

LOCAL PUBLIC AGENCY CONSULTANT OPERATING PROCEDURES FOR PROFESSIONAL SERVICES

1 LOCAL PUBLIC AGENCY INTRODUCTION

When the *Local Public Agency* decides to hire a consultant for professional services for a project that is eligible for reimbursement using Federal funds and that will involve MDOT, the *Local Public Agency* must first decide whether to request Federal fund participation for consultant costs during the construction phase. If so, the selection process described in this Standard Operating Procedure must be followed. The selection process described in this Standard Operating Procedure also must be followed if a consultant is to be hired for preliminary engineering and design, and the *Local Public Agency* intends to later request that their expenditures for these services be allowed as part of the local funding match requirement or as part of full reimbursement. If the *Local Public Agency* intends to not request any form of Federal participation in paying for professional services, it may use its usual selection procedure, provided it complies with state laws and regulations for selection of consultants. Failure to follow these Standard operating procedures may result in a loss of eligibility of federal or state funds for reimbursement of project costs.

Assistant Project Manager - Technical engineer or other professional from a *Local Public Agency* or consultant on contract to the *Local Public Agency*, who has direct, primary daily responsibility for the project. The Assistant Project Manager will be designated by the Project Manager. In situations where there may not be a need for an Assistant Project Manager, the Project Manager will have primary daily responsibility for the project.

Chief Administrative Official – The top administrative officer of the agency which is contracting with a consultant. For a *Local Public Agency*, it may be the Mayor of a City, City Manager/Administrator, President of a County Board of Supervisors, County Manager/Administrator, Metropolitan Planning Organization Executive Director or Chief Administrative Officer, or head of a state agency or other *Local Public Agency*.

Consultant – The firm, individual, or other entity that provides contractual professional services to the *Local Public Agency*.

Consultant Services Unit (CSU) – This term applies to the administrative unit within a *Local Public Agency* which performs the same function. For a *Local Public Agency*, this unit may be any part(s) of the local government responsible for all aspects of accounting and evaluation of invoices from a consultant. This function will not be performed by the same consultant hired to do professional

services. It may be an internal bookkeeping function or an outside accounting firm hired by the Agency. A *Local Public Agency* may use a combination of their accounting department and the Project Director for the consultant administration process. Wherever the words "Consultant Services Unit" occurs in this Standard Operating Procedure, it shall mean the certified process as approved by MDOT for administering the duties.

Contract Administration – The administration of all non-technical aspects related to the selection of a consultant and execution of and compliance with a contract. It includes administration of the selection process, contract execution, invoice processing, correspondence related to the contract, supplemental agreements, and performance evaluations.

Local Public Agency – Any unit of government in the State of Mississippi (other than MDOT) participating in Federal-aid programs with MDOT. Examples include cities, counties, Metropolitan Planning Organizations, planning and development districts, public transit providers, Rails-to-Trails Districts, other state agencies, and tribal governments.

Master Contract – A professional services contract that is developed for multiple projects within a general scope rather than for a specific project. The purpose of this contract is to make professional services available to a *Local Public Agency*, on an as-needed basis, especially when:

- a. There is a critical time and/or workload constraint for an otherwise routine project, and/or
- b. The work requires specialized skills for which there is insufficient sustained demand to warrant permanent employment and/or the cost of training employees.

Master Contract Work Assignment – A project that is awarded to a consultant that holds a Master Contract. The project must fall within the scope of the Master Contract and must not exceed the maximum amount for contract awards under that Master Contract.

Modified Qualifications Based Selection – A method of procuring professional services through competition using consultants' qualifications as the primary basis of selection but allowing for consideration of other factors such as proximity of the consultant's base of operation to the project site.

Primary Consultant – The consultant who is signatory to the primary contract with the *Local Public Agency* for professional services. The primary consultant must complete at least 40 percent of the contract value with their own employees.

Professional Services Contract – A contract for any non-bid professional services such as engineering, architectural, accounting, transportation planning, management, construction engineering and inspection, or such other services as may be directed by the *Local Public Agency's* Chief Administrative Official.

