

Notice to all Professional Services Consultants who do business in Florida.

The American Association of Highway and Transportation Officials Uniform Audit and Accounting Guide (AASHTO Guide) has been updated, effective September 2009. All Florida Department of Transportation (FDOT) Audits to be used for professional services contracts are required to conform to the standards provided in the AASHTO Guide. The 2009 AASHTO Guide updates and supersedes the audit standards previously provided in the 2005 AASHTO Uniform Audit and Accounting Guide, referenced in the Department's 2005 Reimbursement Rate Audit Guidelines. All Professional Services Consultant Firms and their CPAs who annually submit audits to the Department, and all new consultants who wish to pursue contracts above \$250,000 need to become familiar with the new 2009 AASHTO Guide. The new AASHTO Guide addresses a number of topics of significance to consultant firms, including selecting a CPA firm to perform the Overhead Audit (Chapter 2), determining reasonableness of executive compensation (Chapter 7), and developing audit procedures (Chapter 10). The Department is expecting all reimbursement rate audits to be in accordance with the 2009 AASHTO Guide effective immediately. Below is the link to the AASHTO 2010 Conference page. Direct your attention to the Uniform Audit & Accounting Guide 09-11-09(No Markup).

<http://audit.transportation.org/pages/default.aspx>

Please note, the Department still requires an audit in compliance with Federal Acquisition Regulations (FAR), with adjustments for Florida Statute travel reimbursement limitations (Florida Statute 112.061).

Federal Highway Administration (FHWA) is currently developing a team of subject matter experts to develop a training program on the FAR and the new Guide. This training is expected to be available sometime this spring. Also, the American Council of Engineering Companies (ACEC) has been providing webinar presentations about the new Guide and Compensation issues.

FDOT is in the process of updating its Reimbursement Rate Guide to incorporate the changes listed above as well as other minor changes. It will be updated before the end of the year.

If you have questions or comments, please call or e-mail Jeffrey Owens at 850-414-4539 ([Jeffrey.Owens@dot.state.fl.us](mailto:Jeffrey.Owens@dot.state.fl.us)).

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### **More ABOUT THIS GUIDE**

This Uniform Audit and Accounting Guide was developed by the American Association of State Highway and Transportation Officials (AASHTO) Audit Subcommittee with assistance from the American Association of State Highway and Transportation Officials, the Federal Highway Administration (FHWA), and the American Council of Engineering Companies (ACEC). The AASHTO Audit Subcommittee is comprised of the

senior audit representative from each State's transportation or highway department. This Guide was developed over several years and initially was approved by AASHTO at the organization's 2001 annual meeting. During 2007, the members of the Audit Subcommittee approved the establishment of a Task Force to update this Guide. The purpose of the update was to help ensure that the Guide is consistent with current auditing standards and procedures, accounting principles, and Federal regulations. The update also was intended to strengthen the Guide by providing additional guidance and clarification regarding the existing policies and procedures set forth in the Federal Regulations. The update helps to address questions and concerns expressed by various parties, including the FHWA, State DOT audit agencies, Architectural and Engineering design firms (hereinafter referred to as "A/E firms" or "engineering consultants"), and public accounting firms. These questions and concerns were brought about through current practice and, in part, through the findings and recommendations in a then-pending audit by the U.S. Department of Transportation's Office of Inspector General (OIG). The OIG's audit report, entitled "Oversight of Design and Engineering Firms' Indirect Costs Claimed on Federal-Aid Grants" (Report Number: ZA-2009-033), was issued February 5, 2009. This Guide was designed to be used as a tool by State DOT auditors, A/E firms, and public accounting firms that perform audits and attestations of A/E firms. The techniques presented herein primarily focus on examination, auditing, and reporting procedures to be applied to costs that are incurred by A/E firms for engineering and design related services, performed on various Federal, State, and Local transportation projects. These costs are normally billed to applicable agencies through their State DOTs. The techniques discussed in this Guide were designed to be applied to audit and attestation engagements performed in connection with engineering consultants' *Statements of Direct Labor, Fringe Benefits, and General Overhead* (hereinafter referred to as "overhead schedules"), as well as the related accounting systems, job-costing systems, and labor-charging systems that serve as the basis for the overhead schedules. This Guide is not intended to be an auditing procedures manual but is instead a guide to assist users in understanding terminology, policies, procedures and audit techniques, and sources for applicable Federal Regulations. This Guide is designed to provide general guidance only and is not meant to supersede the Federal Acquisition Regulation (FAR) or any related laws or regulations. Users should be aware that the FAR Cost Principles change frequently; accordingly, the applicable FAR version should be referenced in conjunction with the use of this Guide.