Background

- The Federal Acquisition Regulation (FAR) is the primary regulation for use by all Federal Executive agencies in their acquisition of supplies and services with appropriated funds. It became effective on April 1, 1984, and is issued within applicable laws under the joint authorities of the Administrator of General Services, the Secretary of Defense, and the Administrator for the National Aeronautics and Space Administration, under the broad policy guidelines of the Administrator, Office of Federal Procurement Policy, Office of Management and Budget.
Why?

• 23 CFR §172.11 states that allowable costs on Architecture and Engineering Contracts are allowable “only to the extent that costs incurred or cost estimates included in negotiated prices are allowable in accordance with the Federal cost principles”; therefore, all state and federal department of transportation staff have really taken a liking to me.
• Since Consultants are “responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with Federal cost principles”; they also find me irresistible.

RULES

• Participate
• Respect
• Openness
• Confidential
• Enthusiasm
• Sensitivity
• Sense of Fun
• In a previous AASHTO training I felt I was told Trade shows are considered marketing therefore unallowable. According to 31.205-43 it seems that conferences are allowable.

• Trade shows are unallowable but a conference is allowable? Or are both unallowable?

• What impact does sufficiency of cost estimation system have on the indirect cost rate?
• What requirements necessitate that disclosure? Is it really necessary?
• It has been reiterated that fun = unallowable.
• In 31.205-13 seems to promote wellness, physical fitness, teambuilder and morale are allowable.

• As and A/E firm we are seeing more hotel chains that will not accept a government contracting rate since we are not federal employees.
• Does/should this impact allowable costs in the overhead rate schedule?
• FAR 31.205-6 and 31.205-47 both refer to personal use of company – furnished automobiles as including transportation to and from work. How does this apply to field employees traveling to sites other than the E/A firm office?

• When a consultant has had a related party rent adjustment the FCCM calculation used in as part of the that adjustment appears in the FCCM note section of the report. This means that the assets being used in the calculation are not for the consultant or they try to combine the rental company’s assets with the consultant’s assets.
• Is this right?
• In companies where the payroll and related payroll taxes are prepared by an outside third party with a good SOCl (SSAS70) report would it be acceptable audit procedures to eliminate the testing of payroll to the 941’s and only document the fact that the general ledger amounts were reconciled to the general ledger postings for payroll and payroll taxes since these amounts were calculated by the third party payroll service provider.

• FAR compliant overhead rates for non-a/e design firms. We are seeing a lot of bundling of firms for projects...so what to do with a public relations firm or an finance/investment firm or a law firm when they are on the project team that responds to the RFP?
  •
• What do other states do to verify that the surveys used for executive compensation are reasonable when a firm uses survey’s to support their executive compensation? What information do they request or what process do they follow to determine that the survey’s meet the requirements?
• Any situations where the surveys have not been reasonable, and if so what steps were taken?

• Any states do special programs for DBE’s?
• What has happened with Safe Harbor rates?

• The acceptance of the NCM has helped, but there is a lot of desire for executive compensation information. What should a firm provide to fulfill the needs of the state? How does this change if a cognizant letter exists.
• When is OMB going to update the compensation cap from 2014? They said it would be done annually.

• If it is up to the A/E firm to request a cognizant review, and they don’t request one, can a state DOT require that state to perform one in order to accept the rate.
• When the state DOT agrees to do a cognizant review, can the DOT require the CPA to certify that all audit work was completed in accordance with the uniform guide, the ICQ is adequate, etc.? Essentially, can we do these things to hold the CPA responsible?

• When a firm has a cognizant letter, what should they be required to submit to a state DOT?

• If additional items are requested, what should a firm do?
• We do most of our contracts for Engineering as lump sum. Our experience with performing CPA workpaper reviews has revealed that the firms are not adequately testing the job cost system to ensure lump sum project costs are not included in overhead.

• We started asking the engineering firms to provide a job cost detail for lump sum projects, to give us some kind of warm fuzzy that the costs are at least segregated in the job cost system. Michael Baker, TRC and Beam Longest & Neff refused to provide the documentation, and we got a lot of push back from ACEC on our request. We are no longer asking Michael Baker for the reports, since they have a Cognizant rate, and the Cognizant state should have done the verification of the job cost system for us.

• My questions are:
  • Is any other state asking for job cost detail on lump sum projects?
  • Is any other state getting push back on the requests, and if so, how are they handling?
  • Is it foolish for us to accept that the job cost system is functioning as required with a Cognizant review?
  • If a job cost report is received for a lump sum project, how do you report differences between actual and proposed/invoiced?
  • Does any state accept consultant certified rates on proposals, or use an annually submitted payroll register for lump sum projects?
    – If using the register, how much variance is acceptable between the register and proposal during the year?
    – What level of authority do you require to certify the register, i.e. CFO, HR Director, Payroll Director or Area Manager?