Project Director – (see definition described in Chapter 2 of the PDM).

Project Management – The management of all technical aspects of a project (both in-house and contracted projects).

Project Manager – (see definition described in Chapter 2 of the PDM)

Qualifications Based Selection – A method of procuring professional services through competition using consultants' qualifications as the sole basis of selection.

Small Purchase Procedures – Procuring professional services for contracts valued at \$100,000 or less through any of the approved consultant selection approaches.

Short List – A list of consulting firms or individuals that have been selected from a larger group based on a review of their qualifications or proposals. These are the top-ranked consultants as determined by a selection committee for the purpose of negotiating a contract or submitting a proposal for a contract.

Subconsultant – Any consultant who has contractual obligations to the primary consultant, not directly with the *Local Public Agency*. All subconsultants collectively may not complete more than 60 percent of the total contract value.

2 LPA CONSULTANT SELECTION PROCESSES

2.1 Competitive Selection Processes

This section outlines the process for selecting a consultant through a competitive selection process such as a Qualifications Based Selection. All projects where the total professional services are valued over \$100,000 (includes all phases of the project involving federal funds) must go through a competitive selection process. A Local Public Agency's selection process must be concurred by MDOT before the Local Agency notifies any consultant of their selection.

The following checklist may be used by the Local Public Agency as a guide through the selection process: [LPA consultant selection process checklist](#). This checklist may be turned in to MDOT with the "consultant selection concurrence package".

2.1.1 Consultant Selection Committee

For the *Local Public Agency*, the *Local Public Agency's* Chief Administrative Official will appoint a Consultant Selection Committee. The Project Director shall be the Committee Chair. This Committee shall consist of a minimum of three (3) and a maximum of six (6) members.

2.1.2 Advertising for Consultant Services

For those contracts requiring competitive selection, the *Local Public Agency's* Project Director/Project Manager will prepare either an advertisement to Request Expressions of Interest or an advertisement for a Request for Proposals. A project with a well-defined scope of work may be initiated with an advertisement requesting "Expressions of Interest" (EOI) alone. Other projects require a detailed project description and comprehensive scope of work to adequately convey the *Local Public Agency's* expectation of the consultant, such as with a planning feasibility study, needs assessment, or cost-benefit analysis. These projects will generally use a "Request For Proposal" (RFP) advertisement.

The *Local Public Agency's* Project Manager shall prepare the technical components of the advertisement in accordance with the Request for EOI or RFP guidelines. The *Local Public Agency* will format the advertisement and ensure that all of the necessary information is included, such as **the scope, evaluation factors, method(s) of payment (lump sum, cost plus a fixed fee, cost per unit of work, or specific rate(s) of compensation), contact information, and submittal date (see link [boilerplate of a consultant selection Legal Ad](#)).** MDOT recommends that the advertisement describe **all three methods of payment**. In addition, the Legal Ad may also include a request for the consultant to submit form SF-330, part 2 (see link [SF-330, Part 2](#)) and if necessary, SF-

330, Part 1. The *Local Public Agency* shall not divulge the recommended or actual weights for the selection criteria. **The advertisement shall be inserted in a newspaper published at the seat of government in Jackson, MS, having a general circulation throughout the state.** In addition, advertisements may also be placed in local papers as well. When seeking federal funding for consultant projects, LPAs may also submit any Legal Ads (in electronic format) to the MDOT Director of Consultant Services Unit to publish the Legal Ad on MDOT's web site for public viewing. When submitting the consultant Legal Ad to MDOT, the LPA must also indicate when and where the Legal Ad will be published.

The *Local Public Agency* will distribute the RFP to requestors. During the period between the advertisement and the due date for proposals, consultants may contact either the *Local Public Agency's* Consultant Services Unit (CSU), the Project Director, or the Project Manager for inquiries regarding the RFP. The *Local Public Agency's* Consultant Services Unit will address administrative questions concerning the RFP. The Chairman of the Selection Committee will designate, in writing, those personnel to whom questions of a technical nature concerning the RFP may be directed. The points of contact for technical questions must include the Project Manager(s), and may include other members of the Consultant Selection Committee.

