



INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

100 North Senate Avenue
Room N725
Indianapolis, Indiana 46204

PHONE: (317) 234-5204

Mitchell E. Daniels, Jr., Governor
Michael B. Cline, Commissioner

FYE FINANCIAL PREQUALIFICATION (PART 2)

This guidance and associated forms, along with External Audit contact information, are available on the INDOT Consultants Prequalification > Audit Information website page:
<http://www.in.gov/indot/2846.htm>

INDOT Prequalification submittals by consultant firms are based on the Prequalification Level requested by a firm. Further description of each level is in the Consultant Prequalification Manual. The levels are:

- A. Annual Services Less Than \$250,000 (Self-Certified)
- B. Annual Services Equal to or Greater Than \$250,000 (CPA Audit)
- C. Annual Services of Any Amount (Cognizant Audit)
- D. Unit Price Services Only

ALL Submittals for Financial Prequalification Must Include the Following:

1. Current audited or self-certified paid hourly labor rates by employee, certified as accurate and signed by an officer of the consultant firm, for all employees, or employees now working or expected to work on projects with or administered through INDOT.
2. Current audited or self-certified average paid hourly labor rates by labor class, certified as accurate and signed by an officer of the consultant firm, for all employees, or employees now working or expected to work on projects with or administered through INDOT.
3. Audited or self-certified paid hourly labor rates, and average paid hourly labor rates by labor class, effective as of fiscal year end, certified as accurate and signed by an officer of the consultant firm.
4. Completion of Contractor Certification of Costs per FHWA Order 4470.1A. For an example certification form to complete, see Appendix A of the October 27, 2010 Order, on INDOT's web page or the FHWA web page. <http://www.fhwa.dot.gov/legsregs/directives/orders/44701a.htm>
5. Completion of AASHTO Internal Control Questionnaire (ICQ) For Consulting Engineers. See Appendix B of the AASHTO Uniform Audit & Accounting Guide. The fillable form pdf is also available on INDOT's Audit Information web page.

SELF CERTIFIED Submissions; Include these Additional Schedules and Documentation:

1. Schedule of Indirect Costs as required in Prequalification Part 2 submittal as Exhibit G. See FAR Part 31 for allowed and disallowed costs. See AASHTO Uniform Audit & Accounting Guide Chapter 4 - Cost Principles and Chapter 5 - Cost Accounting. Chapter 5 includes tables with sample overhead schedules.
2. Copy of firm's policy or standard procedure for accounting treatment of all vehicle costs, and policy for vehicle mileage reimbursement. Adjustment to the indirect cost schedule for direct, promotional, and personal use of vehicles. Schedule of vehicle costs and summary of mileage per vehicle with separation of FAR allowable direct, indirect, unallowable miles along with the calculated total cost per mile, or an equivalent audited mileage rate. Alternatively, provide

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completed INDOT schedule form for Vehicle Usage, Operation Cost, and Mileage Rate Calculation. Provide copy of an actual mileage log sheet for a vehicle with typical travel for firm business. If inadequate documentation is provided, all vehicle costs are deemed as included in indirect or disallowed costs. For indirect overhead cost, Federal Travel Regulation standard mileage rates for POV are allowed as a maximum. For direct cost reimbursement, Indiana limits the mileage rate per the Indiana Travel Management policies. See the current State policy and rates at: <http://www.in.gov/idoa/2459.htm>

3. Completed Facility Capital Cost of Money (FCCM) schedule. See Chapter 8 - Selected Areas of Cost in the AASHTO Uniform Audit & Accounting Guide. See FAR 31.205-10 Cost of Money. Rates available at: http://www.treasurydirect.gov/govt/rates/tcir/tcir_opdprmt2.htm
4. Depreciation schedule based on GAAP, consistent with the firm's financial statements, and consistent with policies and procedures. See FAR 31.205-11 Depreciation. See Chapter 8 Depreciation section of the AASHTO Uniform Audit & Accounting Guide.
5. If the firm rented and/or leased capital assets, submit copies of the financial terms and signatory page of lease agreement. If a related party owned capital assets rented and/or leased by the firm, a Cost of Ownership work paper must be submitted. See FAR 31.205-36 Rental Costs. See Chapter 8 Rent/Lease section of the AASHTO Uniform Audit & Accounting Guide. Otherwise, if no related party has an interest in the rented and/or leased assets, the firm must submit a statement with that assertion, certified as accurate and signed by an officer of the consultant firm.
6. Policy for eligibility requirements for pension, 401k, SEP, or other retirement contributions. In addition, a schedule itemizing the various forms of executive compensation must be provided. INDOT reserves the right to request a schedule listing all employees receiving discretionary or profit sharing contribution, with the amount received by each employee. Note any measurable and verifiable factors for making the contributions, as described in the company plan or policy. See FAR 31.205-6(j) Pension costs.
7. Provide firm's Compensation Analysis as described in Chapter 7 – Compensation of the AASHTO Uniform Audit & Accounting Guide. Include support from surveys used. The consultant is responsible for preparing an analysis to support the reasonableness of claimed compensation costs. In the absence of the firm's analysis, INDOT will use the National Compensation Matrix as published on the AASHTO website in 2012, and financial statements are required.
8. Sufficient documentation shall be provided to enable INDOT to determine allowability of bonuses included, plus description of the bonus policy including measurable and verifiable attributes, and assertion that costs included are FAR allowable. Otherwise, bonuses are unallowable indirect cost.
9. List of all compensation elements including non-wage/salary indirect compensation for each employee. Schedule separating direct and indirect labor hours of each employee for the firm's fiscal year.
10. Copies of 941 statements and reconciliations of total amounts to the firm's General Ledger labor accounts, and reconciled to the Job Costing system totals. Provide explanation for any variances between these totals.
11. Copy of W-2 for Owners, Officers, Principals, Partners, and Managers. Redact or black out all individual social security numbers.
12. Chart of Accounts for firm's accounting system including all account numbers and titles.
13. Trial Balance for FYE, adjusted, that corresponds to indirect cost schedule. Financial Statements (Balance Sheet and Income Statement).
14. Signed copy of Federal Income Tax Return.



