

# Michigan Department of Transportation

## Travel and Vehicle Expense Reimbursement Guidelines

### Conditions When Travel and Vehicle Expenses Eligible for Reimbursement

Consultants shall invoice MDOT for vehicle expenses directly associated with company vehicles and travel incurred during travel to/from a project site as required to perform the scope of services associated with each specific contract.

Consultants shall also invoice MDOT for an employee's time incurred for travel to a project site from a Consultant's office or in excess of 30 minutes from an employee's home. Travel within 30 minutes of an employee's home is considered a commute and will not be reimbursed by MDOT.

If an employee is assigned to work on multiple projects in one day, then travel time between the projects will be reimbursed and shall be prorated between the projects. The first and last project of each day, will be charged any allowable travel time at the beginning and end of the day, respectively.

### Vehicle Expense Calculation

Vehicle expenses may be charged in a variety of manners, consistent with the business practices used by each individual Consultant company, and generally fall into one of the following categories.

1. Direct Vehicle Expenses, based on actual lease, amortized purchase (accounting for depreciation), fuel, maintenance and other associated costs, validated by actual receipts.
2. Mileage rate, based on the federally approved Internal Revenue Service vehicle reimbursement mileage rate effective at the time the expense was incurred, or other pre-approved mileage rate as agreed upon between the Consultant, MDOT, and the Office of Commission Audit, in consideration of the unique circumstances of the contract and the vehicles and equipment required to perform the scope of services.
3. Hourly rate, pre-approved and as agreed upon between the Consultant, MDOT, and the Office of Commission Audit, in consideration of the unique circumstances of the contract and the vehicles and equipment required to perform the scope of services.

Reimbursable vehicle expenses are those vehicle expenses incurred from/to the Consultant's office to/from the site where the service is to be provided. If the employee is permitted to take a company vehicle home, vehicle expenses will be incurred from/to the Consultant's office to/from the project site or employee's home and project site, whichever is closer.

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If a Consultant employee is assigned to work at multiple sites or contracts in one day, then vehicle expenses between the projects will be reimbursed and shall be prorated between the projects. The first and last projects visited each day, will be charged any allowable direct vehicle expenses at the beginning and end of the day, respectively. However, in no case will the vehicle expenses charged to any given project exceed the sum of the distances to and from the Consultant's office or employees's home, whichever is closer, and the project site.

Consultants shall invoice the Michigan Department of Transportation for direct vehicle expenses incurred during travel around a project site.

MDOT may request and the Consultant shall provide vehicle logs and other supporting information to verify vehicle expenses incurred and paid.

MDOT will establish a "Range of Reasonable Vehicle Expense Values" for various vehicle expenses to serve a guide for project managers in the negotiations of price proposals. This document will take into consideration the variety of ways that vehicle expenses may be accounted for, the general types of vehicles typically used, and the general variety of services typically provided. The "Range of Reasonable Vehicle Expense Values" will be reviewed and updated by MDOT annually.

### **Management of Vehicle Expenses**

Consultants are required to complete and maintain vehicle usage logs and direct vehicle expense records (if applicable) throughout the duration of the contract.

The Consultant PM shall produce any such records upon the request of the MDOT PM for verification and reconciliation against submitted monthly invoices, monthly progress reports, and the originally agreed upon estimate of vehicle expenses.

The Consultant PM shall notify and seek concurrence from the MDOT PM when vehicle expenses are anticipated to vary from the originally agreed upon estimate of vehicle expenses, and must be justified by changed circumstances or requirements of the project that is the subject of the scope of services.

The MDOT PM shall review the monthly invoices against the original or amended agreed upon estimate of vehicle expenses, and shall request additional supporting documentation as required to verify the legitimacy of expense reimbursement. Significant variations between actual and approved estimates of vehicle expenses shall be discussed with the Consultant PM and a corrective action plan implemented immediately.

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Failure of the Consultant to properly manage travel and vehicle expenses may result in unsatisfactory interim and/or final vendor evaluation ratings.