If a consultant poses a technical question to the *Local Public Agency's* Consultant Services Unit, the consultant will be referred to the Project Manager. The Project Manager may dispose of the query personally or refer the question to one of the personnel designated by the Chairman. Disposition of a technical question may take one of the following forms:

- A request for minor clarification of the RFP may be answered directly. The person answering the question will provide, in writing, (by e-mail or memorandum) to the Local Public Agency's Project Manager, the Project Director, and the Consulting Services Unit, the source of the query (individual's name and firm), the question, and the response given to the consultant. The *Local Public Agency's* Consultant Services Unit will send these responses to all consultants that requested copies of the RFP.
- If a consultant requests clarification of the RFP that identifies a clear deficiency in the original proposal, or the clarification would provide a competitive advantage, the consultant will be informed that an amendment to the RFP will be provided in writing. The *Local Public Agency's* Project Manager will direct the preparation of the amendment, and the Chairman will direct whether the response date should be changed. The clarification (amendment) will be distributed to all recipients of the original RFP.

Any documentation or amendments to the original RFP will be submitted to the MDOT.

2.1.3 Evaluation and Selection Procedures

The following evaluation procedures described in this section shall be followed by the *Local Public Agency* in order to evaluate the consultant's Expressions of Interest and Proposals. Factors and criteria will be developed by the *Local Public Agency's* Project Management staff prior to the advertisement for Expressions of Interest and Proposals. These factors and criteria may be established by the *Local Public Agency* on the boilerplate Selection Evaluation Form as seen in the PDM links section of this manual entitled [LPA-ADM-201](#).

The *Local Public Agency* may include any of the following criteria or other criteria as deemed necessary by the Chair of the Committee and based on the information required in the EOI and/or the RFP advertisements:

1. Qualification of the principal member assigned to the project (consultant project manager)
2. Qualifications of the firm's staff
3. Company infrastructure and staffing resources
4. Understanding of the project as indicated in their work plan
5. Experience of the consultant with similar work completed during the past five years.
6. Past performance of the consultant
7. Proximity to the project location (this figure may not exceed more than 10% of the total score.)

The *Local Public Agency's* Consultant Services Unit will receive all proposals and expressions of interest and will identify those consultants that clearly fail to meet the established criteria, such as a proposal not submitted on time. Disqualification will be approved by the Chair of the selection committee. Those that are disqualified will be returned to the consultant with a written explanation from the *Local Public Agency's* Chief Administrative Official. This information will also be clearly reflected in the "Meeting Minutes" established by the Local Public Agency throughout the selection process. An example of some typical "Meeting Minutes" may be found as followed by the link: Example of LPA consultant selection meeting minutes.

Following Selection Committee discussion and consultant ranking on the *Local Public Agency's* Selection Score Sheet, the proposing consultants will be ranked in order of qualification, based on the selection criteria. At this point, the Selection Committee may choose one consultant or select a short list of consultants from which more information will be requested.

The "Meeting Minutes" (which summarize all activities leading up to the Committee's recommendation) of the Consultant Selection Committee Meetings will be prepared by the *Local Public Agency's* Consultant Services Unit and

submitted to the Chairman of the Committee for his/her approval. In addition, these minutes must also list the names of the Project Director, Project Manager, selection committee members, and any firm's proposals submitted for the advertised project. The Chairman of the Committee shall forward the Selection Committee's recommendations to the *Local Public Agency's* Chief Administrative Official for his or her signature. These signatures authenticate the recommendations made by the Consultant Selection Committee.

In the case of Master Contracts, the Selection Committee will select one or more of the most qualified consultants, based on their ranking. The Committee will document their rationale for choosing that number of consultants. These selected consultants will be recommended to the *Local Public Agency's* Chief Administrative Official.

