Avoiding Contract Audit Citations by Improving Billing Submissions

Dave Brewer, Audit Manager, INDOT
Bill Morgan, PCO Manager, INDOT
March 6, 2018
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](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!