Mandatory Requirements for the Submittal of Financial Prequalification Information – Fiscal Year End 2014

In order to remain prequalified with MDOT, your financial prequalification information and general information will be due in accordance with your company’s fiscal year end date. Consultants must comply with the applicable requirements pertaining to one of the three (3) overhead rate tiers, below.

Note that the information required in the questionnaire for those companies submitting a CPA FAR Compliant Overhead Rate Audits have been significantly reduced for fiscal year end 2014

1. **Safe Harbor Overhead Rate** – Consultants that meet the Safe Harbor Overhead rate eligibility requirements, as documented in the Consultant Advisory 2013-4 dated October 3, 2013, may utilize a 110% overhead rate, once approved by MDOT. A thorough, accurate, and complete Financial Prequalification Questionnaire for the Users of the Safe Harbor Rate must be submitted to MDOT, on an annual basis, no later than **three (3) months** following a consultant’s fiscal year end.

2. **Overhead Rate Compilation** – Consultants with net MDOT revenue less than $500,000, calculated from the consultants previous fiscal year, must submit an overhead rate compilation, or choose to submit a FAR Compliant Overhead Rate Audit by an independent CPA (see below). A thorough, accurate, and complete Financial Prequalification Questionnaire for Compiled Indirect Cost Rates must be submitted to MDOT, on an annual basis, no later than **three (3) months** following a consultant’s fiscal year end.

3. **CPA FAR Compliant Overhead Rate Audit** – Consultants with net MDOT revenue of $500,000 or greater, calculated from the consultants previous fiscal year, must submit a FAR compliant Overhead Rate Audit by an independent CPA. A thorough, accurate, and complete Financial Prequalification Questionnaire for Audited Indirect Cost Rates and Auditor’s Report for the CPA FAR audited overhead rate must be submitted to MDOT, on an annual basis, no later than **five (5) months** following a consultant’s fiscal year end.

Those consultants submitting a Cognizant Review Letter must submit a thorough, accurate, and complete Financial Prequalification Questionnaire for Audited Indirect Cost Rates, Auditor’s Report for the CPA FAR audited overhead rate, and a letter from a cognizant agency supporting cognizant approval of the audited overhead cost rate must be submitted to MDOT, on an annual basis, no later than **five (5) months** following a consultant’s fiscal year end.

**NOTE:** If a consultant exceeds or plans on exceeding $500,000 in net MDOT revenue, a FAR compliant Overhead Rate Audit by an independent CPA firm will be required to obtain prequalification or maintain prequalification.

The following General Information must be submitted, as a separate PDF file, with the Consultants overhead rate information and questionnaire on an Annual Basis:

1. Service Prequalification Application (Form 1242) pgs. 1-5.
2. Proof of 2/3rds Michigan Licensed Principles; required only for those consultants Seeking prequalification in engineering, architecture, and surveying related classifications.
3. Organization chart identifying all company principals.
4. Proof of professional liability insurance with coverage of $1,000,000 per occurrence; required for those consultants seeking prequalification in engineering, architecture, and surveying related classifications.
5. A legible copy of the consultant’s Request for Taxpayer Identification Number and Certification Form (W-9)
6. A legible copy of the consultant’s Articles of Incorporation (Michigan Corporations), Articles of Organization (Michigan limited liability consultants), Certificate of Assumed Name (Michigan Sole Proprietorship’s using an assumed name), Certificate of Authority to Transact Business or Conduct Affairs in Michigan (Non-Michigan corporation), or Certificate of Authority to Transact Business in Michigan (Non-Michigan limited liability companies).
7. The Vendor Availability Questionnaire (Form 0168).

**Process and Procedures**

1. MDOT Form 5189, Overhead Submittal Intent, must be completed and submitted to MDOT, no later than February 6, 2015. Failure to do so may result in the loss of prequalification. Form 5189 does not need to be submitted if your company already has one on file with MDOT and no changes have been made to the information previously provided.

