

CHAPTER 14 – CONSULTANT CONTRACT MANAGEMENT

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Introduction

Once contract negotiations are completed, the contract is executed and the Notice to Proceed (NTP) has been issued, work can begin. Both the Florida Department of Transportation (FDOT) Project Manager (PM) and the consultant PM will be eager to perform the technical work. Both must have a clear understanding of how to manage the contract as well as the technical work. The consultant has a responsibility to perform under the terms of the agreement, and the FDOT PM has a responsibility to enable the consultant in execution of the work, and reasonably and objectively evaluate the consultant's performance.

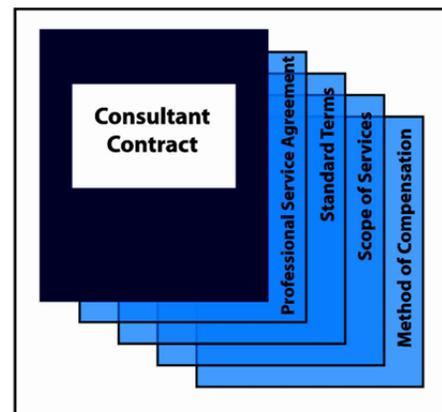
Florida law requires funds approval prior to executing the written agreement and both the funds approval and the written agreement must be executed prior to beginning services. Both PMs need to be aware of this requirement and not allow work to begin early. Work performed before the funds are encumbered and the contract is executed cannot be paid for under the contract. However, some preliminary engineering services related to reimbursement of utility work may not require prior encumbrance. The encumbrance process, as described in **Procedure No. 350-20-200, [Contract Funds Management - Funds Approval](#)**, ensures the budgeted funds are in place and sets those funds aside for payment of the specific contract. The FDOT PM should check with the District Utility Coordinator concerning this type of work.

Elements of the Contract

Both PMs must know the contract. They must understand the “boilerplate,” as well as the scope of services. The standard format for professional contracts includes a standard contract document which specifies the terms of the agreement as well as the legal responsibilities and rights of both parties. Exhibit A of the contract describes the scope of services, and an Exhibit B of the contract describes the method of compensation. Figure 1, **Elements of a Contract**, lists required contract items.

Professional Services Agreement: This document is, signed by both parties, is the actual agreement. It includes the contract number, the financial identification number, the date of the agreement, the consultant, the title of the project, the term (duration) of the contract and the schedule of services, insurance requirements, a list of subcontractors, and references to the contract terms, scope of services and method of compensation.

Figure 1, Elements of a Contract



Standard Terms: The FDOT uses a [**FDOT Standard Professional Agreement Terms**](#) (“boilerplate”), which normally includes the following:

- **Services and Performance:** Specifies procedures for changes, revisions and supplemental agreements; standards of care; use of computer facilities; and use and ownership of documents produced by the project.
- **Term:** Details information about application of the schedule, extending the duration and delays.
- **Compensation:** Details information concerning accounting, record keeping, invoicing, accuracy of wage rates and other unit costs and the availability of budgeted funds.
- **Indemnity and Insurance:** Specifies indemnification, claims and insurance requirements.
- **Compliance with Laws:** Cites requirements for complying with specific state and federal statutes pertaining to issues such as professional licensing rules and laws, public access to documents, press releases and public statements by the consultant, employment of unauthorized aliens, and discrimination.
- **Termination and Default:** Specifies actions taken by the FDOT concerning termination of the contract and consultant default.
- **Assignment and Subcontractors:** Details responsibilities concerning assignment and subcontracts.
- **Miscellaneous:** Outlines interpretation and legal jurisdiction clauses.
- **Terms for Federal-Aid Contracts:** Cites specific requirements and certifications which apply when the contract is federally funded.

Scope of Services: The scope of services is the specific work requirements for the consultant. See Part 1 Chapter 12 of the [**Project Management Handbook**](#) for specific information included in a scope of services. Both PMs are responsible for managing the scope.

