

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 _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%
		%

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

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

A.7. Locations. How many offices does the Company operate, and where are these offices located?

- a. Number: _____
- b. Locations: _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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.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>.

AASHTO Internal Control Questionnaire for Consulting Engineers

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: _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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?

AASHTO Internal Control Questionnaire for Consulting Engineers

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:

AASHTO Internal Control Questionnaire for Consulting Engineers

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: _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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?

AASHTO Internal Control Questionnaire for Consulting Engineers

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? _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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: _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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: _____

AASHTO Internal Control Questionnaire for Consulting Engineers

- 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

AASHTO Internal Control Questionnaire for Consulting Engineers

H.11. 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.

Table 2: Unallowable Activities

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

I. Compensation for Owners and Employees

I.1. Bonuses.

a. Did the Company pay, or accrue for, bonuses earned by owners or employees during the period covered by the latest indirect cost rate schedule?

Yes No

- If “yes,” were the bonuses included in the submitted overhead rate? Yes No N/A

- Was any portion of these bonuses excluded from the submitted overhead rate? Yes No N/A

Comment: _____

b. Does the Company have a written bonus plan?

Yes. Please provide a copy of the plan.

No. Please describe how bonuses are determined and how this is communicated to employees. _____

c. Are all employees eligible for the bonuses? Yes No. If “no,” please explain: _____

I.2. Executive Compensation. Has the Company, an independent CPA, or compensation consultant performed an evaluation of executive compensation for *reasonableness* in accordance with FAR 31.205-6? (See AASHTO Guide Section 7.5.)

Yes No

- If “yes,” describe the methodology used and how this process has been documented: _____

AASHTO Internal Control Questionnaire for Consulting Engineers

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:
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related (e.g., spouse, parent, child, sibling, in law):				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				

AASHTO Internal Control Questionnaire for Consulting Engineers

	Name or ID:	Title/Position:	Wages/Salary:	Bonus:	Other Compensation:	Total Compensation:
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				
			\$	\$	\$	\$
	Total Hours Worked During Year:	Job Duties: Related to: How Related:				

J.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:
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$

AASHTO Internal Control Questionnaire for Consulting Engineers

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:
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$

AASHTO Internal Control Questionnaire for Consulting Engineers

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?)

AASHTO Internal Control Questionnaire for Consulting Engineers

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.

AASHTO Internal Control Questionnaire for Consulting Engineers

Keyword Index

Keyword or Phrase	Section	Page
Accounting method/basis (cash, accrual, or hybrid)	B.2	B-4
Accounting policies (by category)	B.3	B-4
Accounting records (types of)	C.4	B-6
Accounting system (integration of)	C.3	B-6
Allocation base(s) used to compute indirect cost rate(s)	C.11	B-7
Allocation of cost versus billing	G.4	B-11
Attachments (list of required documents)	--	B-2
Audits/examinations (within the past three years)	B.7	B-5
Authorization (ensuring that costs are not billed prior to proper authorization)	H.6	B-12
Billing rates	G.1	B-11
Bonuses (bonuses paid or accrued, bonus plan, and eligibility)	I.1	B-14
Budgeting system (project planning and oversight)	C.9	B-7
Business form (sole proprietorship, partnership, corporation, etc.)	A.2	B-2
Classification of cost items (accounting and billing considerations)	H.4	B-12
Common ownership	A.4	B-3
Communication of FHWA/DOT requirements	K.5	B-18
Computer expenses (outsourced versus in-house, CADD charge rate, usage logs, etc.)	H.8	B-13
Contract mix (revenue generated by each type of contract)	A.10	B-4
Contract modifications (time tracking associated with work done on modifications)	F.4	B-10
Contract/purchased labor	G.5	B-11
Cost allocation (consistency of)	C.10	B-7
Credits associated with direct costs	H.2	B-12
Design/build stipends	H.3	B-12
Direct and indirect expenses (how recorded in accounting system)	C.5	B-6
Divisions/cost centers (list of)	C.7	B-7
Employees (number of)	A.8	B-4
FAR Part 31 (knowledge of)	B.6	B-5
Field offices/field overhead rates	C.12	B-7
Fiscal period (reporting period for financial purposes)	B.1	B-4
Fraud, abuse, and contract violations	B.5	B-5
Indirect cost schedule (when prepared, by whom, and period covered)	B.4	B-5
Information technology data safeguards	D.4	B-8
Information technology policies	D.1	B-8
Information technology risk assessment	D.2	B-8
Information technology security review	D.3	B-8
Job-cost system	C.2	B-6
Labor (direct and indirect - timesheet reporting codes)	F.1	B-10
Life insurance (costs, types, and beneficiaries)	K.1	B-18
Locations (number of offices and locations)	A.7	B-3
Nonbillable costs (accounting for)	H.5	B-12
Nonsalary direct costs (Other direct costs)	H.1	B-12
Overtime (allocation of)	G.3	B-11
Overtime (premium portion)	G.2	B-11
Overtime (uncompensated)	F.3	B-10
Ownership table (list of owners with >5% ownership)	A.5 (Table 1)	B-3
Parent/subsidiary relationships	A.3	B-3
Pay cycle (standard pay periods)	E.2	B-9
Payroll register (components of)	E.3	B-9
Payroll service (internal or external)	E.1	B-9
Printing and reproduction costs (outsourced versus in-house, tracking, usage logs, etc.)	H.9	B-13
Project-specific indirect cost rate(s)	C.13	B-8
Reasonableness of executive compensation (description of procedures performed to establish reasonableness)	I.2	B-14
Reconciliations (financial accounting system to job-cost system)	C.8	B-7
Related-party transactions (employees)	J.1 (Table 3)	B-15 to B-16
Related-party transactions (other)	J.4 (Table 5)	B-17
Related-party transactions (property or facilities leased from)	J.3	B-17
Related-party transactions (vendors)	J.2 (Table 4)	B-16

