

# Bridge DBE Outreach

 2016 

# Why Are We Here Today?

- ∞ MoDOT has a statewide DBE goal of 15.38% for consultants.
- ∞ Roadway design is performed in our 7 districts.
- ∞ Those 7 districts are staffed for a \$600 million program.
- ∞ Bridge design is all done in Jefferson City.
- ∞ The Bridge Division is only staffed for a \$250 million program.

# Why Are We Here Today?

- ∞ This means that the majority of the consultant work done for MoDOT will be bridge design.
- ∞ With an expected annual program of about \$800 million for the next 5 years, there is a large amount of bridge work to do.
- ∞ There are only 5 DBE consultants prequalified to do bridge work for MoDOT.
- ∞ We need more DBE consultants doing bridge design!

# External Civil Rights

## External Civil Rights Overview

- Responsible for DBE, Title VI, Workforce, Compliance

## DBE Program Update

- 2012 Disparity & Availability Study – 20.51% overall DBE availability statewide
- Overall statewide goal is 15.38%: 12.79% race conscious, 2.59% race neutral

## Project Goal Setting

- Intended participation on awarded contracts is 12.10% for FFY 2016 through June 2016
- DBE participation on completed projects – FFY 2016 through June 2016 – 12.20%

# MoDOT Consultant Website

[www.modot.org](http://www.modot.org)

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## More Links

[Arrive Alive - SaveMOLives](#)

[Partnership Development](#)

[Adopt - A - Highway](#)

[Engineering Policy Guide](#)

[Environmental & Historic Preservation](#)

[Embracing Diversity and Inclusion](#)

[Disadvantaged Business Enterprises](#)

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About Us | Travelers | **Business** | Bidding | Plans & Projects | Other Transportation | News & Information | Programs & Services | Safety | Careers

- Contractor Resources
- Consultant Resources**
  - General Information for Design Consultants**
  - Bridge Special Provisions
  - Bridge Standard Drawings
  - GEOPAK and Microstation Drawing Standards
  - Design-Build Information
  - GeoTechnical Guidelines
- Utility Resources
- Become a MoDOT Vendor
- Standards & Specifications
- Local Public Agency
- Manuals
- Regulatory & Permit Services

Traveler Information

# Consultant Home Tab

<a href="#">Consultant Home</a>	<a href="#">Engineering Policy Guide</a>	<a href="#">Solicitation (RFQ) Opportunities</a>	<a href="#">Consultant Prequalification Requirements</a>	<a href="#">Subconsultant Requirements</a>	<a href="#">Disadvantage Business Enterprise (DBE) Information</a>	<a href="#">Contact Us</a>	<a href="#">LPA Home</a>
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## **NEWS:**

### **Missouri Moves Cost Share Program Funding Now Available**

Application Period 6/15/2016 through 7/29/2016.

The Missouri Department of Transportation is seeking projects that could be funded with the Missouri Moves Cost Share Program.

The purpose of the Missouri Moves Cost Share Program is to build partnerships with local entities to pool efforts and resources to deliver transportation projects. The Missouri Department of Transportation (MoDOT) funds this program with General Revenue appropriations from the General Assembly.

The Missouri Moves Cost Share Program provides financial assistance to public and private applicants for state and local projects satisfying a transportation need. Eligible projects include roads, bridges, bicycle/pedestrian accommodations and multimodal facilities. A total of \$20 million is available. MoDOT participates up to 50 percent of the total project costs. One-third of the funds are set aside for multimodal and bicycle/pedestrian projects. Up to 25 percent of the funds may be distributed to projects in any one MoDOT district.

Projects are selected by the Cost Share/Economic Development Committee, which consists of the Chief Engineer, Chief Financial Officer and the Assistant Chief Engineer. They are then recommended for Commission approval via a STIP amendment.

Missouri Moves Cost Share Program guidelines, application, and rating matrix are available on MoDOT's website at <http://www.modot.org/missourimoves/>. Applications are due July 29, 2016.

For more information contact Carol Kliethermes at 573-526-2561.

Posted 6/20/16

# Engineering Policy Guide Tab

<a href="#">Consultant Home</a>	<b>Engineering Policy Guide</b>	<a href="#">Solicitation (RFQ) Opportunities</a>	<a href="#">Consultant Prequalification Requirements</a>	<a href="#">Subconsultant Requirements</a>	<a href="#">Disadvantage Business Enterprise (DBE) Information</a>	<a href="#">Contact Us</a>	<a href="#">LPA Home</a>
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## MoDOT Projects - Engineering Policy Guide

- [EPG 134.1 - Introduction](#)
- [EPG 134.2 - Solicitation and Selection Process](#)
- [EPG 134.3 - Consultant Contract Negotiations](#)
- [EPG 134.4 - Contract Approval, Execution and Distribution](#)
- [EPG 134.5 - Consultant Contract Administration](#)
- [EPG 134.6 - Dispute Resolution](#)

## Local Public Agency (LPA) - Engineering Policy Guide

- [EPG 136.4 - Consultant Selection and Consultant Contract Management](#)

## Helpful Links for Engineering Policy

- [Bridge Special Provisions](#) **UPDATED**
- [Bridge Standard Drawings](#)
- [GEOPAK and Microstation Drawing Standards](#)
- [Project Cost Estimation](#) **UPDATED**
- [GeoTechnical Guidelines](#)
- [MoDOT GPS Reference Station Network](#) **NEW**
- [Engineering Consultant Services Brochure](#) **NEW**
- [Consultant Service Invoice FAQ's](#) **NEW**

To report web site issues or questions, please contact Sandra Riley at (573) 522-2002 or at [PreQual@modot.mo.gov](mailto:PreQual@modot.mo.gov).



# Solicitation (RFQ) Opportunities

Solicitation (RFQ) Opportunities

**Please note that there are new requirements in the MoDOT Solicitations for Workforce Diversity. This does not apply to LPA Solicitations.**

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## MoDOT Information

- Policy 134.2 - Solicitation Selection and Selection Process
- MoDOT Solicitations (RFQ) ← **MoDOT On-Call Solicitation**
- MoDOT Consultant Selection Information and Archived Solicitation Notices

## Local Public Agency (LPA) Information

- Policy 136.4 - Consultant Selection and Consultant Contract Management
- LPA Solicitations (RFQ) ← **LPA On-Call Solicitation**
- LPA Archived Solicitation
- LPA Awarded Contracts

## Helpful Links for Solicitation Information

- FHWA Consultant Contracting Q/A
- ACEC - American Council of Engineering Companies of Missouri
- Engineering Consultant Services Brochure <sup>NEW</sup>

# MoDOT Solicitations (RFQ)

## Solicitation (RFQ) Opportunities

Request for Qualifications (RFQ)		Post Date	Expiration Date
<b>District</b>	Central District	07/08/16	07/22/16
<b>Job No.</b>	J5S3163		
<b>Project Location/Description</b>	Route A, Tavern Creek Replace or Rehabilitate and Redeck Bridge No. N0455		
<b>District</b>	St. Louis District	07/13/16	07/29/16
<b>Job No.</b>	J6I3150		
<b>Project Location/Description</b>	Route I-44, St. Louis City Bridge Improvements from Kingshighway Blvd to 39th Street		
<b>District</b>	Kansas City District	07/20/16	08/10/16
<b>Job No.</b>	J4S3085		
<b>Project Location/Description</b>	Route 169, Clay/Jackson Counties Harlem Road to I-70, Broadway Bridge (A4649) and the Southbound Route 169 Bridge (A4646) at the North Approach		
<b>District</b>	Kansas City District	07/20/16	08/04/16
<b>Job No.</b>	J4I3168		
<b>Project Location/Description</b>	Route I-470, Jackson County Blue Ridge Boulevard to I-70 Bridge Rehabilitations		

# MoDOT Archived Solicitation and Selection Information

## MoDOT Archived Solicitation and Selection Information

Job No. & Solicitation	Post Date	Expiration Date	Location/Description:	Consultant Short List Selection:	Consultant Selection:	Additional Links:
<a href="#">J9S3141</a>	05/18/16	06/03/16	Route A, Perry County Route A Over Indian Creek (S0177), 4 Miles East of Uniontown		Modjeski and Masters, Inc.	
<a href="#">J5S3139</a> <a href="#">J5S3142</a>	05/17/16	05/27/16	Outer Road Route 54 and Route D, Camden County J5S3139 - Bridge Replacement over Linn Creek, about 2.5 Miles Northeast of Camdenton - Bridge No. J0344 J5S3142 - Bridge Replacement on Route D over Bank Branch, About 3.4 Miles Southwest of Camdenton - Bridge No. N0611		HNTB	
<a href="#">J6S1718</a>	04/15/16	05/09/16	Route 100, St. Louis County Lindbergh to Big Bend Pavement/Drainage/Signal/ADA Rehabilitation	AECOM Parsons Thouvenot, Wade & Moerchen		
<a href="#">J4P2237</a>	05/05/16	05/20/16	Route I-49, Jackson County Conversion of Outer Roads From One-Way Traffic to Two-Way Traffic		GBA, Inc.	