2.1.4 Mississippi Department of Transportation Concurrence of Selection Procedures

The *Local Public Agency* shall receive concurrence from the MDOT for the selection of any consultant before notifying any proposing consultants of the *Local Public Agency's* selection. The *Local Public Agency* shall send the three (3) sets of the following "Consultant Selection Concurrence Package" to the MDOT District LPA Coordinator. The MDOT District LPA Coordinator will deliver a package to the MDOT CSU Director in order to receive a recommendation for concurrence. All "Consultant Selection Concurrence Package's" submitted by the *Local Public Agency* shall consist of the following:

- A copy of the advertisement posted in the statewide paper including any additional information associated with the advertisement. (please make sure that the dates the advertisement that the Ad was posted are listed);
- Any addendums that may have been issued during the selection process;
- All score sheets provided by the selection committee used in the selection process which indicate the most qualified consultant.
- An approved signed copy of the "Meeting Minutes" of the selection process;

If the package is appropriate, the MDOT CSU Director shall forward a letter to the MDOT District LPA Coordinator recommending concurrence. The MDOT District Coordinator will then forward a letter to the *Local Public Agency* indicating that that MDOT concurs with the *Local Public Agency's* consultant selection procedures. **MDOT's concurrence for the selection of a consultant will not be necessary for any projects services that qualify as small purchase (see section 2.2.1).**

No *Local Public Agency* personnel are allowed to divulge any information relating to the recommendations of the Committee prior to the mailing of the notification letter advising the proposing consultants of the Consultant Selection Committee

results. This letter is prepared by the *Local Public Agency's* Consultant Services Unit and signed by the *Local Public Agency's* Chief Administrative Official.

2.1.5 Selecting from the Short List

Consultants that are selected for the short list will be asked to provide the Selection Committee with additional information such as a project proposal or a presentation. At this point, all inquiries from the short listed firms should be submitted to the *Local Public Agency's* Consultant Services Unit. All inquiries will be forwarded to the Project Manager for a written response. The *Local Public Agency's* Consultant Services Unit will send a copy of all written responses to all short listed consultants.

Using additional materials and resources, along with the documentation from the short listing process, the Selection Committee will again rank the consultants in order of qualification according to criteria in the Legal Ad. **As with the initial process, the *Local Public Agency* shall not divulge the recommended or actual weights for the selection criteria.** The Committee will recommend the top-ranked consultant to the *Local Public Agency's* Chief Administrative Official for contract negotiation.

2.1.6 Awarding a Work Assignment under a Master Contract

MDOT Master Contract Work Assignment Process

All Master Contract work assignments with a consultant shall be approved by MDOT.

If more than one consultant has a Master Contract covering the work assignment scope, the following factors should be considered when selecting Master Contract consultant(s) for a work assignment:

- a. The consultant(s) selected from the list of Master Contract consultants has sufficient staff and qualifications to accomplish the work on a timely basis.
- b. There is a balance of work among all consultants under a qualifying Master Contract.

The *Local Public Agency* can either select a single consultant or can ask for proposals from more than one consultant. If proposals are solicited, the *Local Public Agency* will review and select a consultant using an appropriate selection process.

Upon approval from the appropriate individual (based on agreement value), the *Local Public Agency* will work with the consultant and the Consultant Services Unit to draft a work assignment contract. This contract will include the scope of work, work plan, proposed cost estimate, and progress schedule in a format

consistent with the Master Contract specifications. The Local Public Agency's Project Manager and the Consultant Services Unit will review the work assignment proposal to ensure that the scope of work is correct and that proposed cost is reasonable.

2.1.7 Modified Qualification Based Selection Approach

A Modified Qualifications Based Selection approach may be used for non-architectural, non-engineering, or non-design professional services contracts. Other factors in addition to qualifications, such as cost or proximity, may be considered at any point in the selection process.

Consultants hired by a Local Public Agency to complete Right of Way Acquisition work should refer back to the Right of Way section of the manual. Municipalities should follow the applicable statutes regarding the hiring of professionals to perform acquisition work. LPAs that do not follow the Uniform Acquisition and Relocation act and all other applicable statutes are warned that these activities may not be reimbursable.

