PennDOT Consultant Agreements

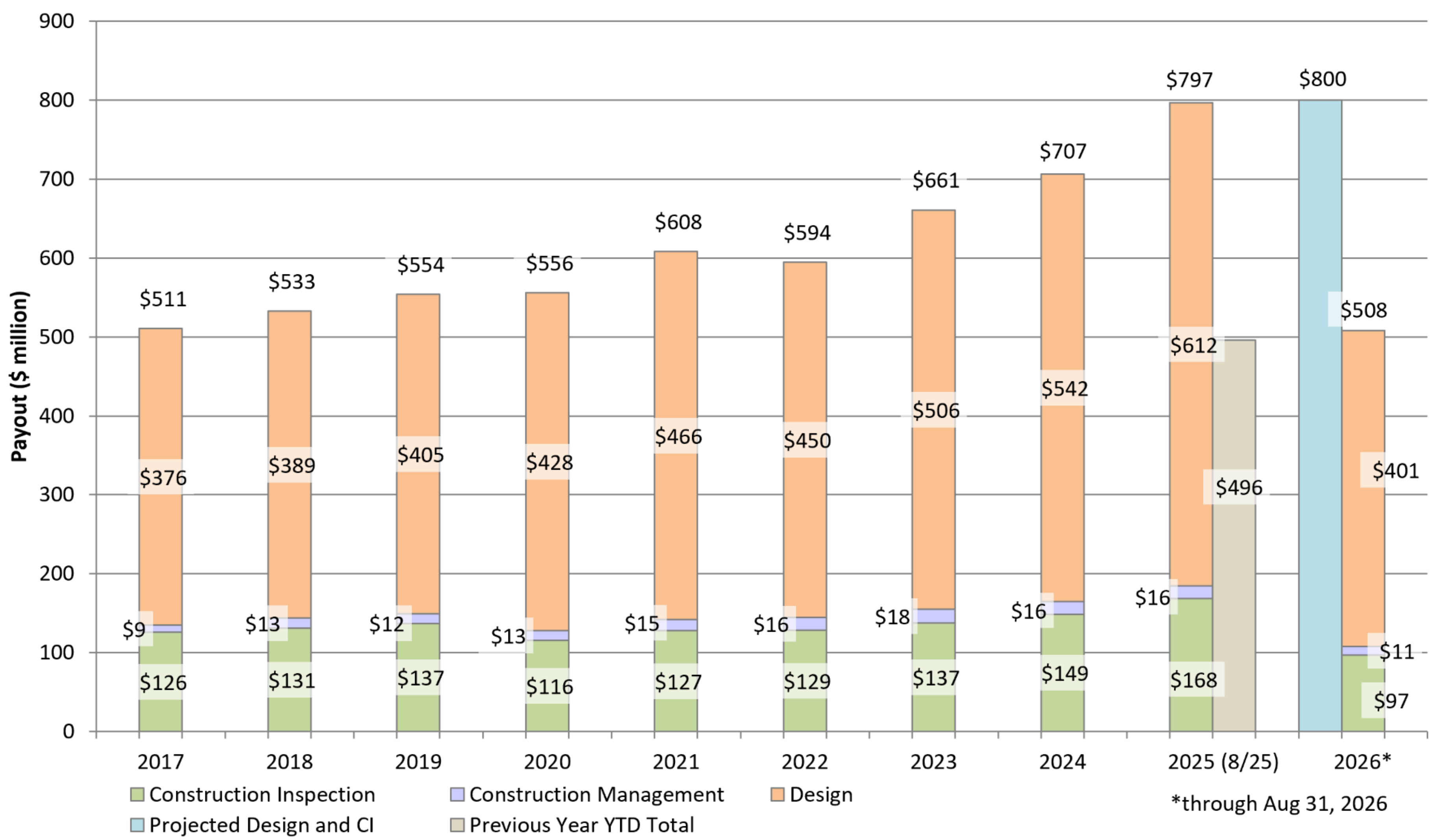
ACEC/PA Infrastructure Conference September 14, 2026

Michele Harter, P.E., PennDOT Bureau of Design and Delivery

PennDOT Policy

- Latest Pub 93 provided clarification on
  - Audited, unaudited and safe harbor overhead rates and agreement amounts
  - Entering payment dates for subconsultants
  - Updated appendix documents to links
- General requirements updated in June 2026
- Pub 93 and Pub 442 will be updated to PennDOT style guide