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CPA AUDIT Submissions; Include these Additional Forms and Documentation:

1. Indirect Cost Schedule with Independent Auditor's Report, Listing of unallowable account adjustments with FAR references, Disclosure Notes, and Report on Internal Control, meeting GAGAS (Yellowbook) reporting standards and in accordance with 48 CFR 31. See Chapter 11 - Audit Reports and Minimum Disclosures of the AASHTO Uniform Audit & Accounting Guide.
2. Provide firm's Compensation Analysis as described in Chapter 7 - Compensation of the AASHTO Uniform Audit & Accounting Guide. Include support from surveys used. The consultant is responsible for preparing an analysis to support the reasonableness of claimed compensation costs. In the absence of the firm's analysis, INDOT will use the National Compensation Matrix as published on the AASHTO website in 2012, and CPA audited financial statements are required.
3. If applicable, the disclosure notes should assert bonuses were FAR allowable, and disclose the measurable and verifiable attributes. If a disclosure note was not made, sufficient documentation shall be provided to enable INDOT to determine allowability of bonuses, plus description of the bonus policy including measurable and verifiable attributes, and assertion that costs included are FAR allowable. Otherwise, bonuses are unallowable indirect cost.
4. Pension plans which include "discretionary" or "profit sharing" contributions must be disclosed in the CPA audit report. In addition, a schedule itemizing the various forms of executive compensation must be provided. INDOT reserves the right to request a schedule listing all employees receiving discretionary or profit sharing contribution, with the amount received by each employee. Note any measurable and verifiable factors for making the contributions, as described in the company plan or policy. To be considered under 48 CFR, Part 31.205-6(4)(i).
5. Copy of firm's policy or standard procedure for accounting treatment of all vehicle costs, and policy for vehicle mileage reimbursement. Adjustment to the indirect cost schedule for direct, promotional, and personal use of vehicles. Schedule of vehicle costs and summary of mileage per vehicle with separation of FAR allowable direct, indirect, unallowable miles along with the calculated total cost per mile, or an equivalent audited mileage rate. Alternatively, provide completed INDOT schedule form for Vehicle Usage, Operation Cost, and Mileage Rate Calculation. Provide copy of an actual mileage log sheet for a vehicle with typical travel for firm business. If inadequate documentation is provided, all vehicle costs are deemed as included in indirect or disallowed costs. For indirect overhead cost, Federal Travel Regulation standard mileage rates for POV are allowed as a maximum. For direct cost reimbursement, Indiana limits the mileage rate per the Indiana Travel Management policies. See the current State policy and rates at: <http://www.in.gov/idoa/2459.htm>
6. If the consultant used contract/purchased labor the submission must include a schedule listing the purchased laborers' names, hours worked separated as direct or indirect hours, and if used as direct labor, the schedule must indicate whether the contract/purchased labor was billed to projects with or administered through INDOT, and whether the direct contract labor had overhead additive and fee applied, or was treated as a direct non-salaried costs, similar to the treatment of sub-consultants costs.
7. Labor Testing: The submission must include all CPA workpapers used for the testing of labor accumulation, segregation, and cost allocation as noted in the FAR Cost Principles and AASHTO Uniform Audit and Accounting Guide. Work papers may be submitted in an electronic format,



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directly to INDOT External Audit. Refer to CPA Work Paper Review Program, Appendix A, Sections VI.B. and VI.C.

8. Signed Copy of Consultant-CPA Engagement Letter.

COGNIZANT AUDIT Submissions; Include the Additional Documentation:

1. Cognizant Agency Approval Report or Letter of Concurrence, from respective State DOT or other cognizant agency as described in 23 CFR 172, 23 USC 112, and supporting guidance from FHWA. See Chapter 12 – Cognizance and Oversight in the AASHTO Uniform Audit & Accounting Guide.
2. Indirect Cost Schedule with Independent Auditor's Report, Listing of unallowable account adjustments with FAR references, Disclosure Notes, and Report on Internal Control, meeting GAGAS (Yellowbook) reporting standards and in accordance with 48 CFR 31.