

## Joint Powers Agreements for P/T Services

When contracting with another Governmental Unit for Professional Technical (P/T) services, through a Joint Powers Agreement, the following guidelines apply.

### Pre-Award Audit Requirement

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If the Governmental Unit is hiring a **subcontractor** to perform P/T services, and the costs are **greater than \$50,000**, you will need to request a Pre-Award Audit.

Through the Pre-Award Audit process, MnDOT's auditors help ensure that the subcontractor's cost response does not contain any financial errors or other mistakes. They also help clarify issues and address concerns before entering into a contract.

The Office of Audit will review the documentation and make recommendations regarding how to structure the subcontractor's budget for the contract. The Contract Administrator is responsible for ensuring that the recommendations are incorporated into the final contract.

In some cases, you may need to renegotiate terms with the subcontractor based on the Pre-Award Audit results.

### Overhead Rate Cap

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If the Governmental Unit is hiring a subcontractor to perform P/T services, MnDOT's overhead rate cap of 170% will apply to the subcontractor costs.

### Language in Governmental Unit's Solicitation

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The MnDOT Project Manager should work with the Governmental Unit (as early as possible) to ensure the following language is included in their solicitation:

- **Pre-Award Audit Requirement:** The successful responder will be required to submit pre-award audit information to MnDOT and comply with MnDOT audit standards. Failure to do so may result in disqualification. The Pre-Award Information Package can be accessed on the MnDOT Consultant Services website under the PT Contract Documents tab, or through this link: [Pre-Award Overhead Rate Questionnaire \(PDF\)](#)
- **MnDOT Cost Requirement:** Whether proposing a cost plus fixed fee (profit), hourly rate, unit rate or lump sum budget, responders must include a breakdown (labor, overhead, profit and expenses) showing how the rate was derived. Additionally, if proposing a cost plus fixed fee (profit) budget, responder's must utilize their current MnDOT approved Overhead rate, but it may not to exceed 170%.