# MoDOT On-Call Solicitation Timeline

- ☞ Next Solicitation – September 30, 2016
- ☞ Solicitation Closes – November 15, 2016
- ☞ Scoring and Selection - January 2017
- ☞ Consultants Notified – February 2017
- ☞ Master Agreements Executed – June 2017
- ☞ On-Call List Updated - July 2017
- ☞ 3 Year Term – FY'2018 – FY'2020
- ☞ Consultants must be on MoDOT's Prequalification List by November 15, 2016

# Subconsultant Requirements

[Consultant Home](#)

[Engineering Services Policy](#)

[Solicitation \(RFQ\) Opportunities](#)

[Consultant Prequalification Requirements](#)

**Subconsultant Requirements**

[Disadvantage Business Enterprise \(DBE\) Information](#)

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[LPA Home](#)

## Subconsultant Requirements - MoDOT and LPA

Subconsultants do not have to be prequalified with MoDOT, however, it is strongly encouraged. Subconsultants must be able to provide:

1. Your firm must be registered to do business and be in good standing to be eligible to provide professional services. To obtain a Certificate of Good Standing contact the Secretary of State Office toll free at (866) 223-6535 or visit <http://www.sos.mo.gov>.
2. Your firm must participate in the Department of Homeland Security Worker Eligibility E-Verify Program.
  - o Submit the notarized [Annual Worker Eligibility Affidavit form](#)
  - o Submit a copy of your firms [E-Verify MOU](#) signed by your firm and the Department of Homeland Security
3. **Consultant Certification of Indirect Cost Rate**  
*Replaced the Management Representation and Certification Form Revised 7/8/13*  
Certification of Costs in accordance with Federal Acquisition Regulations (FAR) to Establish Indirect Cost Rates on Engineering and Design-related services contracts dated October 27, 2010. Policy requires consultant and contractor certification of the cost used to establish indirect cost rate for application to Federal-aid engineering and design-related services contracts. The requirement applies to all prime and sub-consultants.

### Subconsultant cost estimate requirements:

If >25K that a detailed cost plus fixed fee estimate and an overhead rate breakdown and supporting documentation

If <25K a proposal letter stating the methodology of how the estimate of costs for the services were developed

[EPG 134.3.6 MoDOT Contracts - Subconsultant Information](#)

[EPG 136.4.2.7.3 Local Agency \(LPA\) - Subconsultant Information](#)

### Subconsultant Invoicing:

Subconsultants with subcontracts >\$25,000 must either use the standard invoice template or provide all the information in the template to be considered acceptable.

## Helpful Links for Subconsultants

- [Certification/Training](#)
- [Bridge Forms](#)
- [Federal Aid Training Videos for Local Public Agencies](#)
- [FHWA Consultant Contracting Q/A](#)
- [AASHTO Uniform Audit & Accounting Guide](#)
- [Federal Acquisition Regulations](#)
- [National Compensation Matrix](#)
- [E-Verify Requirements](#)
- [Federal Order 4470.1A - Establish Indirect Cost on Engineering Design-Related Services](#)
- [ACEC - American Council of Engineering Companies of Missouri](#)
- [Engineering Consultant Services Brochure](#)<sup>NEW</sup>
- [Consultant Service Invoice FAQ's](#)<sup>NEW</sup>
- [Mileage Rates](#)
- [Per Diem Rates](#)

# Contact Us

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**Sandy Riley**  
Auditor  
Sandra.riley@modot.mo.gov  
Office: 573-522-2002

Please fill out this form if you would like to be added to our email listing for updates:

Name:

Address:

City:  State:

Zip code:

Phone Number:

Email Address:

Please check here if you would like to receive future consultant services updates.

Comments:

Submit

Clear Form



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# Missouri Local Public Agency Program

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## Missouri Local Public Agency Program

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### RECENT NEWS:

#### Eastern Federal Lands Access Program (FLAP) Call for Projects Alert

Federal Highway Administration Eastern Federal Lands (EFL) will be accepting Federal Lands Access Program (FLAP) applications in order to develop a four year program of projects for Fiscal Years (FY) 2017 through FY2020. Project approvals will be contingent upon availability of funds. EFL will be accepting project applications from the following Midwestern states: Minnesota, Missouri, Michigan, Illinois, Indiana and Ohio. The call for projects opens September 15, 2016 and runs through December 16, 2016. Applications should be submitted via email to [EFL.planning@dot.gov](mailto:EFL.planning@dot.gov) by December 16, 2016.

[More Information](#)

For more information, refer to links below:

#### Where do I find...

- Acronym  
EPG  
136.12
- LPA Pro  
Comm  
Used F
- Helpfu
- Functio  
Classifi  
Maps

# LPA - Federal Aid Basic Training

5. Federal Aid Basic Training Course (LPA Consultants ONLY, **not required for MoDOT Consultants**) must be re-taken every 2 years.

A [list of available training courses can be found on the LPA website under Training](#). For more information, refer to [EPG 136.2 Certification and Training](#).



# Helpful Links for Solicitation Information

- ☞ [FHWA Consultant Contracting Q/A](#)
- ☞ [ACEC – American Council of Engineering Companies of Missouri](#)
- ☞ [Engineering Consultant Services Brochure](#)

# Bridge Consultant Qualification

- ☞ EPG 134.1.3, Bullet #5
- ☞ Requirements for Bridge Consultants only
- ☞ Bridge Forms
  - Bridge Experience Profile
  - Personal Bridge Experience Record
- ☞ QA/QC Plan
- ☞ Must be updated every 3 years
- ☞ MoDOT bridge plans must be signed & sealed by firm prequalified for bridge design

# Bridge Prequalification

## Bridge Forms

Consultant Home	Engineering Services Policy	Solicitation (RFQ) Opportunities	<b>Consultant Prequalification Requirements</b>	Subconsultant Requirements	Disadvantage Business Enterprise (DBE) Information	Contact Us	LPA Home
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### Prequalification Information

#### Prequalification Processes:

(Note: MoDOT cannot access files sent by DropBox)

- Standard Prequalification Process
- Safe Harbor Indirect Cost Rate (SHR) Prequalification Process (call for eligibility)

#### Bridge Prequalification (EPG 134.1.3)

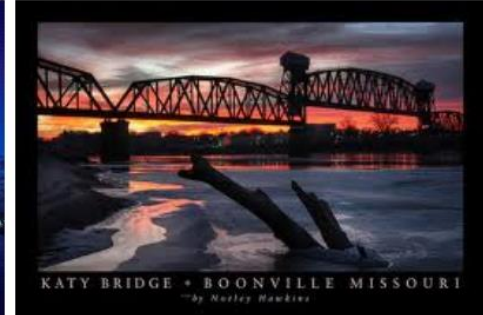
- Bridge Forms ←

NOTE: MoDOT bridge consultants must have a QA/QC plan on file that is updated every 3 years.

### Helpful Links for Prequalification

- Certification/Training
- Hourly Billing Rates Sample Format
- Bridge Forms →
- Federal Aid Training Videos for Local Public Agencies
- FHWA Consultant Contracting Q/A
- AASHTO Uniform Audit & Accounting Guide
- Federal Acquisition Regulations
- National Compensation Matrix
- E-Verify Requirements
- Federal Order 4470.1A - Establish Indirect Cost on Engineering Design-

# Bridge Forms



[Bridge Experience Profile \(PDF\)](#)

[Bridge Experience Profile \(Word\)](#)

[Personal Bridge Experience Record \(PDF\)](#)

[Personal Bridge Experience Record \(Word\)](#)

**The Consultant Bridge Time/Cost Card is required at the end of each project.**

[Consultant Bridge Time/Cost Card \(PDF\)](#) New!

[Consultant Bridge Time/Cost Card \(Word\)](#) New!

