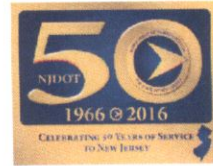




State of New Jersey

DEPARTMENT OF TRANSPORTATION
P.O. Box 600
Trenton, New Jersey 08625-0600



RICHARD T. HAMMER
Commissioner

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

December 14, 2016

Subject: Direct Cost Audit Policy Change

Dear Consultant,

Direct Cost Policy:

Please be advised that we have revised our direct cost audit policy for non-exempt consultants. The NJ Department of Transportation's Bureau of Auditing has come to the determination that we will no longer require an independent CPA audit of annual direct costs. This policy change is effective for the 2016 accounting period. Article 58, of the Standard Terms & Conditions of Agreement has been modified to reflect this change. Going forward, the Department will only require a self-prepared direct cost schedule. As a reminder, direct cost submissions are due within 6 months of your firm's accounting period year end. Useful information regarding self-prepared direct cost schedules is located on our website at the following link:

<http://www.state.nj.us/transportation/business/audit/nonexempt.shtm>.

Please note, this applies only to Direct Cost Audits. Non-exempt consultants are still required to obtain an audited independent CPA Indirect Cost Schedule annually.

If you have any further questions regarding this subject please contact Christian Breza at the Bureau of Auditing at (609) 530-2350.

Sincerely,

Gary J. Brune

Chief Financial Officer