

Architectural and Engineering Contracts \$1M to <\$3.5M (Case 2)
Financial Documents Submittal Instructions

Column Title	Definition / Instructions
Firm Name	Identify Consulting firm's name that corresponds with the appropriate firm type.
Caltrans Comments	** FOR CALTRANS USE ONLY **
1. Indirect Cost Rate (ICR)	Audited or in-house prepared ICR schedule. See example in the AASHTO Uniform Auditing & Accounting Guide (UAAG), Chapter 5-Cost Accounting.
1a. Field Indirect Cost Rate	If the work a Consultant will perform requires a field rate as specified in the Scope of Work, then the Consultant must provide a separate home office and field rate. If not applicable to the services, denote "N/A" in the checklist field.
2. Contractor Cost Certification	Contractor Cost Certification of Final Indirect Costs. See attached example and also the UAAG, Appendix F.
3. Complete Cost Proposal	Cost Proposal (ADM 2033) for labor and Schedule of Other Direct Cost (ODC) Items in EXCEL format with formulas (see http://www.dot.ca.gov/hq/dpac/aeinfo.htm). Cost proposal should be complete and accurate; all personnel should be properly identified (no vacancies) unless a certain classification is only paid one rate. Provide a description of any information (excluding information shown in the actual salary column) contained in the cost proposal that is different from any other cost proposal your firm has submitted after the close of the last financial fiscal year.
3a. Cost Justifications for ODC	ODCs are costs other than direct labor that can be identified specifically with a project or final cost objective (48CFR, Chapter 1, Part 31.202 and 31.203). For any direct cost items that contain an in-house unit rate, provide justification/support on development of rate based on actual historical cost analysis (not based on estimates or quotes) to justify a fair and reasonable rate. See UAAG, 5.3-Cost Centers. ODCs without this justification will not be allowed to be included on the Schedule of ODC Items.
4. Prevailing Wage Policy	If Consultant is performing prevailing wage tasks on this contract, provide the Consultant's prevailing wage (including delta base and delta fringe) accounting treatment. Policy should identify if Consultant accounts for prevailing wage delta base (difference in prevailing wage hourly rate established by DIR and employee's actual hourly rate) and delta fringe (difference in prevailing wage fringe amount per DIR and employee's actual fringe benefits per hour) as: direct labor, other direct cost or indirect cost (overhead).
5. Certified Payroll	Consultant's certified payroll information showing the salary breakdown as of the date the RFQ was advertised. Payroll information must include but not be limited to, employee name, pay period, hours, rate of pay, deductions, net pay and, if applicable, fringe benefit statements for prevailing wage personnel. This information will be used to verify the hourly rates for all personnel shown in the cost proposal. If payroll record is not available for newly hired employees, provide copies of offer letters and available pay stubs.
6. Overtime (OT) Policy	<ul style="list-style-type: none"> • Consultant's accounting policy for overtime policy and how it applies to exempt and non-exempt employees. • Consultant's accounting treatment policy for overtime premium as either: direct labor, other direct cost, indirect cost (overhead), or other. Policy should also explain the premium rate paid. Policy should be consistent with response in the Internal Control Questionnaire (ICQ), and if applicable, Audit report.
7. Executive Compensation Analysis	Executive Compensation Analysis to support reasonableness of claimed compensation costs in accordance with FAR 31.205-6. See UAAG, Chapter 7-Compensation and the AASHTO website for the National Compensation Matrix (NCM) http://audit.transportation.org/Pages/default.aspx . If NCM was used, provide schedule (see example attached); if salary surveys were used, provide schedule and details of surveys.
8. AASHTO ICQ Appendix B	Internal Control Questionnaire (ICQ). See example in the UAAG, Appendix B. The information contained in the ICQ and the accounting period should be consistent with the accounting period associated with each consultant's indirect cost rate(s).
ICQ Required Attachments:	
8a. Post Closing Trial Balance/Financial Statements	Post Closing Trial Balance reconciled to the ICR schedule and Financial statements (balance sheet, income statement, and statement of cash flows or Profit & Loss Statement) for most recent fiscal year.
8b. Chart of Accounts	Chart of accounts (should include direct, indirect and unallowable accounts) that ties to financial statements and ICR schedule.
8c. Example of Timesheet	Sample of Consultant's timesheet. See UAAG, Chapter 6-Labor Charging Systems and Other Considerations.

