

AASHTO and NJDOT Internal Control Questionnaire (ICQ) for Consulting Engineers

Name of Engineering Consultant (“the Company”): _____

TIN (Taxpayer Identification Number): _____

Headquarters Address: _____

Company Website: _____

Fiscal Year End: _____

This ICQ was prepared for (DOT/agency name): _____

Time Period Covered: _____

Location of Accounting Records: _____

- Please include the following items as **attachments** to this ICQ:

- FAR Part 31 Overhead Audit Report for most recent fiscal year, including audited Statement of Direct Labor, Fringe Benefits, and General Overhead (hereinafter “Indirect Cost Rate Schedule”) and related reconciliation to the financial statements.
- Cognizant audit report or cognizant letter of concurrence from the cognizant Government agency.
Check here if not applicable:
- Post-closing trial balance and financial statements (balance sheet, income statement, and statement of cash flows) for the most recent fiscal year. (Note: If the indirect cost rate schedule does not directly tie to the trial balance, then please provide a supplemental reconciliation schedule.)
- Current chart of accounts that ties to financial statements and indirect cost rate schedule.
- Independent Auditor’s Report on financial statements and accompanying management letter.
Check here if not applicable:
- Sample timesheet.
- The Company’s policies for vacation and sick leave.
- The Company’s bonus policy.
- Other written policies, as requested throughout this ICQ.

Note: Throughout this ICQ, all references to “AASHTO Guide” pertain to the 2015 Edition of the *AASHTO Uniform Audit & Accounting Guide*.

- Please identify the Company’s primary contact for accounting questions:

Name: _____

Title: _____

Phone Number: _____

E-mail Address: _____

Mailing address (if different than headquarters address listed above): _____

A. Background Information

A.1. Year Established. When was the Company formed? _____

A.2. Business Form. What form of business entity is the Company?

- Sole Proprietorship Partnership C Corporation S Corporation
 Other _____

A.8. Number of Employees. How many employees (including managers and principals) does the Company currently employ?

a. Full time: _____ b. Part time: _____

- Has this number changed in the past one-year period?

No Yes. If “yes,” please explain: _____

A.9. Revenue Sources.

1. For most recent fiscal year, what percentage of the Company’s revenue was generated from each of the following?

a. State government: _____% c. Local government: _____%
 b. Federal government: _____% d. Commercial/private: _____%

2. Please specify all revenues earned as either a prime consultant or subconsultant:

a. Revenues from Government Projects: \$ _____
 b. Revenues Other Customers: \$ _____
Total Company Gross Revenue: \$ _____

A.10. Contract Mix. What percentage of the Company’s revenue was generated from each of the following contract types?

a. Lump sum: _____% c. Cost plus (time and materials): _____%
 b. Cost plus fixed fee: _____% d. Other: _____% Please explain “Other.” _____

B. Accounting: General Background

B.1. Fiscal Period. Has the Company used the same fiscal reporting period for the past two years?

Yes No

B.2. Accounting Method/Basis. What basis of accounting does the Company use to prepare general purpose financial statements?

Cash Accrual Hybrid. Please explain “Hybrid.” _____

- Was the same basis of accounting also used to prepare the firm’s indirect cost rate schedule?

Yes No. Please explain: _____

B.2.1. Accounting Method/Basis. Has the above basis been consistent for the past two (2) years? Yes No

B.3. Accounting Policies. Does the Company have written accounting policies that address the following topics? (If “yes,” please provide a copy.)

	Yes	No
a. Accounting system	<input type="checkbox"/>	<input type="checkbox"/>
b. Billing	<input type="checkbox"/>	<input type="checkbox"/>
c. Cost estimating/allowability.	<input type="checkbox"/>	<input type="checkbox"/>
d. Recording time worked/timesheet preparation	<input type="checkbox"/>	<input type="checkbox"/>
e. Fringe benefits/leave time	<input type="checkbox"/>	<input type="checkbox"/>
f. Recording overtime	<input type="checkbox"/>	<input type="checkbox"/>
g. Compliance with FAR Part 31 ^(†) and applicable CAS	<input type="checkbox"/>	<input type="checkbox"/>
h. Recording direct and indirect costs	<input type="checkbox"/>	<input type="checkbox"/>
i. Overhead/indirect cost rate development	<input type="checkbox"/>	<input type="checkbox"/>
j. Billing rate development	<input type="checkbox"/>	<input type="checkbox"/>

^(†) FAR Part 31 is codified at 48 CFR Part 31, which is available at <https://www.acquisition.gov/far/html/FARTOCP31.html>.

