.

The "A" phase signifies the construction of the project. This phase, as included in a design service, includes anticipated costs involving design assistance and/or shop drawing review completed during the construction phase.

The "B" phase signifies the real estate acquisitions of the project.

A "blank" phase signifies EPE portion of the project. [EPE = early preliminary engineering]

Note: For progress billing purposes, each job number or phase within a job number are to be separately identified and the costs individually calculated on payment vouchers, invoice summaries, and consultant invoices.

GLOSSARY OF TERMS

Actual Cost - Most services are reimbursed on an actual cost basis. The full name as used within MDOT in “Actual Cost Plus Fixed Fee Not to Exceed”. With this method of reimbursement, the consultant’s costs are reimbursed as they occur and as later documented by a post audit and up to the maximum limit established in the contract/authorization. The fixed fee is paid at the same time however the payment of fixed fee is based on service performance and not on payment of funds. Under Michigan law, it is not legal to pay the fixed fee based on cost, this latter method of the payment of fee is called “cost plus”.

Agreement - The terms “agreement” and “contract” are often used interchangeably. However, the Department defines “agreement” to be a document where there are no financial obligations. For the purposes of this instruction document, the term contract is preferred over agreement. Definitions are provided below.

Amendment - This name is an abbreviation of “Amendatory Contract”. An amendment is a contract that modifies some portion of an existing contract. The first contract is usually called a “Prime” contract and subsequent contracts intended to alter that first contract are called “Amendatory Contracts” or amendments. Federal regulations often refer to amendments as “modifications”.

Authorization [source - Indefinite Service Contract] - a written document defining the SERVICE (see below) and detailing the reimbursement conditions.

Authorization number - This is a number to designate each service initiated under an IDS Contracts. For example, an IDS contract would have a number such as 2008-1234. The first Authorization issued under that contract would be number “1” and the reference to this Authorization would be 2008-1234/1. This number is an integral part of the Contract tracking process and should not be omitted.

Code of Federal Regulations (CFR) - The Code of Federal Regulations is comprised of numerous volumes that contain the detailed rules and regulations to implement federal law. The various regulations are written and promulgated by the applicable federal agencies. The promulgation process includes reviews, comments and public hearings by affected organizations. The subjects covered by these regulations range from radio licensure and navigation to procurement. A complete set of these regulations can be found in the Michigan Law Library. The procurement portion of these regulations are often referred to as the FPRs for “Federal Procurement Regulations”.

Consultant [source: **CFR Part 172.3(b) Definitions**] –“The individual or firm providing engineering and design related services as a party to the contract.”

[Expanded MDOT definition of Consultant] - As used in this document, the Consultant is the Engineer of Record and is fully responsible for work performed by any and all sub-consultants. (*Note: In order to be pre-qualified by MDOT, consultants must sign a statement that they meet the professional engineering registration requirements for Michigan.*)

Contract - A contract is written documentation of an agreement between two or more persons for the exchange of goods or services. The contract documents that are used between MDOT and other parties are prepared by MDOT and signed by both parties. The first part of one of these contracts contains the standard terms and conditions. This section of the contract is often called the boilerplate with the last page having the signatures of the parties to the contract. This part of the contract may be followed by attachments as further described in the definitions of the types of contracts. There are two types of contract typically used by MDOT. These two types are “regular” and “indefinite delivery of services”. Definitions are provided below.

Contract Number - This is a eight digit numeric identifier usually shown as ##### - #####. The first four digits represent the year that the contract was initiated. The last four digits are a sequentially assigned number starting over with “0001” on the first day of each calendar year.

Contract Administrator (CA) - An title given to the person responsible for contract operations within various portions of MDOT. The CA teams with the department’s project manager to manage a consultant contract.

Contract modification [source: CFR Part 172.3(c) Definitions] –“An agreement modifying the existing contract, such as an agreement to accomplish work beyond the scope of the original contract.”