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8d. Vacation & Sick Leave Policy	Consultant's Vacation & Sick Leave Policy
8e. Bonus Policy	Consultant's Bonus Policy. See UAAG, 7.11-Bonus and Incentive Pay Plans.
9. Safe Harbor Rate Questionnaire and Certification	Firms electing to use the SHR are required to submit the following: 1) Questionnaire For Evaluating Consultant's Financial Management System For Federal-Aid Highway Projects, and 2) Consultant's Certification of Eligibility; Contract Costs and Financial Management System for Federal-Aid Highway Projects. See http://www.dot.ca.gov/hq/dpac/aeinfo.htm .
10. Negotiated Hourly Rate Documentation	Sole proprietor negotiating an hourly rate to provide federal taxes, invoices for previous work, and current cost proposal for review.
11. Other Review/Audit	Has the Consultant submitted its financial documents to any other agency for review/audit? If yes, identify the agency, period, type of review/audit, and outcome.
12. Vendor Rate Sheet	Details of the vendor rate sheets should be provided.
NOTE:	Submittal of other written policies Consultant indicates in the ICQ Sections B.3 & D.1 is optional, but must be available at time of an audit or review by Caltrans' Audits & Investigations.

Legend:
 Greyed Out Cell = Not Applicable
 Safe Harbor Rate (SHR) = Utilizing or Requesting SHR

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Financial Documents Submittal Checklist

NOTE: Contract subject to audit or review by Caltrans' Audits & Investigations (A&I) after execution and A&I reserves the right to request additional information at that time.

Contract # _____ Contract Value: _____ Contract Term: _____

			Indirect Cost Rates		Cost Proposal & Schedule of ODC Items		AASHTO ICQ Appendix B Attachments															
Firm Type	Firm Name	Caltrans Comments	1	1a	2	3	3a	4	5	6	7	8	8a	8b	8c	8d	8e	9	10	11	12	
			Indirect Cost Rate	Field Indirect Cost Rate	Contractor Cost Certification	Complete Cost Proposal	Cost Justifications for ODC	Prevailing Wage Policy	Certified Payroll	OT Policy	Executive Compensation Analysis	AASHTO ICQ Appendix B	Post Closing Trial Balance/ Financial Statements	Chart of Accounts	Example of Timesheet	Vacation & Sick Leave Policy	Bonus Policy	Safe Harbor Rate	Negotiated Hourly Rate Documentation	Other Review/Audit	Vendor Rate Sheet	
\$3.5M Firm																						
Firm w/Audit																						
Firm w/Audit																						
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Firm w/Audit																						
Firm w/o Audit																						
Firm w/o Audit																						
Firm w/o Audit																						
Firm w/o Audit																						
Safe Harbor Rate Firm																						
Safe Harbor Rate Firm																						
Safe Harbor Rate Firm																						
Safe Harbor Rate Firm																						
Safe Harbor Rate Firm																						
Safe Harbor Rate Firm																						
Negotiated Hourly Rate (Sole Proprietor Only)																						
Negotiated Hourly Rate (Sole Proprietor Only)																						
Vendor with Rate Sheet																						
Vendor with Rate Sheet																						

Appendix A. Example Contractor Cost Certification

Certification of Final Indirect Costs

Firm Name: _____

Indirect Cost Rate Proposal: _____

Date of Proposal Preparation (mm/dd/yyyy): _____

Fiscal Period Covered (mm/dd/yyyy to mm/dd/yyyy): _____

I, the undersigned, certify that I have reviewed the proposal to establish final indirect cost rates for the fiscal period as specified above and to the best of my knowledge and belief:

- 1.) All costs included in this proposal to establish final indirect cost rates are allowable in accordance with the cost principles of the Federal Acquisition Regulations (FAR) of title 48, Code of Federal Regulations (CFR), part 31.*
- 2.) This proposal does not include any costs which are expressly unallowable under the cost principles of the FAR of 48 CFR 31.*

All known material transactions or events that have occurred affecting the firm's ownership, organization and indirect cost rates have been disclosed.

Signature: _____

Name of Certifying Official (Print): _____

Title: _____

Date of Certification (mm/dd/yyyy): _____

**SAFE HARBOR RATE
CONSULTANT CERTIFICATION OF ELIGIBILITY;
CONTRACT COSTS AND FINANCIAL MANAGEMENT SYSTEM
FOR FEDERAL-AID HIGHWAY PROJECTS**

**Required Fields*

Consultant Name: _*[Insert Company Name]_____

Check one of the following options as it applies to your firm that is completing this certification:

- Prime Consultant Subconsultant

Local Agency (if applicable): _[N/A]_____

Contract # (if applicable): _*[Enter Contract/Agreement #, if known]_____

Check one of the following contract methods of payment:

- Specific Rate of Compensation Actual Cost-Plus-Fixed Fee
 Lump Sum Cost Per Unit of Work

Federal Project #: _*[Enter Federal Project #, if known]_____

Subconsultant's Participating Contract Dollar Amount: \$*_ [Firm's participating contract amount]

Subconsultant's Estimated % of Work to be Performed (Specific Rate of Compensation): _*__ %
[Enter % of participation on the contract]

Prime Consultant's Contract Dollar Amount: \$*_ [Total contract value]_____

Safe Harbor Rate (Indirect Cost Rate): **110%**

Certification of Eligibility:

I, the undersigned, certify that the firm is eligible to use the safe harbor indirect cost rate as the firm:

1. Does not have relevant contract cost history to use as a base for developing a Federal Acquisition Regulation (FAR) of Title 48, Code of Federal Regulations (CFR) Part 31-Contract Cost Principles and Procedures (48 CFR Part 31 often referred to as "Federal cost principles") compliant indirect cost rate (ICR).

