

Documents Required for Cost Basis Approval

Timesheet – Timesheets may be prepared on a weekly, bi-weekly, or monthly basis preferably coinciding with the firm's pay period. The employee timesheet should show total hours worked by project number. Also, all indirect hours worked or leave time used by an employee should be clearly indicated on the employee's timesheet. Employee and supervisory approval signatures should be included on the timesheet.

Employee Expense Report – A completed Employee Expense Report or its equivalent, which identifies direct and indirect non-salary expenses by project number or indirect number. The type of costs that should be on the Employee Expense Report are out-of-pocket expenses incurred for parking, tolls, meals, personal car mileage etc.

Vendor Invoice – A completed invoice listing any direct or indirect non-salary expenses that resulted from an outside vendor. The invoice should be properly coded with a project number or indirect number.

Chart of Accounts – Your General Ledger should include separate direct and indirect accounts for labor and non-salary expenses.

Labor Distribution Report – A labor Distribution Report or its equivalent should be developed which accumulates the direct and indirect cost based on the employee's actual hourly wage rate and hours worked per the employee timesheet. The total direct and indirect labor cost calculated should then be posted to accounts in the General Ledger periodically.

Job Cost Report – A Job Cost Report or its equivalent must be maintained for all jobs by job number. The report should accumulate both direct labor and direct non-salary expenses by pay period. The detail for direct labor charges should include employee name, actual hourly wage rate, hours worked, and the total cost. The report should also include year to date and project to date totals.

Overhead Schedule – An Overhead Schedule must be prepared in accordance with Federal Acquisition Regulations (FAR) Subpart 31.2 and should be based on your firm's indirect labor and expenses divided by direct labor. The Overhead Schedule must also contain a certification by a company official or an independent accountant that the schedule was prepared in compliance with FAR.

Financial Statements – The Financial Statements must be complete, with a Balance Sheet, Income Statement, Statement of Retained Earnings, Cash Flow in US dollars, notes to the financial statements, all in accordance with Generally Accepted Accounting Principles (GAAP). These Financial Statements must be prepared by an independent public accountant or CPA firm, of and from the United States of America. They may be based on a compilation, a review or an Audit. A combined financial statement is not acceptable.

**NEW JERSEY DEPARTMENT OF TRANSPORTATION
Consultant Cost Basis Contracting Approval Questionnaire**

1) Name of Consultant: _____

Address: _____

Name, Title of Contact Person: _____

Phone: _____

If the consultant's accounting books and records are not at the above address, please indicate their location: _____.

2) Name of person completing this questionnaire if different from above::

Name: _____

Title: _____

Phone: _____

The following information is necessary for the Department to determine if your firm has the ability to contract on a cost basis. It is essential that all the requested information be submitted with this questionnaire. PLEASE submit this form and all the necessary documents to: **Manager Bureau of Professional Services N.J.D.O.T., P.O. Box 605, Trenton NJ 08625.**

3) The information submitted with this questionnaire is accurate as of:

(Month/Year): _____

4) In the past two years, how much experience has your Firm had with the following contract types?

	Number of contracts or Percentage of total contracts
Cost Plus Fixed Fee:	_____
Fixed Price:	_____
Hourly Rate:	_____
Other ...please specify:	_____

5) Has your firm been audited or evaluated by or for a government agency in the last four years? Yes No

Please specify government agency _____
Purpose of audit or evaluation _____
Date of audit or evaluation _____

If you checked "Yes" above, it will be necessary for you to submit a copy of the most recent audit conducted by or for a government agency. If you have not received a copy of an audit report of your firm, a contact (Name, Title, Phone) at the government agency must be listed.

Audit Report Contact:

Name: _____

Title: _____

Phone: _____

6) Has your firm had any previous contracts with the Department? Yes No

If "yes", was this contract as a Consultant? Yes No

If you checked "Yes" please provide the executed date of most recent agreement:

Were you a Subconsultant? please Indicate name of Consultant:

7) Is the firm requesting cost basis approval related to, affiliated with, or a subsidiary of another organization? Yes No

If "Yes", attach a separate sheet listing related companies, extent and nature of relationship with company completing this questionnaire and whether "common control" as defined in [FAR 31.205-36 \(b\)\(3\) exists](#).