2.2 Other Consultant Selection Process

This section outlines the processes for selecting a consultant through a "non-competitive" selection process.

2.2.1 Small Purchase Procedures

This approach bypasses the standard competitive selection procedure for projects where the total professional services involving federal funds are valued under \$100,000. Use of this approach should be limited to discrete projects, not the first phase of a multi-phase project (i.e. Design, CE&I, etc...). **The Local Public Agency's Chief Administrative Official must submit a written letter to the MDOT District LPA Coordinator stating that the total costs for all professional services associated with all phases of the project utilizing federal funds for the consultant are estimated to be less than \$100,000.** The MDOT District LPA Coordinator will forward a copy of this letter to the MDOT CSU Director.

2.3 Non-Federal Funded Projects

If the *Local Public Agency* intends to not request any form of Federal participation in paying for professional services, it may use its usual selection procedure, provided it complies with state laws and regulations for selection of consultants.

However, the *Local Public Agency* must still comply with sections 3, 4, 5, & 6 of these procedures when using State Funds.

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2.4 Notification

All consultants will be notified of the results of the selection process by letter from the *Local Public Agency's* Chief Administrative Official.

3 CONTRACT CONCURRENCE / EXECUTION

3.1 MDOT Contract Concurrence Introduction

A Local Public Agency's contract with a consultant for professional services must be concurred by MDOT.

The following checklist may be used by the Local Public Agency as a guide through setting up the contract: [LPA P.E. contract preparation checklist](#).

3.2 Overhead Rate Reviews

For all consulting engineering professional service contracts, the overhead rate used in the computation of the payroll additive must be accepted by MDOT before the contract can be executed. The MDOT Audit Division will determine the acceptance of an overhead rate which may be used for the purpose of contract negotiations, monthly billings and, if applicable, costs estimates of supplemental agreements under the contract.

If a consulting engineering services contract exceeds \$250,000 in total value (or presumed to exceed \$250,000 in total value) or if any State or Federal agency has expressed concern about the consultant's accounting system, the overhead rate presented in the contract's cost proposals should be supported with the submission of the most current audit report by an independent Certified Public Accountant to the MDOT Consultant Services Unit (CSU) and copy the MDOT District LPA Coordinator. An audit performed by another State/Federal agency may also be acceptable if the information is current and of sufficient detail. The MDOT CSU will forward the audit report to the MDOT Audit Division with the request by memorandum to determine the acceptance of the audited overhead rate. The MDOT Audit Division will review the audit report and ascertain if the audit was conducted in accordance with the [AASHTO's Uniform Audit and Accounting Guide for Audits of Transportation Consultants' Indirect Cost Rates](#). Upon completion of the review of the report, the MDOT Audit Division will correspond to the MDOT CSU the accepted overhead rate which may be used for the purpose of contract negotiations, monthly billings and, if applicable, cost estimates of supplemental agreements under the contract. The MDOT CSU will communicate to the consultant or Local Public Agency (and copy the MDOT District LPA Coordinator) the acceptance of an overhead rate.

If the contract value is below the \$250,000 threshold, the overhead rate presented in the contract's cost proposals should be supported with the submission of a Schedule of Indirect Costs and Rate Calculation for the most current fiscal year. The schedule should be submitted to the MDOT CSU and copy the MDOT District LPA Coordinator. The MDOT CSU will forward the schedule to the Audit Division with the request by memorandum to determine the

acceptance of the compiled overhead rate presented in the schedule. The Audit Division will review the schedule to determine if the consultant prepared the schedule based on the cost principles described in Part 31 of the Federal Acquisition Regulations (FARS). Upon completion of the review of the schedule, the Audit Division will correspond to the MDOT CSU the accepted overhead rate which may be used for the purpose of contract negotiations, monthly billings and, if applicable, cost estimates of supplemental agreements under the contract. The MDOT CSU will communicate to the consultant or Local Public Agency (and copy the MDOT District LPA Coordinator) the acceptance of an overhead rate.

