



NEW JERSEY DEPARTMENT OF TRANSPORTATION BUREAU OF EXTERNAL AUDIT

Subject: Guidance relating to the submission of overhead audits and direct cost schedules.

Effective Date: March 5, 2009 (Revised December 13, 2016)

I. Issue

In order to provide a customer friendly turnaround and response time for the submission of overhead audits and direct cost schedules and to ensure the initial accuracy of submitted documentation, the following procedural revisions are required.

II. Requirements for overhead and direct cost submissions.

1. Overhead and direct cost submissions should be submitted timely via the NJDOT Bureau of External Audit (BEA) DOT.ActAudit@dot.nj.gov email. Overhead and direct cost submissions are required within 6 months of the consultant fiscal year-end. The overhead submission at a minimum should include an indirect cost schedule, a signed NJDOT Article 59 certification, financial statements, a completed AASHTO ICQ, and a completed National Compensation Matrix (NCM). The direct cost audit submission should include a "Direct Cost Settle-Up Submission" schedule which includes all NJDOT cost basis contracts where the company incurred cost in the audit period whether as a prime or as a sub-consultant. Additional guidance relating to the audit of overhead and direct costs can be obtained on the NJDOT website at <https://www.state.nj.us/transportation/business/audit/classification.shtm>.
2. The BEA will review each self-prepared direct cost schedule submission for accuracy and ensure that all contracts with incurred cost in the audit scope have been included. Additional testing of direct costs will be performed by the BEA on a sample based approach. All firms should be prepared to provide supporting documentation for testing, which includes but is not limited to the following: employee timesheets, payroll reports, original vendor invoices, expense reports, and project cost reports. These documents must be readily available if your firm is selected for additional direct cost testing by the BEA. Formal correspondence will be forwarded to the consultant identifying any corrections needed, and ultimately accepting the submitted settle-up schedules. Consultants will be required to review and certify corrections within 10 business days of first notification.
Once formally notified of acceptance, for contracts where the auditee performed as the prime consultant, the firm should immediately forward any amounts due to the NJDOT Cashier at 1035 Parkway Avenue, PO Box 600, Trenton, NJ 08625. The payment should be accompanied by a copy of the "Detailed Schedule of Amounts Due-as Prime Consultant" as provided by the BEA. For contracts where the auditee performed as a sub-consultant, a separate "Detailed Schedule of Amounts Due-as Sub-Consultant" will be provided by the BEA and proper payment should immediately be sent to the appropriate prime consultant(s). The prime consultant will be contacted and billed at the same time. Please note the prime consultant holds ultimate responsibility for payment to the State regardless of sub-consultant payment.

The "Detailed Schedule of Amounts Due" also contains a summary of under billed costs per contract. Such audited under billings should be separately invoiced to the appropriate contract. However, payment will be limited to available funds within each contract, CAM, or phase/task order in all cases, and may be further limited by established line item ceilings for contracts where the firm performed as a sub-consultant. If information regarding available funds per contract, CAM, or phase/task order is desired, contact either the Contract Manager or the prime consultant (for sub-consultants). Please note, NJDOT cannot offset amounts between different contracts/CAMs/phases.