8) If your firm is a proprietorship or partnership, list the owners and their ownership shares. (attach a separate sheet, if necessary)

Owner(s):	Share(s):
_____	_____
_____	_____
_____	_____
_____	_____

9) If your firm is a corporation, list the officers of the corporation and their titles. If the corporation is managed on a day-to-day basis by other than the officers, list the firm's management and their titles. (attach a separate sheet, if necessary)

Name:	Title:
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

10) Is your firm subject to Cost Accounting Standards (CAS) coverage? Yes No

If you indicated "Yes" above: Modified Full

11) What is the Fiscal Year utilized by your firm? _____

12) Has the Fiscal Year been the same for the past two years? Yes No

If you checked "No" indicate prior Fiscal Years. _____

13) How are the books and records of your firm maintained? cash basis accrual basis

14) Are the financial statements on a cash or accrual basis?

15) Are overhead schedules on a cash or accrual basis?

16) Have the above basis been consistent for the past two (2) years? Yes No

If you indicated "No", please explain:

17) Number of employees in the firm: Full-Time: _____ Part-Time: _____

18) Are any of the individuals considered to be full-time employees of your firm also employees of other firms? Yes No

If you indicated "Yes": Affiliated company _____
Non-related company _____

19) Are financial statements for your firm prepared by an independent CPA? Yes No

20) Financial statements for the firm are: (check appropriate box)

Compilation

Review

Audited

Please Note:

A copy of the firm's Financial Statements from the most recent fiscal year must be included in order to be approved for cost basis contracting. The Financial Statements must be complete and include a Balance Sheet, an Income Statement, a Statement of Retained Earnings and a Statement of Cash Flows prepared by an independent public accountant.

21) Who prepares your firm's overhead schedule?

Name: _____

Title: _____

Phone: _____

22) Does your accounting system provide for the identification of costs considered unallowable by the Federal Acquisition Regulations? Yes No

Please Note:

A copy of your firm's overhead schedule for the most recent fiscal year must be attached to this questionnaire in order to be approved for contracting with the Department. The overhead schedule should be prepared using a direct labor allocation basis and must contain a certification by a company official or independent accountant that the schedule was prepared in compliance with the Federal Acquisition Regulations ([FAR](#)), [Subpart 31.2](#).

23) Does your firm maintain written policies and procedures concerning the following topics? (Please check all that have written policies & procedures)

- | | | |
|--|---|---|
| <input type="checkbox"/> Accounting system | <input type="checkbox"/> Time sheet preparation | <input type="checkbox"/> Recording direct vs. indirect cost |
| <input type="checkbox"/> Billing | <input type="checkbox"/> Fringe benefits/leave time | |
| <input type="checkbox"/> Cost estimating | <input type="checkbox"/> Overtime | |

Submission of copies of the above policies and procedures is optional. They may be submitted in whole or in part if you believe they will aid the Department in determining your firm's ability to contract on a cost basis.

24) Does your firm maintain the following records?

- Time Sheets:** Yes No
- Circle One:** Weekly Bi-weekly Monthly
- | | | |
|----------------------------------|------------------------------|-----------------------------|
| Project Cost Ledger | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Labor Distribution Report | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| General Ledger | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Employee Expense Report | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Payroll Register | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

25) Do all employees of your firm complete time sheets? Yes No

If you indicated "No", please provide explanation.

26) Are timesheets certified by employees and approved by management? Yes No

If you indicated "No", please provide explanation.

27) All firms that work for the DOT, are required to Individually record direct and indirect labor hours. Briefly describe the method used by your firm to segregate direct and indirect labor hours in your records. (attach additional sheets, if necessary)

28) All firms that work for the DOT, are required to Individually record labor hours related to a Contract Addendum or Modification. Briefly describe the method used by your firm to segregate labor hours that are chargeable to a Contract Addendum or Modification.

29) Does your firm use any of the following labor categories?