Submit completed form(s) to:  
Missouri Department of Transportation  
Bridge Division  
P.O. Box 270  
105 W Capitol  
Jefferson City, MO 65102-0270

Electronic submissions may be emailed to:  
[Michele.Atkinson@modot.mo.gov](mailto:Michele.Atkinson@modot.mo.gov)

# Bridge Experience Profile

## Bridge Experience Profile

## Include Engineers & Detail Technicians

Firm's Name & Address: Name of Firm Address of Firm	Person's Name												
		John Doe, P.E.	Sally James, P.E.	Dave Smith	Jack Star, P.E.								
Date Updated: 12/13/2015													
Preliminary Bridge Plans				X	X								
Preliminary Bridge (Box Culverts) Plans		X		X	X								
Horizontal Alignment		X	X	X	X								
Hydraulic Calculations		X	X		X								
Scour Analysis & Reports		X	X		X								
Integral End Bents		X	X	X	X								
Semi-Deep Abutments													
Pier (Bent) Designs		X	X	X	X								
Seismic Design	experience.		X		X								
Seal Course Designs													
Superstructure (PPC Girder)		X	X	X	X								
Superstructure (Steel WF Beams)			X	X	X								

# Personal Bridge Experience Record

## Personal Bridge Experience Record For **Firm Name**

Date Updated: **12/13/2015**

Bridge Description/Year Designed	Project Mgr.	Superstructure			Substructure		
		Deck	Girders	Bearings	Abut.	Piers	Fnds
Union Road over I-55/ 2009 (124'-1" -150'-11") Plate Girder Seismic Category B	Star	James-D, SA Smith-C	James-D, SA Smith-C	James-D, SA Smith-C	James-D, SA Smith-C	James-D, SA Smith-C	
First Street over Route 71 / 2014 (92'-92') Prestressed I-Girder	James	Doe-D Smith-C	Doe-D Smith-C	Doe-D Smith-C	Doe-D Smith-C	Doe-D Smith-C	

**Please Note: Fill in each block with the appropriate name and type of work.**

**Legend:**

**Personnel**

**Full Name:**

Doe  
Smith  
Star  
James

John Doe  
Dave Smith  
Jack Star  
Sally James

D Designer  
C Cadd Drafter  
M Manual Drafter  
SA Seismic Analysis

# QA/QC Plan

- ☞ Your Firm's QA/QC Policy
- ☞ Policy for checking structural calculations, plans and documents
- ☞ Policy for retention of records

Consultant Home	Engineering Services Policy	Solicitation (RFQ) Opportunities	Consultant Prequalification Requirements	Subconsultant Requirements	Disadvantage Business Enterprise (DBE) Information	Contact Us	LPA Home
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### Prequalification Information

#### Prequalification Processes:

(Note: MoDOT cannot access files sent by DropBox)

- Standard Prequalification Process
- Safe Harbor Indirect Cost Rate (SHR) Prequalification Process (call for eligibility)

#### Presentations:

- MoDOT Financial Prequalification Process
- Non-Profit & Governmental Org. Compliance Tools
  - MoDOT Required Documents for Indirect Cost Rate Review

#### Non-Profit & Governmental Organization Certifications:

**Governmental Organization:**  
 Cost Allocation Plan Certification  
 Indirect Cost Rate Certification

**Non-Profit:**  
 Indirect Cost Rate Certification

**Non-Profit and Governmental Organization De Minimis Rate**  
 Modified Total Direct Costs (MTDC) 10% De Minimis Rate

#### Approved Consultant Lists:

- Approved Consultant Prequalification List
- On-Call List - Effective July 1, 2014

### Helpful Links for Prequalification

- Certification/Training
- Hourly Billing Rates Sample Format
- Bridge Forms
- Federal Aid Training Videos for Local Public Agencies
- FHWA Consultant Contracting Q/A
- AASHTO Uniform Audit & Accounting Guide
- Federal Acquisition Regulations
- National Compensation Matrix
- E-Verify Requirements
- Federal Order 4470.1A - Establish Indirect Cost on Engineering Design-Related Services
- Step 4 Financial Requirements
- Mileage Rates
- Per Diem Rates
- Engineering Consultant Services Brochure

#### Related Party Rent Information

- Related Party Rent Worksheet
- Common Control Rent Policy
- Facilities Cost of Capital Rates



# Why???

## Standard Prequalification Process



The Missouri Department of Transportation (MoDOT) is performing financial pre-qualifications for engineering, architectural and land survey consultants who wish to provide professional services to MoDOT and the Local Program projects (city/county projects) utilizing federal funds. This process ensures MoDOT and Local Program projects are in compliance with federal and state regulations.

The AASHTO Uniform Audit & Accounting Guide should be used as a tool to assist in meeting MoDOT's pre-qualification requirements and ensures compliance with the Code of Federal Regulations.

[http://audit.transportation.org/Documents/AudAcctgGuide2012\(SPG-complete\).pdf](http://audit.transportation.org/Documents/AudAcctgGuide2012(SPG-complete).pdf)

MoDOT requires all consultants adhere to the guidelines set forth by the Department before being considered a pre-qualified consultant. These guidelines will give you the information you need to submit a complete pre-qualification application.

The next page will guide you through the pre-qualification process [Click here to begin.](#) *Click the text to proceed*

**Sub-Consultants are not required to be prequalified, however, some LPA or Prime Consultants require subs to be prequalified. If a sub is not prequalified, The responsibility of assurance and compliance with state and federal regulations becomes the responsibility of the Prime Consultant.**

Reference EPG [134.3.5 Subconsultants](#)

# MoDOT Prequalification Process - 4 Step Process

## Design Division Manages Steps 1, 2 & 3.

### Step 1 - Annual Statement of Qualifications (SOQ)

Provide one of the following:

- ☞ SOQ developed by your firm
- ☞ SF Form 254 - Architects, Engineers & Related Services Questionnaire
- ☞ SF Form 330 Part II only - Architects, Engineers & Related Services Questionnaire

Reference Missouri Revised Statutes (RSMo)

[Sections 8.285.1](#), [8.287.1](#), [8.289.1](#), [8.291.1](#)

Questions and submittals may be directed to MaryAnn Jacobs at (573) 751-2807 or at [CODEConsultPreq@modot.mo.gov](mailto:CODEConsultPreq@modot.mo.gov)

# MoDOT Prequalification Process - 4 Step Process

## Design Division Manages Steps 1, 2 & 3

### Step 2 – Certifications

1. Secretary of State
  - Certificate of Good Standing  
Reference [RSMo 351](#)
2. MO Div. of Professional Reg.
  - Certification of Authority  
Reference [RSMo 327](#)

Reference EPG: [134.1.3 Consultant Qualification](#)

# MoDOT Prequalification Process - 4 Step Process

## Design Division Manages Steps 1, 2 & 3

### Step 3 – required for contracts exceeding \$5,000

#### E-Verify MOU and Worker Verification Eligibility Affidavit

- ✎ E-verify MOU is a contract between your firm and the Dept. of Homeland Security.
- ✎ Does not change and requires your firm's signature and the signature of the DHS to be valid. (electronic signatures are accepted)
- ✎ The affidavit is required annually and provides assurances that your firm is still in compliance of the E-Verify MOU.

Reference EPG [134.1.3](#), [136.4.1.5](#) [236.3.11](#) & [RSMO 285.530.1](#)

# MoDOT Prequalification Process - 4 Step Process

## Design Division Manages Steps 1, 2 & 3

### Step 3

#### E-Verify MOU and Worker Verification Eligibility Affidavit

- ☞ Sole Proprietors without an EIN Number cannot participate in the E-Verify Program
- ☞ Sole Proprietors will need to provide Affirmative Proof of Citizenship that may be a document used when renewing or obtaining a license from the Dept. of Revenue.

Reference EPG [236.3.11](#)

# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

MoDOT accepts financial information throughout year; however, firms are encouraged to submit their info, for the most recent completed fiscal year, no later than six months after the close of that fiscal year.

MoDOT request for information should be responded to within 30 days of receipt.

# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

MoDOT utilizes a risk based review process that provides a realistic assessment of A/E firm's financial situation. This risk based assessment provides reasonable assurance the A/E firm's information contains no misstatements ensuring compliance with federal and state regulations.

### **Risk Based Assessment Process:**

1. MoDOT auditors review the firm's Internal Control Questionnaire (ICQ) to determine if accounting processes and procedures are in place to segregate direct and indirect costs, as well as, identify and remove unallowable costs from the overhead rate schedule.
2. Auditors then reference overhead rate accounts and costs to supporting financial documents.
3. The Financial Statement costs are then referenced to the tax return.

# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

This page has links with tools to assist a consultant in completing the financial prequalification documents including presentations and helpful links.