OR

2. Does not have a previously accepted ICR by a cognizant agency, or with an audited/accepted ICR, and does not have an existing contract with a provisional rate.
3. Has not developed an indirect cost rate in compliance with the Federal cost principles.

Certification of Contract Costs:

I, the undersigned, certify that I have reviewed the cost proposal for the above contract and to the best of my knowledge and belief:

1. All costs included in the cost proposal are allowable in accordance with the Safe Harbor Rate requirements and Federal cost principles.
2. The cost proposal does not include any costs which are expressly unallowable with the Safe Harbor Rate requirements and the Federal cost principles.

**Safe Harbor Rate
Questionnaire for Evaluating Consultant's Financial Management System
For Federal-Aid Highway Projects**

**Required Fields*

Consultant Name: *[Insert Company Name]

Headquarter Address: *

Location of Accounting Records: *[Address where the Company's accounting records are located]

Company Contact for Accounting System Questions :

Name: *[Contact information of executive/financial officer]

Title: *

Phone Number: *

Email Address: *

Mailing Address: *

Purpose:

This questionnaire is a tool for the Department of Transportation (Caltrans) to evaluate the adequacy of the Consultant's financial management system to accumulate and track direct labor and other direct costs by contract, segregate indirect costs, and remove unallowable costs.

Instructions:

1. This questionnaire should be completed by personnel (e.g. accounting staff) with working knowledge of the Consultant (Company)'s financial management system.
2. Answer all questions and provide an explanation and additional supporting documentation where requested.
3. For "No" responses, provide an explanation.
4. If additional space is required, please attach a separate sheet and refer to items being answered by number.

**IT IS IMPORTANT TO BE AWARE THAT MANY REQUESTS FOR THE USE OF THE SAFE HARBOR
INDIRECT COST RATE ARE DENIED DUE TO FAILURE TO PROPERLY COMPLETE THIS DOCUMENT.**

References:

Title 48 Code of Federal Regulations (CFR) Part 31 - Federal cost principles (48 CFR Part 31)
Title 48 CFR Chapter 99, Subchapter B - Procurement Practices and Cost Accounting Standards
Title 23 United States Code (U.S.C.), Chapter 1, Section 112 - Letting of Contracts
Title 23 CFR, Chapter 1, Part 172 - Procurement, Management, and Administration of Engineering and Design Related Services
American Association of State Highway and Transportation Officials (AASHTO) Uniform Audit & Accounting Guide (2012 Edition)

Definition of Terms:

Cost objective is an agreement/contract, function or organizational subdivision, or other work unit for which the costs of processes, products, jobs, or projects are accumulated and measured. An "intermediate cost objective" is a cost objective used to accumulate costs that are subsequently allocated to one or more indirect cost pools and/or final cost objectives.

Direct cost is any cost that is identified specifically with a particular cost objective. Direct costs are not limited to items that are incorporated in the end products as material or labor. Costs identified specifically with a contract are direct costs of that contract. All costs identified with other final cost objectives of the contractor are direct costs of those objectives. (48 CFR Part 31.202)

Indirect or overhead cost is any cost that is not directly identified with a single final cost objective, but is identified with two or more final cost objectives or with at least one intermediate cost objective. (48 CFR Part 31.203)

Indirect cost pools are groupings of incurred costs identified with two or more cost objectives but not identified

specifically with any final cost objectives. (48 CFR Part 31.001)

1. What form of business entity is the Company?

Sole Proprietorship Partnership C Corporation S Corporation
Other _____

2. What types of services will the Company provide for this contract? (e.g., architectural and engineering services, program management, construction management, feasibility studies, preliminary engineering, design engineering, surveying, mapping or architectural related services with respect to a highway construction project)

3. Does the Company have prior government contracting experience? Yes No
- If yes:
- a. Was the contract with a local agency, state agency, federal agency? Yes No
If "Yes", please provide the performance period of the most recent contract.
Beginning _____ Ending _____
- b. Was the contract(s) funded in whole or in part with Federal-aid highway funds? Yes No
- c. Did the company account for and bill costs in accordance with 48 CFR Part 31? Yes No
If "No", please explain why not?

4. What is the company's fiscal reporting period? (Start Date _____ End Date _____)

Has the company used the same fiscal reporting period for the past two years?