B.4. Preparing the Indirect Cost Schedule. How frequently does the Company prepare an indirect cost rate schedule to determine costs eligible for reimbursement per FAR Part 31?

Annually Other (please specify): _____

- Was the most recent schedule prepared by the Company or by another entity instead (e.g., CPA firm)?

Prepared by: Internal staff External party (specify): _____

- Period covered by most recent indirect cost schedule:

One-year period ended December 31, 20____

Other (please specify): _____

B.5. Fraud, Abuse, and Contract Violations. Is the Company's management aware of any material instances of fraud, illegal acts, abuse, or violations of contracts provisions or grant agreements?

No Yes. If "yes," please explain: _____

B.6. Knowledge of FAR Part 31. Are appropriate personnel within the Company familiar with FAR Part 31?

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

B.7. Audits/Examinations. Within the past three years, has a CPA or governmental agency performed an independent audit, review, attestation, or compilation of the Company's financial data or any phase of the Company's operations?

No Yes. If "yes," please complete the following (if applicable):

a. **Financial Statements:** Audit Review Compilation Other (please specify): _____

Name of CPA or Agency: _____

Contact: _____

Period Covered: _____

b. **Overhead Rate:** Audit Review Compilation Other (please specify): _____

- Was the overhead rate calculated in accordance with FAR Part 31? Yes No

Name of CPA or Agency: _____

Contact: _____

Period Covered: _____

c. **Project Audits:** Audit Review Compilation Other (please specify): _____

Name of CPA or Agency: _____

Contact: _____

Period Covered: _____

C. Accounting System(s)

C.1. Accounting Software. What type of accounting software does the Company use?

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

- Please describe any significant manual procedures used outside of the automated accounting system to record transactions:

C.2. Job Costing. Does the Company have a job-cost accounting system? Yes No

If “no,” please explain what type of system is used to determine project costs: _____

C.3. Integration. Does the accounting general ledger interface with the job-cost ledger?

- Yes No N/A (no job-cost ledger used)

a. Are billings prepared from, or reconciled to, reports generated from the Company’s job-cost system?

- Yes No. Please explain: _____

b. Describe any manual procedures that occur outside of the automated accounting system to prepare billing packages. _____

C.4. Accounting Records. Which of the following types of records does the Company maintain to support financial transactions?

	<u>Yes</u>	<u>No</u>
a. General ledger	<input type="checkbox"/>	<input type="checkbox"/>
b. Cash disbursements journal	<input type="checkbox"/>	<input type="checkbox"/>
c. Cash receipts journal	<input type="checkbox"/>	<input type="checkbox"/>
d. Job/Project-cost ledger	<input type="checkbox"/>	<input type="checkbox"/>
e. Labor distribution reports	<input type="checkbox"/>	<input type="checkbox"/>
f. Employee expense reports	<input type="checkbox"/>	<input type="checkbox"/>
g. Payroll registers	<input type="checkbox"/>	<input type="checkbox"/>

C.5. Direct and Indirect Expenses. Does the general ledger contain separate direct and indirect accounts for the following?

- a. Labor costs Yes No
- b. Non-labor expenses Yes No

If “no,” please explain: _____

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 allowable and unallowable costs?

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

C.7. Divisions/Cost Centers. Does the Company have more than one division/cost center?

No Yes

- If "yes," are separate ledgers maintained for each? Yes No

Comment: _____

C.8. Reconciliations.

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

N/A (no job-cost ledger used).

No. Please explain: _____

Check here if systems are integrated:

Yes. If "yes," how often? (Check all that apply.) Monthly Quarterly Semi-annually Annually

Comment: _____

b. How frequently are bank statements reconciled? Who performs this process?

