

## LIMITED SERVICES CONTRACTS AND TASK ORDER PROCEDURES

Modified: May 10, 2022

The following procedures shall be used by all Units when procuring services from contractors (“Primes”) that have approved Limited Services Contracts (LSCs) and any subcontractors (“Subs”). These procedures shall be followed whenever a Unit or Section determines that LSC work is needed, including original task orders (TOs) and any supplemental work. Note that **a Project Manager (PM) and Notice to Proceed (NTP) designee shall not be the same person**. The PM is accountable for the eligibility of the Primes and Subs, scope of work, estimates and negotiations, review and management of work performed, quality control of deliverables, adherence to schedules, verification of completed work, review and approval/denial of all invoice packages, and evaluations of the Primes and Subs performance for the work. The NTP designee is accountable for ensuring NTP processes are followed including verification of eligibility to do the work (insurance compliance, prequalification, etc.), verification of independent estimates and fair negotiations, compliance with cost requirements (payroll rates, overhead and cost of capital rates, non-salary direct costs, etc.), and compliance with traffic data collection requirements.

### A. Task Order Establishment

1. The Section Head shall discuss the proposed work (new or supplemental) with the Unit Head and select a Prime and a PM for the task order work. Note that supplementals are not allowed for cost overruns.
2. The PM shall set/develop scoping and requirements for/with the Prime.
3. Once the scoping and requirements have been completed, the PM shall provide the Unit Head with a completed “Task Order & Purchasing Request Form”. Note that the Unit Head shall discuss with the State Traffic Engineer any work (initial and supplements) estimated to cause the task order to exceed \$300,000 to \$500,000 (cumulatively) before approving any requests.
4. If approved, the Unit Head shall sign the request and return it to the PM.
5. The PM shall request initial approval for the work from the State Traffic Engineer on the “Task Order & Purchasing Request Form” using one of the following three (3) methods:
  - a. DocuSign – Send the form directly to the State Traffic Engineer for review and initial approval. If approved, it will go directly back to the Business Unit who shall then be responsible for sending the approved form to the Business Officer to request approval by the Chief’s Office.
  - b. In Person – Take the form directly to the State Traffic Engineer for review and initial approval. If approved, it will go directly back to the Business Unit who shall then be responsible for sending the approved form to the Business Officer to request approval by the Chief’s Office.
  - c. Email – Send the form directly to the “Mobility & Safety – Contract Administration” email distribution list ([mobilityandsafetycontractadmin@ncdot.gov](mailto:mobilityandsafetycontractadmin@ncdot.gov)). If initial approval is provided by the State Traffic Engineer, then the Business Officer will request approval by the Chief’s Office.
6. If approved by the Chief’s Office, the Business Officer or designee shall have the estimated amount deducted from the appropriate availability and confirm with the PM (or Unit Head as appropriate) that the work has been approved and the estimated amount has been reserved.

7. The PM and the Prime shall independently compile initial estimates (work effort and cost). Direct costs/expenses (copies, mileage, subsistence, etc.) shall adhere to the most recent “Maximum Allowable Non-Salary Direct Costs” approved by NCDOT. Neither the PM nor the Prime shall see, review, or discuss the other parties’ estimates with each other. Note that these estimates shall be marked as “Initial”, have the name of the person who prepared them, and indicate the date prepared.
8. The PM shall email the following items to the selected NTP designee for review (do not send anything to the Prime):
  - Task Order & Purchasing Request Form (with Unit Head and State Traffic Engineer approvals)
  - Approval from the Chief’s Office
  - Verification of estimated amount reservation by Business Officer (or designee)
  - Project scope
  - In-house initial cost estimate
  - Fee negotiation form (if used and approved by the Unit Head and the State Traffic Engineer)
9. The PM shall instruct the Prime to send their estimate to the same NTP designee. The Prime shall not send anything to the PM.
10. If changes or negotiations are needed, then the PM shall be notified by the NTP designee and should schedule a date/time with the Prime to review the scope/requirements and negotiate the work effort and cost. Once complete, the PM and Prime shall email final estimates to the NTP designee. Note that these estimates shall be marked as “Final”, have the name of the person who prepared them, and indicate the date prepared.
11. The NTP designee will process a NTP in accordance with steps outlined in the NTP checklists. Note that work is not considered fully approved until the Professional Services Management Unit (PSMU), the Office of Inspector General (OIG), and the Contract Management (CM) Office have all given their approval to the work.
12. The PM shall inform the Prime by email that all invoice packages are to be submitted to the “Mobility & Safety – Contract Administration” email distribution list ([mobilityandsafetycontractadmin@ncdot.gov](mailto:mobilityandsafetycontractadmin@ncdot.gov)) list.