If the contract language asserts that final payment of the payroll additive will be adjusted to reflect the actual rates experienced by the consultant during the course of the contract, the consultant should submit its overhead rate to the MDOT for review on an annual basis. The procedures outlined above will be followed in an annual review of a consultant's overhead rate.

3.3 Contract Negotiation

When necessary, the *Local Public Agency* will enter into negotiations with the selected consultant over certain terms and conditions of the contract, e.g., including but not limited to, the refined scope of work, the agency's cost estimate, the completion schedule and the audit opinion. The negotiator shall separately negotiate the dollar amounts for elements of cost and a fixed fee except for services normally negotiated on a per unit (includes costs and fees) cost.

The contracting agency shall maintain records of negotiations to document negotiation activities and set forth the resources considered by the negotiator. Records shall be maintained in accordance with federal, state and local regulations. Approval of the negotiated terms and conditions of the contract will be the responsibility of the *Local Public Agency's* Project Manager. If an agreement can not be reached, the *Local Public Agency* will enter into negotiations with the next most qualified consultant, or nullify the selection process, if a qualified consultant can not be found. The negotiated contract will not take effect until executed by the *Local Public Agency's* Chief Administration Official.

3.4 Contract Preparation

The Project Director will determine the type of contract to prepare and convey this information to the *Local Public Agency's* Consultant Services Unit at the earliest possible date in order to begin the development of the contract simultaneous to the consultant selection process. The *Local Public Agency* shall use one of the following contract boilerplates provided and approved by the MDOT and FHWA. The appropriate method of payment shall be selected in accordance with FHWA guidelines. These boilerplates are linked below:

1. [Preliminary Consultant Engineering Service Agreement - P.E. Contract Boilerplate – Cost plus Fixed fee method](#)
2. Preliminary Consultant Engineering Service Agreement – P.E. Contract Boilerplate – Labor Hour method
3. Preliminary Consultant Engineering Service Agreement – P.E. Contract Boilerplate – Lump Sum Method
4. Master Consultant Contract Boilerplate
5. [Construction Engineering Agreement – C. E. & I. Contract Boilerplate](#)

The *Local Public Agency* may submit a written request to the MDOT District LPA Coordinator requesting the use of additional/other boilerplate language for non-typical professional service work. The MDOT and FHWA must approve any other boilerplate language that the consultant may wish to incorporate in the contract.

3.5 Mississippi Department of Transportation Contract Concurrence

All *Local Public Agency's* professional engineering service contracts shall be submitted to the MDOT for concurrence prior to the *Local Public Agency's* execution of the contract.

Once the consultant signs three contracts, the consultant shall submit the contracts to the *Local Public Agency* for review. The *Local Public Agency* shall then submit three original contracts signed only by the consultant to the MDOT District LPA Coordinator prior to the *Local Public Agency's* execution and signature. This submission shall be accompanied by a letter signed by the LPA Official requesting contract concurrence. If the project is within the boundaries of an urbanized (UZA), the LPA shall furnish a copy of the proposed Contract to the MPO. After a cursory review, the MDOT District LPA Coordinator shall forward the contracts to the MDOT CSU Director for review. The MDOT CSU Director shall review the contract and determine whether the contract warrants concurrence. The MDOT CSU Director or LPA Coordinator will coordinate all efforts with the *Local Public Agency* or Consultant in order to resolve any discrepancies, errors, concerns, etc. If appropriate, the MDOT CSU Director shall recommend concurrence of the LPA contract to the MDOT LPA District Coordinator. A letter of consultant contract concurrence shall then be mailed to the *Local Public Agency* by the MDOT District LPA Coordinator. The MDOT LPA Coordinator will retain one of the three originals for their records, and mail the other two originals back to the Local Agency. Once the *Local Public Agency* receives this letter stating MDOT concurrence, the contracts may be executed. A copy of the executed contract and Notice to Proceed letter will then be forwarded from the *Local Public Agency* to the MDOT District LPA Coordinator and the MDOT Consultant Services Unit Director. Reimbursement to the LPA for the work performed shall not be granted until all executed copies of the LPA contract

has been received by both the MDOT District LPA Coordinator and the MDOT Consultant Services Unit Director. If the project is within the boundaries of an urbanized (UZA), the LPA shall furnish a copy of the executed Contract to the MPO.