C.9. Budgeting. Does the Company use a budgeting system for project planning and oversight?

Yes No

Comment: _____

- If "yes," does the Company prepare variance reports to compare budgeted amounts to actual amounts on projects, and are the reports distributed to appropriate management personnel?

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

C.10. Cost Allocation. Does the Company use cost allocation methods consistently for all contracts, including commercial contracts as well as for State and Federal government contracts?

(See AASHTO Guide, Sections 5.3 and 10.5.)

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

C.11. Allocation Base(s). When computing indirect cost rates, the Company uses—

a single base for cost allocation. Description of base: _____

multiple bases for cost allocation. Description of bases: _____

(See AASHTO Guide Section 4.7 for a discussion of common allocation bases for indirect costs.)

C.12. Field Offices. Does the Company have field offices? (See AASHTO Guide Section 5.6.)

No

Yes. If "yes,"

a. Are separate indirect cost rates used for the home office and field offices?

Yes No

Please explain: _____

b. If home office and field office indirect cost rates are computed, are they presented consistently to all State DOTs?

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

Please check here if not applicable:

C.13. Project-Specific Indirect Cost Rate(s). Does the Company have any special, project-specific indirect cost rates negotiated with a State DOT?

No Yes. If “yes,” please explain, and list the States that use these rates: _____

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: _____

E. Accounting – Payroll and Timekeeping

E.1. Payroll Service. Does the Company use an external payroll service?

No Yes. If “yes,” please specify: _____

E.2. Pay Cycle. What is the Company’s standard pay cycle?

Bi-weekly Monthly 1st & 15th Other (please specify): _____

If the Company uses more than one pay cycle, please explain: _____

E.3. Payroll Register. Does the payroll register include the following data?

	<u>Yes</u>	<u>No</u>
a. Employee Name	<input type="checkbox"/>	<input type="checkbox"/>
b. Employee ID number	<input type="checkbox"/>	<input type="checkbox"/>
c. Gross pay	<input type="checkbox"/>	<input type="checkbox"/>
d. Payroll deductions	<input type="checkbox"/>	<input type="checkbox"/>
e. Net pay	<input type="checkbox"/>	<input type="checkbox"/>
f. Check amount	<input type="checkbox"/>	<input type="checkbox"/>
g. Hourly rate	<input type="checkbox"/>	<input type="checkbox"/>
h. Pay period	<input type="checkbox"/>	<input type="checkbox"/>
i. Normal hours for pay period	<input type="checkbox"/>	<input type="checkbox"/>
j. Overtime hours for pay period	<input type="checkbox"/>	<input type="checkbox"/>

Comments: _____

E.4. Timekeeping System.

a. Does the Company use an electronic timekeeping system?

Yes No

- If “yes,” please provide an explanation of its operation, or provide system documentation:

b. Are all employees, including managers and owners/principals, responsible for signing their own timesheets?

Yes No

If “no,” please explain: _____

c. Are all employee timesheets approved by supervisors?

Yes No

If “no,” please explain: _____

d. Is there a certification and approval process required for all time worked by owners and principals?

Yes No

If “no,” then how is time accounted for and billed to projects? _____

e. How are timesheet coding errors detected and corrected?

f. How do timesheets identify work performed outside an agreement’s original scope of services?

F. Labor Cost Accumulation

F.1. Direct & Indirect Labor. Do the Company’s timesheets include reporting codes for both direct and indirect hours? (See AASHTO Guide, Chapter 6.)

Yes No

- If “yes,” do all employees, including managers and principals, record direct and indirect time on their timesheets?

- If “no,” then please explain the method used to segregate direct and indirect labor hours. _____

F.2. Work Week. Please list the Company’s normal hours of business operation (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? _____

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 No

- 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 the 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 a 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: _____

H. Expense Accumulation and Billing

H.1. Nonsalary Direct Costs (Other Direct Costs). Besides labor, what type of costs does the Company normally bill/invoice as direct expenses?

H.2. Credits Associated with Direct Costs. Is the indirect cost pool relieved/reduced for credits/reimbursements received for direct costs?

