



New Jersey Department of Transportation Bureau of Auditing

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 to the submission of Overhead Audits and Direct Cost schedules and to assure the initial accuracy of the submitted documentation, the following procedural revisions are required.

II. REQUIREMENTS FOR OVERHEAD AND DIRECT COST SUBMISSIONS

1. Each firm should provide their Overhead and Direct Cost submissions directly to the NJDOT Bureau of Auditing (BOA) within established timeframes. Overhead audits/submissions are required within 6 months of the consultants year end. Direct Cost submissions are required within 6 months of the consultant's year end. The direct cost audit submissions should include a "Summary Schedule of Billed Costs and Fee" 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**. The new required template format for the "Summary Schedule of Billed Costs and Fee" and additional guidance relating to the audit of direct costs can be obtained on the NJDOT website under "Doing Business – Audit – Consultant Classification and Requirements - Exempt Consultant Requirements and Non-Exempt Consultant Requirements".
2. The BOA 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 BOA 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 Bureau. A 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 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 Department to the NJDOT Cashier at 1035 Parkway Avenue, PO Box 600, Trenton, NJ 08625. The payment should be accompanied by a copy of the "Schedule of Amounts Due" summary provided by the BOA. For contracts where the auditee performed as a sub consultant, a separate "Schedule of Amounts Due the Prime" will be provided by the BOA and proper payment should immediately be provided to the appropriate prime consultant. The Prime consultant will be contacted and billed at the same time. Please note the Primary consultant holds ultimate responsibility for payment to the state regardless of the sub-consultants payment.

The "Schedule of Amounts Due" also contains a summary of under billed costs per contract. Such audited underbillings 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.