Method of Compensation: This section includes the compensation amount and method, invoicing procedures, and final audit and closeout requirements.

Methods of compensation normally used are discussed in detail in the [*Negotiation Handbook, Professional Services Contracts*](#). These include:

- **Lump Sum:** With a lump sum contract, the consultant agrees to complete the scope of services for a specific amount. Invoices are for a percent complete by task, deliverables or other milestones. Scope creep must be controlled. Legitimate scope changes should be added by modification, with negotiated revisions in the lump sum price.
- **Cost Reimbursement:** This method is also known as “cost plus fixed fee.” This method is used primarily when the scope and required level of effort is unclear at the time of contract negotiation. The actual (or negotiated) rates for wages applied to the actual hours expended, plus overhead, Facilities Capital Cost of Money (FCCM) if applicable, operating margin, and direct expenses are reimbursed. The operating margin and the “fixed fee” are negotiated as a lump sum based on a percentage of the estimated direct salary cost.
- The consultant must maintain accurate time records and ensure that the rates used are as agreed in the contract. The negotiated contract should specify how labor rates should be invoiced, actual rates or the negotiated average for the labor category. A limiting amount may be established, for the overall contract or for individual tasks, projects or cost elements. A cost reimbursement contract gives the FDOT PM a means to more carefully monitor the level of involvement of the consultant’s key staff members.
- If the work is completed under the limiting amount, the consultant is reimbursed only for the time and direct expenses expended, plus the fixed fee. Once the limiting amount is reached, the consultant is obligated to continue until all terms of the contract have been fulfilled. If additional funds are necessary, an amendment must be executed prior to beginning any of the work requiring the additional funding. The consultant PM should monitor the remaining contract balance and inform the FDOT PM when the total expenditures approach the limiting amount. This type of contract requires intensive contract management from both PMs.

- **Unit Cost:** Unit cost is a fixed rate of reimbursement for each unit of work completed. This method is used for services such as geotechnical services or traffic counts. Invoices are based on the number of units completed. Normally, a limiting amount is established based on an estimated number of units.
- **Specific Rates of Compensation:** In this method, a billing rate is negotiated which commonly includes labor, overhead, facilities capital cost of money (FCCM) if applicable, and operating margin. Direct expenses can be included in the billing rate, but sometimes they are paid separately at actual costs. These contracts are invoiced for actual hours expended in the same manner as Cost Reimbursement contracts, the difference being that all individual cost items are included in the negotiated rate.

Types of Contracts

Figure 2, **Types of Contracts**, shows the differences between the two basic types of contracts commonly used by the FDOT.

Figure 2, Types of Contracts

Project Specific Contract	Task Work Order Contract
<ul style="list-style-type: none"> ◆ Used on single, large projects ◆ Can include optional services that may be needed, but not funded 	<ul style="list-style-type: none"> ◆ Used for relatively small projects or tasks of a similar nature over a period of time ◆ An example is General Engineering Consultant Contracts

- **Project-Specific Contracts:** Many consultant contracts are to complete a specific work phase of one or more projects. Project-specific contracts can contain options for services needed but not funded at the time of the contract. Optional services are frequently not negotiated until the decision is made to exercise the option. Commonly used options are design services for Project Development and Environment (PD&E) contracts and post-design construction services for design contracts. If the scope and level of service for tasks are difficult to foresee at the beginning of long-term contracts, it may be appropriate to make them options to be negotiated at a later date. An example would be a long and complex PD&E project, where some of the public participation, public hearings, analysis of alternatives and final environmental reporting are options to be negotiated when there is a better grasp of the project requirements.