[MoDOT Financial Prequalification Process - Presentation](#)

[What do I need to provide to successfully complete the Financial Prequalification Process?](#)

[What is a Risk Based Assessment?](#)

[Table showing relationships between Prequalification documents](#)

### **Helpful Links**

[Federal Aid Training Videos](#)

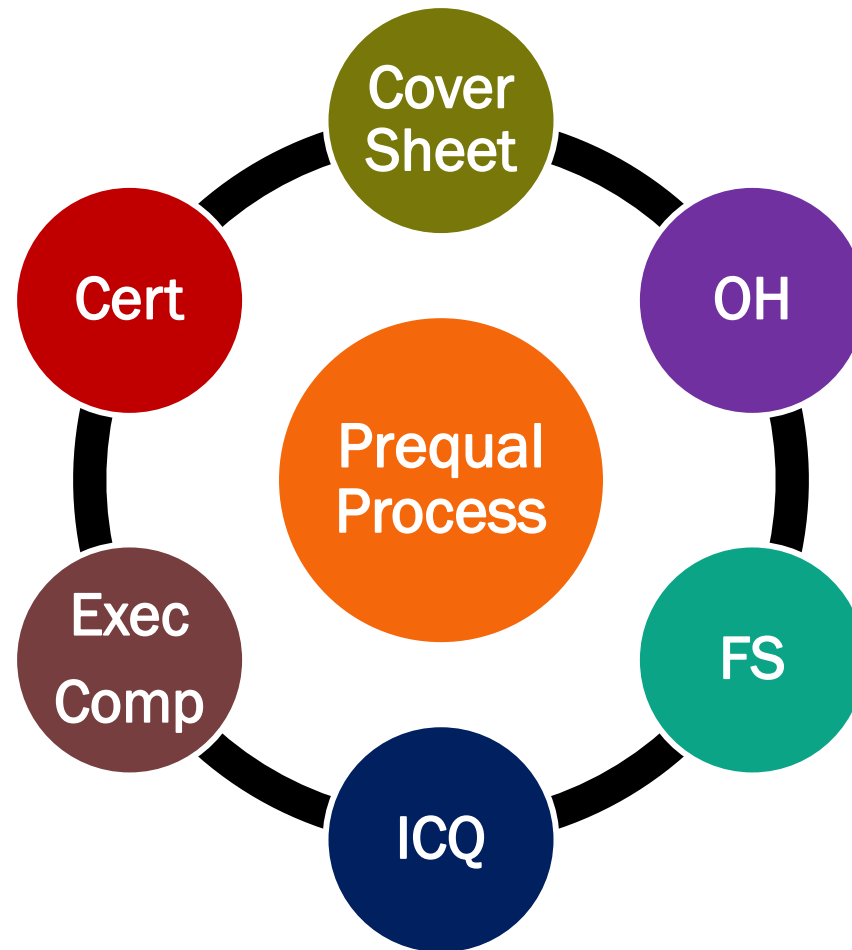
[AASHTO Uniform Audit & Accounting Guide](#)

[Federal Acquisition Regulations](#)

[Federal Order 4470.1A - Establish Indirect Cost on Engineering Design-Related Services](#)



# Prequal Docs are Inter-related



# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

It is important to have cohesion between the prequalification documents. The following table shows how the documents are inter-related and must reference one to another.

Overhead Account	Overhead Amount	General Ledger	Tax Return	Comments	ICQ
Auto Expense	51,000	65,000	65,000	Please explain the 14,000 difference between the G/L, tax return and overhead	Appendix B-12 Question H.4. Classification of Cost Items.  Your firm answered N/A for vehicle, therefore vehicle costs should not be included in the overhead
Admin Travel	14,595	16,315	16,315	Please list the type of activities included in this costs. If the costs are associated with a project(s), those costs must be removed.  Please explain the 1,720 difference between the G/L, tax return and overhead schedule.	Appendix B-12 Question H.4. Classification of Cost Items.  Your firm answered Travel and Subsistence is treated as a <u>direct expense</u> therefore, the cost should not be included in the overhead. <ul style="list-style-type: none"><li>Please revise the ICQ to show how Travel and Subsistence costs are managed by the firm</li></ul>

# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

### Consultants Responsibility

- ☞ Consultants must maintain adequate records including supporting documentation, to demonstrate that the costs comply with applicable FAR cost principles.
- ☞ Financial information should reflect the most recent completed fiscal year and should be submitted no later than six months after the close of that fiscal year.
- ☞ Consultants must use the most up-to-date forms on the MoDOT Consultant Prequalification Requirements website.



# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

### MoDOT Financial Prequalification Cover Sheet

\* denotes information included in the ICQ

- \* Name of Company:
- \* Contact Person Name:
- \* Contact Person Email Address:
- \* Company Address:
- \* Phone Number:
- Top Executive Name & Title:
- Top Executive Email Address:
- Top Executive Phone Number:


- \* Company's Fiscal Year End (*mm/dd/yyyy*):
- \* Annual Gross Revenues (*most recent completed Fiscal Year*):
- Annual Gross Expenditures (*most recent completed Fiscal Year*):
- Company's Home State:
- \* Number of Full Time (FTE) employees:
- \* Number of states company operates in:
- Changes to organizational structure (*if yes, please explain*):
- Explain your firms depreciation method.  
(*Bonus and Section 179 depreciation is unallowable and must be removed from the overhead*):


### Financial Prequalification Required Documentations

Forms are location on the MoDOT - Consultant Services - Consultant Prequalification Requirements

[http://contribute.modot.mo.gov/business/consultant\\_resources/consultant\\_prequalification\\_requirements.htm](http://contribute.modot.mo.gov/business/consultant_resources/consultant_prequalification_requirements.htm)

# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

1) Overhead rate is audited by a state DOT, federal agency or an Independent CPA

**PROVIDE:**

Overhead rate audit report

If applicable, a copy of the state DOT or federal agency cognizant letter

**OR**

1) Overhead rate is not audited-

**PROVIDE the following financial statements:**

**Amounts listed on the overhead must be traceable to the financial statements.**

a) Detailed overhead rate schedule to include FAR references to define unallowable costs

b) Income Statement

c) General Ledger or Trial Balance

d) Tax Return

e) Any additional financial documents used to prepare the overhead rate schedule

**If a related party rent situation exists**

**PROVIDE**

f) Related Party Rent worksheet

g) Related Party's tax return - depreciation amortization schedule

2) Executive Compensation

3) Contractor Cost Certification

4) Internal Control Questionnaire (ICQ) - include all documents requested in the ICQ

# FAR Requires Cost Be

## Reasonable Cost

A cost is reasonable, if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

## Examples:

- ☞ A seminar is being held in your home town and also in Hawaii. Sure Hawaii is more fun but is it reasonable to fly to Hawaii with all of the other costs associated with the trip or stay in your home town to attend the seminar.
- ☞ You need to rent a car – What is considered reasonable



Luxury

OR

Sedan



# FAR Requires Cost Be

## Allocable Cost - [FAR 31.201-4](#)

A Government contract cost that is:

- ∞ Incurred specifically for the contract;
- ∞ Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- ∞ Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

In short, the firm must have a system in place that segregates engineering related direct (project related) and indirect (non-project related) costs

# FAR Requires Cost Be

## Allowable Cost

Depending on the nature of specific cost items, allowable costs may either be billed directly to contracts or included as overhead costs; however, [FAR 31.201-2](#) provides that a cost is an allowable charge to a Government contract only if the cost is:

- ☞ Reasonable in amount;
- ☞ Allocable to Government contracts;
- ☞ Compliant with the terms of the contract;
- ☞ Not prohibited by any of the [FAR Subpart 31.2](#) cost principles; and
- ☞ Compliant with GAAP and standard promulgated by the CAS (when applicable)



# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

Overhead Rate Schedule must demonstrate a firm's fundamental understanding of the FAR.

The overhead rate schedule must:

- ☞ Be provided in the **required** format;
- ☞ Demonstrate a reasonable assurance of FAR compliance;
- ☞ The amounts must report actual costs;
- ☞ Traceable to financial statements if not audited;
- ☞ Be mathematically correct.

### SAMPLE FORMAT

XYZ CORPORATION OVERHEAD SCHEDULE December 31, 2008				
DESCRIPTION	Financial Stmt Expense	Unallowable Expense	FAR Reference	Total Proposed
Direct Labor	\$12,500,000	\$12,000	(1)	\$12,512,000 B
<b>Fringe Benefits</b>				
Vacation/Holiday/Paid Leave	\$1,700,000			\$1,700,000
Payroll Taxes	1,550,000			1,550,000
Group Insurance	1,100,000			1,100,000
Profit Sharing	1,016,000	(500,000)	(2)	516,000
Incentive Payments	1,550,000			1,550,000
Seminars/ Education	400,000			400,000
Employee Welfare	10,000	(4,000)	(3)	6,000
<b>Total Fringe Benefits</b>	<u>7,326,000</u>	<u>(504,000)</u>		<u>6,822,000</u>
<b>General Overhead</b>				
Non-Project Labor	\$ 4,900,000	(12,000)	(1)	4,888,000 B,C
Recruiting	190,000			190,000
Building Cost (Rent)	1,400,000	(20,000)	(4)	1,380,000
Other Occupancy Cost	464,000			464,000
Supplies	380,000			380,000
Field Supplies & Equipment	100,000			100,000
Postage & Shipping	78,000			78,000
Equipment Rent/ Maintenance	386,000			386,000
Interest	20,000	(20,000)	(5)	--
Telephone	290,000			290,000
Business Insurance	194,000			194,000
Legal & Other Professional Fees	376,000	(25,000)	(6)	351,000
Administrative Travel	597,000	(30,000)	(7)	567,000
Dues, Memberships & Reg.	173,000			173,000
Subscriptions & Publications	41,000			41,000
Depreciation & Amortization	628,000	(10,000)	(8)	618,000
Outside Payroll Service	45,000			45,000
State Income /Personal Prop Tax	27,000			27,000 D
Direct Cost Credit	\$ (833,000)			(833,000) E
<b>Total General Overhead</b>	<u>\$ 9,456,000</u>	<u>(117,000)</u>		<u>9,339,000</u>
<b>Total Indirect Cost</b>				<u>\$18,161,000</u>
<b>Facilities Capital Cost of Money (FCCM)</b>				<u>\$62,505 F</u>
<b>Total Indirect Cost &amp; FCCM</b>				<u>\$18,223,505</u>
<b>Percent of Direct Labor</b>				<u>129.7% A</u>

