

PROFESSIONAL SERVICE  
REIMBURSEMENT GUIDELINES FOR  
BUREAU OF FINANCE AND  
ADMINISTRATION

# PROFESSIONAL SERVICE REIMBURSEMENT GUIDELINES FOR BUREAU OF FINANCE AND ADMINISTRATION

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## 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).

The State of Michigan relies on the Statewide Integrated Governmental Management Application (SIGMA) system for all financial transactions. The Vendor Self Service (VSS) module of the SIGMA application allows the vendor or payee the ability to manage account information. It is the vendor's responsibility to ensure the account is activated and account information is up to date, including contact information and bank (EFT) account numbers.

To activate a new account or update an existing account, please visit [Michigan.gov/SIGMAVSS](http://Michigan.gov/SIGMAVSS). For assistance with VSS, please contact the SIGMA End User Help Desk at 1-800-856-6246.

## INSTRUCTIONS FOR 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 "invoice package" throughout these instructions. All invoice forms are available on the [MDOT Vendor/Consultant Services](#) website and are in Microsoft Excel format. For instructions on how to complete the Excel invoice forms, please see the "Training Documents" portion of the [MDOT Vendor/Consultant Services](#) website and the "Instructions" page within the Excel invoice. When complete, the invoice package must be submitted via ProjectWise. See [ProjectWise – Consultant Instructions](#) for additional information regarding invoice submittal instructions.

Several payment methods may be utilized depending upon specific project needs and details. The four main payment methods utilized on MDOT contracts are:

- Actual Cost Plus Fixed Fee
- Loaded Hourly Rate
- Lump Sum / Milestone
- Unit Price

A description of these payment methods with specific information regarding invoicing information required is provided later in this document.

## GENERAL INVOICING PRINCIPLES

Invoices are to be submitted to MDOT on a monthly basis. Each contract must be invoiced separately. Do not combine two or more contract services onto one invoice. The best way to identify a service is by the contract number that initiated the service. Each service will have its own unique contract. A large service may have numerous job numbers which are identification numbers for the funding source. The payment method (i.e. actual cost plus fixed fee, loaded hourly rate, etc.) should be detailed in the “Firm Role – Pay Method” portion of the Standard Consultant Invoice Form.

### 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 (MDOT Form 5106A)**
- B. Standard Consultant Invoice Form (MDOT Form 5106C)**
- C. Invoice & Job Number Summary Form (MDOT Form 5106B)**
- D. Other Direct Cost (ODC) Summary Form (MDOT Form 5106)**
- E. Prime Consultant Statement of DBE Sub-Consultant Payments (MDOT Form 0165)**
- F. Detail of Expenses**
- G. Copies of Receipts (in excess of \$2,500.00)**

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

#### A. Payment Voucher Summary Form (MDOT Form 5106A)

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.

#### B. Standard Consultant Invoice Form (MDOT Form 5106C)

This form contains information specific to each individual consultant invoice. This information includes: the billing period number, the billing period, the contract completion %, the contract % billed to date, the detailed invoice information, the contract, and invoice summary information for the entire contract. The following detail should be provided on this form:

**HOURS:**

List the total number of hours being invoiced during the billing period.

**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, if applicable, that is in effect for the billing period. Multiply this rate by the direct labor.

**FIXED FEE:**

This calculation is computed by using the total fixed fee authorized multiplied by the percent complete billed, less any previously billed fixed fee.

**OTHER DIRECT COSTS:**

Other Direct Costs are costs independent of labor, overhead, facilities cost of capital, and fixed fee. These costs may include, but not be limited to: mileage, printing, meals, vehicle rental, lodging, etc. and cannot be already included in the overhead rate. These costs do not include any subconsultant costs. Please see the EXPENSES: Other Direct Cost Detail section later in this document for a discussion of Other Direct Cost Detail requirements.

**TOTAL:**

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

**SUB-CONSULTANTS:**

In the event there are sub-consultants on the service, provide the invoice information of each sub-consultant under the "Invoice Summary Per Consultant" portion of the form. **Note:** Subconsultant costs without an MDOT approved subcontract may be deemed ineligible.

**C. Invoice & Job Number Summary Form (MDOT Form 5106B)**

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 of costs (cost of labor, overhead, direct expenses) not shown on the Payment Voucher Summary Form.

