

# Project Administration Manual - Amendment #3, 2007

## Payment for Consultant "Expenses"

### BACKGROUND

A significant number of consultant engineering services are paid for as hourly rates. The associated "expenses" are then paid under the guidelines developed by the Department, referred to as the "Schedule of Travel, Subsistence and Disbursements".

Under these guidelines, payments are made for separate items, as follows:

- meals – paid at set rates (4 items)
- vehicles – usually paid at set rates, however, can be actual cost for rental (4 items)
- accommodation - usually paid at cost, however, can be a set rate (2 items).
- miscellaneous - telephone, courier, survey supplies, reproduction, etc.(1 item as lump sum per phase).

### ISSUE

These pay methods require administration for both the Dept. and the Consultants that could be reduced considerably (*note: 4 categories with a potential total of 11 items requiring review*).

*For the Consultant, these items are listed on the proposal and on any subsequent scope changes, regardless if the agreement is lump sum or hourly rate.*

*For the Department, these items are reviewed in the proposal at the consultant selection stage, reviewed again during invoicing, and reviewed for every subsequent scope change.*

As well, some consultants have expressed concern that rates set by the Department may not be in-line with their costs.

### RECOMMENDATION

All of the 4 categories of "expenses" as listed above could be paid for at one set rate; i.e. as a percentage of the hourly charge out rates (*this percent would be set by the consultants in the proposal*).

This will reduce administration by requiring a review of only 1 item (a percent applied to the fees), as compared to a potential total of 11 items to review (at various rates).

It will also allow consultants to set their own rates for "expenses" (*which will continue to be reviewed for reasonableness, by the Department, at the proposal stage*).

### IMPLEMENTATION

For construction projects, where construction supervision is paid by hourly rates, one "percent expenses" rate would apply for the construction supervision phase. For all other phases paid by hourly rates, a separate "percent expense" rate would apply. (as it is expected that, in general, expenses during the construction supervision phase may be significantly higher than other phases).

It is anticipated that the "percent expenses" concept can apply to most consulting services contracts that include an hourly rate pay method, where the consultant will incur these other "expenses".

### CONTACT

Questions with regard to this amendment should be directed to Alberta Infrastructure and Transportation's Professional Services Section (Attention: Allan Donovan @ (780) 422-4202).

Recommended \_\_\_\_\_

  
Director,  
Professional Services Section

Approved \_\_\_\_\_

  
Executive Director,  
Program Management Branch