**TABLE 8-1: LISTING OF COMMON UNALLOWABLE COSTS**

FAR Reference	Unallowable Costs
31.205-1 & 31.205-38(b)(1)	Advertising
31.205-1(f)(2)	Trade Show Expenses
31.205-1(f)(2)	Trade Show Labor
31.205-1(f)(5)	Brochures and Other Promotional Material
31.205-1(d)(2)	Souvenirs/Imprinted Clothing Provided to Public
31.205-1(f)(7)	Membership in Civic and Community Organizations
31.205-3	Bad Debts
31.205-3	Collection Costs
31.205-6(m)(2)	Personal Use of Company Vehicles
31.205-8 & 31.205-1(e)(3)	Contributions or Donations
31.205-13(b)	Employee Gifts and Recreation
31.205-14	Membership in Social, Dining, and Country Clubs
31.205-14	Social Activities
31.205-15(a)	Fines, Penalties of Laws
31.205-19(e)(2)(v)	Life Insurance
31.205-19	Costs to Correct Deficiencies
31.205-20	Interest Expense
31.205-22	Lobbying and Related Expenses
31.205-27	Organization
31.205-27	Organization
31.205-27	Organization
31.205-27	Organization/Reorganization Labor
31.205-27	Capital Raising (Equity or Long-Term Debt) Legal Fees
31.205-27	Capital Raising (Equity or Long-Term Debt) Accounting
31.205-27	Capital Raising (Equity or Long-Term Debt) Lender Fees
31.205-30(c)	Patent Costs
31.205-33(e)	Retainer Agreements (unless properly supported)
31.205-35	Relocation Costs (in certain circumstances)
31.205-46	Travel Costs in Excess of FTR Rates
31.205-49	Goodwill
31.205-51	Alcoholic Beverages

The overhead rate schedule must identify with FAR references, and remove unallowable cost.

**CHAPTER 5 | COST ACCOUNTING**

**TABLE 5-5: SAMPLE INDIRECT COST RATE SCHEDULE**

SAMPLE CONSULTING COMPANY, Inc.  
Statement of Direct Labor, Fringe Benefits, and General Overhead  
For the Year Ended December 31, 201x

Account Number & Description	General Ledger Account Balance	Direct Costs	Disallowed Costs	Proposed Company Wide	% of Direct Labor
DIRECT LABOR	\$ 1,950,501	\$ 1,950,501	\$ -	\$ 1,950,501	100.00%
INDIRECT COSTS:					
FRINGE BENEFITS					
6300 Benefits: SOTWES	\$ 234,080	\$ -	\$ (28,580)	\$ 205,500	10.54%
6310 Benefits: 401(k)	57,525	-	-	57,525	2.95%
6320 Benefits: PTO (vac, sick, and holiday)	253,565	-	-	253,565	13.00%
6820 Insurance: Disability	48,614	-	-	48,614	2.50%
6830 Insurance: Life	21,046	-	(200)	21,046	1.08%
6840 Insurance: Medical	138,538	-	-	138,538	7.10%
6850 Insurance: Workers' Comp	15,789	-	-	15,789	0.81%
7500 Payroll Taxes: FICA and Med.	180,421	-	-	180,421	9.25%
7610 Payroll Taxes: FUTA and SUTA	76,030	-	-	76,030	3.90%
TOTAL FRINGE BENEFITS	\$ 1,076,209	\$ -	\$ (28,580)	\$ 1,047,629	53.73%
GENERAL OVERHEAD					
6700 Indirect Labor	\$ 741,190	\$ -	\$ (3,300)	\$ 737,890	37.83%
6910 Direct Logging, Meals, and Travel	122,101	(122,101)	-	-	0.00%
6920 Direct Employee Mileage Reimbursements	150,241	(150,241)	-	-	0.00%
6930 Direct Rentals and Supplies	21,651	(21,651)	-	-	0.00%
6940 Direct Truck Costs	188,000	(188,000)	-	-	0.00%
7100 Depreciation	35,000	-	-	35,000	1.79%
7200 Fuel	5,000	-	-	5,000	0.26%
7300 Insurance	10,000	-	-	10,000	0.51%
7400 Utilities	40,000	-	-	40,000	2.05%
7500 Telephone	60,465	-	-	60,465	3.10%
8000 Utilities	28,472	-	-	28,472	1.46%
Credit for Internal Allocations	-	-	(107,278)	(107,278)	-5.22%
TOTAL GENERAL OVERHEAD	\$ 1,602,205	\$ (248,955)	\$ (107,278)	\$ 1,446,972	74.20%
TOTAL INDIRECT COSTS & OVERHEAD RATE	\$ 3,059,599	\$ (248,955)	\$ (221,637)	\$ 2,489,421	127.88%

1 Review costs to ensure unallowable cost have been removed.

**FAR References and Notes**

- 31.205-51(a)(5)(iv): Officers' compensation, in excess of reasonable amount, is disallowed (distribution of profits).
- 31.205-15(e)(2)(iv): Officers' life insurance is disallowed.
- 31.205-15(e)(2): Marketing, lobbying, and any labor associated with unallowable activities is disallowed.
- 31.205-27: Excluded direct project costs (both billable & non-billable costs) from indirect cost pool.
- 31.205-1: Costs for general marketing materials are disallowed.
- 31.205-6(m)(2) & 31.205-40(d): Personal use of a company car (automobile) is disallowed.
- 31.205-6 & 31.205-13(i): Contributions and gifts are disallowed.
- 31.205-22: Lobbying costs, paid as a percentage of professional dues, are disallowed.
- 31.205-20: Interest is disallowed.
- 31.205-14 & 31.205-61: Costs for entertainment and alcoholic beverages are disallowed. (The entertainment cost principle supersedes all others.)
- 31.205-4, 31.205-15, & 31.205-20: Disallowed late fees, Government imposed fines and penalties, and credit card interest.
- 31.205-34(p)(2): Member-party rent (not an arm's-length transaction) is limited to actual cost or ownership, net of interest and other allowable items.
- 31.205-2: Direct costs segregated and removed from indirect cost pool.

Additional determination of unallowable costs with FAR references can be found on Appendix C in the AASHTO Uniform Audit and Accounting Guide.

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**Key**

† - See Exceptions. (\*) - Requires advance agreement or verifiable methodology.

**KEYWORD INDEX: 48 CFR Chapter 1, Part 31 (Federal Acquisition Regulation Part 31)**

Citation	Key Words	Generally Allowable?
31.205-8(d)(1)	Accrual of Compensation Expenses (allowable).	YES†
31.201-2(d)	Adequate Recordkeeping (requirement for, and Contracting Officer's authority to disallow unsupported costs).	--
31.109	Advance Agreements: defined and requirements of (in writing, executed by both parties, stated duration).	--
31.205-1(b)	Advertising defined (generally, allowability is limited to recruitment costs).	YES - help wanted
31.205-1(d)	Advertising (allowable types of).	YES
31.205-1(f)	Advertising (unallowable types of).	NO
31.205-38(b)(1)	Advertising as a part of selling costs.	NO
31.205-51	Alcoholic Beverages.	NO
31.205-46(b)	Airfare, generally.	YES
31.205-46(c)	Aircraft owned by consultants.	YES†
31.201-4	Allocability (allowability, reasonableness, and allocability).	--
31.201-2 & 31.204	Allowability (reasonable, allocable, CAS Compliant, meets terms of contract, & not otherwise unallowable).	--
31.205-52	Asset Valuations Resulting from Business Combinations.	--
31.201-8(a)	Associated Costs, defined (costs associated with unallowables). See also CAS 405.	NO
31.205-46(a)(1)	Automobile: Mileage Costs.	YES
31.205-8(m)(2)	Automobile: Personal Use of (see also 31.205-46(d)). Includes commuting and other personal costs.	NO
31.205-8(f)(1)	Awards for Employees (Performance-Based Awards--bonus and incentive compensation).	YES
31.205-18(c)	B&P: Bid and Proposal Costs (allowability of).	YES
31.205-8(h)	Back pay (generally unallowable).	NO
31.205-3	Bad Debts (and directly-associated costs).	NO
31.205-8(p)	BCA (Benchmark Compensation Amount) - statutory limit on executive compensation. (Not a safe harbor or guaranteed amount of cost recovery.)	--
31.205-4	Bonding Costs (e.g., bid, performance, payment, infringement, and fidelity).	YES
31.205-8(f)	Bonuses and Incentive Pay, generally. (See 31.205-8(f)(1)(ii) for required basis and support.)	YES†