**D. Other Direct Cost (ODC) Summary Form (MDOT Form 5106)**

The submittal of this form is required with every invoice for billing periods with direct costs attributable to a project that are not included in the consultants overhead or F.C.C.M. rates. These costs may include mileage, airfare, reproduction expenses, etc. The

form is used to categorize direct costs. Each direct cost category is termed a line item. Any single line item with costs exceeding \$2,500 requires receipts for all expenses for that line item with the exception of mileage and per diem expenses. For example, if \$2,600.00 worth of meals were expended within a single billing period, receipts for each meal for which reimbursement is sought would need to be provided with the invoice.

**DIRECT EXPENSE RECEIPTS:**

Provide scanned copies of original receipts detailing the direct expenses incurred during the billing period. All receipts must detail the date the expense was incurred and what the expense was for. Please see the [Department of Technology, Management & Budget, Vehicle and Travel Services Schedule of Travel Rates for Classified and Unclassified Employees](#) for applicable travel regulations.

See the EXPENSES: Per Diem Expense and EXPENSES: Other Direct Cost Detail sections in this document for discussions of per diem expense and Other Direct Cost Detail requirements.

**E. Prime Consultant Statement of DBE Sub-Consultant Payments (MDOT Form 0165)**

The submittal of this form is required with every invoice submitted for those contracts in which a DBE(s) is designated. The form must be submitted regardless of whether or not the DBE(s) performed services for the billing period invoiced.

**F. Detail of Expenses**

This portion of the invoicing package should include the information described below. Examples of the following items and calculations are shown in the [Invoice Sample](#) located on the [MDOT website](#).

**DIRECT LABOR:**

List names of the employees who worked on the service, the hours they each worked, their rate of pay, subtotal of direct labor cost per person, as well as the total cost and total hours worked of direct labor for the billing period. ***See the [Invoice Sample](#) provided on the [MDOT website](#) for a sample direct labor billing calculation.***

**NOTE:** 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. Daily timesheet information is required for the first and last contract billing to verify costs were incurred after the effective date and prior to the expiration dates.**

## 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 invoicing and payment.

**Actual Cost:** Reimbursement is made for costs that have been incurred by the consultant while carrying out the services required for the project. An audit may 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 for profit. The amount of fee to be paid is based on the percentage of completion of the service, not on expenses.

**Not to Exceed:** Every consultant contract originating from MDOT will have a maximum dollar limit.

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

## LOADED HOURLY RATE REIMBURSEMENT

This method of invoicing and payment utilizes a loaded hourly rate as a basis of compensation. The loaded hourly rate payment method is based upon loaded hourly rates per individual staff member working on a project. The individual staff’s hourly rates are derived based upon the actual staff hourly rate plus employee benefits, overhead expenses, and profit. No overhead, facilities cost of capital, profit, or fixed fee applies beyond the loaded hourly rate. During compensation negotiations, staff loaded hourly rates, staff hours, and direct expenses beyond the loaded hourly rates will be negotiated. Payment for services will be based upon the actual number of hours worked per staff member up to the negotiated maximum contract amount. If negotiated hours/expenses are not utilized throughout the course of the contract, those hours/expenses will not be reimbursed.

As with the actual cost payment method, MDOT requires the submittal of direct labor and other direct expenses when invoicing loaded hourly rate projects. The hours and expense 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 current billing period. The consultant does not need to provide information on overhead, facilities cost of capital, or fixed fee when invoicing on a loaded hourly rate project. The loaded hourly rate payment method should be detailed in the “Firm Role – Pay Method” portion of the Standard Consultant Invoice Form.

## 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 amounts for each milestone. During the course of the service, the consultant may bill for an established milestone upon completion and acceptance by MDOT of the milestone.

**NOTE:** The consultant does not need to provide information on direct labor, overhead, facilities cost of capital, direct costs, or fixed fee when invoicing on a Lump Sum/Milestone project. The LS/MS payment method should be detailed in the “Firm Role – Pay Method” portion of the Standard Consultant Invoice Form.

