



LOCAL ASSISTANCE WORKSHOP

PRE-AWARD EVALUATION PROCESS

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LOCAL ASSISTANCE WORKSHOP

PRE-AWARD EVALUATION PROCESS

Today's Discussion

- Introduction
- Accounting System
- Direct Labor
- Payroll Burden & Overhead Rates
- Non-Salary Direct Costs
- Net Fee
- Contingency
- Maximum Total Compensation
- Memorandum of Agreement

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Introduction

- Consultants selected to perform professional engineering *design* services for VDOT should familiarize themselves with the 2009 Manual for the Procurement & Management of Professional Services updated July 1, 2011.
- The manual is available at <http://www.virginiadot.org/business/gpmps.asp>
- Consultants should review Chapter 4, with close attention paid to sections 4.4 Consultant's Fee Proposal & 4.9 Pre-Award Audit Evaluation
- Once selected the prime consultant should submit a package to the VDOT Contracting Officer that includes the cost proposals for them and all of their sub-consultants that provide a breakdown of all costs and documentation supporting their proposed costs.

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Accounting System

- Ability to record & report financial data in accordance with Generally Accepted Accounting Principles (**GAAP**) and Federal Acquisition Regulations (**FAR**) guidelines.
- Ability to accumulate & segregate reasonable, allowable, & allocable costs thru use of a job-order cost accounting system.
- System of record keeping to ensure costs billed to VDOT will be supported by adequate documentation, in compliance with contract terms & conditions, and applicable federal regulations & state laws.
- Procedures to retain accounting records & source documentation as required by the contract terms & conditions.
- System of internal control which provides reasonable assurance that assets are safeguarded, financial data records & statements are reliable, and errors & irregularities are promptly discovered, reported & corrected.

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Direct Labor

- 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.
- A calculation showing how the escalation was derived with a breakdown of escalation amount per year of contract performance. Escalation is limited to **0.50%** in the first year/term of the contract and **1%** for all subsequent years/terms.
- Principals, partners, executives, etc. salaries are considered administrative, and should be included in the overheads. If a principal, partner, etc. elects to perform technical services, they can bill at the comparable rate to the technical activity or function being performed.

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Payroll Burden & Overhead Rates

- FAR audit approval letter from the 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 for negotiation and billing based upon supporting documentation submitted by the consultant.
- The FAR audit requirement is waived for sub-consultant's whose cost proposal amount is less than \$100 thousand. The consultant is still required to submit documentation in support of their proposed overhead rate.

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Non-Salary Direct Costs

- Reimbursement for costs proposed by the consultant for employees on travel status are limited to the VDOT Travel Policy for lodging, per diem, and company owned or personal vehicle mileage.
- Leased vehicle costs proposed for **construction inspection services** by the consultant should be based upon written bid quotes. Mileage reimbursement is limited to 27 cents per mile and is allowed for project miles only (***no commuting miles***).
- All rates developed in-house and proposed by the consultant should be supported by proper source documentation.
- All other direct costs proposed by the consultant should be reasonable, based upon actual cost estimates, and in accordance with VDOT policy.

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Net Fee

- The net fee rate proposed by the consultant should be reasonable, within VDOT policy, and negotiated with written documentation to justify any net fee rate proposed over 10%.

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Contingency

- The contingency rate proposed by the consultant for *design services* should be reasonable, within VDOT policy, and computed properly with written documentation to justify any contingency rate proposed over 5% of loaded labor and direct expenses.
- The contingency rate proposed by the consultant for *construction inspection services* should be reasonable, within VDOT policy, and computed properly with written documentation to justify any contingency rate proposed over 10% of loaded labor and direct expenses.

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Maximum Total Compensation

- The consultant Maximum Total Compensation (MTC) should include the total of all costs, net fee, and contingency. MTC should be reasonable, in accordance with VDOT policy, and supported by proper source documentation.

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Memorandum of Agreement

- The prime consultant's net fee and MTC are carried from the cost proposal to the Letter of Agreement (LOA). The sub-consultant's MTC is carried from their cost proposal to the non-salary direct costs section of the prime consultant's cost proposal.

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Questions???



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