2. Net MDOT revenue is defined as all monies paid directly or indirectly to a consultant by MDOT, for the consultant’s fiscal year, for any work performed for MDOT as both a prime consultant and as a subconsultant, minus any monies paid by the consultant to its subconsultant(s) for MDOT work performed during the consultant’s fiscal year.

3. Overhead cost rates must be calculated on the accrual basis of accounting as required by Title 48, Part 31 of the Code of Federal Regulations.

4. MDOT may allow written requests, with a valid justification, to extend these deadlines. The extension may not exceed 60 days. MDOT will either approve or deny the time extension, in writing, to the consultant.

5. MDOT will provide each consultant with a letter indicating their accepted overhead rate(s). Consultants must begin using this rate on all priced proposals received by MDOT for the effective dates indicated in the MDOT acceptance letter, and on all invoices with a billing period end date within the effective dates indicated in the MDOT acceptance letter.

6. MDOT approved overhead rate will remain in effect for a period of twelve months. Failure to use the MDOT approved overhead rate may result in return/rejection of your priced proposals and invoices.

7. For multi-year contracts, there will be no changes in the contract maximum amounts that would be attributable to overhead rate changes.

**Send all information to:**

MDOT-serviceprequal@michigan.gov

**Submittal Requirements**

1. The Financial Prequalification Questionnaire (FPQ) may include links to various schedules, reconciliations, worksheets, summaries, and calculations that must be completed and inserted into the FPQ. Once inserted, the documents must be bookmarked. Please reference the FPQ applicable to your company for the specific requirements and instructions on inserting and bookmarking documents using Adobe.

2. New this year, all information required in Excel format (see above) must be electronically attached to the FPQ. Please reference the FPQ applicable to your company for the specific requirements and instructions on attaching excel spreadsheets.

**The Following Bullet Points Document the Additional Information Required to be Included as Part of the Financial Prequalification Questionnaires for Fiscal Year End 2014:**

1. Provide a chart of accounts and crosswalk that demonstrates how costs are “rolled up” into the amounts included in the financial statement and overhead cost rate schedule. **Required only for those consultants providing a compiled overhead rate calculation.**

2. Provide a year-end reconciliation of the job cost ledger to the general ledger systems if the systems are not integrated. **Required only for those consultants providing a compiled overhead rate calculation.**

3. Provide a year-end reconciliation of the labor distribution to the total payroll amount included in the financial statements and overhead costs rate schedule. **Required only for those consultants providing a compiled overhead rate calculation.**

4. Provide supporting documentation for the total labor amount on the Labor Summary Reconciliation. This would require all of the Form 941’s for the year or Form W3. **Required only for those consultants providing a compiled overhead rate calculation.**
5. Provide an explanation for a decrease or increase in the overhead rate of 10% or more from the previous year. **Required only for those consultants providing a compiled overhead rate calculation.**

6. Provide the following, as applicable for your overhead Tier, in *Excel format* [New Requirement this year] and attach to the Financial Prequalification Questionnaire: Overhead cost rate schedule; Labor Base Summary and Total Labor Reconciliation; Year-End Reconciliation of the Job Cost Ledger to the General Ledger (if the systems are not integrated); Year-End Reconciliation of the Labor Distribution to the Total Payroll amount included in the financial statements and the overhead cost rate schedule; Compensation Analysis for Executives; Related Party Cost of Ownership Calculation; Facilities Capital Cost of Money Calculation; Key Financial Information Worksheet. **All information stated above is required for those consultants providing a compiled overhead rate calculation. The Overhead cost rate schedule, Facilities Capital Cost of Money Calculation, and the Key Financial Worksheet are required for those consultants providing a CPA Compliant Overhead Rate Audit or a Cognizant Review Letter.**

7. Provide the CPA prepared AASHTO-CPA Workpaper review form, if completed by the Consultant's CPA. **Required only for those consultants providing a CPA prepared FAR compliant overhead rate calculation or a Cognizant Letter.**

8. Provide the completed worksheet titled: “Key Financial Information Worksheet”. **Required for all consultants, with the exception of those consultants eligible for the Safe Harbor Overhead rate.**