Yes No. If “no,” please explain: _____

H.3. Design/Build Stipends. Has the Company received a stipend from any State DOT in connection with design/build efforts?

Yes No

- If “yes,” please explain how the Company accounted for the stipend in the accounting system: _____

H.4. Classification of Cost Items. How are the following cost items accounted for and billed? (Check both “D” and “I,” if applicable.)

(D = Direct; I = Indirect; N/A = not applicable)

	<u>D</u>	<u>I</u>	<u>N/A</u>
a. Vehicles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Computer Assisted Design and Drafting (CADD)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Computer (non-CADD)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Printing / Reproduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Postage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Lab	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Drilling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Travel and Subsistence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. GPS and/or Nuclear Density Meters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Other (list if significant)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

H.5. Nonbillable Costs. Describe the accounting treatment for direct costs not billable to clients. (Where/how are these costs recorded?) _____

H.6. Authorization. How does the Company ensure that costs are not billed to Government projects prior to proper authorization?

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 the company.

_____ Leased _____ Owned

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

Yes No

Explanation: _____

- 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? _____

H.8. Computer Expenses. Are the Company's computer expenses incurred as a result of (select one):

- a. Outside Services? Company ownership? Both?
- b. Does the Company compute a charge rate for computers? Yes No
- If "yes," what is the rate? _____
- How was the rate developed? _____
- c. Is computer usage segregated by direct and indirect classifications? Yes No
- d. Are computer usage logs maintained and coded by job/project? Yes No

H.9. Printing and Reproduction Costs. How are printing and reproduction expenses treated?

- In House: Direct cost Indirect cost Combination of direct and indirect
- Outside vendor: Direct cost Indirect cost Combination of direct and indirect
- If you marked "combination of both," please explain: _____*
- a. For in-house services, are usage logs maintained and coded by job/project?
 Yes No
- b. Is usage segregated by direct and indirect classifications?
 Yes No
- c. If these costs are incurred through the use of an outside vendor, are the invoices coded by job/project when received?
 Yes No

H.10. Telephone Costs. How is the expense for telephone service recorded and billed?

- Direct cost Indirect cost Combination of direct and indirect
- If you marked "combination of direct and indirect," please explain below:*

- Does the Company maintain a telephone log to record toll calls? Yes No
- Are the calls job-coded by direct and indirect classifications? Yes No

J. Related-Party Transactions

J.1. Related Employees. Please provide the following information for all **employees** who are related to the parties listed in the Ownership Table (Table 1) shown in A.5:

Table 3: Employees Related to Company Owners

	Name or ID:	Title/Position:	Wages/Salary:	Bonus:	Other Compensation:	Total Compensation:
1			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related (e.g., spouse, parent, child, sibling, in law):				
2			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
3			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
4			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
5			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
6			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
7			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
8			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				

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 return less interest expense, plus cost of money).

Description: _____

J.4. Other Related-Party Transactions. Did the Company engage in any transactions with related parties other than those listed and described in J.1 through J.3?

No Yes. If “yes,” please complete Table 5:

Table 5: Other Related-Party Transactions

Name:	Contact Information:	How Related:	Products/Services Provided:	Total Payments During Year:
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$

K. Other Questions

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?)

K.6. Contract Type Experience. In the past two years, how much experience has your Firm had with the following contract types?

	Number of contracts or Percentage of total contracts
Cost Plus Fixed Fee:	_____
Fixed Price:	_____
Hourly Rate:	_____
Other ...please specify:	_____

K.7. Previous Contracts with NJ DOT. Has your firm had any previous contracts with the Department?

Yes No

If "Yes", was this contract as a Consultant? Yes No

If you checked "Yes" please provide the executed date of most recent agreement: _____

Were you a Subconsultant? If so, please indicate name of Consultant:

K.8. Other Employment. Are any of the individuals who are employees of your firm also employees of other firms?

Yes No

If you indicated "Yes": Affiliated company _____
Non-related company _____

K.9. Labor Categories. Does your firm use any of the following labor categories?

