

NOTICE TO CONSULTANTS (10-28-04)

Subject: Audited Overhead Rates/FAQ/Responses

The Department has been receiving questions from consultants concerning the recent Notice To Consultants (dated September 24, 2004) defining requirements for CPA Audited Overhead Rates. The below represents frequently asked questions (FAQ) and the response from the Department's Office of Audits. Additional questions and responses will be posted on this site as needed.

Question: Does the \$250,000 threshold apply only to prime consultants or all consultants including sub-consultants?

Response: the \$250,000 threshold applies to all consultants who have contracts to perform work on GDOT projects regardless of who the contract is with (GDOT or the prime).

Question: Is the \$250,000 requirement based on the total annual contract amounts or cumulative contract totals that carries over from year to year?

Response: If a consultant is awarded a \$200,000 3-year prime contract that begins in 2004 and ends in 2007, the consultant is below the threshold. If the same consultant is awarded another 1-year sub-consultant contract in 2005 in the amount of \$75,000, the consultant now has \$275,000 in active contracts to perform work on GDOT's behalf. Therefore, the consultant is now required to obtain a CPA audited overhead rate for 2005 based on the \$250,000 threshold.

Question: If a consultants active contracts drop below the \$250,000 threshold in a subsequent year; is a CPA audited overhead rate still required or will GDOT perform the overhead audit?

Response: Once a consultant meets the \$250,000 threshold based on total active contracts, the consultant will be required to obtain an annual CPA audited overhead rate for all subsequent years in which the consultant has active contracts even if the total contract amount drops below the threshold in any subsequent year.

Thank you for your cooperation.