

Notice to consultant firms prequalified with FDOT, who are compensated on the basis of both audited rates and a published fee schedule (fee schedule rates) for certain services:

In accordance with FDOT 2005 Audit Reimbursement Guidelines, please ensure that the CPA includes a statement in your audit to indicate that the unit rates associated with the published fee schedule are excluded from the audited rates.

FDOT is now strictly enforcing this requirement, which can be found on page 16 of the 2005 Reimbursement Rate Audit Guidelines

(<http://www.dot.state.fl.us/inspectorgeneral/ASR/AccountingSystemInfo.htm>):

Excluded Cost Reports

Consultants who, by agreement with the Department's Procurement Office and the Office of the Inspector General, have established cost-based rates for defined functions, or consultants who maintain a published fee schedule but do not bill exclusively from the schedule, must maintain a job cost accounting system for their hourly services. However, the direct costs of services billed on cost-based rates or scheduled fees, should be excluded from the calculation of direct expense rates. The accounting system description should include assurance of the segregation of the costs to deliver fee or rate based services from the costs associated with hourly services. The Basis of Accounting and Description of Accounting System Note should contain the following text, or text containing the same essential elements:

The Company maintains a job-order cost accounting system for the recording and accumulation of costs incurred under its contracts. Direct costs incurred in providing services billed to clients at unit rates or on the basis of a published fee schedule are charged by functional accounts and accumulated as a single project or grouping to allow segregation of such costs from other costs. Each project is assigned a job number so that costs may be segregated and accumulated in the Company's job-order cost accounting system.

Without this statement in the audit, you WILL NOT be compensated by the Department for published fee schedule rates.

Written certification directly from the firm indicating that fee schedule rates are not included in the audited rates (overhead, direct expense) IS NO LONGER SUFFICIENT, and will not be accepted by the District Professional Services Offices during contract negotiations. The reassurance must come from the independent CPA, and must be noted in the audit document that is submitted to and approved by FDOT Office of Inspector General (OIG).

Please note, this requirement only applies to prequalified firms with audited overhead & direct expense rates who ALSO bill on the basis of published fee schedule or unit rates for certain services (e.g., geotech field and laboratory testing rates, aerial photography rates). These types of firms are

typically firms prequalified in Work Groups 8 or 9. When in doubt, please contact the Inspector General's Office.

If there are any questions, please contact Jeffrey Owens, FDOT Office of Inspector General, (850)410-5834.

Please forward these instructions to your CPA.