INFORMATION BULLETIN NO. 08-01

TO: Consultant Engineering Firms, ADOT Project Managers & ADOT Office of Audit & Analysis

FROM: Engineering Consultants Section

SUBJECT: Related Party Transactions – ADOT’s Cost Allowability Guideline

In accordance with the Federal Acquisition Regulation (FAR), Subsection 31.205-26(e), effective immediately, a firm providing subconsulting services, on a cost basis, to a Prime Consultant, under common control (related party), may bill the Prime Consultant a fee (profit) provided that:

(a) The Subconsultant’s fee/profit rate is established during the initial cost negotiation process with the Prime Consultant; and

(b) The Subconsultant’s costs are not included in the Prime Consultant’s indirect cost pools.

If you have any questions regarding this bulletin, please contact Engineering Consultants Section at (602) 712-7525.

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