

VDOT Internal Control Questionnaire (ICQ) for Consulting Engineers Requesting Safe Harbor Rates

(Only Appropriate for Request of Safe Harbor Rates)

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

TIN (Taxpayer Identification Number): _____

Headquarters Address: _____

Fiscal Year End: _____

Time Period Covered: _____

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

- Financial statements, to include balance sheet and income statement, for the most recent fiscal year.
- Current chart of accounts that ties to financial statements.
- If financial statements were audited, provide Independent Auditor’s Report on financial statements and accompanying management letter. *Check here if not applicable:*
- If an indirect cost rate schedule has been prepared, provide said document. *Check here if not applicable:*

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

Name: _____
 Title: _____
 Phone Number: _____
 E-mail Address: _____

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.3. Parent/Subsidiary. Is the Company a subsidiary of any other company?

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

A.4. Common Ownership. Does the Company own or control any other company or legal entity (e.g., trust or foundation) through common ownership? (See AASHTO Guide Section 8.23.B for details.)

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

A.5. Ownership. Please list the stockholders, partners, or other owners with greater than five percent ownership of the Company and their respective percentages of ownership.

Table 1: Company Ownership

Name	Title	Ownership Percentage

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		%
		%
		%
		%
		%

A.6. Services Provided. What types of services does the Company provide? (e.g., consultant–Architectural and Engineering Design)

- a. _____
- b. _____
- c. _____

A.7. Number of Employees. How many employees (including managers and principals) does the Company currently employ?

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

A.8. Office Space. Describe your Company’s Office Space?

- Commercial (Rent) Home Based Other _____

A.9. Revenue Sources.

1. 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:* \$ _____

B. Accounting: General Background

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

- Yes No If no, please explain _____

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

- Cash Accrual Hybrid.

B.3. Accounting Policies. Does the Company have written accounting policies that address the following topics?

	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"/>

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

B.4. 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.5. Knowledge of FAR Part 31. Are appropriate personnel within the Company familiar with FAR Part 31?

Yes No.

B.6. 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.

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. 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.4. 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.5. 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.

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Yes. If “yes,” please answer a through b, below.

a. How are appropriate personnel trained to distinguish between allowable and unallowable costs?

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

C.6. Reconciliations.

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

C.7. 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: _____

D. Accounting – Payroll and Timekeeping

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

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

D.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: _____

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

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

D.4. Draws. Do the owners of the company take draws?

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

D.5. Timekeeping System.

a. Does the Company use an electronic timekeeping system?

Yes No

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

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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. Labor Cost Accumulation

E.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. _____

E.2. 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.

Yes.

E.3. Contract Modifications/Time Tracking. How does the Company segregate work performed under a basic agreement/contract from work performed for contract changes/modifications? _____

F. Expense Accumulation and Billing

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

F.2. 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 = Not Known)

	<u>D</u>	<u>I</u>	<u>N/A</u>	<u>U</u>
a. Vehicles	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
c. Computer (non-CADD)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Printing / Reproduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Postage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Lab	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Drilling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Travel and Subsistence	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
k. Other (list if significant)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

F.3. Activities Ineligible for Cost Reimbursement. Did any of the Company’s employees engage in activities for lobbying, advertising, public relations, charity, and/or entertainment?

- If “yes,” please list the employees who engaged in these activities, and describe how the associated costs were tracked and accounted for in relation to the submitted indirect cost rate.

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Table 2: Unallowable Activities

Employee Name or ID & Title/Classification:	Activities:	Accounting Treatment:

G. Related-Party Transactions

G.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:	\$	\$	\$	\$

G.2. Related Vendors. Please provide the following information for all **vendors** related to the parties listed in the Ownership Table (Table 1) shown in A.5:

Table 4: Vendors Related to Company Owners

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

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G.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: _____

G.4. Other Related-Party Transactions. Did the Company engage in any transactions with related parties other than those listed and described in G.1 through G.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:
				\$
				\$
				\$

H. Other Questions

H.1. 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: _____

I certify that to the best of my knowledge and belief this ICQ is a complete and accurate representation of the above-named Company's cost accounting and billing practices.		

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.