TABLE 5-5: SAMPLE INDIRECT COST RATE SCHEDULE

SAMPLE CONSULTING COMPANY, Inc.  
Statement of Direct Labor, Fringe Benefits, and General Overhead  
For the Year Ended December 31, 201x

Account Number & Description	General Ledger Account Balance	Direct Costs	Disallowed Costs	Proposed Concern Note	% of Direct Labor
<b>DIRECT LABOR</b>	\$ 1,950,501	\$ 1,950,501	\$ -	\$ 1,950,501	100.00%
<b>INDIRECT COSTS:</b>					
<b>FRINGE BENEFITS</b>					
6300 Benefits: Bonuses.....	\$ 234,080	\$ -	(28,980) (a)	\$ 205,100	10.54%
6310 Benefits: 401(k).....	97,525	-	-	97,525	5.00%
6320 Benefits: PTO (vac., sick, and holiday).....	253,565	-	-	253,565	13.00%
6620 Insurance: Disability.....	69,416	-	-	69,416	3.56%
6630 Insurance: Life.....	2,040	-	(600) (b)	1,440	0.07%
6640 Insurance: Medical.....	138,535	-	-	138,535	7.10%
6650 Insurance: Workers' Comp.....	15,799	-	-	15,799	0.81%
7500 Payroll Taxes: FICA and Med.....	180,421	-	-	180,421	9.25%
7610 Payroll Taxes: FUTA and SUTA.....	78,030	-	-	78,030	4.00%
<b>TOTAL FRINGE BENEFITS</b>	\$ 1,076,489	\$ -	\$(28,980)	\$ 1,047,509	53.87%
<b>GENERAL OVERHEAD</b>					
6700 Indirect Labor.....	\$ 741,190	\$ -	\$(3,300) (c)	\$ 737,890	37.83%
6210 Direct: Lodging, Meals, and Travel.....	122,101	(122,101)	-	-	0.00%
6220 Direct: Employee Mileage Reimbursements.....	159,041	(159,041)	-	-	0.00%
6230 Direct: Rentals and Supplies.....	21,651	(21,651)	-	-	0.00%
6240 Direct: Subcontractors.....	44,862	(44,862)	-	-	0.00%
6250 Advertising and Marketing.....	23,591	-	(5,750) (d)	17,841	0.90%
6100 Automobile Expense.....	69,368	-	(12,600) (e)	56,768	2.86%
6200 Bank Service Charges.....	3,753	-	-	3,753	0.19%
6400 Contributions and Gifts.....	14,629	-	(14,629) (g)	-	0.00%
6500 Depreciation Expense.....	117,030	-	-	117,030	6.00%
6600 Dues and Subscriptions.....	15,189	-	(350) (h)	14,839	0.76%
6800 Insurance: Automobile.....	14,109	-	-	14,109	0.72%
6910 Insurance: Business Liability.....	23,400	-	-	23,400	1.20%
6900 Interest Expense.....	38,084	-	(38,084) (i)	-	0.00%
7000 Licenses and Permits.....	21,456	-	-	21,456	1.10%
7100 Maintenance and Repairs.....	97,135	-	-	97,135	4.98%
7200 Meals & Entertainment.....	19,310	-	(1,050) (j)	18,260	0.94%
7300 Misc. Fees, Fines, Penalties.....	6,627	-	(6,627) (k)	-	0.00%
7400 Office Expense: Clerical.....	8,102	-	-	8,102	0.42%
7410 Office Expense: Postage and Delivery.....	4,486	-	-	4,486	0.23%
7420 Office Expense: Office Supplies.....	32,183	-	-	32,183	1.65%
7430 Office Expense: Other Office Expense.....	35,889	-	-	35,889	1.84%
7600 Personal Property Tax.....	43,911	-	-	43,911	2.26%
7700 Prof Fees: Accounting and Legal.....	20,430	-	-	20,430	1.06%
7800 RET.....	180,049	-	(2,400) (l)	177,649	9.11%
7900 Telephone.....	60,466	-	-	60,466	3.10%
8000 Utilities.....	28,472	-	-	28,472	1.51%
Credit for Internal Allocations.....	-	-	(107,278) (m)	(107,278)	-6.50%
<b>TOTAL GENERAL OVERHEAD</b>	\$ 1,960,200	\$ (241,000)	\$(102,247)	\$ 1,442,000	73.96%

3 The firm must complete the Internal Control Questionnaire (ICQ), however, we encourage the ICQ document be reviewed by staff or CPA preparing the overhead to ensure cohesive pre-qualification documents. For example, if the ICQ states that vehicle costs are considered an indirect cost; auditors expect to see an indirect account for vehicle expense on the overhead.

The information included on the overhead must accurately reflect the information on Prequalification Cover Sheet, Executive Compensation, Contractor Cost Certification and Internal Control Questionnaire.

Overhead Account	Overhead Amount	General Ledger	Tax Return	Comments	ICQ
Auto Expense	51,000	65,000	65,000	Please explain the 14,000 difference between the G/L, tax return and overhead	Appendix B-12 Question H.4. Classification of Cost Items.  Your firm answered N/A for vehicle, therefore vehicle costs should not be included in the overhead

## High Risk Categories included but are not limited to:

- ☞ Direct Selling, Public Relations, Marketing, Advertising,...
- ☞ Employee Morale
- ☞ Food, Lodging, Travel
- ☞ Amortization
- ☞ Mileage Reimbursement
- ☞ Professional Services
- ☞ Legal Cost.



These accounts should be closely reviewed to ensure direct cost and unallowable cost have been identified and removed from the proposed overhead rate schedule.

- ☞ Closely review calculations for related party rent cost. Related Party Rent cannot be developed using fair market value.
- ☞ Firms must provide documentation showing their methodology in determining owners actual costs, such as depreciation, taxes, insurance, facilities capital cost of money, and maintenance, provided that no part of such cost is a duplicate of any other allowed cost.
- ☞ The total allowable rent cost must trace to the overhead rate schedule.
- ☞ The correct weighted average interest rate must be used.



# When a related party rent situation exist, the rent expense reported on the overhead rate schedule must be recorded at the owner's actual costs.

## Option 1:

### The Related Party Rent Worksheet

Owner's tax return schedule of depreciation and amortization showing book values of the assets cost basis;

**Note:** Section 179 and Bonus Depreciation is not allowed

Property tax;

Maintenance cost;

Other expenses define what costs are included in the "other" category.

## Option 2:

Describe the methodology used to determine reasonableness of costs with supporting documentation. (i.e. square foot)

Related Party Rent Worksheet						
red text represent sample values-replace the sample values with the actual book value of the asset(s)						
Don't forget to complete the year						
Assets	Book Value as of January 1, 201_	Accumulated Depreciation	Net Book Value	Book Value as of December 31, 201_	Accumulated Depreciation	Net Book Value
Land	95,302.00	-	95,302.00	95,302.00	-	95,302.00
Buildings & Equipment	3,046,910.00	2,423,291.00	623,619.00	3,175,438.00	2,451,569.00	595,341.00
	3,142,212.00	2,423,291.00	718,921.00	3,270,740.00	2,451,569.00	690,643.00
Average Net Book Value (net book value at 1/1 + net book value at 12/31 divided by 2)						704,782.00
Weighted Average Interest Rate from the IllinoisDOT schedule for December					20_	
<a href="#">Wisconsin Department of Transportation - Facility Cost of Capital Rates</a>						
Facilities Capital Cost of Money (FCCM)						
FCCM cost = Average Net Book Value x the Weighted Average Interest Rate					for 201_	-
Total Allowable Costs (from tax return)						
Depreciation			97507			
Property tax			24733			
Maintenance costs			53814			
Other			\$			
FCCM Costs from above			\$	(from above)		
Total Allowable					This amount represents the total allowable rent that can be reported on your firm's overhead	
Provide the Depreciation and Amortization Schedule from the Related Party showing the values used to prepare this document						
NOTE: Section 179 and Bonus Depreciation are unallowed and must be removed when calculating values						

# MoDOT Prequalification Process - 4 Step Process

## Step 4 - Financial Prequalification Documents

Consultant Services opens to the main consultant information site. Select Step 4 Financial Requirements under Helpful Links for Prequalification

### Helpful Links for Prequalification

- Certification/Training
  - Hourly Billing Rates Sample Format
  - Bridge Forms
  - Federal Aid Training Videos for Local Public Agencies
  - FHWA Consultant Contracting Q/A
  - AASHTO Uniform Audit & Accounting Guide
  - Federal Acquisition Regulations
  - National Compensation Matrix
  - E-Verify Requirements
  - Federal Order 4470.1A - Establish Indirect Cost on Engineering Design-Related Services
  - **Step 4 Financial Requirements**
  - Mileage Rates
  - Per Diem Rates
  - Engineering Consultant Services Brochure <sup>NEW</sup>
- ### Related Party Rent Information
- Related Party Rent Worksheet
  - Common Control Rent Policy
  - Facilities Cost of Capital Rates

Also, note the Related Party Rent Information





## INTERNAL CONTROL QUESTIONNAIRE (ICQ) OVERVIEW

The firm must demonstrate through the ICQ, a fundamental understanding of the FAR.