- **Task Work Order (TWO) Contracts:** The FDOT frequently must accomplish relatively small projects or tasks for which it would be inefficient to advertise and go through the consultant selection process individually. Task assignment contracts are designed to select a qualified consultant to perform projects or tasks of a similar nature for a period of time or until a budgeted contract amount is exhausted. The actual tasks to be performed are usually not identified at the time of consultant selection and contract negotiation. The consultant is selected based on qualifications, staff and capability to perform the tasks. Negotiations establish the rates to be applied to individual assignments. Once the contract is executed, individual TWOs are negotiated as needs arise. Depending on the structure of the base contract, TWOs may be lump sum, cost reimbursement or unit cost. Scopes of services for individual TWOs should contain all the basic information recommended for a scope in Part I, Chapter 12, of this handbook. The level of detail can be abbreviated as long as it is clear to both the FDOT PM and consultant PM. FDOT PMs should review Section 2, **Procedure No. 375-030-010**, [Amendments and Task Work Orders For Professional Service Agreements](#) for specific instructions on the preparation of Task Work Orders.
- Both PMs must understand the differences between TWO contracts and those for specific projects. When TWO contracts involve a large number of relatively small task assignments, their management can become a challenge. Each PM must have a systematic process for ensuring that deliverables, contract funds, invoicing procedures and schedules are all properly controlled. Task assignment contracts should be managed so the overall contract term does not expire prior to the completion of all individual TWO assignments. If necessary, however, an individual TWO issued prior to the expiration date of the overall contract may have an ending date past the expiration date of the contract.

Invoicing

Consultant Project Manager: Consultant PMs must ensure invoices are accurate and services were rendered within the terms of the agreement. Invoices must be fully supportable. The supporting documentation must agree with the requested billing period.

The consultant must understand the invoicing requirements for the contract. Most professional services contracts are now invoiced through the Consultant Invoice Transmittal System (CITS). For projects in CITS, the consultant PM should study the CITS instructions prior to submitting the first invoice. The [CITS Manual](#) and information on how to request access can be found on the [Procurement Office](#) website under Professional Services. The FDOT PM

should work with Professional Services Unit (PSU) personnel to ensure that contract data is properly loaded into the system.

Figure 3, **CITS Invoicing Checklist**, is a quick reference for the PM.

Figure 3, CITS Invoicing Checklist

Consultant Project Manager	FDOT Project Manager
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Submit invoice for all work accomplished including all Task Work Orders for that billing period <input checked="" type="checkbox"/> Submit all invoices on a timely & routine basis <input checked="" type="checkbox"/> E-mail FDOT PM when invoice has been submitted—include progress report 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Make sure correct data entered into CITS <input checked="" type="checkbox"/> Review invoice to ensure charges are reasonable, allowable & necessary <input checked="" type="checkbox"/> If unable to review invoice, appoint someone else to do so

The consultant PM should appreciate the fact that the FDOT PM has a time limit to review and act on an invoice submitted through CITS. The FDOT PM is not automatically notified by CITS that an invoice has been submitted. However, CITS does prompt the consultant to e-mail the FDOT PM and opens a browser with a prepared message. The consultant should take advantage of this feature. Submittal of a monthly progress report, which frequently provides the necessary back-up information needed to approve an invoice, should be coordinated with the invoice submittal. A good procedure is to send the FDOT PM an e-mail notification that an invoice has been submitted and attach an electronic copy of the monthly progress report.

NOTE: At times the FDOT PM will not be available to act on an invoice, in which situations a back-up reviewer should be designated.

Projects not under CITS require a “hard copy” transmittal, which requires more time to prepare and process. An Invoice Summary Sheet, Form **375-030-5B**, is available on the [Forms and Procedures Office](#) website. The invoice format and supporting data should be agreed upon prior to submission of the first invoice.

Consultants should invoice on a timely and routine basis. It is not appropriate to delay invoices at the end of the year because of tax concerns. Lump sum contract invoicing and payments should be based on completion of project milestones in the contract’s “Method of Compensation” section. Invoices for TWO assignment contracts should be submitted on a regular basis, say monthly. To reduce workload for the FDOT, one invoice should be submitted that includes all TWO charges for the billing period. Multiple invoices for each TWO generally should not be submitted. However, if a question that may delay approval of a

particular task is anticipated, invoicing that task separately may be justified so the full invoice is not delayed.