## UNIT PRICE REIMBURSEMENT

Some services will be reimbursed on a Unit Price basis. This method of reimbursement is based upon specific values assigned to each unit of work. During the selection and proposal stage of the service, the units are defined in the scope of services and each unit has a value assigned to it. Direct expenses beyond the values assigned to each unit may also be negotiated however, fixed fee, overhead, profit, and facilities cost of capital will not be reimbursed. During the course of the service, the consultant may invoice for the contracted unit price upon completion and acceptance by MDOT.

*Example of Unit Price Reimbursement:* A specific value is assigned to each soil boring (unit) that is performed. If five soil borings are performed, the vendor invoices for five units at the contracted price for each boring upon acceptance by MDOT for each boring.

**NOTE:** The consultant does not need to provide information on overhead, facilities cost of capital, or fixed fee when invoicing on a Unit Price project. The Unit Price payment method should be detailed in the “Firm Role – Pay Method” portion of the Standard Consultant Invoice Form.

## EXPENSES: Per Diem Expense

Per diem expenses allow a vendor to receive a reduced reimbursement, in lieu of providing meal and hotel receipts. Per diem expenses are only applicable to travel expenses



associated with overnight (hotel) travel. Travel associated with day (non-overnight) trips must utilize actual costs. Receipts are not needed for per diem expenses. Per diem line items **must** be identified when the priced proposal for services is submitted to the MDOT Project Manager. These per diem line items must designate “(per diem)” on the specific line item within the priced proposal and may not exceed the maximum limits designated in the [Department of Technology, Management & Budget, Vehicle and Travel Services Schedule of Travel Rates for Classified and Unclassified Employees](#). Only line items with this designation on the priced proposal will be reimbursed at the per diem rate during invoicing, as long as the invoice also designates “(per diem)”. Without approval of “(per diem)” rates in the priced proposal, all other reimbursements will be reimbursed at actual cost, up to the maximum limits designated in the [Department of Technology, Management & Budget, Vehicle and Travel Services Schedule of Travel Rates for Classified and Unclassified Employees](#).

**NOTE:** If meal per diem rates are utilized, lodging per diem rates must also be utilized. If lodging per diem rates are utilized, meal per diem rates must also be utilized.

However, both per diem and non-per diem meal rates may be utilized on the same project. For example, if the project entails travel that requires overnight stays (i.e. field work associated with surveying) and non-overnight travel (i.e. attendance at meetings), per diem rates may be utilized for the overnight meals/lodging while individual meal rates must be used for the non-overnight meals.

## EXPENSES: Other Direct Cost Detail

Other Direct Costs are costs independent of labor, overhead, facilities cost of capital, profit, and fixed fee. These costs may include, but not be limited to: mileage, printing, meals, vehicle rental, lodging, etc. and cannot already be included in the overhead rate. These costs do not include any subconsultant costs. All subconsultants must submit individual invoices for their services as well as the required supporting documentation. Tier 1 subconsultant invoices are submitted with the prime consultant’s invoice. Tier 2 subconsultant invoices are submitted with the Tier 1 subconsultant invoices.

The following discussion relates to specific other direct costs and how they should be calculated/invoiced.

### **STANDARDIZED TRAVEL REGULATIONS:**

Standard travel regulations and rates are contained within the [Department of Technology, Management & Budget, Vehicle and Travel Services Schedule of Travel Rates for Classified and Unclassified Employees](#). Regulations related to all modes of travel

including: air, rail, auto, ferry, etc. are covered within the “Standardized Travel Regulations” document contained within this website. In addition, standardized travel rates which provide the maximum travel rates that may be billed for items such as mileage, lodging, and meals are provided within the “Travel Rates and High Cost Cities” document contained within this website.

**LEASED VEHICLE RESTRICTIONS:**

A . Hourly and Daily Rates

Hourly and daily rates that have been audited and approved by MDOT may be used for vehicle billing.

B . Rentals / Short-term Leases

Rental and short-term lease contracts (shorter than 12 months) are typically used for short or flexible durations. The upper limit for vehicle rentals and short-term leases is \$100/day. This cost does not include fuel which will be reimbursed separately.