MoDOT auditors will gain an understanding of your firm's accounting practices through a Risk Based Assessment, which will provide reasonable assurance that the documents contain no material misstatements, identifies potential improvements to the firm's accounting practices while still maintaining an audit process that is both effective and efficient.

All ICQ questions must be answered in enough detail to provide the auditor with information to determine FAR compliance

## The Risk-Based Assessment includes but is not limited to the review of the firms:

- ∞ Accounting, Timekeeping, Bonus & IT policies and procedures;
- ∞ Control environment of the accounting system;
- ∞ Ability of the firm to demonstrate fundamental FAR knowledge;
- ∞ The firm's ability to segregate direct and indirect cost and identify unallowable cost;
- ∞ Proper allocation of labor cost to direct and indirect costs;

# Accounting – Section C

## Internal Control Questionnaire

**C.6. Exclusion of Unallowable Costs.** Does the Company have a system in place to identify and remove from the indirect cost pools all unallowable costs, in accordance with per FAR Part 31 and applicable Cost Accounting Standards? (See AASHTO Guide, Sections 2.2, 4.4, 5.2, 5.5, and 6.3.)

No. Please explain:

Yes. If “yes,” please answer a through c, below

a. Please provide details about the system.

b. How are appropriate personnel trained to distinguish between

c. When does the primary review for allowability occur—at time the transaction is recorded, or later?

If no, a detailed explanation should be included in Perm File or request additional info from firm

Does the firm recognize the impact staff has to the reported financial statement amounts and subsequent impact to direct and indirect costs at the time the transaction is recorded?

If your firm does not have written policies, provide an explanation to demonstrate your firm’s ability to consistently track costs between direct and indirect labor and how unallowable costs are identified and removed from the overhead.

# IT Systems – Section D

## Internal Control Questionnaire

**Policies and Procedures** - If no written policies exists, comments should be provided to demonstrate a system is in place to identify edits & deletions that may occur to the firm's business records.

### D. Information Technology (IT) Systems

**D.1. IT Policies.** Does the firm have written IT system policies concerning the following topics?  
(If "yes," please provide a copy.)

	Yes	No
a. Hardware/Software		
• Purchasing .....	<input type="checkbox"/>	<input type="checkbox"/>
• Inventory .....	<input type="checkbox"/>	<input type="checkbox"/>
• Maintenance .....	<input type="checkbox"/>	<input type="checkbox"/>
• Access .....	<input type="checkbox"/>	<input type="checkbox"/>
• Use of In-house and off-site .....	<input type="checkbox"/>	<input type="checkbox"/>
• Addition and removal/retirement/disposition of .....	<input type="checkbox"/>	<input type="checkbox"/>
b. Business Continuation Plan .....	<input type="checkbox"/>	<input type="checkbox"/>
c. Security Protocol .....	<input type="checkbox"/>	<input type="checkbox"/>
d. Activation and deactivation of employees upon hiring or termination .....	<input type="checkbox"/>	<input type="checkbox"/>

**D.2. IT Risk Assessment.** Has the Company's management conducted an IT system risk assessment within the past three years?

Yes  No

**D.3. IT Security Review.** Are system security and application access logs enabled and reviewed periodically?

Yes  No

Comment:

**D.4. IT Electronic Data Safeguards.** If documents are retained in electronic format, are they stored in a format that cannot easily be modified, removed, or replaced, and does a mechanism/audit trail exist to track all such events?

Yes  No

Comment:

# Payroll & Timekeeping

## Section E

### Internal Control Questionnaire

#### E.4. Timekeeping System.

a. Does the Company use an electronic timekeeping system?

Yes  No

- If "yes," please provide an explanation: \_\_\_\_\_

b. Are all employees, including managers and supervisors, required to submit timesheets?

Yes  No

If "no," please explain: \_\_\_\_\_

c. Are all employee timesheets approved by a supervisor?

Yes  No

If "no," please explain: \_\_\_\_\_

d. Is there a certification and approval process for timesheet entries?

Yes  No

If "no," then how is time accounted for? \_\_\_\_\_

e. How are timesheet coding errors detected?

\_\_\_\_\_

f. How do timesheets identify work performed?

\_\_\_\_\_

- Does my firm allow timesheet revision/adjustments without the employee's approval?
- Who in our firm can revise/adjust timesheets?
- How are revisions/adjustments on timesheets approved?
- How are revisions/adjustments on timesheets tracked?
- What is the process to determine if a timesheet adjustment is necessary?
- Who is authorized to review and edit/adjust timesheets?
- What type of documentation is required when timesheet edits/adjustments are necessary?

# Labor Cost Accumulation

## Section F

### Internal Control Questionnaire

#### F. Labor Cost Accumulation

F.1. **Direct & Indirect Labor.** Do the Company record all hours? (See AASHTO Guide, Chapter 6.)

Yes  No

- If "yes," do all employees, including timesheets?

- If "no," then please explain the method.

F.2. **Work Week.** Please list the Company's normal work week.

F.3. **Uncompensated Overtime** (see AASHTO Guide, Section 5.4). Does the Company record all hours worked by all employees, including managers and principals, regardless of whether the employees are exempt from overtime pay or whether all direct labor hours are billed to specific contracts?

No. If "no," please explain:

Yes. If "yes," which of the following methods does the Company use to account for *uncompensated overtime*—the hours worked without additional compensation in excess of an average of 40 hours per week by direct-charge employees who are exempt from the Fair Labor Standards Act?

Effective Rate Method. Please explain:

Salary Variance Method. Please explain. (E.g., What was the total dollar amount of the salary/payroll variance for the year?): \$

Other. Please explain:

F.4. **Contract Modifications/Time Tracking.** How does the Company segregate work performed under a basic agreement/contract from work performed for contract changes/modifications?

F.3 Uncompensated Overtime – Does the company record **all hours worked** by all employees, including managers and principals, regardless of whether the employees are exempt from overtime pay or whether all direct labor hours are billed to specific contracts.

If no, review perm file or obtain further information to determine if the firm has the required total-hour accounting system.

Audit Guide-Chapter 5 Section 5.4  
(F)(1)(2)

# Labor Billing and Project Costs

## Section G

Internal Control  
Questionnaire

### G. Labor Billings and Project Costing

**G.1. Billing Rates.** Please describe how billing rates are determined, or attach the Company's billing-rate policy.

- Description:
- Billing-rate policy attached.

**G.2. Premium Overtime.** Does the Company pay overtime at a premium to any employees?  Yes

- If "yes,"

a. What premium rate is paid, and what categories of employees are eligible for this rate?

- Time-and-a-half for all non-exempt employees.
- Other. Please explain:

b. How is the overtime premium accounted for and billed?

- As part of direct labor, and overhead is applied.
- As an Other Direct Cost (no overhead applied).
- As an indirect labor cost (included in the indirect cost rate).
- Other. Please explain:

**G.3. Allocation of Overtime Costs.** Are overtime costs allocated to contracts consistently, regardless of type of contract (lump sum versus actual cost) or customer (government versus commercial)?

- Yes  No. If "no," please explain:

**G.4. Cost Allocation versus Billing.** If the Company pays a principal or an employee at a rate in excess of the contract's maximum hourly labor rate, where will the excess cost be allocated/charged?

**G.5. Contract/Purchased Labor.** Does the Company invoice/bill contract labor directly to any customers?

- Yes  No  N/A

- If "yes," please complete the following: Contract labor is billed—

- As part of direct labor, and overhead is applied.
- As an Other Direct Cost (no overhead applied).
- Other. Please explain:

How does the firm determine if contract labor is a direct cost?

Does the firm include fringe benefits for contract/purchase labor that it has determined is a direct labor cost?

#### NOTE:

If yes, provide a written explanation of the process, policies and procedures to identify, calculate, and track the labor costs to include taxes and fringe benefits that are paid to the contract/purchase labor.

# Expense Accumulation and Billing

## Section H

### Internal Control Questionnaire

**H.7. Vehicle Expenses.** Does the Company provide vehicles to employees for business purposes?

Yes  No

a. If "yes," are the vehicles leased or owned?

Leased  Owned

b. Identify the total number of vehicles owned or leased by your firm.

Leased  Owned

c. Are mileage logs maintained for all vehicles? If "no," please explain below.

Yes  No

d. Is mileage separated by direct and indirect classifications, and is mileage incurred in connection with unallowable activities tracked?  Yes  No

Explanation:

e. What recovery/billing rate is used for Company vehicle mileage reimbursement?

