

**VIRGINIA DEPARTMENT OF TRANSPORTATION (VDOT)
EXTERNAL & CONSTRUCTION AUDIT (ECA)
PRE-AWARD EVALUATION CHECKLIST (PEC)**

The prime consultant should submit a package that includes cost proposals for them and all of their sub-consultants that provide a breakdown of all costs and documentation supporting the proposed costs as described below.

Direct Labor Costs

- ◇ A listing of the proposed average hourly rates per classifications including the employee names and hourly pay rates used to determine the average hourly rates per classification supported by actual payroll registers for each employee proposed.
- ◇ Escalation of ½ % is allowed in the first year/term, and 1 % is allowed for all subsequent years/terms.
- ◇ Principals, partners, executives, etc. are considered administrative, whose costs should be included in the overheads. If a principal, etc. chooses to perform technical services, they can bill at the comparable rate to the technical activity or function being performed.

Indirect (Overhead) Costs

- ◇ Federal Acquisition Regulations (FAR) audit approval letter from ECA, or an audit performed in accordance with the FAR by an independent CPA firm or cognizant government agency no older than 18 months.
- ◇ In the absence of a FAR audit we will allow up to 75% for the overhead rate to be used in the cost proposal and based on supporting documentation submitted by the consultant.
- ◇ The FAR audit requirement is waived for sub-consultants' whose cost proposal amount is less than \$100 thousand. The consultant is still required to submit documentation in support of their proposed overhead rate.

Net Fee (Profit)

- ◇ The net fee should be negotiated and within VDOT policy, with written documentation to justify any net fee rate over 10%.

Non-Salary (Other) Direct Costs

- ◇ Costs for employees on travel status are limited to the VDOT travel policy for lodging, per diem, and mileage rates.
- ◇ All in-house developed rates proposed should be supported by proper source documentation.
- ◇ All other direct costs proposed should be reasonable, based upon actual costs, and in accordance with the VDOT Policy.

Contingency

- ◇ The contingency should be negotiated and within VDOT guidelines, with written documentation to justify any contingency rate over 5%.