C . Long-term Leases

Long-term leases are agreements for a duration of longer than 12 months. Lease costs will vary by vehicle type as defined below:

| <b>Vehicle Type</b>   | <b>Lease Rate <sup>1,2</sup><br/>(Upper Limit)</b> |
|---|--|
| Standard Sedan<br>(Chevrolet Malibu, Ford Fusion or similar)                | \$600  |
| Full Size Sedan<br>(Chevrolet Impala, Ford Taurus or similar)               | \$650  |
| Mini-van<br>(Dodge Caravan or similar)                                      | \$780  |
| Small SUV<br>(Ford Escape or similar)                                       | \$690  |
| Small Pick-up<br>(Ford Ranger, Chevrolet Colorado, Dodge Dakota or similar) | \$660  |
| 2WD Full Size Pick-up<br>(Ford F-150, GMC Sierra, Dodge Ram or similar)     | \$710  |
| 4WD Full Size Pick-up<br>(Ford F-150, GMC Sierra, Dodge Ram or similar)     | \$880  |

<sup>1</sup> – Lease rates do not include fuel which will be reimbursed separately.

<sup>2</sup> – Lease rates do not include taxes, license, insurance and maintenance which will be reimbursed separately.

**WHEN RECEIPTS ARE REQUIRED FOR OTHER DIRECT EXPENSES:**

As discussed under the ACTUAL COST PLUS FIXED FEE REIMBURSEMENT section of this document, all purchases charged to the service must have receipts for each expense line item charge (i.e. meals is one line item, printing is one line item, etc.) that is in excess of two-thousand, five

hundred dollars (\$2,500). Receipts are not required for mileage expenses. For those line items that require receipts, scanned copies of original receipts detailing the direct expenses incurred during the billing period should be provided with the invoice. All receipts must detail the date the expense was incurred and what the expense was for.

EXCEPTIONS TO THE \$2,500 RECEIPT REQUIREMENT: Receipts are not required for mileage expenses regardless of the line item total. In addition, receipts are not required for per-diem expenses regardless of the line item total. See the EXPENSES: Per Diem Expense section of this document for more information regarding per-diem expenses.

## MDOT INVOICING CONTACT INFORMATION

- Cheryl Hill – Payment Analyst - 517 - 335-5722
- Robin DeBault – Audit Analyst - 517 - 335-1918
- Mary Lou Beecher – Audit Analyst - 517 - 335-5822

## INSTRUCTIONS FOR COMPLETING THE PAYMENT VOUCHER SUMMARY FORM

Invoicing instructions may be found at: [http://www.michigan.gov/mdot/0,4616,7-151-9625\\_21540---,00.html](http://www.michigan.gov/mdot/0,4616,7-151-9625_21540---,00.html)

## GLOSSARY OF TERMS

**Actual Cost** - Most services are reimbursed on an actual cost basis. The full name as used within MDOT is “Actual Cost Plus Fixed Fee Not to Exceed”. With this method of reimbursement, the consultant’s costs are reimbursed as they occur, up to the maximum limit established in the contract. The fixed fee is paid at the same time.

**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.

**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: 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

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

**Contract Administrator (CA)** - A 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 performed and type of work of the service. For the location, enter the highway, bridge, interchange etc and where appropriate, the beginning and end points of 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. The maximum fixed fee will not exceed 11% of the total cost of labor plus overhead. Facilities Cost of Capital, other direct expenses, and subconsultant expenses are not included within the calculations for fixed fee.

**Federal Regulations** - Please see Code of Federal Regulations

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

**Job Number** - An identifier of a funding source for a portion of a project or service. A job number is alpha numeric. The first six digits are numeric and the last digits are alpha. The alpha digits represent the phase of the project, for example, SCOP = scoping, ROW = real estate, OPS = operations, etc.

**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 Scope of 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.

**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 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 Form (IJNS) 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 consultant that has an executed contract with MDOT.

**Project** -The description of the work, including location, that will be performed 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 stand-alone contracts that relate to a single project performed for the Department. The contract documents for a Regular contract include the Scope of Services, the schedule, the Consultant's work plan, and the Consultant's priced 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 segment 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. A contract between the prime consultant and the sub-consultant must be executed for all subcontracted services. These subcontracts must be maintained within the prime consultant’s records and should not be sent to MDOT unless requested by MDOT. All MDOT contracts require prior written approval from MDOT prior to sub-contracting any portion of the service.

**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.