

## Consultant Billing Rate Reviews

### Frequently Asked Questions (FAQ)

#### 1. Why does ADOT need to review my billing rates?

As a recipient of Federal funds, Federal law requires ADOT to conduct cost/price reviews for selected Consultants to provide reasonable assurance that proposed rates are in compliance with Title 48 of the Code of Federal Regulations, Part 15 *Contracting by Negotiation* and Part 31 *Contract Cost Principles and Procedures*.

#### 2. Do I need to request for my billing rates to be reviewed?

No. During the pre-award stage of the contracting process, the Engineering Consultants Section (ECS) will request the ADOT Office of Audit and Analysis (Audit and Analysis) to conduct the review. Each request is entered into a queue and worked on in the order received, unless directly otherwise by ECS. While each review typically takes 8-60 hours to be completed, at any point in time there could be over 50 requests in the queue.

#### 3. When do I contact Audit and Analysis to provide my applicable rates and/or supporting documentation?

Audit and Analysis staff will contact the designated point of contact when the Auditor begins the review.

As explained above, each ECS request for a review is entered into a queue in chronological order. A list of all pending reviews is published each Monday and provided to ECS staff. Please contact your assigned ECS Specialist or email [E2@azdot.gov](mailto:E2@azdot.gov) to check on the status of your particular review.

#### 4. What kind of cost/price review needs to be performed by Audit and Analysis?

Depending on the nature of your business and/or the amount received (in the prior or current state fiscal year) for services related to ADOT projects, the Consultant may be subject to different types of reviews.

- **Unit Rate Review:** Consultants receiving less than \$200,000 in payments during the prior and the current year, you may opt to propose labor billing on a unit rate (loaded rate) basis. Labor unit rates are typically comprised of direct labor plus indirect costs with the applicable fixed fee all included in one rate. *Consultants proposing commercial items, or new Consultants who have not been in operation at least one complete calendar year, may be required to propose on a unit rate basis.*
- **Indirect Cost Rate Review:** Consultants receiving more than \$200,000 in payments during the prior or current year must submit an indirect cost rate for review. Consultants receiving less than \$200,000 in payments during the prior or current year may opt to submit an indirect cost rate.

#### 5. What kind of documentation will be requested by Audit and Analysis?

- **Unit Rate Review:** Documents to support the unit rate being proposed (e.g. invoices, fee schedules, calculations, etc.).
- **Indirect Cost Rate Review:** A completed *American Association of State Highway and Transportation Officials – Internal Control Questionnaire (ICQ)* and all documentation listed on page 1 of the ICQ.

#### 6. What can I do to prepare prior to being contacted by Audit and Analysis?

- Ensure all ECS proposal/derivation submittal guidelines have been met.
- Ensure submitted proposals/derivations contain the name of the designated point of contact and the best phone number and email to reach them.
- Prepare all supporting documentation prior to your review with Audit and Analysis to help ensure an efficient review process.

#### 7. What if I disagree with the results of the review performed by Audit and Analysis?

Because recommendations made by audit staff should not be interpreted as an approval or denial of proposed rates, the Consultant should discuss their disagreement with applicable ECS staff. It is the right of the Consultant to appeal decisions made by ECS to the State Engineers Office if you still do not agree.