- | | | |
|----------------------------------|------------------------------|-----------------------------|
| Employees from affiliates | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Part time employees | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Job shoppers | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

30) If yes to any of the above, please detail how they are treated in your accounting system:

31) Describe how labor billing rates are determined:

32) If your firm pays an employee at a rate in excess of the rate billed to a project, where will the rate differential be assigned? _____

33) What is the normal work week for employees of your firm? (e.g. 35 hr., 40 hr.)

34) Do salaried employees of your firm record hours in excess of the normal work week?

- Yes No

35) Describe your firm's policy regarding the retention of accounting records including time sheets, expense vouchers and canceled checks. (attach a separate sheet, if necessary)

Please Note:

Copies of the following documents must be included in order for your firm to be approved for contracting with the Department:

A completed Time sheet (less than 3 months old) as well as the corresponding Labor Distribution Report or its equivalent; excerpts from your Payroll Register for the corresponding pay period and the appropriate Project Cost Ledger to demonstrate the flow of cost through your system. You may supplement the copies of documents with narrative or flow charts if you wish, however, this cannot be substituted for copies of actual accounting records that demonstrate how your accounting system functions. You also must submit a copy of your General Ledger Chart of Accounts.

36) Which of the following direct non salary expenses does your firm wish to bill directly to the Department?

- | | | | |
|-----------------------------|------------------------------|-----------------------------|------|
| A. Vendor invoiced cost | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |
| B. Subsistence | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| C. Long distance telephone | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |
| D. Employee vehicle mileage | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| E. Company vehicle mileage | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| F. In-house reproductions | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |
| G. In-house computers | <input type="checkbox"/> Yes | <input type="checkbox"/> No | Rate |

37) For those marked "Yes", are these costs billed directly to all projects and to all clients?

Yes No

If you selected "No", please explain: _____

38) Are these costs identified as direct charged to jobs regardless of their eligibility for reimbursement? Yes No

If you indicated "No" please explain:

39) If direct expense items C, E, F, or G, (in question 36) were marked "Yes", please complete the following:

For item **C**, attach a sample of your telephone log.

For items **E, F, or G**, attach your rate calculation sheets and sample company logs to demonstrate the firm's ability to segregate and accumulate associated cost and usage.

40) Does your firm periodically reconcile its financial accounting system to its job cost accounting system? Yes No

If you indicated "Yes", please provide detail of reconciliation process.

41) What source documents will be used to generate labor and expense billings to the Department? _____

42) What work disciplines do you wish to perform for the Department?

43) Has any officer or partner of your organization ever failed to complete a consultant contract handled in his/her own name? Yes No.

If you answered "yes", state name of individual, name of owner, type of consultant contract and reason for failure to complete the contract.

44) Has this organization, its parent or subsidiary ever been suspended or debarred by this state or any other state or the federal government ? Yes No.

If you answered "yes", provide complete details, including when, where and why. (attach additional sheet, if necessary)

45) Has any owner, stockholder, officer, partner or employee of this organization been suspended or debarred from doing business by this state or any other state or Federal government? Yes No.

If you answered "yes", provide complete details including when, where and why? (attach additional sheet, if necessary)

46) Certification

I hereby certify that the foregoing information and any attachments thereto are true, accurate and consistent with the records maintained by the individual, partnership or corporation submitting this Cost Basis Contracting Questionnaire. I acknowledge that the New Jersey Department of Transportation is relying on the information contained herein and I am aware that any false statement or misrepresentation may subject me and/or my firm to criminal penalties.

(Print or Type name)

(Authorized Signature)

