

DATE: April 1, 2021

TO: ADOT Project Managers
Resident Engineers
Consultant Engineering Firms

FROM: Steve Boschen, Infrastructure Delivery and Operations Division Director

SUBJECT: **Payment Report Process Updates - Engineering Consultant Contracts (ECS)**

In the spirit of the Arizona Management System (AMS), ADOT has conducted a comprehensive review of the payment process associated with contracts administered by ECS, with the goal of improving this process to enable ADOT to pay its consultants promptly. A multidisciplinary team, composed of ADOT representatives from various business units within IDO and four consultant firms, engaged in a problem solving process (PDCA) to determine the root cause of slow payments and develop countermeasures to issue payments promptly. This January, the PDCA team launched a pilot program to test the recommended countermeasures and gather data to evaluate their effectiveness. Having tested the countermeasures and solicited feedback from internal and external stakeholders, we are now ready to implement these countermeasures, which are applicable to all contracts administered by ECS, with the exception of those contracts that utilize the Consultant Invoicing System.

Effective today, the process for submitting monthly progress payment reports from consultants to ADOT will be as follows:

Consultants shall obtain written approval of **each** assigned ADOT Task Order Project Manager (applicable to Lump Sum by Task Order and Cost Plus Fixed Fee by Task Order contracts) and ADOT Contract Manager of the draft monthly payment report.

Consultants shall obtain the signature of the assigned ADOT Contract Manager on the final version of the monthly payment report prior to submission to ECS for processing. For contracts that do **not** have a Task Order Project Manager (Lump Sum, Cost Plus Fixed Fee, Specific Rate contracts), consultants will only need to obtain the written approval of the technical group Project/Contract Manager for the contract. **The signature of the ADOT Contract Manager does not constitute a representation or guarantee that the monthly payment report is accepted by ADOT or that all charges presented are allowable or correct.**

Consultants shall submit an electronic copy of the final version, including all applicable attachments per the terms of the contract (ex. Monthly Progress Report, Post Design Services document, etc.), of the monthly payment report to ECS via email (ecspayments@azdot.gov). **The submittal of the final version of the monthly payment report to ECS will be deemed the official received date of the invoice in accordance with A.R.S. 28-411. Submittals to any other area within ADOT will not be accepted nor deemed the official received date.**

Attached is a copy of Frequently Asked Questions regarding this change in process, along with a copy of the standard work developed for ADOT Contract and Task Order PM's. If you have any questions regarding this program, please contact the Engineering Consultants Section at (602) 712-7525 or ecspayments@azdot.gov.

Steve Boschen
Division Director
Infrastructure Delivery and Operations

Frequently Asked Questions

1. **What Payment Report Format should be used?**

The current payment report format has not changed. Continue to use the current format for the applicable contract. A copy of the format is available on the ECS website (<https://azdot.gov/business/engineering-consultants/forms-and-templates-engineering-consultants>) under Payment Report Forms or by requesting a copy from the ECS Contract Specialist.

2. **How should I document approval from the Task Manager of a project and the Contract Manager?**

Please see the Project Manager Invoice Approval Standard Work document. It is envisioned that the Task Manager(s) would receive an emailed draft copy of the payment report and applicable backup documents for their review. The Task Manager(s) would review their project and provide feedback to the firm for changes, or approve the invoice for their project, via email. **Their response should include the project number and dollar amount they are approving.** In the case of multiple tasks, each Task Manager would need to provide their approval, which could be done concurrently. Once all applicable Task Manager(s) approved the invoices for their project(s), the Contract Manager from the ADOT Technical Groups would review the approvals, provide their signature on the payment report and return to the firm, via email. Please contact the specific ADOT Technical Group for further guidance. **The signature of the ADOT Contract Manager does not constitute a representation or guarantee that the monthly payment report is accepted by ADOT or that all charges presented are allowable or correct.**

3. **What if I cannot get in touch with my Task Manager or Contract Manager?**

Please escalate the matter within the ADOT Technical Group for resolution.

4. **I have all the ADOT Task Manager/Contract Manager approvals, now what?**

Once the firm has received all approvals and the payment report is signed by the Contract Manager, the payment report and all applicable backup documentation should be submitted to ECS, via email, to ecspayments@azdot.gov. This will be the formal submittal to ADOT and begin the timeframe for processing. It is recommended that the ADOT Technical Group be copied on the formal submittal. Please contact the specific technical group for the email address they wish to utilize.

5. **What feedback can I provide about the new process?**

Any feedback is greatly appreciated and can be provided to ecspayments@azdot.gov.

6. **Will there be a grace period to transition to the new process?**

Yes. We understand that there may be contracts already with ADOT under the previous process that are making their way to ECS for processing. Those will be processed as we have in the past. While we encourage you to begin using the new process as soon as possible, a grace period will be allowed until the beginning of the new fiscal year (July 1). After that time, payment reports must follow the new process.

7. **What items are reviewed when processing a payment report?**

Please see the attached PR Processing Checklist that outlines the items that are reviewed. Depending on the contract, this list may not address each item, but is provided as a guide. Please contact ECS (ecspayments@azdot.gov) to discuss specific contracts.

Project Manager Invoice Approval Standard Work

1. The ADOT PM will establish with the Consultant dates that the draft payment report (PR) /progress report (if required) shall be submitted on a monthly basis.
2. ADOT PM will have 48 hours to review the draft payment report. PM will review and agree on the work accomplished and the level of effort expended by the consultant over the past month.
3. The ADOT and Consultant PM will meet (method left up to PMs) to discuss and resolve any items of concern on the PR. This meeting will occur within 48 hours from the ADOT review time frame.
4. For single project payment reports, the Consultant will be responsible to obtain the PM' sign off on the PR as complete and ready for final submittal to ECS. The Consultant shall sign the payment report and submit to ECS. This submittal constitutes the beginning of the 21 day time frame for processing the PR.
5. For On-call contracts, a draft PR will be provided to all ADOT Task Managers associated with current/active projects included on the PR at the same time.
6. ADOT Task Managers shall review the draft PR within 48 hours. Approval should include the project number and dollar amount.
7. The Consultant is responsible for meeting with each ADOT Task Manager to obtain sign off on the PR for each task. The meetings shall occur within 48 hours of the ADOT review time frame.
8. Once all ADOT task managers have approved the PR, the consultant will then submit a final PR along with the ADOT task manager sign off sheet to the ADOT Contract Manager for approval.
9. Once the contract manager has approved the PR, the consultant will sign the PR and submit it along with all ADOT approvals to ECS for processing. This submittal constitutes the beginning of the 21 day time frame for processing the PR.