All CE&I Contracts shall be submitted in accordance with Chapter 5 of the PDM manual.

3.6 Chief Administration Official's Approval

All *Local Public Agency* contracts must be executed by the *Local Public Agency's* Chief Administration Official. Key information from the contract will be recorded by the *Local Public Agency*, such as expiration date, budget, insurance, overhead rates, and expiration dates.

3.7 Federal Approval Letter

When a project is determined to be Non-exempt, the MDOT Chief Engineer will submit copies of the proposed contract -- including the agreed upon cost figures - - to the FHWA for approval prior to its concurrence.

3.8 Notice to Proceed Letter

The *Local Public Agency* will prepare a Notice to Proceed letter for the Project Director's signature. Once the Notice to Proceed letter has been signed, the *Local Public Agency* will mail it to the consultant and send one copy to the MDOT District LPA Coordinator and the MDOT Consultant Services Unit Director. **Costs shall not be incurred and no work may be performed for any phase of the contract until the Notice to Proceed has been issued.**

3.9 Disadvantaged Business Enterprise Tracking

The *Local Public Agency* will be responsible for tracking the amount of federal and state funds that are expended on Disadvantaged Business Enterprise consultants and subconsultants. The contracting agency shall give consideration to Disadvantaged Business Enterprise firms in the procurement of engineering and design related service contracts subject to federal, state and local regulations.

3.10 Subconsultant Tracking

The *Local Public Agency* will verify and document the Disadvantaged Business Enterprise status of subconsultants and review subcontracts as needed.

4 INVOICE PROCESSING AND AUDITING

4.1 Invoicing

The MDOT Consultant Services Unit will create a CSU-001 following contract execution and deliver the CSU-001 to the *Local Public Agency* or consultant. **When the consultant is eligible for payment for work performed in accordance with the contract, the consultant will submit to the Local Public Agency five original signed CSU-001's with each one containing the following information (hence known as the "P.E Invoice package"):**

- An original current consultant invoice;
- All support documentation for payment of the invoice (i.e. timesheets, hotel receipts, mileage logs and all other information indicated in the contract).
- Any additional information as required by the contract

The CSU-001 shall be populated with the appropriate amounts accurately reflected on the Consultant's invoice. All amounts are recorded to the nearest penny.

The Consultant's Project Manager will be responsible for signing each CSU-001. Consultants will be required to supply invoice data in a standard format to ensure accuracy and uniformity and to eliminate duplication of data entry effort. When requested, consultants will submit invoice data electronically in a format prescribed by MDOT. The *Local Public Agency* will be responsible for checking calculations for inconsistencies or invoicing errors. Once the *Local Public Agency* checks all of the supporting data in accordance with the contract and approves the "P.E. Invoice package", then the *Local Public Agency* Chief Administration Official will sign the five original CSU-001s, pay the consultant, provide **proof of payment** in the concurrence package, and then forward all five sets of the "P.E. Invoice Package" to the MDOT's Consultant Services Unit for reimbursement. If the invoicing package is appropriate, MDOT will process the invoice for reimbursement to the LPA. MDOT will distribute copies of the approved invoices to the Local Public Agency and MDOT District LPA Coordinator.

The MDOT CSU will not process any Construction Engineering (CE&I) payment requests. The LPA should refer to Chapter 7 (Construction Administration) of the PDM for details of the submission process for CE&I Invoices.

The MDOT or FHWA is not responsible for any delinquency of payment to the consultant from the *Local Public Agency* for those services rendered under their contract.

The *Local Public Agency's* matching funds percentage will be deducted from each and every **LPA** monthly invoice. For example, if you assume a **LPA** matching fund percentage of 20% and a monthly invoice of \$10,000.00: the **MDOT** would deduct the 20% **LPA** matching fund percentage, \$2,000.00, and reimburse the **LPA** only 80% or \$8,000.00.

