

Avoiding Contract Audit Citations by Improving Billing Submissions

Dave Brewer, Audit Manager, INDOT

Bill Morgan, PCO Manager, INDOT

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Internal Control Comments

- Every Contract with a Consultant Engineering firm needs to have a specifically worded Appendix “D”
- Every Invoice submitted needs to be compared to the contract
- Invoice should show that it has been reviewed and approved by appropriate person
 - Consultant Under Contract to the LPA
 - Consultant Sub-Contractor to the Prime
- **eInvoice system under development – Limited testing underway**
 - Starting with State Contracts but will add LPA invoicing in the future
 - Contract terms will be loaded into the system
 - Many comparisons will be automated
 - Electronic approvals

Invoice Processing Comments

- **One invoice per month per P.O.**
 - Most, if not all INDOT contracts have language limiting contractors to submission of one invoice per month
 - If submitting invoices more frequently than allowed by contract, the invoice will be returned with instructions on how to invoice per terms of contract.
- **Seven MUST have items on an invoice**
 - Invoice number
 - Invoice date
 - Invoice amount
 - Service dates
 - PO number
 - DES number
 - The remit to address registered with Auditor of State

Appropriateness of Invoice

- Each Invoice submitted must match billing terms of the contract
- Contract Types:
 - **Cost Reimbursement**
 - Used by Railroads and Utilities
 - **Lump Sum**
 - Percentage of Completion
 - **Negotiated Hourly Labor Rate**
 - Contract Specifies Labor Categories and Rates
 - Other Allowed Expenses
 - **Labor Rate Multiplier**
 - Employee Specific Hourly Rates
 - Contract Specified Multiplier
 - **Cost Plus Fixed Fee**
 - Employee Specific Hourly Rates
 - Overhead Applied
 - Other Actual Cost
 - Fixed Fee
 - Overhead Adjustment
 - **Unit Price**
 - Price for Specific Item of Work

Invoices should or should not contain:

- **Must have appropriate documentation to support costs being billed for:**
 - Employee Timesheets
 - Invoices
 - Mileage Logs
 - Receipts
- **Limitations – “Should not be charged for”**
 - No Durable Goods (such as computers, cameras, etc. These should be in overhead and not directly billed to one specific project)
 - Travel **MUST** meet both the terms of the contract and IDOA Policy (See last 3 pages of handout and <http://www.in.gov/idoa/2459.htm>)

- Contacts!

- David Brewer, Manager of External Audit

- DBrewer1@indot.in.gov 317-234-7838

- Bill Morgan, PCO Manager

- WMorgan1@indot.in.gov 317-232-5306

- Auditors

- Natalya Thomas, Sr. Auditor NThomas@indot.in.gov 317-232-5472

- Monte Moorhead, Auditor Mmorhead@indot.in.gov 317-232-0671

- Penny Royer-Pitcock, Auditor PRoyerPitcock@indot.in.gov 317-232-0112

- Teresa Pulido, Auditor TPulido1@indot.in.gov 317-232-5523

- Questions?

- Thank You for your time and attention!