\$  per mile.

Explanation:

f. How was the rate developed?

GSA mileage and per diems only are allowed on MoDOT and LPA contracts.

[GSA Mileage](#)

[GSA Per Diem Rates](#)



# Compensation for Owners & Employees

## Section I

### Internal Control Questionnaire

#### I.1. Bonuses.

- a. Did the Company pay, or accrue for, bonuses earned by owners or employees during the period covered by the latest indirect cost rate schedule?
- Yes  No
- If "yes," were the bonuses included in the submitted overhead rate?  Yes  No  N/A
- Was any portion of these bonuses excluded from the submitted overhead rate?  Yes  No  N/A
- Comment:
- b. Does the Company have a written bonus plan?
- Yes. Please provide a copy of the plan.
- No. Please describe how bonuses are determined and how this is communicated to employees.
- c. Are all employees eligible for the bonuses?  Yes  No. If "no," please explain:

I.2. Executive Compensation. Has the Company, an independent CPA, or compensation consultant performed an evaluation of executive compensation for *reasonableness* in accordance with FAR 31.205-6? (See AASHTO Guide Section 7.5.)

- Yes  No
- If "yes," describe the methodology used and how this process has been documented:

Policies and Procedures - If no written policies exist, provide an explanation to demonstrate a system is in place to consistently manage how you determine eligibility for bonuses.

# Compensation for Owners & Employees

## Section I

The AASHTO website includes the recorded NCM webinar with the following slide.

I encourage you to take the time to listen to the presentation [National Compensation Matrix Webinar](#)

### Who Should be Benchmarked?

- Compensation for ALL executives should be examined for reasonableness
- Not limited to “senior executives” as defined in FAR 31.205-6(p)
- Not limited to top 5 highest paid

# Related-Party Transactions

## Section J

### Internal Control Questionnaire

**J.3. Property or Facilities Leased from Related Parties.** Does the Company rent or lease property and/or facilities from another entity (organization or individual)?

Yes  No

- If "yes,"

a. Are any of the Company's owners/stockholders, or members of their immediate family, also owners/stockholders of the other entity?

Yes  No

- If "yes," please explain: \_\_\_\_\_

b. Have the rental/lease costs been adjusted to the property owner's actual costs?

Yes  No

- If "yes," what basis was used to determine actual cost? (E.g., the property owner's tax less interest expense, plus cost of money).

Description: \_\_\_\_\_

This is the most misunderstood question on the ICQ. If the answer is "Yes" the firm rents from an entity with no common interest in the firm.

#### Common Control

Exists in related-party transactions when business is conducted at less than arm's length between businesses and/or persons that have a family or business relationship. Examples are transactions between family members, transactions between subsidiaries of the same parent company, or transactions between companies owned by the same person or persons. Common control exists when a related party has *effective control* over the operating and financial policies of the related entity. Effective control may exist even if the related party owns less than 50 percent of the related entity.

What is the process the firm follows to demonstrate rent paid to a related party has been adjusted to the owners actual costs?

Table 3. Other Related-Party Transactions

Name:	Contact Information:	How Related:	Products/Services Provided:	
_____	_____	_____	_____	
_____	_____	_____	_____	
_____	_____	_____	_____	\$ _____

# Other Questions

## Section K

### Internal Control Questionnaire

**K.1. Life Insurance.** Does the Company pay life insurance for officers/principals?

Yes  No

- If "yes,"

(a) Have any costs associated with this life insurance been included on the indirect cost rate schedule?

Yes – total amount:   No

(b) Please identify the beneficiary of the life insurance:

Company/surviving partners  Officer/principal's family

Other (specify)

(c) Please identify the type(s) of the life insurance:

Term  Whole life  Universal life  Endowments (annuities)

Accidental death  Other (please specify):

**K.2. Suspension or Debarment.** Has the Company, its parent, subsidiary, or any owner, stockholder, officer, partner, or employee of the Company been suspended or debarred from doing business by any State or the Federal government?

Yes  No

- If "yes," please provide complete details:

**K.3. Updates for Changes to FAR Part 31.** Does the Company have an existing process designed to provide timely updates to company policies and procedures to accommodate changes in the FAR Subpart 31.2 cost principles?

Yes  No

- If "yes," please describe the process:

**K.4. Risk Assessment.** Does the Company have a process for assessing risks that may result from changes in cost accounting systems or processes?

Yes  No

- If "yes," please describe the process. How are risks identified and addressed?

**K.5. Communications of FHWA/DOT Requirements.** How does information flow from the FHWA/State DOT to appropriate management personnel? (E.g., How are relevant updates to State DOT procedures or Federal Regulations disseminated to project managers and accounting personnel?)

Does you pay life insurance for the officers/principals?

If yes, are the company or surveying partners beneficiaries?

#### NOTE:

If the Company or its surveying partners are beneficiaries, these costs are unallowable (Key Man Life Insurance) and must be removed from the overhead schedule.

# ICQ Signature and Date

**Signature and Date is required for the document to be valid**

I certify that to the best of my knowledge and belief this ICQ is a complete and accurate representation of the above-named Company's cost accounting and billing practices.

\_\_\_\_\_  
**Typed or Printed Name**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Date Completed**

**Note:** The representations on this ICQ were made by, and are the responsibility of, the Company's management.

# Certification of Final Indirect Costs

## Certificate of Final Indirect Costs

This is to certify that I have reviewed this proposal to establish final indirect costs and to the best of my knowledge and belief:

1. All costs included in this proposal (identify proposal and date) to establish final indirect cost rates for (identify period covered by rate) are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) of title of Federal Regulations (CFR), part 31; and
2. This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR of [48 CFR part 31](#).

Firm:

Signature:

Name of Certifying Official:

Title:

Date of Execution:

- Provide this document in same format and with same language
- IDC rate must match the rate reported on the overhead
- Fiscal Period Covered must be accurate
- Document must be signed and dated to be valid

# Executive Compensation Analysis

## Distribution of profit is not allowed

### MoDOT allows three options in completing this requirement

**Option A:** Provide NCM worksheet on the AASHTO website. Submittal should include compensation document(s) of how the compensation was calculated.

**Option B:** Provide work papers to demonstrate three salary surveys were used to determine reasonableness of compensation and FAR compliance

**Option C:** Provide position title, total wages paid including taxable fringe benefits and total bonuses paid. MoDOT Auditors will compare the compensation to the NCM tool.

#### 3. Executive Compensation - required for new and renewal submittals

Option A: Prepare using the National Compensation Matrix

Option B: Provide a Compensation Analysis using Salary Surveys

or

Option C: Provide a table showing the position titles of all the executives, total wages paid including taxable fringe benefits, and total bonuses paid

Position Title	Total wages paid including taxable fringe benefits	Total bonuses paid

# NCM Tool

## National Compensation Matrix Tool - 2016

Automated Tool for Compensation Allowability

Enter Gross Revenues for Target Firm:

Amount may be obtained from ICQ or Prequal Cover Sheet

Position	Formulaic Result	+RoR	Computed Compensation
Chairman (non-CEO)	126,757	22,113	<b>148,870</b>
CEO/President	258,630	60,958	<b>319,588</b>
Executive Vice President / Chief Operating Officer	188,964	27,742	<b>216,706</b>
Senior Vice President	191,732	25,623	<b>217,354</b>
Vice President	164,894	27,406	<b>192,300</b>
Chief Financial Officer	148,233	34,112	<b>182,344</b>
Top Engineering Executive	179,942	9,158	<b>189,099</b>
Human Resources Director	99,295	20,663	<b>119,958</b>
Director of Business Development	165,470	35,074	<b>200,544</b>

Statutory Compensation Cap Effective 6/24/2014:	<b>487,000</b>
NCM Revenue Floor:	<b>1,500,000</b>
NCM Revenue Ceiling:	<b>500,000,000</b>





# Prequal Review

## 🌀 The Odd Ducks

- **Pro Bono Work – providing services at no cost**
  - Direct Labor same as non-billable costs
  - LPA could be considered a conflict of interest
- **Chamber of Commerce**
  - Allowable if the entity can demonstrate unallowable activities were identified and removed from overhead
- **Employee Morale**
  - Must be defined
  - Office Holiday Parties are unallowable per FAR 31.205-14 and 31.205-51
- **Depreciation – Mercedes & BMW, ...**
  - Has the personal use of company vehicle been identified as an unallowable cost on the overhead?

# What's Next

- ✎ Get to know Prime Consultants
- ✎ Get to know MoDOT Bridge Division and District staff
- ✎ The American Council of Engineering Companies (ACEC) is a good resource <http://www.acecmo.org/>
- ✎ Bridge Conference hosted by MoDOT will be held in Columbia (May 2017)
- ✎ Available until 2:00 for One-on-One Discussion
- ✎ Presentation will be posted on MoDOT Website

# MoDOT Contacts

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