Consultant Payouts



Advertised Agreements and Selections: 2016 - 2026

		Design + CM	Construction Inspection	Total (Design + CM + Const Insp)
Advertised Agreements	2016	**175**	**66**	**241**
	2017	**177**	**66**	**243**
	2018	**207**	**86**	**293**
	2019	**191**	**90**	**281**
	2020	**146**	**66**	**212**
	2021	**165**	**57**	**222**
	2022	**248**	**84**	**332**
	2023	**201**	**85**	**286**
	2024	**234**	**105**	**339**
	2025	**198**	**98**	**296**
	Ending 8/31/2025	**137**	**50**	**187**
	Ending 8/31/2026	**122**	**48**	**170**
Selections	2016	**166**	**68**	**234**
	2017	**171**	**71**	**242**
	2018	**215**	**79**	**294**
	2019	**191**	**85**	**276**
	2020	**134**	**66**	**200**
	2021	**176**	**66**	**242**
	2022	**237**	**74**	**311**
	2023	**195**	**78**	**273**
	2024	**214**	**116**	**330**
	2025	**213**	**89**	**302**
	Ending 8/31/2025	**134**	**50**	**184**
	Ending 8/31/2026	**125**	**55**	**180**

Statewide Totals**	
2022	1126
2023	1174
2024	1195
2025	1210
2026* - CI	183
2026* - CM	21
2026* - Design	745
2026* - Total	949

Statewide Totals**	
2022	$ 891.96 M
2023	$ 962.19 M
2024	$ 1,160.44 M
2025	$ 1,220.42 M
2026* - CI	$ 287.83 M
2026* - CM	$ 84.97 M
2026* - Design	$ 577.65 M
2026* - Total	$ 950.44 M

* Through August 31, 2026

** Includes ECMS, State Paper and Local Agreements

Overhead Rate Reviews

- Review process by 2 separate sections
  - PennDOT - Contract Management Section(CMS)
    - Completeness
    - Review Executive Compensation Analysis
  - PennDOT Bureau of Fiscal Management
    - Desk review of all required submitted documentation

Overhead Reviews by Contract Management

- Overhead submittal rejection rate steady at 60%+

	2024 Timestamp Year		2025 Timestamp Year		2026 Timestamp Year	
Approvals	372	43%	376	42%	300	37%
Rejections	491	57%	520	58%	519	63%
Submittals	863		896		819	

Data as of September 2026

Overhead Rate Rejections by Contract Management

- Common rejection reasons from CMS
  - Missing Documentation including the pdf document or trial balance
  - ECMS miscoding
    - FYE
    - Premium Pay
    - Overtime/Hazardous
  - Forms Incomplete/ or not signed
  - National Compensation Matrix (NCM) issues
    - Incorrect version of NCM utilized for applicable year
    - NCM Adjustment not accounted for in OH Schedule
    - Annual FAR CAP not applied
  - Missing Policies including sick and vacation leave and bonus policy

Overhead Reviewed by Fiscal

- By Submittal Date

Year Submitted*	Number of Submissions	Number Business Partners
2020	591	379
2021	747	354
2022	712	342
2023	598	328
2024	566	332
2025	544	339
^2026	508	291

- - Submissions received between 1/1 through 12/31 of each year identified.

^ - 2026 Submissions received as of 9/9/2026

Overhead Submissions – Historical Approvals vs. Rejections

- Overhead submittal rejection rate has fluctuated over the past several years with the highest in 2021 and 2022.

	Year Submitted*													
	2020		2021		2022		2023		2024		2025		2026^	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Approvals	369	62%	320	43%	356	50%	340	57%	332	59%	345	63%	281	55%
Rejections	222	38%	427	57%	356	50%	258	43%	234	41%	199	37%	227	45%
Submittals	591		747		712		598		566		544		508	

- - Submissions received between 1/1 through 12/31 of each year identified.