4.2 Retainage

The *Local Public Agency* shall withhold retainage in accordance with the contract as approved by MDOT and FHWA.

4.3 Interim & Final Invoice Audits

The *Local Public Agency* will prepare and submit to the MDOT Consultant Services Unit any documentation necessary to perform an "Interim" or "Final" invoice audit for each project or project phase(s). At the completion of the project or if the project has been terminated, the Local Public Agency should submit an invoice to the MDOT Consultant Services Unit which is marked "FINAL". This will indicate that the project should be processed for close-out. The LPA shall follow the same procedures for submitting an invoice as described in section 4.1.

The invoice audit will include a review by the MDOT Audit Division of all invoices for that phase(s) or contract to confirm the amount of payment. This request will be made by the MDOT Consultant Services Unit for any Final invoices and any interim invoices, as deemed necessary by MDOT. After the request has been submitted, the Audit Division will randomly select a month or months, depending on the time period of the project, to review the project costs. The MDOT Audit Division will request that the Local Public Agency submit all supporting documentation for the month(s) selected. If the Audit Division denotes major discrepancies in the supporting documentation, then supporting documentation for all invoices of the project may be requested. The MDOT Audit Division will report by memorandum to the MDOT Consultant Services Unit Director the results of the final invoice audit and make recommendations as to the final payment. Any correspondence to the MDOT Consultant Services Unit will be copied to the MDOT District LPA Coordinator.

4.4 Random Final Invoice Site Audits

The Costs incurred under a consulting engineering contract are subject to the MDOT audit process.

5 MONITORING PRODUCT DELIVERY, COSTS, AND CONTRACT EXPIRATION

5.1 Product Delivery

The *Local Public Agency's* Project Manager will ensure that all technical contract deliverables are received and reviewed in a timely manner and are acceptable to the *Local Public Agency*.

5.2 Contract Costs

The *Local Public Agency* will monitor the maximum upset limit or contract amount established in the contract, and all subconsultant costs to ensure that they do not exceed, at most, 60 percent of the value of the contract; and all DBE involvement.

5.3 Contract Expiration

The *Local Public Agency* will monitor the termination date of all contracts.

6 SUPPLEMENTAL AGREEMENTS / CONTRACT ADDENDUM TIME EXTENSIONS

6.1 Supplemental Agreement Request

If any change to the contract is proposed, a Supplemental Agreement will be required between the consultant and the *Local Public Agency*. The *Local Public Agency* must verify through the MDOT District LPA Coordinator the availability of federal funds prior to execution of a Supplemental Agreement. The *Local Public Agency* shall be responsible for any funds that exceed the approved federal funds. The [Supplemental Agreement Boilerplate](#) shall be used by a *Local Public Agency* as provided by the link. Contract addendums are only used when the *Local Public Agency* is requesting an extension of contract time with no additional cost to the contract. The Contract Addendum Boilerplate is also included as a PDM link.

When supplemental agreements are needed, the *Local Public Agency* will work with the consultant to prepare a supplemental agreement that will include a description of any changes in the work scope, cost and completion date, a justification for such changes, as well as the benefit for performing the additional work. The *Local Public Agency* will follow the same procedures described in section 3.5 (*Mississippi Department of Transportation Contract Concurrence*) when submitting a Supplemental Agreement for MDOT concurrence. **The Supplemental Agreement must be executed by the *Local Public Agency* and the consultant prior to the accomplishment of any work as specified in the contract boilerplate language. If a Supplemental Agreement is executed after the work is accomplished, the work shall not be eligible for federal reimbursement.**

All Contract Addenda (Time extension) may be fully executed by the *Local Public Agency* and consultant without prior MDOT authorization. A copy of the executed addendum shall be forwarded to the MDOT Consultant Services Unit and the MDOT District LPA Coordinator. Failure to forward this document to both MDOT departments will delay or deny any further reimbursements to the *Local Public Agency*.