## **B. Invoicing**

1. Once invoice packages are received by the “Mobility & Safety Division – Contract Administration” email distribution list ([mobilityandsafetycontractadmin@ncdot.gov](mailto:mobilityandsafetycontractadmin@ncdot.gov)) and reviewed by administrative staff for proper content, they will be forwarded to the PM with a one (1) week deadline for review and approval. Only PMs and their upward supervisory chain of command have authority to approve invoice packages for any given task order.
2. PMs are responsible for ensuring an invoice package is correct and that all the work listed within the invoice package has been satisfactorily completed.
3. If approved, the PM should keep a copy for their records.
4. If denied, justification shall be provided, and it shall be the responsibility of the PM to coordinate with the Prime to submit a revised and corrected invoice package.

### **C. Descope**

1. A descope is used to remove excess/unused monies from a purchase order (PO) and place it back into a Prime's availability. This is usually done when the work has been cancelled or completed and a balance is still showing on the PO. **Note that descopes are only completed for active and open contracts and are not needed if a contract has been closed.**
2. A descope package contains (1) a negative NTP form executed between the Prime and TMSD for any unused amount and (2) a Supplemental Form where the Prime certifies full compensation for services rendered. All unpaid work and direct costs shall be considered when calculating the negative NTP amount so any final invoices can be paid prior to descoping and closing.
3. All executed descope NTPs and Supplemental Form shall be sent to the "Mobility & Safety Division – Contract Administration" email distribution list ([mobilityandsafetycontractadmin@ncdot.gov](mailto:mobilityandsafetycontractadmin@ncdot.gov)) for processing.

### **D. Limited Notice to Proceeds (LNTPs)**

1. A limited notice to proceed (LNTP) is a promise of payment by the Department to an eligible Prime for a limited amount of work prior to having a formal NTP fully executed and approved.
2. The State Traffic Engineer shall be the only individual in the Division to approve, sign, and issue LNTPs.
3. Requests for LNTPs shall go by email directly to the State Traffic Engineer, with a copy to the Division Staff Engineer, shall include the name of the Prime's PM, and shall have the following items attached:
  - Task Order & Purchasing Request Form (with Unit Head and State Traffic Engineer approvals)
  - Approval from the Chief's Office
  - Verification of estimated amount reservation by Business Officer
  - Project scope (draft, if not final)
4. The Division Staff Engineer shall produce the appropriate correspondence for the State Traffic Engineer's signature that includes, but is not limited to, the following information:
  - Maximum LNTP dollar amount (not to exceed \$50,000)
  - Maximum time allowed (not to exceed thirty (30) calendar days)
  - A statement that if an executed NTP has not been issued by the end date of the LNTP, all work shall stop
5. The Division Staff Engineer shall provide a copy, via email, of any LNTPs to the Director of Technical Services with copies going to the following individuals:
  - State Traffic Engineer
  - Appropriate Unit Head
  - Deputy Director of Technical Services
  - Technical Services Staff Engineer
  - Mobility & Safety – Contract Administration ([mobilityandsafetycontractadmin@ncdot.gov](mailto:mobilityandsafetycontractadmin@ncdot.gov))

6. The Division Staff Engineer shall track, at a minimum, the following information for LNTPs that have been approved by the State Traffic Engineer:
  - Unit
  - Section
  - Project Manager
  - Prime
  - Purchase order number (if available)
  - Date LNTP issued
  - Amount of LNTP
  - Date NTP completed
  - Comments (if any)
7. The Division Staff Engineer shall produce a report on a quarterly basis with the above information and send it to the following recipients:
  - State Traffic Engineer
  - Director of Technical Services
  - Deputy Director of Technical Services
  - Technical Services Staff Engineer
8. PMs that fail to follow these documented LNTP processes and meet LNTP requirements will receive a written warning and the Unit Head shall be required to be actively involved in all future projects that request LNTPs. A second occurrence will result in further disciplinary action and no more LNTPs for that Unit.
9. Primes that fail to meet LNTP requirements will receive a letter from the State Traffic Engineer indicating what portion of the LNTP they failed to meet, unless the Prime is able to demonstrate there is an error in TMSD's records. A second occurrence will result in no more LNTPs being issued to that Prime.

#### **E. Evaluations**

1. Once task orders (including supplements) are complete, the PM shall evaluate the Prime using approved methods and processes located at the following URL:

<https://connect.ncdot.gov/site/psmu/InternalPages/Consultant%20Performance%20Evaluations.aspx#/>

#### **F. Overcharges**

1. If a Prime overcharges for work performed on a LSC or TO, and the overcharges are paid, then the Prime shall submit revised invoices indicating the correct amount that should have been billed accompanied by a letter of explanation detailing the error(s).
2. The Prime shall then send a check for the overcharge amount and submit it as follows...

NCDOT – Accounts Payable  
Attn: Missy Evans  
MSC 1514  
Raleigh, NC 2769-1514