^ - 2026 Submissions received as of 9/9/2026

Submissions Received During Calendar Year 2025

- The Department received 544 submissions for 339 firms
  - 161 Firms are HQ in PA and 178 are HQ in other states
  - 194 firms were approved on the first submission
  - 28 firms had a cognizant letter/approval from another state or agency
  - 145 firms were rejected

Overhead Rate Rejections

- Common rejection reasons from Fiscal Management
  - Trial Balance is not system generated
  - Overhead Schedule not reconciled to Trial Balance or reconciliation information not provided
  - Labor
    - Indirect
    - Direct
    - All hours not accounted – including uncompensated OT and unallowable activities
  - Personal Use of Vehicles and Clarification on Vehicle ICQ Questions
  - Fluctuations of Rates and expense accounts

Overhead Rejections

- Grouped Rejection Reasons for submittals

Grouped Rejection Reasons	2025	2024	2023
Questioned Costs	55%	64%	49%
Accounting/Reporting	42%	44%	44%
Labor	31%	26%	24%
Errors/Incomplete Information	24%	29%	28%
Missing Documentation	24%	14%	7%
Uncompensated O/T	10%	12%	7%
Compensation	10%	18%	14%
Vehicle/Travel Costs	8%	12%	12%
Related Party	7%	6%	5%
Dual Rates	6%	2%	3%
Voluntary Lower Rate	0%	0%	2%

Overhead Rejections

Grouped Rejection Reasons	2025 Submissions	Specific Issues	2025 Instances*	
Questioned Costs	55%	Expense Fluctuations (year to year)	33	
		Advertising/Marketing	20	
		Entertainment	8	
		Depreciation/Amortization	7	
		Travel Expenses	2	
Accounting/Reporting	42%	Reconciliation of T/B to O/H Schedule	**61**	**Highest**
		Overall Accounting Structure	32	
		PPP Loans	1	
Labor	31%	Labor Distribution Schedules	30	
		Unallowable Labor	24	
		Overall Fluctuations	7	
		Bonuses	4	
Errors/Incomplete Information	24%	AASHTO ICQ Completion Errors	36	
		Incomplete ECMS Responses	7	
		Math Errors	5	
Missing Documentation	24%	Trial Balance	24	
		NCM - Compensation Analysis	7	
		Vacation Policy	5	
		External Auditor's Report	4	
		Bonus Policies	3	
		AASHTO Internal Control Questionnaire	1	
Uncompensated O/T	10%	Improper Accounting and General Questions	20	
Compensation	10%	Executive Compensation/Errors on NCM Schedule	19	
Vehicle/Travel Costs	8%	Personal Use of Vehicles	9	
		AASHTO ICQ Questions	3	
		Luxury Vehicles	2	
Related Party	7%	Common Control Rent/Related Party O/H Expenses	14	
Dual Rates	6%	Office and Field Allocation Issues	11	