Employees from affiliates Yes No
Part time employees Yes No
Job shoppers Yes No

If yes to any of the above, please detail how they are treated in your accounting system:

K.10. Accounting Records. Describe your firm's policy regarding the retention of accounting records including timesheets, expense vouchers and canceled checks. (*attach a separate sheet, if necessary*)

K.11. Direct Non-Salary Expenses Which of the following direct non-salary expenses does your firm wish to bill directly to the Department?

- | | | | |
|-----------------------------|------------------------------|-----------------------------|------|
| A. Vendor invoiced cost | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |
| B. Subsistence | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| C. Long distance telephone | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |
| D. Employee vehicle mileage | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| E. Company vehicle mileage | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| F. In-house reproductions | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| G. In-house computers | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |

K.12. Direct Non-Salary Expenses. What source documents will be used to generate labor and expense billings to the Department? _____

K.13. Direct Non-Salary Expenses. Has any officer or partner of your organization ever failed to complete a consultant contract handled in his/her own name? Yes No.

If you answered "yes", state name of individual, name of owner, type of consultant contract and reason for failure to complete the contract.

I hereby certify that the foregoing information and any attachments thereto are true, accurate, and consistent with the records maintained by the individual, partnership, or corporation submitting this Cost Basis Contracting Questionnaire. I acknowledge that the New Jersey Department of Transportation is relying on the information contained herein and I am aware that any false statement or misrepresentation may subject me and/or my firm to criminal penalties.

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.

Documents Required for Cost Basis Approval

Timesheet – Timesheets may be prepared on a weekly, bi-weekly, or monthly basis preferably coinciding with the firm's pay period. The employee timesheet should show total hours worked by project number. Also, all indirect hours worked or leave time used by an employee should be clearly indicated on the employee's timesheet. Employee and supervisory approval signatures should be included on the timesheet.

Employee Expense Report – A completed Employee Expense Report or its equivalent, which identifies direct and indirect non-salary expenses by project number or indirect number. The type of costs that should be on the Employee Expense Report are out-of-pocket expenses incurred for parking, tolls, meals, personal car mileage etc.

Vendor Invoice – A completed invoice listing any direct or indirect non-salary expenses that resulted from an outside vendor. The invoice should be properly coded with a project number or indirect number.

Chart of Accounts – Your General Ledger should include separate direct and indirect accounts for labor and non-salary expenses.

Labor Distribution Report – A labor Distribution Report or its equivalent should be developed which accumulates the direct and indirect cost based on the employee's actual hourly wage rate and hours worked per the employee timesheet. The total direct and indirect labor cost calculated should then be posted to accounts in the General Ledger periodically.

Job Cost Report – A Job Cost Report or its equivalent must be maintained for all jobs by job number. The report should accumulate both direct labor and direct non-salary expenses by pay period. The detail for direct labor charges should include employee name, actual hourly wage rate, hours worked, and the total cost. The report should also include year to date and project to date totals.

Overhead Schedule – An Overhead Schedule must be prepared in accordance with Federal Acquisition Regulations (FAR) Subpart 31.2 and should be based on your firm's indirect labor and expenses divided by direct labor. The Overhead Schedule must also contain a certification by a company official or an independent accountant that the schedule was prepared in compliance with FAR. A compensation analysis in compliance with FAR 31.205-6 must be provided with the overhead schedule to determine the reasonableness of executive compensation. The National Compensation Matrix (NCM) may be used and is referenced in the AASHTO Uniform Audit & Accounting Guide. In addition, there should be evidence of a reconciliation between the job cost report and overhead schedule.

Financial Statements – The Financial Statements must be complete, with a Balance Sheet, Income Statement, Statement of Retained Earnings, Cash Flow Statement in US dollars, Notes to the Financial Statements, all in accordance with Generally Accepted Accounting Principles (GAAP). These Financial Statements must be prepared by an independent public accountant or CPA firm, of and from the United States of America. They may be based on a compilation, a review or an audit. A combined financial statement is not acceptable.

