

|  |  |  |
| --- | --- | --- |
| 100 North Senate Avenue  Room N758-Executive Office  Indianapolis, Indiana 46204 | PHONE: (855) 463-6848 | **Eric Holcomb, Governor**  **Joe McGuinness, Commissioner** |

**Memorandum**

**TO: Construction Partners**

**FROM: INDOT Prequalification**

**DATE: January 20, 2021**

**RE: 2021 Programming Changes- Contractor Prequalification**

Construction Partners,

The last year has forced all of us to make changes to the way we do business. The prequalification division has moved to an entirely remote working arrangement, relying on the development of a new eponymous ITAP application (“Contractor Prequalification”) to process requests for certificates of qualification. All applicants seeking a certificate of qualification must use this electronic platform to submit required information. This software launched on October 30, 2020 and has since been updated to account for coding and requirement errors that hindered its early functionality.

**A live training session will be held on Microsoft Teams on Thursday February 11, 2021**. A link to this training can be obtained by emailing [chserak@indot.in.gov](mailto:chserak@indot.in.gov). During this training, the contractor prequalification team will walk through the CPQ application from start to finish.

**Financial Requirements**

Please note that applications for contractor prequalification using ***reviewed or audited financials*** must include the full audit package- i.e. income statement, balance sheet, statement of cash flows, change in owner equity statement, and all notes and other details. In the past, applicants have occasionally omitted some components of the audit package, typically the income and cash flow statements. Going forward, applications that do not include the full audit package will be rejected.

Applicants using ***compiled financials*** must submit income and balance sheet statements with their application. Please be aware that applicants using compiled financials may also be asked to furnish a cash flow and change in owner equity statement when determined necessary to accurately calculate operating capacity.

Lastly with regard to financial requirements, (1) INDOT is now accepting both firm and individual CPA license numbers and (2) does not require that audit letters be addressed to the Indiana Department of Transportation.

**Subcontractors**

Ind. Code § 8-23-10-4 states that subcontractors with less than Three Hundred Thousand Dollars ($300,000) in total INDOT work under contract are not required to be prequalified. In the past, this code section was interpreted as requiring subcontractors to be prequalified in order to complete INDOT work if the firm has more than Three Hundred Thousand Dollars ($300,000) in total work under contract from all sources. However, an internal review of this rule revealed that Ind. Code § 8-23-10-4 in fact only requires prequalification where a firm has more than Three Hundred Thousand Dollars ($300,000) in total *INDOT* work under contract at any one time. Work from non-INDOT sources is not considered in determining if a subcontractor must be prequalified under Ind. Code § 8-23-10-4.

As a result of the above interpretation change, a new version of State Form IC 108 has been promulgated and is in use for the purposes of obtaining subcontractor approval on INDOT contracts.

**Bidding Capacity and Work Types**

Pursuant to 105 IAC §11-2-1 & 3, INDOT is required to assign work types and corresponding bidding capacity based on an applicant’s financial position, adequacy of organization and equipment, prior experience, record of construction, and project specific evaluations (i.e. CPE evaluations). In order to carry out this duty, the prequalification division shall only assign work types for which an applicant is demonstrably qualified. As such, contractors may lose work types from one certificate to another based on the information provided by the company and the firm’s recent performance history on INDOT projects.

If your company is not assigned a work type that you applied for, you can submit a written request to add that work type, including evidence that your company has the requisite equipment, personnel, experience, and competency to complete such work. Requests for changes to work types and capacity cannot be submitted until ninety (90) days after the valid date of the certificate. Such requests should be emailed to the contractor prequalification team ([JoMurillo@indot.IN.gov](mailto:JoMurillo@indot.IN.gov) & [ChSerak@INDOT.IN.gov](mailto:ChSerak@INDOT.IN.gov)).

Work types and bidding capacity assigned to an active certificate can also be altered by the Prequalification Committee under 105 IAC §11-2-5. In the rare event it is determined that your company’s prequalification status should be immediately reduced due to performance failures, you will first have the opportunity to present your position to the Committee and defend against any such adverse recommendation. Furthermore, all performance matters proceed through a series of informal and formal escalations, culminating in some instances in a Committee hearing. The prequalification division will seek to resolve all performance matters through informal channels before seeking the intervention of the Committee. The performance matter process is in all instances intended to foster greater partnership with the Department, and to facilitate the improved delivery of INDOT contracts.

**Duty to Protect Confidential Information**

The prequalification division has received numerous inquiries regarding the protection of sensitive and confidential information provided to INDOT through the prequalification process. State law makes it a Class A Infraction for a state employee to unlawfully disclose confidential information collected as part of state government operations. This includes financial and other protected information collected by INDOT through the prequalification process. The Department of Transportation takes its responsibility to protect confidential information very seriously and can guarantee that every appropriate measure has been implemented to protect your information from unlawful disclosure.

For more information regarding INDOT’s duty to protect confidential material, please refer to ex. Ind. Code §5-14-3-4, Ind. Code §5-14-3-10, and Ind. Code §8-23-10-4(d).

Please feel free to contact myself or Jose Murillo if you would like to discuss the above updates, or any other prequalification related matter. Our team is always looking for ways to maximize the efficacy and efficiency of our operations, so if you have any constructive input please do not hesitate to reach out to us. We are especially looking for ideas and feedback regarding the functionality of the new CPQ application. Thank you for continued partnership as we move forward into 2021.

Very Respectfully Yours,

*/s/: Chris Serak*\_\_\_\_\_\_\_\_\_

Christopher B. Serak,

Prequalification Director &

Ethics Officer