Contracting agency [source: CFR Part 172.3(d) Definitions] –“The State highway agency or local governmental agencies which have responsibility for the procurement.”

Project Description - the project description is a brief description of the location of the project to be constructed and type of work of the service. For the location, enter the highway, bridge, interchange etc and where appropriate, the beginning and ends points for the work.

Extra work [source: CFR Part 172.3(f) Definitions] –“Any services or actions required of the Consultant above and beyond the obligations of the original or modified contract.”

Fixed fee [source: CFR Part 172.3(g) Definitions] –“A dollar amount established to cover the Consultant’s profit and business expenses not allocable to overhead.” The fixed fee also compensates the Consultant for the added risk due to scheduling or the complexity of the service. MDOT determines the maximum fixed fee for each service. The determination is based upon the size, duration, complexity and schedule of the service and will not exceed 15%.

Federal Regulations - Please see Code of Federal Regulations

Federal Procurement Regulations (FPR) - see Code of Federal Regulations

Indefinite Delivery of Services (IDS) Contract - These contracts are multi-year contracts that do not contain any work or funding at the time of execution. The contract establishes a relationship with the consultant and provides a mechanism so that "authorizations" can be issued when work is ready to proceed. The work and dollars are added at a later time via an authorization. These authorizations will have as attachments the same materials that would be attached to a “Regular” contract when executed, that is, the scope of work, schedule, work plan and budget. The provisions of the contract apply during the activities initiated by the authorization. The authorizations are issued during the first two years of the contract term. The contract continues for a subsequent period in order to complete the existing authorizations.

Job Number - An identifier of a funding source for a portion of a project or service. A job number is six digits and alpha numeric. The first five digits are numeric and the last digit is alpha. The alpha digit represents the phase of the project, for example, A = construction, B = real estate, C = road design, D = bridge design, and blank for early preliminary engineering.

Key People - Any person whose experience or capabilities were included in a Consultant’s proposal for the purpose of indicating their capabilities in accomplishing the tasks in the Services.

Office of Commission Audits (OCA) - This office is the audit and investigative arm of the State Transportation Commission. The “Commission Auditor” is the title of the person in charge of the OCA and this person reports directly to the State Transportation Commission. One of the duties of the OCA is performing “pre” and “post” audits of MDOT’s contracts.

Overhead -The term overhead is used to describe the accumulation of costs that are not directly charged to a project or contract. These are sometimes called “indirect costs” or “burden”. The term overhead refers to a rate which is applied to direct labor charges in order to allocate these indirect charges. This rate must be verified by a governmental agency or public accounting firm accepted by the OCA. This accepted rate is often referred to as an “audited overhead rate”.

Percent (%) Complete - This is an estimate of the percent of completion of the service as of the end of the billing period. On the Invoice and Job Number Summary Sheet you are asked to provide a percent complete for the prime consultant, each of the sub-consultants, and an estimate of the percent complete of all the work assigned. This latter estimate is a combination, not a summary, of the percent complete by all of the firms on the project team. Although these percentages should have a correlation with the billings on the service, they must be an estimate of the completion of work and not the expenditure or balance of funds on the service.

Prime Consultant - The person or firm that has a executed contract with MDOT.

Project -The description of the work, including location, that will be constructed by a construction contractor for the Department. The consultant may be hired to perform one or multiple services for the Department as they relate to the work. See **Service**.

Regular Contract - These contracts are used for large services (the cost of the service is estimated to be in excess of \$1,000,000) or any service that may require unique language not found in an IDS contract. The contract documents for a Regular contract when it is executed include the Scope of Services, the schedule, the Consultant's work plan, and the Consultant's price proposal.

Retainage - Most current contracts have no retainage unless the Department feels they must withhold retainage to compensate for potential risk shown by a consultant.

Scope of Services - Detailed description of the location, work and deliverables required of the Consultant. The Scope of Services is sometimes referred to as the "scope of work".

