



## FYE FINANCIAL PREQUALIFICATION

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>

Consultant firms submit prequalification applications to INDOT based on their requested financial level, with detailed descriptions of each provided in the Consultant Prequalification Manual. While the Prequalification Section reviews the Unit Price and Limited Services levels, the three "Full Financial" levels that are reviewed by External Audit include:

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

### **ALL Submittals for Full Financial Prequalification Must Include the Following:**

**(Note: the numbers shown correspond to the numbers shown in the PSCS Portal where all applications must be submitted)**

5. Contractor Certification of Costs: Completion of Contractor Certification of Costs per FHWA Order 4470.1A. An example certification form is available on INDOT website at <https://www.in.gov/indot/doing-business-with-indot/consultants/consultants-prequalification/audit-information/> or on FHWA's webpage: <https://www.fhwa.dot.gov/legsregs/directives/orders/44701a.cfm>
6. Internal Control Questionnaire: 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 at <https://www.in.gov/indot/doing-business-with-indot/consultants/consultants-prequalification/audit-information/>
7. Current labor rates:
  - Current audited or self-certified paid hourly labor rates by employee, certified as accurate, dated, 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.
  - Current audited or self-certified average paid hourly labor rates by labor class, certified as accurate, dated, 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.
8. Fiscal year end labor rates: 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.
14. Completed Timesheets: Two (2) completed actual timesheets with typical projects-related hours, one for an administrative person, and one for technical person or professional engineer.
15. Overtime compensation policy: The Firm's policy for paid and unpaid overtime compensation.

16. Overtime hours procedures: The Firm's policy and procedure for calculating and recording cost of (and billing for) overtime hours worked.
17. 2 Job cost reports: Two (2) actual job cost reports for current contracts which demonstrate costing details and system capability.

**SELF CERTIFIED Submissions; Include these Additional Schedules and Documentation:**

**Note: Only for Consulting Firms with total revenue less than \$5M. CPA or COG audit is required if total revenue is over \$5M.**

2. Indirect Cost Report: 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.
4. Facility Capital Cost of Money: Completed Facility Capital Cost of Money (FCCM) schedule (optional). 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: <https://fiscal.treasury.gov/prompt-payment/rates.html>
5. Policy and procedures for vehicle costs: Attach the firm's policy and/or standard procedures for accounting treatment of all vehicle costs, and policy for vehicle mileage reimbursements.
6. Schedule of vehicle costs: 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.
7. Actual mileage log sheet: 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>
8. Depreciation schedule: 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.
10. Cost of Ownership: 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.
11. Policy for retirement contributions: 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 contributions, 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.

12. Compensation Analysis: 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.
13. Compensation component list: List of all compensation elements including non-wage/salary indirect compensation for each employee.
14. Direct and Indirect Labor Hours: Attach a schedule separating direct and indirect labor hours of each employee for the firm's fiscal year.
15. Labor reconciliations: 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.
16. W-2 copies: Copy of W-2 for Owners, Officers, Principals, Partners, and Managers. Redact or black out all individual social security numbers.
17. Chart of Accounts: Chart of Accounts for firm's accounting system including all account numbers and titles.
18. Trial Balance: Trial Balance for FYE, adjusted, that corresponds to indirect cost schedule.
19. Financial Statements including Balance Sheet and Income Statement.
20. Income Tax Return: Signed copy of Federal Income Tax Return.

**CPA AUDIT Submissions; Include these Additional Forms and Documentation:**

1. Indirect Cost Report: 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.
4. Facility Capital Cost of Money: Completed Facility Capital Cost of Money (FCCM) schedule (optional). 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: <https://fiscal.treasury.gov/prompt-payment/rates.html>
5. Compensation Analysis: 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, and CPA audited financial statements are required.
6. Bonus policy: 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.
7. Vehicle operating costs: 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>
8. Purchased labor schedule: If contract or purchased labor was utilized, the submission must include a detailed schedule. This schedule should list the laborers' names and separate their hours into direct and indirect categories. For all direct labor, please specify whether the labor was billed to INDOT projects or administered through INDOT. Whether the costs included an overhead additive and fee, or were treated as direct non-salaried costs (similar to sub-consultant costs).
9. Retirement contribution schedule: 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 contributions, 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).
10. 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, directly to INDOT External Audit. Refer to CPA Work Paper Review Program, Appendix A, Sections V.B. and V.C.

11. Consultant CPA acknowledgement: Signed Copy of Consultant-CPA Engagement Letter.
12. Trial Balance: Trial Balance for FYE, adjusted, that corresponds to indirect cost schedule.
13. Financial Statements including Balance Sheet and Income Statement.

**COGNIZANT AUDIT Submissions; Include Additional Documentation:**

1. Letter of Cognizant Approval: 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 Report: 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.
10. Trial Balance: Trial Balance for FYE, adjusted, that corresponds to indirect cost schedule.
11. Financial Statements including Balance Sheet and Income Statement.