Date

Title: _____

Sample Exhibits for NJDOT Cost Basis Approval

ANY COMPANY
OVERHEAD SCHEDULE
FOR THE YEAR ENDED
DECEMBER 31, 200X

Acct. No.	Account Name	Amount Per G/L	Adjustments	As Adjusted
6000	Indirect Salaries & Wages	37,201.24		37,201.24
6010	Holiday Pay	8,501.22		8,501.22
6020	Sick Pay	4,836.36		4,836.36
6030	Vacation Pay	10,938.22		10,938.22
6110	Advertising	1,255.25	(1,255.25) (a)	0.00
6120	Auto Expense	6,522.11	(420.00) (b)	6,102.11
6130	Bad Debts Expense	1,975.00	(1,975.00) (c)	0.00
6140	Bank Service Charges	85.12		85.12
6150	Charitable Contributions	275.00	(275.00) (d)	0.00
6160	Conferences & Seminars	936.00		936.00
6170	Depreciation	3,758.12		3,758.12
6180	Dues & Subscriptions	761.15		761.15
6190	Equipment Rental	210.11		210.11
6210	Insurance	9,225.85		9,225.85
6220	Interest Expense	7,822.11	(7,822.11) (e)	0.00
6230	Legal and Accounting	2,238.00		2,238.00
6240	Meals & Entertainment	3,125.22	(3,125.22) (f)	0.00
6250	Miscellaneous Expense	175.22		175.22
6260	Office Expense	2,877.35		2,877.35
6270	Outside Services	8,755.01		8,755.01
6280	Pension Contribution	9,488.22		9,488.22
6290	Postage Expense	785.58		785.58
6310	Rent Expense	28,490.00		28,490.00
6320	Repairs & Maintenance	702.13		702.13
6330	Supplies Expense	458.33		458.33
6340	Taxes - Payroll	26,355.27		26,355.27
6350	Taxes - Other	5,788.78		5,788.78
6360	Telephone	4,337.44		4,337.44
6370	Training	2,841.53		2,841.53
Total Indirect Cost		190,720.94	(14,872.58)	175,848.36
5000	Direct Labor	125,375.00	0.00	125,375.00
Overhead Rate				140.3%

Compliance Certification:

The above schedule was prepared in compliance with the [Federal Acquisition Regulations Subpart 31.2](#)

Signature: _____
(Company Official or Independent Accountant)

**ANY COMPANY
OVERHEAD SCHEDULE
FOR THE YEAR ENDED
DECEMBER 31, 200X**

Notes to Overhead Schedule:

- (a) Adjustment to remove unallowable advertising expense per [FAR 31.205-1](#)
- (b) Adjustment to remove auto expense pertaining to the personal use of company vehicles per [FAR 31.201-2](#)
- (c) Adjustment to remove unallowable bad debts expense per [FAR 31.205-3](#)
- (d) Adjustment to remove unallowable charitable contributions per [FAR 31.205-8](#)
- (e) Adjustment to remove unallowable interest expense per [FAR 31.205-20](#)
- (f) Adjustment to remove unallowable entertainment cost per [FAR 31.205-14](#)

**Any Company
Chart of Accounts**

Account Number	Account Name	Account Type
1000	Cash	Current Asset
1100	Accounts Receivable	Current Asset
1190	Allowance for Bad Debts	Current Asset
1200	Prepaid Expenses	Current Asset
1300	Land	Long Term Asset
1400	Buildings	Long Term Asset
1490	Accumulated Depreciation Buildings	Long Term Asset
1500	Equipment	Long Term Asset
1590	Accumulated Depreciation Equipment	Long Term Asset
1600	Furniture & Fixtures	Long Term Asset
1690	Accum. Depre. Furniture & Fixtures	Long Term Asset
2000	Accounts Payable	Current Liability
2100	Accrued Wages & Salaries	Current Liability
2200	Accrued Payroll Taxes	Current Liability
2300	Notes Payable Current Portion	Current Liability
2400	Notes Payable - Long Term	Long Term Liability
3000	Common Stock (Owner's Equity)	Equity
3100	Retained Earnings	Equity
4000	Gross Fees	Revenue
4100	Fee Discounts & Adjustments	Revenue
5000	Direct Labor	Direct Expense
5010	Direct Labor Overtime Premium	Direct Expense
5110	Direct Expense - Printing & Reproduction	Direct Expense
5120	Direct Expense - Subcontractors	Direct Expense
5130	Direct Expense - Mileage & Travel	Direct Expense
5140	Direct Expense - Other	Direct Expense
6000	Indirect Salaries & Wages	Indirect Expense
6010	Holiday Pay	Indirect Expense
6020	Sick Pay	Indirect Expense
6030	Vacation Pay	Indirect Expense
6110	Advertising	Indirect Expense
6120	Auto Expense	Indirect Expense
6130	Bad Debts Expense	Indirect Expense
6140	Bank Service Charges	Indirect Expense
6150	Charitable Contributions	Indirect Expense
6160	Conferences & Seminars	Indirect Expense
6170	Depreciation	Indirect Expense
6180	Dues & Subscriptions	Indirect Expense
6190	Equipment Rental	Indirect Expense
6210	Insurance	Indirect Expense
6220	Interest Expense	Indirect Expense
6230	Legal and Accounting	Indirect Expense
6240	Meals & Entertainment	Indirect Expense
6250	Miscellaneous Expense	Indirect Expense
6260	Office Expense	Indirect Expense
6270	Outside Services	Indirect Expense
6280	Pension Contribution	Indirect Expense
6290	Postage Expense	Indirect Expense
6310	Rent Expense	Indirect Expense
6320	Repairs & Maintenance	Indirect Expense
6330	Supplies Expense	Indirect Expense
6340	Taxes - Payroll	Indirect Expense
6350	Taxes - Other	Indirect Expense
6360	Telephone	Indirect Expense