AASHTO Internal Control Questionnaire for Consulting Engineers

Keyword Index

<u>Keyword or Phrase</u>	<u>Section</u>	<u>Page</u>
Revenue sources (Governmental vs. commercial; prime vs. subconsultant)	A.9	B-4
Risk Assessment (as related to changes to the cost accounting system or Company policy)	K.4	B-18
Services provided	A.6	B-3
Software (general ledger/accounting system)	C.1	B-6
Suspension or debarment	K.2	B-18
Telephone Costs (billing, tracking, and coding)	H.10	B-13
Timekeeping system (timesheet coding, certification, approval, etc.)	E.4	B-9
Unallowable activities (types of activities ineligible for cost reimbursement)	H.11 (Table 2)	B-14
Unallowable costs (how determined and how excluded from indirect cost schedule)	C.6	B-6
Updates for changes to FAR Part 31 (frequency of updates to procedures/policies)	K.3	B-18
Vehicle expenses (number leased/owned, mileage logs, billing rate, etc.)	H.7	B-12 to B-13
Work week (normal operating hours)	F.2	B-10
Year established (year the Company was founded)	A.1	B-2

VERMONT AGENCY OF TRANSPORTATION

VAOT FORM AF38 SECTION FOUR

INDIRECT COST CERTIFICATION FORM

ALL ENGINEERING CONSULTING AND DESIGN CONTRACTS

CERTIFICATION OF FINAL INDIRECT COSTS

Firm, Individual or
Organization Name: _____

Indirect Cost Rate(s): _____

Date of Indirect Cost Rate (s) Preparation (mm/dd/yyyy): _____

Fiscal Year (mm/dd/yyyy to mm/dd/yyyy): _____

I, the undersigned, certify that I have reviewed the final indirect cost rate(s), for the fiscal period as specified above, and to the best of my knowledge and belief:

- 1.) All costs included in the indirect cost rates are allowable in accordance with the cost principles of the Federal Acquisition Regulations (FAR) of title 48, Code of Federal Regulations (CFR), part 31.*
- 2.) This indirect cost rate does not include any costs which are expressly unallowable under the Cost principles of the FAR of 48 CFR 31.*

All known material transactions or events that have occurred affecting the firm's ownership, organization and indirect cost rates have been disclosed.

Signature: _____

Name of Certifying Official (print): _____

Title (print): _____

Date of Certification (mm/dd/yyyy): _____

FHWA DIRECTIVE 4470.1A (October 27, 2010) DEFINITIONS:

Engineering & Design-Related Services. Program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural-related services with respect to a construction project subject to 23 U.S.C. § 112(a) (as defined at 23 U.S.C. §112(b)(2)(A) and 23 CFR §172.3). Also, professional services of an architectural or engineering nature, as defined by State law, which are required or may logically be performed or approved by person licensed, registered, or certified to provide the services (as defined at 40 U.S.C. §1102(2)).

Official (of the contractor). An individual executive or financial officer of the contractor's organization at a level no lower than a Vice President or Chief Financial Officer, or equivalent, who has the authority to represent the financial information utilized to establish the indirect cost rate proposal in conjunction with the contract.