FDOT Project Manager: FDOT PMs must review invoices to ensure that costs are reasonable, allowable and necessary. A cost is reasonable if, in its nature or amount, the cost does not exceed that which would be incurred by a prudent business person in the conduct of a competitive business. A cost is allowable if it is expressly provided in regulatory or contractual provisions. The FDOT may refuse to allow costs incurred by consultants which are deemed unreasonable in amount, or contrary to public policy. A cost is necessary if it is required to meet the terms of the contract.

Approving invoices results in the direct expenditure of state funds. When reviewing invoices related to the work of subconsultants, the FDOT PM should consult appropriate support services to see if their personnel are familiar with the work accomplished. The FDOT PM must assure services were provided, the payment is in accordance with the contract, and the invoice is properly documented. If justified and provided the contract allows it, the FDOT PM should withhold payment of a portion of an invoice for poor quality work.

The FDOT PM is also responsible for ensuring proper project closeout. See *Closeout*, in Work Program, in Part 1 Chapter 10 of the ***Project Management Handbook***.

Consultant Work Performance Evaluations

The FDOT contracts with professional services consultants to provide a variety of services. Florida Administrative Code Rule 14-75 requires the FDOT to have a system to evaluate the performance of consultants on professional services contracts. Performance evaluations received by the Consultant on current and previous projects are one of the factors considered during consultant selection. The consultant's work performance for each advertised major work type must be evaluated by the FDOT's PM (exception: exempt contracts less than Florida Statutes 287.017, Category II threshold – currently \$25K). Consultants may also be evaluated on minor types of work, if considered significant by the FDOT's PM. ***Be advised that once a minor work type is evaluated, it must continue to be evaluated throughout the life of the contract.***

Construction Engineering Inspection (CEI) consultant contracts: Evaluations are conducted by the Construction Project Manager (CPM) who is responsible for managing the consultant contract. Evaluations of the consultant's performance are conducted in the areas of Schedule, Management and Quality. The Schedule grade is based on the consultant's compliance with the contract schedule. The Management grade is based on the consultant's ability to manage all necessary project resources, including subs. The Quality grade is based on the consultant's attention to the established quality control plan and delivery of a

quality product. Subconsultants may only receive a Quality evaluation. Evaluation is performed quarterly.

Non-CEI consultant contracts: Evaluations are conducted by the FDOT's PM who is responsible for managing the consultant contract. Evaluations of the consultant's performance are conducted in the areas of Schedule, Management, Quality, and Constructability (only for contracts that produce construction plans). The Schedule grade is based on the consultant's compliance with the contract schedule. The Management grade is based on the consultant's ability to manage all necessary project resources, including subs. The Quality grade is based on the consultant's attention to the established quality control plan and delivery of a quality product. The PM should assign a Quality rating to any qualified consultant named in the agreement for any major type of work performed, regardless of whether the firm is a prime or sub. Subconsultants may only receive a Quality evaluation. Evaluation is required at least once every 12 months during the contract period from the Notice to Proceed.

A Constructability grade is also assigned by Construction at the end of construction for all professional services contracts that result in the preparation of construction plans. The grade is based on the design consultant's ability to develop practical, accurate, complete, and cost effective construction plans. Constructability grades typically only apply to Work Group 3 – Roadway Design, Work Group 4 – Bridge Design, Work Group 6 – Traffic Engineering & Operations Studies, Work Group 7 – Traffic Operations Design, Work Group 14 – Architect, and Work Group 15 – Landscape Architect.

