



To: Engineering & Design Consultants
From: NMDOT Office of Inspector General
Date: January 6, 2017
Re: Pre-award audits for Indirect Cost Rates
CC: Richard Martinez, Director of Procurement
Chris E. Baca, PE, ACEC

The NMDOT will be amending the oversight process for engineering & design consultants' overhead rates for calendar year 2017 and beyond. If you are receiving this letter, you've been identified as a contact for an engineering and/or design firm that will be affected by the change and your cooperation is appreciated.

The NMDOT goal in this effort will be to standardize a pre-award indirect cost rate audit process to provide reasonable assurance that costs comply with the Federal Acquisition Regulations (FAR) cost principles. This process will require all engineering & design firms that wish to conduct business with the NMDOT to adhere to the AASHTO Uniform Audit & Accounting Guide of Architectural & Engineering Consulting Firms.

The first step in providing compliance with the AASHTO Guidelines will be for all engineering & design firms with collective NMDOT contracts of \$200,000 or more, to provide the NMDOT with their most recent Certified Public Accountant (CPA) audited overhead or indirect cost rate. This CPA-audited indirect cost rate must comply with Generally Accepted Government Auditing Standards (GAGAS) and the AASHTO Audit Guide. A federal or state government agency cognizant-approved indirect cost rate will also be accepted.

Frequently asked questions and answers are provided by the U.S. Department of Transportation Federal Highway Administration and can be referenced at the following website:

http://www.fhwa.dot.gov/programadmin/172qa_03.cfm

Failure to provide the above requested document may prohibit your firm from future engineering & design work with the NMDOT. Please provide your firm's contact information AND most recently audited indirect cost rates to the email provided:

NMDOT-#OIGIndirectCostRateAudit@state.nm.us

Further direction will be provided by the NMDOT in the coming months. Please contact Dustene Facteau (505-476-0913) or Nicole Frankland (505-476-0906) if you have questions. Thank you for your attention.

A handwritten signature in blue ink, appearing to read "J. Canney", is written over a light blue circular stamp.

Jeff Canney
Inspector General

Susana Martinez
Governor

Tom Church
Cabinet Secretary

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