Sample Exhibits for NJDOT Cost Basis Approval

ANY COMPANY
OVERHEAD SCHEDULE
FOR THE YEAR ENDED
DECEMBER 31, 200X

Acct.		Amount		As
No.	Account Name	Per G/L	Adjustments	Adjusted
6000	Indirect Salaries & Wages	37,201.24		37,201.24
6010	Holiday Pay	8,501.22		8,501.22
6020	Sick Pay	4,836.36		4,836.36
6030	Vacation Pay	10,938.22		10,938.22
6110	Advertising	1,255.25	(1,255.25) (a)	0.00
6120	Auto Expense	6,522.11	(420.00) (b)	6,102.11
6130	Bad Debts Expense	1,975.00	(1,975.00) (c)	0.00
6140	Bank Service Charges	85.12		85.12
6150	Charitable Contributions	275.00	(275.00) (d)	0.00
6160	Conferences & Seminars	936.00		936.00
6170	Depreciation	3,758.12		3,758.12
6180	Dues & Subscriptions	761.15		761.15
6190	Equipment Rental	210.11		210.11
6210	Insurance	9,225.85		9,225.85
6220	Interest Expense	7,822.11	(7,822.11) (e)	0.00
6230	Legal and Accounting	2,238.00		2,238.00
6240	Meals & Entertainment	3,125.22	(3,125.22) (f)	0.00
6250	Miscellaneous Expense	175.22		175.22
6260	Office Expense	2,877.35		2,877.35
6270	Outside Services	8,755.01		8,755.01
6280	Pension Contribution	9,488.22		9,488.22
6290	Postage Expense	785.58		785.58
6310	Rent Expense	28,490.00		28,490.00
6320	Repairs & Maintenance	702.13		702.13
6330	Supplies Expense	458.33		458.33
6340	Taxes - Payroll	26,355.27		26,355.27
6350	Taxes - Other	5,788.78		5,788.78
6360	Telephone	4,337.44		4,337.44
6370	Training	2,841.53		2,841.53
	Total Indirect Cost	190,720.94	(14,872.58)	175,848.36
5000	Direct Labor	125,375.00	0.00	125,375.00
	Overhead Rate			140.3%

Compliance Certification:

The above schedule was prepared in compliance with the [Federal Acquisition Regulations Subpart 31.2](#)

Signature: _____
(Company Official or Independent Accountant)

ANY COMPANY

OVERHEAD SCHEDULE

FOR THE YEAR ENDED

DECEMBER 31, 200X

Notes to Overhead Schedule:

- (a) Adjustment to remove unallowable advertising expense per [FAR 31.205-1](#)
- (b) Adjustment to remove auto expense pertaining to the personal use of company vehicles per [FAR 31.201-2](#)
- (c) Adjustment to remove unallowable bad debts expense per [FAR 31.205-3](#)
- (d) Adjustment to remove unallowable charitable contributions per [FAR 31.205-8](#)
- (e) Adjustment to remove unallowable interest expense per [FAR 31.205-20](#)
- (f) Adjustment to remove unallowable entertainment cost per [FAR 31.205-14](#)