5. What kind of accounting software does the Company use?

Internally-developed system Commercial System: Name of vendor _____
Hybrid system: Please explain _____

6. What basis of accounting does the Company use to prepare general purpose financial statements?

Cash Accrual Hybrid Please explain "Hybrid" _____

If response above is not "Accrual", are year end accrual adjustments made for compliance with generally accepted accounting principles? Yes No

If yes, please provide a listing of the accrual adjustments made.

7. Does the general ledger contain separate direct and indirect accounts for the following?

Note: Billable means labor, materials costs and other reimbursable costs and items that are stipulated in the contract and are in compliance with the Federal regulations.

- | | | |
|--|-----|----|
| a. Accounts for billable direct Labor costs | Yes | No |
| b. Accounts for non-billable direct Labors costs | Yes | No |
| c. Accounts for billable other direct costs (ODCs) | Yes | No |
| d. Accounts for non-billable ODCs | Yes | No |
| e. Accounts for allowable indirect costs | Yes | No |
| f. Accounts for unallowable costs per 48 CFR Part 31 | Yes | No |

Describe the accounting treatment for direct costs not billable to clients. (Where/how are these costs recorded?)

Note: This will support that all direct costs are accounted for and traceable from the job cost ledger to the general ledger.

If any responses are "Yes" to items "a" through "f", please provide a copy of the Company's chart of accounts (account listings) and identify account numbers/names (i.e. account series/grouping, categories) for the cost items listed below.

- a. Accounts for billable direct Labor costs _____
- b. Accounts for non-billable direct Labors costs _____
- c. Accounts for billable other direct costs (ODCs) _____
- d. Accounts for non-billable ODCs _____
- e. Accounts for allowable indirect costs _____
- f. Accounts for unallowable costs per 48 CFR Part 31 _____

8. Do you have written policies on the following cost categories?

a. Billable direct labor costs	Yes	No
b. Non-billable direct labors costs	Yes	No
c. Billable other direct costs (ODCs).	Yes	No
d. Non-billable ODCs.	Yes	No
e. Allowable indirect costs.	Yes	No
f. Unallowable costs per 48 CFR Part 31.	Yes	No

If "No", please explain: _____

9. Knowledge of requirements for an adequate financial management system.

- a. Are appropriate personnel within the Company familiar with 48 CFR Part 31 -Federal Cost Principles?

- b. How are appropriate personnel trained to distinguish between allowable and unallowable costs?

- c. When does the review for allowability of costs occur? Is it at the time the transaction is recorded or later?

10. Is indirect and direct labor separated by contract/project/cost objectives on employee timesheets? Yes No

If "Yes", please provide a copy of an approved timesheet that shows indirect and direct labor separated by contract/project/cost objectives.

11. Are contracts/projects assigned a unique identification/project number in your accounting system? Yes No

If "Yes", please provide a complete list of current active contracts/projects with their respective identification number.

12. Do the Company's timesheets include reporting codes for both direct and indirect hours? Yes No

If "Yes", do all employees, including managers and principles, record all worked hours for both direct and indirect on their timesheets? Yes No

If "No", then please explain the method used to segregate direct and indirect labor hours.

13. 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/projects?

Please see AASHTO Audit Guide Chapter 5.4.F.2 for reference.

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 employee who are exempt from the Fair Labor Standards Act?

Effective Rate Method. Please explain: _____
Salary Variance Method (Effective or Standard Wage Rates). Please explain. (e.g., What was the total dollar amount of the salary/payroll variance for the year?): \$ _____
Other. Please explain: _____

14. How does the Company segregate costs incurred (work performed) under the original agreement/contract and costs incurred under contract changes/modifications/amendments?

15. Besides labor, what other costs does the Company normally bill/invoice as direct contract/project costs?

Does your response include a complete list of all items you intend to bill/invoice for? Yes No

If "No", please provide a listing of all those ODC items to be charged to the contract/project.

16. Based on your answers above to questions 7-15, is your financial management system **capable of accumulating, allocating and summarizing costs including direct and indirect (including labor), unallowable**, and ODCs by contract/project in accordance with the Federal cost principles? Yes No

If "Yes", please provide a sample report from a currently active contract/project showing the accumulation, allocation and summarization of direct labor and ODCs by contract/project, **if applicable**.

17. Does the Company reconcile the financial accounting system to the job-cost system?

N/A (no job-cost ledger used)

No. Please explain. _____

Yes. If "Yes", how often? (Check all that applies.) Monthly Quarterly Semiannually Annually

18. As an attachment please describe (narrative or flow chart) your process for approving, recording, and invoicing contract costs to ensure compliance with applicable federal and State laws and regulations.

I certify that to the best of my knowledge and belief the responses to this questionnaire are accurate.

Print Name

Signature

Title

Date Completed