Scope of work [source: CFR Part 172.3(i) Definitions] –“All services and actions required of the consultant by the obligations of the contract.”

Service [source - contract and more] - the collective work that the DEPARTMENT desires to engage a CONSULTANT. The service represents an identified set of work items, objectives and a time period for their accomplishment. These work items are identified in the scope of services. A service will include one or many job numbers. The job numbers are the means of identifying the portions of the service and are the reference to the funding for that portion. For example, the service may be to design the rehabilitation of a segment of freeway. Individual job numbers would be assigned to portions of that service, one for the design of each bridge and separate numbers for the design of each segments of the road work.

Sub-Consultant - A sub-consultant is any person, firm, partnership or any other organizational entity, that performs some portion of the professional services for which MDOT has contracted for with the prime consultant. Smaller portions (less than \$25,000) of work may be performed without a contract between the prime contractor and the sub-contractor. All MDOT contracts require prior written approval from MDOT prior to sub-contracting any portion of the service. Federal regulations, MDOT Commission policy and MDOT contracts require that subcontract documents that are in excess of \$25,000 must be approved by the department prior to execution.

Term - In a contractual context, the term is the period for which the contract is in effect. It begins with the date of execution or effective date (if different) and ends with the expiration date. These dates may be altered via an amendment.

**Example PAYMENT VOUCHER SUMMARY FORM
(Rev 8/2006)**

Contract Services Division

1. MDOT CONTRACT NO.:		2. AUTHORIZATION LETTER/NUMBER:	
3. DATE:		4. FEDERAL I.D. NUMBER:	5. MAIL CODE: E00 (always)
6. PAYEE NAME & REMITTANCE ADDRESS: CONTACT PERSON (PLEASE PRINT):		7. PROJECT/SERVICE DESCRIPTION:	
		8. CONTROL SECTION NUMBER:	
		9. SERVICE PERIOD: (PERIOD FOR AUTHORIZATION) FROM: TO:	
10. CONSULTANT CERTIFICATION: I HEREBY CERTIFY THAT THIS INVOICE IS A PROPER CHARGE TO THE STATE OF MICHIGAN		11. VENDOR INVOICE NUMBER:	
13. SERVICE MAXIMUM: 14. INVOICED TO DATE: 15. REMAINING BALANCE \$0.00		12. MDOT PROJECT MANAGER:	
		16. JOB NUMBER and AMOUNT (Include all suffixes)	
17. BILLING PERIOD:			
18. % COMPLETE TO DATE:			
19. HOURS THIS PERIOD:			
20. FIXED FEE THIS PERIOD:			
21. INVOICE AMOUNT:			
22. RETAINAGE AMOUNT:			
23. PAY AMOUNT:	\$0.00		
FOR CONTRACT SERVICES DIVISION USE ONLY			
Receiver Number: _____		Project Manager: _____	Billing Number: _____
Date Invoice Received: _____		Project Manager Approval: _____ Date: _____	
Partial/Final Payment: _____			
Purchase Order Number (DPO): _____			

INVOICE & JOB NUMBER SUMMARY FORM (8/2006)

This form is to be completed with multiple job numbers and/or if a subconsultant is being billed against the contract.
(One form for each job number)

1. Job Number	2. Contract Number	3. Authorization Letter/Number	4. Billing Period

	Prime	Sub -1	Sub - 2	Sub - 3	Sub - 4	Sub - 5	Invoice Total
5. Consultant Name:							
6. Consultant Job No.:							
7. % Complete							
8. Work Hours							0
9. Labor Cost							\$0.00
10. Overhead							\$0.00
11. FCC							\$0.00
12. Fixed Fee							\$0.00
13. Direct Cost							\$0.00
14. Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15. Retainage (if any)							\$0.00
16. Pay Amount	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Consultant Signature:	Date:

Notes:

1. Please ensure that totals for all consultants are carried forward to the voucher summary form.
This includes the complete total for fixed fee and pay amount.