All consultant evaluations are based on a 5 (high) to 1 (low) rating scale, 5 representing "Outstanding" performance and 1 representing "Poor/Unacceptable" performance. For more detailed information on Consultant Evaluations, please refer to **Procedure No. 375-030-007**, [Professional Services Consultant Work Performance Evaluation](#). The following are also available, on the [Project Management Office](#) website:

- **Consultant Performance Evaluations Computer Based Training**
- **Selection Committee Guidance Document**
- **Evaluations (Excel spreadsheet versions)**

The FDOT PM must enter consultant evaluations into the Professional Services Information System (PSIS). To access to the mainframe application, the PM will should contact the OIS Help Desk to obtain a user account. Instructions, including Computer Based Training on entering and updating consultant performance evaluations in PSIS, are available on the **Procurement Office** website.

The FDOT PM who is not comfortable with the evaluation process may find it helpful to talk with Professional Services Unit (PSU) personnel and more experienced PMs before submitting evaluations.

Performance evaluations are important to consultants because they are a factor in selection for work with the FDOT. More important, evaluations are an excellent quality assurance tool for the consultant, and for FDOT a valuable project management tool. Here are some guidelines:

- Fairness and consistency in evaluating is necessary. Inflated evaluations are misleading to both FDOT and to the consultant. On one hand, sub-satisfactory performance so scored will serve as a “take notice” alert to the consultant. On the other hand, a consultant that effectively manages a contract (Management) on time (Schedule), and produces deliverables satisfying requirements (Quality/Constructability) is doing what is expected, and should therefore be graded 3 for “Satisfactory.” There are opportunities in each of the evaluation grading areas to recognize “above expected” performance which can increase the score for the particular area. *However, performing the required work, on time and at the expected quality is satisfactory work and overall performance grades in the 3 plus range are to be expected and should not be viewed as low performance by the department or the consultant.*
- Discuss performance evaluation expectations with the consultant at the beginning of a project so the level of performance associated with the evaluation is clear to both parties. Both parties should agree on evaluation standards and expectations.
- Evaluation timeliness is important. Late submissions are often inaccurate due to time and memory lapses and do not provide useful selection information for other FDOT PMs.
- Interim evaluations are very useful.
- Discuss performance with the consultant throughout the project so that there are no surprises when they are submitted. Discuss evaluations with the consultant before submittal and fairly consider any information provided by the consultant. It is appropriate to give the consultant time to correct a problem before submitting a poor evaluation, so begin the process early.
- If a poor performance evaluation is submitted, document reasons for the poor rating.
- If an evaluation identifies a performance problem, submit a new evaluation as soon as the problem is corrected.
- Subconsultants may also be evaluated, but only on Quality, because the prime consultant is responsible for Management, Schedule, and Constructability (when applicable). The FDOT PM should consult the appropriate support services to get input for the evaluations of

subconsultants. It is also be appropriate to obtain the input of the prime consultant when evaluating subconsultants.

Disadvantaged Business Enterprise (DBE) Program

The FDOT PM must monitor Disadvantaged Business Enterprise (DBE) and Minority Business Enterprise (MBE) commitments, utilization and payments on all consultant contracts. Compliance with these commitments is one of the test criteria included in the consultant CEI Work Performance Evaluation (**Form 375-030-08X**), as well as in the Consultant Management Evaluation (**Form 375-030-08B**) for non-CEI contracts. For CEI Evaluations, the DBE test is included in Section A, "Management of CEI Contract", and reads: "Compliance with agreed upon DBE/MBE utilization goals and procedures". For non-CEI contracts, the DBE test is included in the Consultant Management Evaluation in Section A, "Administration of Contract", and reads: "Complied with established DBE/MBE commitment." For Task Assignment type contracts, DBE commitment is determined from the DBE Participation Statement, (**Form No. 375-030-21**), submitted by the consultant firm with their Technical Proposal.

Equal Opportunity Compliance (EOC) System Overview:

The Equal Opportunity Compliance (EOC) System is a web-based application which provides an integrated system to assist in managing the DBE program and ensure DBE compliance. EOC replaced the previously used Bizweb application, and was made available to the public for use on October 3rd, 2012. This application is used statewide by FDOT contractors and consultants to report Bidders Opportunity List, DBE Commitments and DBE Payments. Additionally, the FDOT PM is responsible for ensuring that the consultant reports this DBE Commitment and Payment information in EOC in a timely manner.