Exhibit B**Any Company
Chart of Accounts**

Account Number	Account Name	Account Type
1000	Cash	Current Asset
1100	Accounts Receivable	Current Asset
1190	Allowance for Bad Debts	Current Asset
1200	Prepaid Expenses	Current Asset
1300	Land	Long Term Asset
1400	Buildings	Long Term Asset
1490	Accumulated Depreciation Buildings	Long Term Asset
1500	Equipment	Long Term Asset
1590	Accumulated Depreciation Equipment	Long Term Asset
1600	Furniture & Fixtures	Long Term Asset
1690	Accum. Depre. Furniture & Fixtures	Long Term Asset
2000	Accounts Payable	Current Liability
2100	Accrued Wages & Salaries	Current Liability
2200	Accrued Payroll Taxes	Current Liability
2300	Notes Payable Current Portion	Current Liability
2400	Notes Payable - Long Term	Long Term Liability
3000	Common Stock (Owner's Equity)	Equity
3100	Retained Earnings	Equity
4000	Gross Fees	Revenue
4100	Fee Discounts & Adjustments	Revenue
5000	Direct Labor	Direct Expense
5010	Direct Labor Overtime Premium	Direct Expense
5110	Direct Expense - Printing & Reproduction	Direct Expense
5120	Direct Expense - Subcontractors	Direct Expense
5130	Direct Expense - Mileage & Travel	Direct Expense
5140	Direct Expense - Other	Direct Expense
6000	Indirect Salaries & Wages	Indirect Expense
6010	Holiday Pay	Indirect Expense
6020	Sick Pay	Indirect Expense
6030	Vacation Pay	Indirect Expense
6110	Advertising	Indirect Expense
6120	Auto Expense	Indirect Expense
6130	Bad Debts Expense	Indirect Expense
6140	Bank Service Charges	Indirect Expense
6150	Charitable Contributions	Indirect Expense
6160	Conferences & Seminars	Indirect Expense
6170	Depreciation	Indirect Expense
6180	Dues & Subscriptions	Indirect Expense
6190	Equipment Rental	Indirect Expense
6210	Insurance	Indirect Expense
6220	Interest Expense	Indirect Expense
6230	Legal and Accounting	Indirect Expense
6240	Meals & Entertainment	Indirect Expense
6250	Miscellaneous Expense	Indirect Expense
6260	Office Expense	Indirect Expense
6270	Outside Services	Indirect Expense
6280	Pension Contribution	Indirect Expense
6290	Postage Expense	Indirect Expense
6310	Rent Expense	Indirect Expense
6320	Repairs & Maintenance	Indirect Expense
6330	Supplies Expense	Indirect Expense
6340	Taxes - Payroll	Indirect Expense
6350	Taxes - Other	Indirect Expense
6360	Telephone	Indirect Expense

Exhibit C

- SAMPLE INVOICE -

XYZ Blueprint Company
601 Arch Street
Philadelphia, Pennsylvania 08755
Telephone (215) 566-3100

Any Company, Inc.
122 East Road
Elizabeth, New Jersey 08911

Account #: 509782

Invoice #: 36508

Order Description Unit

<i>No.</i>	<i>Price</i>	<i>Quantity</i>	<i>Amount</i>		
16588	Blueline 18" X 22"		\$2.50/sf	40	\$100.00
16701	Mylar 18" X 22"		\$4.25/sf	75	\$318.75
16938	Drafting Pencils - Mechanical		\$3.25/ea	100	<u>\$325.00</u>
			Subtotal		\$743.75
			Sales Tax		<u>\$44.63</u>
			Grand Total		<u><u>\$788.38</u></u>

Any Company, Inc. Account Distribution Summary

<i>Acct.</i>		<i>Amount</i>	<i>Job</i>
No.	Account Description	Posted	Number
5110	Direct Expense - Printing & Repro.	106.00	95001
5110	Direct Expense - Printing & Repro.	337.88	95007
6330	Supplies Expense	344.50	-----
Total Paid		<u>788.38</u>	

Check #1053 Date Posted 1/31/0X

Employee Name _____
 Social Security No. _____

EMPLOYEE TIMESHEET
PAYPERIOD ENDING _____

Exhibit D

Job Number	Phase Task	Sub Job Number	Type Hours	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Totals
VA			Vacation															
AL			Admin. Leave															
SP			Sick-Personal															
SF			Sick-Family															
HL			Holiday Time															
1000			Straight Time															
General & Misc. Review			Overtime															
95003 000			Straight Time															
Todd's Road Bridge - Original Agree.			Overtime															
95003 001			Straight Time															
Todd's Road Bridge Extra Work #1			Overtime															
			Straight Time															
			Overtime															
			Straight Time															
			Overtime															
			Straight Time															
			Overtime															
			Straight Time															
			Overtime															
Daily			Straight Time															
			Overtime															
Totals																		

Employee Signature _____ Date: _____

Supervisor's Signature _____ Date: _____

**Labor Distribution Report
1/14/0X - 1/27/0X**

Employee Number	Employee Name	Hours per Timesheet	Type	Actual Rate per Payroll Register(A)	Direct Reg.	Direct OT	Indirect	Total
120	Joe Smith	Direct 30 Indirect 55 Total: 85	Salaried Salaried	\$35.294	\$1,058.82		\$1,941.18	\$3,000.00
220	John Doe	Direct 76 Indirect 8 Total: 85	Regular Regular	\$20.000	\$1,520.00		\$160.00	\$1,680.00
320	Mary Johnson	Direct 72 Direct 4 Indirect 8 Total: 84	Regular Overtime Regular	\$10.000	\$720.00 40.00	\$20.00	\$80.00	\$860.00

