

Agreement Closeout and Invoices

(October 26, 2018 [r2 12-12-19](#))

In the previous *Update*, we began discussion of the agreement closeout process by introducing the new NDOT Form 39. In this issue we will wrap-up this discussion by reviewing other aspects of the closeout process, namely overhead adjustments and invoices.

Overhead adjustments and “True-up Invoices”: As the most common payment method used by NDOT for Consultant agreements is Cost Plus Fixed Fee (CPFF), overhead adjustments are often necessary to reconcile a Consultant’s invoices prior to NDOT closing out the agreement. The CPFF payment method allows Consultants to bill approved labor costs and overhead costs for each invoicing period. Overhead costs are calculated as a percentage of direct labor costs based on the approved overhead rate established for the prior fiscal year. Because the overhead rate used for invoicing current services is based on a prior fiscal year, it is called a “provisional” rate. As soon as the actual overhead rate is calculated and approved for the period of time the services actually took place, the Consultant should submit an invoice to reconcile any difference in what was billed using the provisional rate and what is allowed to be billed using the actual rate. NDOT calls this an “overhead adjustment” and the resulting invoice a “true-up” invoice.

True-up invoice: In its simplest form, a True-up invoice is an invoice that reconciles overhead costs billed during the past fiscal year. If the actual overhead rate applicable to the dates of service is lower than the provisional overhead rate used when invoicing for those services, the Consultant must pay back the difference. If it is higher, the Consultant may bill the additional amount subject to any limits in the agreement.

NDOT requires that the overhead adjustments be made on a separate invoice that does not include any new labor or direct expenses. Use the begin date and end date to which the adjustment applies for the dates of service. When uploading this invoice to OnBase, append “(OH ADJ)” to the invoice number when populating the invoice number keyword in OnBase (see figure at right). Note that Consultant's invoice for under billed amounts is subject to any Agreement limitations (such as fixed fee) and must be reduced appropriately, if needed.

NDOT Form 162-Cost Breakdown forms have been updated to provide a space where adjustments can be documented. [A template overhead adjustment spreadsheet, and an example overhead adjustment and related Cost Breakdown Form can be found here.](#) The True-up invoice package must include the following: Invoice, Cost Breakdown Form, and True-up Calculations spreadsheet. The dates of service on the all documents need to match.

Once the Final invoice and True-up invoice have been submitted, submit the NDOT 39 Agreement Closeout Form according to the instructions on the Form ([link](#) provided).

-NDOT Consultant Services Team

The screenshot shows the OnBase document upload interface. At the top, there is a 'Document' header with a star icon and an 'Import Document' button. Below this is a section titled 'Select File or Drag & Drop Files' with a 'Choose File' button. The form fields are as follows:

- Document Types: NDOT INV Invoice
- File Type: PDF (.pdf)
- Document Date: 10/24/2018
- NDOT INV Agreement Number: BK1583
- NDOT INV Vendor Name: NEBRASKA CONSULTANTS
- NDOT INV Invoice Number: 11.0 (OH ADJ)
- NDOT INV Invoice Date: 12/18/2017
- MM/dd/yyyy
- NDOT INV Total Invoice Amount: \$1,356.94

At the bottom of the form, there are several icons: a green arrow pointing up, a yellow key, a green arrow pointing right, a red X, and a green document icon.