DBE Commitments:

A consultant is required to enter their project DBE Commitment into EOC for every project; even if that commitment on a project is Zero. For example, a prime consultant that does not have any DBE subconsultants on the project needs to so indicate in EOC. Also, a prime consultant that is a DBE is required to report DBE Commitments and Payments for itself as the Prime in EOC.

Communication with the prime consultant is essential to the FDOT PM in properly assessing when or if the DBE subconsultant should be utilized as originally committed. The question the FDOT PM needs to fully resolve is: "Did the prime consultant make a good faith effort to fulfill the original DBE commitment?" If a DBE commitment was made for the contract, the FDOT PM will need to determine at what point during the course of the contract the DBE activity/work should take place, and consider that when evaluating the consultant firm on adherence to DBE commitment. For example, if the DBE activity/services

are scheduled to occur at the end of a non-CEI contract, it would be inappropriate to evaluate the consultant firm on adherence to DBE commitment at the beginning of the contract. In that instance, the DBE test should be skipped (left blank or “N/A”), so that it does not count against the Management Evaluation score. Other mitigating circumstances where the prime consultant would not reasonably be expected to adhere to the original proposed DBE commitment include: (1) DBE subconsultant is unable to perform the necessary services, or is unable to meet the project schedule; and (2) The FDOT PM makes changes to the scope that eliminate the need for the DBE services. As in all instances of necessary scope change, the FDOT PM should document to the contract file, (and to the consultant), the portion of the scope of work deleted, and the reason. The FDOT PM can assess Consultant achievement of DBE commitments by viewing subconsultant payment information in EOC.

DBE Payments:

All current professional services contracts include a clause that stipulates the following in the contract Method of Compensation, Invoice Procedure Section: “Invoices for this agreement will be prepared by the consultant and submitted through the FDOT’s web-enabled CITS internet application. The consultant will report subconsultant payments through the EOC system on the internet. Failure to submit subconsultant payment information (or failure to do so in a timely manner) may be cause for rejection of the invoice. Within thirty days after receipt of the final payment, the consultant will report final subconsultant payments through the EOC system. The prime consultant will pay all subconsultants their proportionate share of payments received from the FDOT within thirty days of the consultant’s receipt of payment from the FDOT.” Note that subconsultant payment data entered by the prime consultant in EOC will always lag 30 days behind current payments in CITS to the prime.

The Method of Compensation contractual language imposes the penalty: “Failure to submit subconsultant payment information may be cause for rejection of the invoice.” Prior to rejecting invoices in CITS, the FDOT PM should confer with the consultant to ascertain why payment information is not being entered in a timely manner. It is good practice to notify the Professional Services Office when rejecting an invoice for a consultant’s failure to pay DBE subconsultants or their failure to enter DBE payment data in EOC. Per the contract, invoices should either be rejected or accepted within the contractual and statutory time constraints mandated for invoice review. Specific questions regarding DBE compliance ratings should be directed to the District PSU.

Consultant Compliance Evaluation:

If the prime consultant appears to be timely in paying the DBE subconsultant (and timely in entering payment information in EOC), the DBE test in the aforementioned performance evaluation should be rated as a 3 (Satisfactory) or

higher. If the prime consultant is significantly lagging behind in paying any DBE subconsultant, the performance ratings should be 2 (Below Satisfactory) or even 1 in some instances (Unacceptable). An “unacceptable” rating would be given to a prime who is not utilizing the DBE at all, nor entering DBE payment information in EOC in accordance with the contract and their prior DBE commitment.