Pay Period Totals (B) \$3,338.82 \$ 20.00 \$2,181.18 \$5,540.00 (PR)

(A) - For Salaried Employees, actual rate is computed based on gross wages amount per payroll register divided by total hours worked for the period. For example:

Pay Period #1 Gross Wages of \$3,000.00 divided by 85 total hours = \$35.294/hour
 Pay Period #1 Gross Wages of \$3,000.00 divided by 85 total hours = \$33.333/hour

The resulting hourly rate should be used for determining actual project cost in the job cost ledger and for billing to the NJDOT.

(B) - Total amounts shown should be posted to separate direct and indirect accounts in the general ledger

(PR) Agrees with total gross wages per payroll register.

Exhibit F

**Job Cost Report
1/14/0X - 1/27/0X**

Job #95001

Direct Labor

Employee Name	Hours	Rate	Current Cost	Year to Date Cost	Total Job to Date Cost
Employee A	5	\$35,294	176.47		
Employee B	15	\$20,000	300.00		
Employee C	18	\$10,000	<u>180.00</u>	3,156.47	3,156.47
			<u>656.47</u>		

**Note: Each
Job Cost
should be
reconciled to**

the

Labor

Distribution

Report

Direct Expenses

XYZ Blueprint Company	106.00		
Emp. C Mileage	<u>25.00</u>	425.00	425.00
	<u>131.00</u>		

**Job #95001 = 656.47
Job #95002 = 2,702.35
3,358.82**

Job #95002

Direct Labor

Employee Name	Hours	Rate	Current Cost	Year to Date Cost	Total Job to Date Cost
Employee A	25	\$35,294	882.35		
Employee B	61	\$20,000	1,220.00		
Employee C	58	\$10,000	580.00		
O/T Premium	4	\$5,000	<u>20.00</u>	12,702.35	12,702.35
			<u>2,702.35</u>		

**✓ - Agrees with
Labor Distribution**

Exhibit F (Alternate)

Job #94093

Description: Preliminary Engineering Raven Rock Bridge

(A) Date Posted	(B) Item	(C) Labor Hours	(D) Rate	(E) Labor Cost	(F) Direct Expenses	(G) Account #
1/13/0X	J. Doe	1.5	\$30.55	\$45.83		5000
1/13/0X	R. Patel	2.5	16.83	42.08		5000
1/27/0X	J. Radner	10	6.50	65.00		5000
1/27/0X	J. Radner(OT)	2	3.25	6.50		5010
1/27/0X	R. Patel	5	16.83	84.15		5000
1/31/0X	PIP Printing #3356				155.83	5110
1/31/0X	West Engineering				9,855.24	5120
1/31/0X	R. Patel (Mileage)				28.52	5130
Month Totals>				\$243.56	10,039.59	
Year to Date Totals ...>				\$243.56	10,039.59	
Job to Date Totals ...>				\$155,803.00	\$21,555.00	

(A) - Represents date posted to financial accounts for expenses or pay period ending date for

labor.

(B) - Represents employee name or vendor name and/or description of cost.

(C) - Represents actual hours worked on job (**not just billable hours**). Must be traceable to employee timesheets.

(D) - Represents actual hourly rate paid to employees. If salaried employee works more than normal work hours, this rate must be reduced to the employee's effective hourly rate (total gross pay divided by total hours worked during period).

(E) - Represents actual labor cost incurred by employee. These amounts must reconcile to the payroll and financial accounting records (general ledger) of the company.

(F) - Represents direct non-salary expense cost charged to the job (**not just billable cost**). All direct non-salary expense billed to the NJDOT must be accumulated for all jobs.

(G) - Represents general ledger account number to which item is posted. All amounts contained in this report should be posted only to **direct** general ledger accounts.