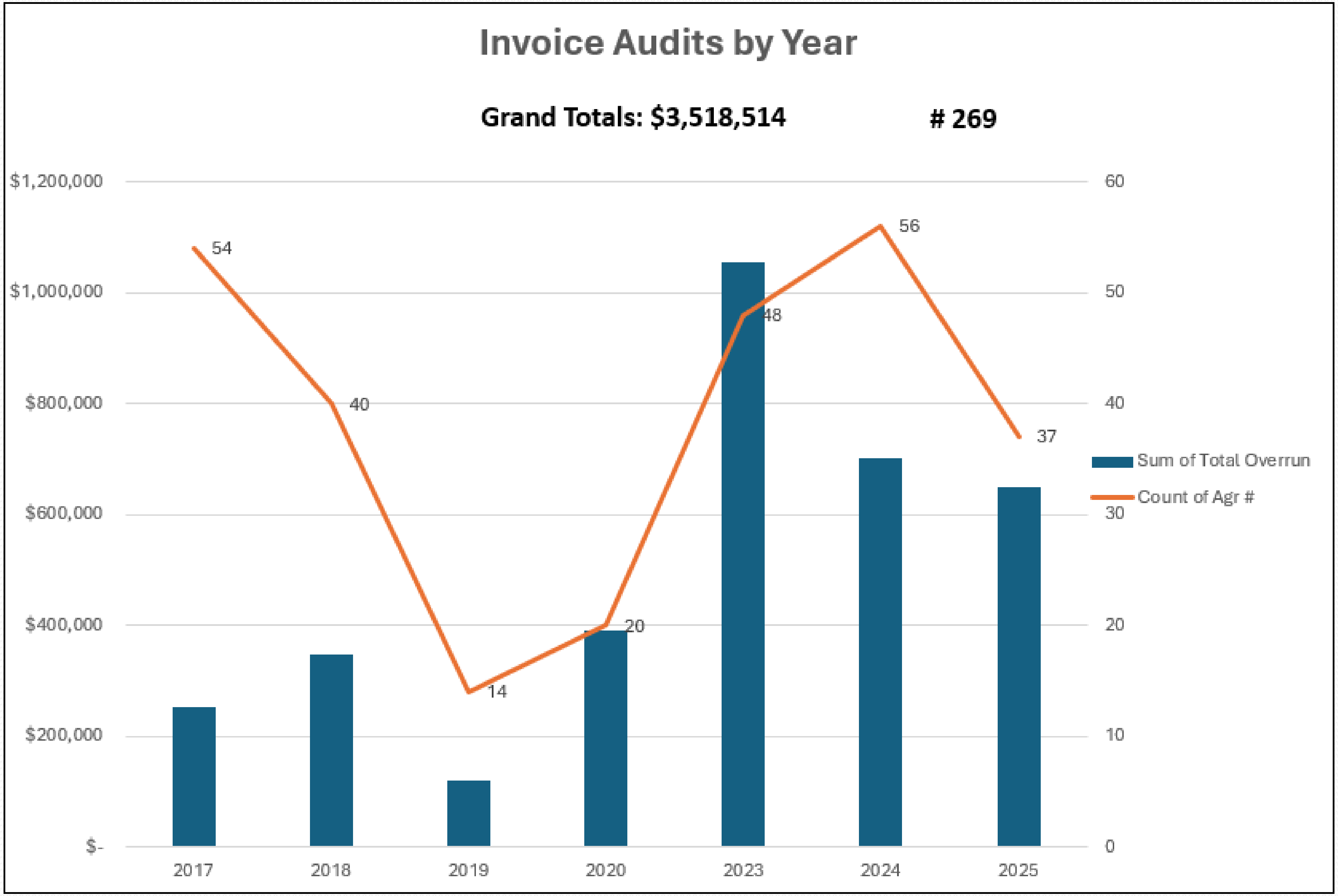
*Rejected submissions could have multiple instances or reasons for rejection.

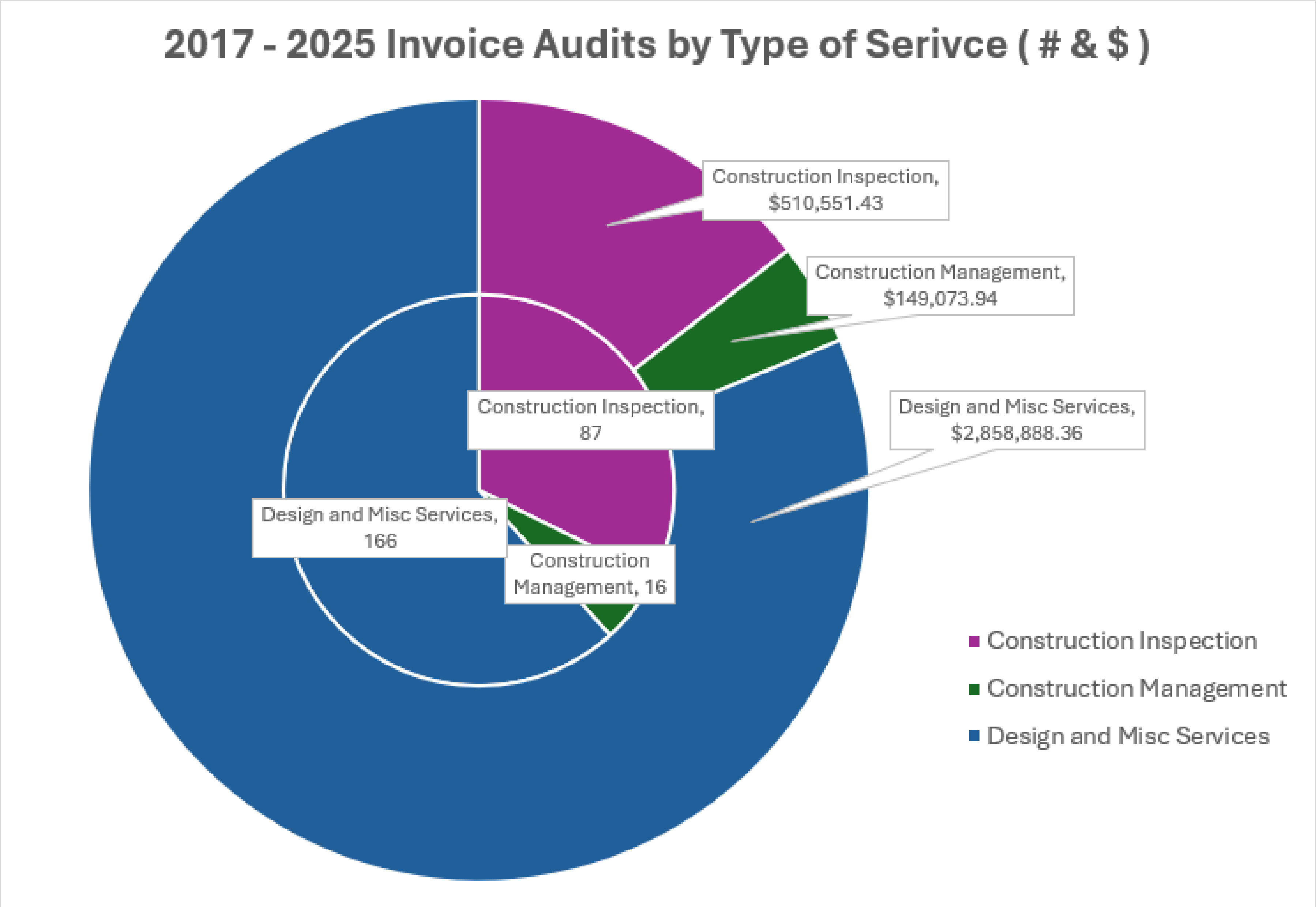
Successful Submissions:

- Submit as early as possible
- Submit complete package with required signatures
- Ensure costs are reasonable, allowable, and allocable
- Ensure the FYE date is entered correctly, and the submitted Premium Pay and Overtime questions are accurate

Invoice Audits

- CO Invoice audit process established 2018 due to Federal Audit
- Consultants cannot work if they are out of money in any Category of Compensation
- Consultants cannot work prior to NTP
- Pub 93 permits Express supplements (Project Specific) and Advanced Notice to Proceed (Work Orders only)


Invoice Audits by Year
Grand Totals: $3,518,514
269
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-
60
50
40
30
20
10
0
54
40
14
20
48
56
37
2017
2018
2019
2020
2023
2024
2025
Sum of Total Overrun
Count of Agr #


2017 - 2025 Invoice Audits by Type of Serivce (# & $)
Construction Inspection, $510,551.43
Construction Management, $149,073.94
Design and Misc Services, $2,858,888.36
Construction Inspection, 87
Design and Misc Services, 166
Construction Management, 16
Construction Inspection
Construction Management
Design and Misc Services

Invoicing

- Primes can submit multiple sub invoices on their invoice
- Invoice time periods do not need to match sub consultant invoice time periods
- Invoice time periods can overlap if information was missed
- Primes can submit $0 invoices, in order to submit sub invoices
- We have started to monitor invoices in Supervising BP Review and Awaiting Supervising BP submission

Payment to Sub-Consultants

- Pub 442 Prompt Payment Act to pay with 14 days
- Last September ECMS enhancement for primes to put pay dates for subs and subs must acknowledge it
- CAS running reports to ensure primes are completing the fields
- Reviewing any disputes by sub consultants

Construction Inspection Agreements

- Scope of Work updated Dec 2025
- Resume template updated for new scope in ECMS
- Wage rate increases at 2% next July until Union Contract is signed
- Mileage rate follows GSA rates

Statement of Interest

- SOI 12pt Font
- Conflict of Interest Statements (SOI 4th Page)
  - Page four is only to be used for the conflict of interest statements and any proprietary statements concerning the SOI
  - If additional pages are allowed via the advertisement, the last page will be for this information unless otherwise stated in the advertisement
  - RTKL requests- confidential proprietary info or trade secrets

Miscellaneous

- Some older agreements were archived in ECMS in 2020
- Contact Central Office if information is needed

Questions?