EOC Access for FDOT Project Manager:

To gain access to the EOC system to monitor consultant BE Commitment and Payment submissions, the FDOT PM must submit an Automated Access Request form (AARF), selecting the Report User role. Once granted access, the FDOT PM can access the [EOC Application](#) system. A link to EOC is **also** available thru **CITS**.

Professional Services PMs should refer to the ***EOC GUIDE FOR PROFESSIONAL SERVICES PROJECT MANAGER***.

FDOT PM Monitoring Role:

The FDOT PM should monitor contracts in EOC to ensure that the Prime Consultant submits DBE Commitments and Payments in a timely manner.

- **DBE Commitment submission in EOC:** The FDOT PM should run the *Contract Commitment Details* report to determine if a consultant has reported subconsultant DBE Commitment(s) in the EOC system as listed on the DBE Participation Statement, **Form 375-030-21**.
- **DBE Payment Submission in EOC:** The FDOT PM should run the *Contract Sub Payment Details Report* to determine if a consultant has reported their DBE subconsultant payments in EOC.
- **Contracts Not Reported in EOC:** The FDOT PM should run the *Contracts Not Reported Report* to determine contracts whose Contract Dollar Amount and DBE Credit have not been reported in EOC.
- **Commitment Payment Comparison:** The FDOT PM should run the *Commitment Payment Comparison Report* to determine DBE Commitments and DBE Payments that have been submitted in EOC for a specific contract.
- **Contract Profile:** The FDOT PM should run the *Contract Profile Report* which provides detailed information on DBE Commitments and Payments reported in EOC for a specific contract.

Additional EOC Resources:

- [EOC website](#)
- [EOC CBT Training](#)
- [EOC Contractor/Consultant User manual](#)
- EOC Helpdesk: EOOHelp@dot.state.fl.us

Contract Amendments

Paragraph 1, **Procedure No. 375-030-010, Amendments and Task Work Orders for Professional Service Agreements**, contains specific requirements concerning contract amendments. There are two types of contract amendments—supplemental amendments and other amendments.

Supplemental Amendments: Supplemental amendments are used to modify an original agreement condition where there is a corresponding change in the total compensation. A change in the scope of services requiring additional compensation must be within the original intent and purpose of the contract. A supplemental amendment will require a request for a proposal, proposal review, negotiations, an amendment request, pre-award review, preparation and execution. Funding for the supplemental agreement must be encumbered prior to its execution.

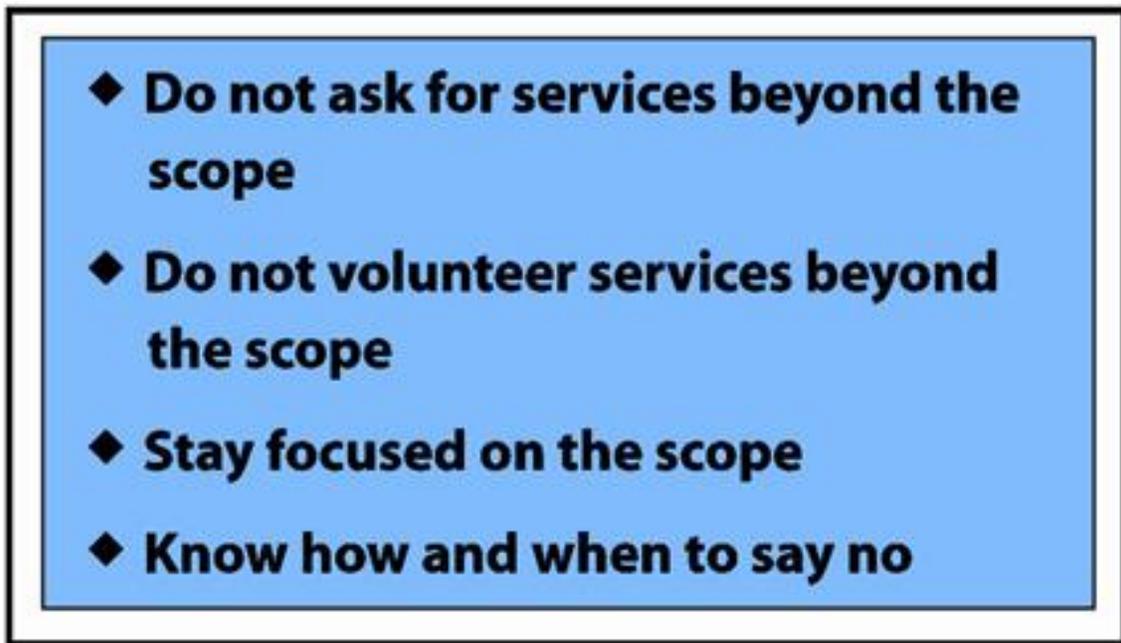
A supplemental amendment is a time-consuming process, so the need should be identified early and carefully coordinated with PSU personnel. The FDOT PM must be completely familiar with this procedure and ensure that all necessary documentation is in place before beginning the process. If the supplemental amendment is requested by the consultant, the consultant PM should help by providing all appropriate documentation. No work associated with a supplemental amendment can begin until the agreement is fully executed.

Other Amendments: Other amendments can be used for changes that do not affect total cost such as time extensions, assignment agreements, minor changes in the scope and other modifications to the agreement terms.

Managing Scope Creep. The consultant has a contractual obligation to provide all the services required in the scope, but only those services. It is not appropriate for the FDOT PM to request additional services (scope creep).

Figure 4, Ways to Avoid Scope Creep, offers suggestions on ways to keep the project on schedule and within budget. This practice either unfairly affects the consultant's profitability or it exposes the FDOT to the risk of additional costs. The consultant PM must identify scope creep early and bring it to the attention of the FDOT PM. Recognize that scope creep could also originate from within the consultant team. Both PMs and all team members must stay focused on the scope. Both PMs should know when and how to say "no" when necessary. When both the FDOT PM and the consultant PM agree that additional work is necessary, the contract amendment process discussed above should be used.

Figure 4, Ways to Avoid Scope Creep



FDOT- Consultant Relationships

Both the FDOT and the consultant PM must work to develop a professional relationship that will foster project success. It should not be an adversarial relationship. Both parties are on the same team, and each is necessary for the other's success. Mutual respect and good communications are usually the keys to a successful relationship. Both parties will begin a project with certain expectations, which are probably not specifically addressed in the contract. Both should be open with expectations of each other early in the project. Part I, Chapter 7, of the ***Project Management Handbook***, discusses the roles and responsibilities of both FDOT and consultant PMs.

An important financial responsibility of both FDOT PM and the consultant PM is to be aware of the potential for fraud and abuse of state funds, to guard against such activity and take appropriate action when it is suspected. Fraud is defined as a deceitful practice that results in an injury. It is always intentional and it always includes a lie. Some examples of fraud include:

- Acceptance of gifts
- Conflict of interest
- Dual employment
- Theft
- Unlawful compensation
- False statements
- Money laundering
- Organized scheme to defraud
- Bribery
- Nepotism

Part I, Chapter 2, Ethics, of this handbook, discusses the ethical and legal responsibilities of FDOT employees and consultants working for the FDOT. A large sum of money in an active contracting program such as exists with the FDOT creates temptations for unethical people to commit fraud and, unfortunately, it does happen. Frequently the PM is in the best position to identify possibly fraudulent activities. Both FDOT and consultant PMs are obligated to report any suspicion of fraud. It is not the PM's responsibility to prove that fraud is taking place; only a suspicion is sufficient. Both the FDOT and the consultant PM are responsible to notify the Office of Inspector General of such suspicion. A hotline can be called at 1-800-255-8099.

Where to Go for Help

The FDOT PM should consult the district professional services staff if any contractual question or issue arises. Most consultant firms do not employ full-time contract specialists. Consultant firms should feel free to consult with the PSU that services their contract to assist with contractual questions or issues.