- SAMPLE INVOICE -

XYZ Blueprint Company
 601 Arch Street
 Philadelphia, Pennsylvania 08755
 Telephone (215) 566-3100

Any Company, Inc.
 122 East Road
 Elizabeth, New Jersey 08911

Account #: 509782

Invoice #: 36508

Order No.	Description	Unit Price	Quantity	Amount
16588	Blueline 18" X 22"	\$2.50/sf	40	\$100.00
16701	Mylar 18" X 22"	\$4.25/sf	75	\$318.75
16938	Drafting Pencils - Mechanical	\$3.25/ea	100	<u>\$325.00</u>
Subtotal				\$743.75
Sales Tax				<u>\$44.63</u>
Grand Total				<u><u>\$788.38</u></u>

Any Company, Inc. Account Distribution Summary

Acct. No.	Account Description	Amount Posted	Job Number
5110	Direct Expense - Printing & Repro.	106.00	95001
5110	Direct Expense - Printing & Repro.	337.88	95007
6330	Supplies Expense	344.50	-----

Total Paid 788.38

Check #1053 **Date Posted 1/31/0X**

Employee Name _____
 Social Security No. _____

EMPLOYEE TIMESHEET
PAYPERIOD ENDING _____

Exhibit D

Job Number	Phase Task	Sub Job Number	Type Hours	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Totals
VA			Vacation															
AL			Admin. Leave															
SP			Sick-Personal															
SF			Sick-Family															
HL			Holiday Time															
1000			Straight Time															
General & Misc. Review			Overtime															
95003 000			Straight Time															
Todd's Road Bridge - Original Agree.			Overtime															
95003 001			Straight Time															
Todd's Road Bridge Extra Work #1			Overtime															
			Straight Time															
			Overtime															
			Straight Time															
			Overtime															
			Straight Time															
			Overtime															
			Straight Time															
			Overtime															
Daily Totals			Straight Time															
			Overtime															

Employee Signature _____ Date: _____

Supervisor's Signature _____ Date: _____

**Labor Distribution Report
1/14/0X - 1/27/0X**

Employee Number	Employee Name	Hours per Timesheet	Type	Actual Rate per Payroll Register(A)	Direct Reg.	Direct OT	Indirect	Total
120	Joe Smith	Direct 30 Indirect 55 Total: 85	Salaried Salaried	\$35.294	\$1,058.82		\$1,941.18	\$3,000.00
220	John Doe	Direct 76 Indirect 8 Total: 85	Regular Regular	\$20.000	\$1,520.00		\$160.00	\$1,680.00
320	Mary Johnson	Direct 72 Direct 4 Indirect 8 Total: 84	Regular Overtime Regular	\$10.000	\$720.00 40.00	\$20.00	\$80.00	\$860.00

Pay Period Totals (B) \$3,338.82 \$ 20.00 \$2,181.18 \$5,540.00 (PR)

(A) - For Salaried Employees, actual rate is computed based on gross wages amount per payroll register divided by total hours worked for the period. For example:

Pay Period #1 Gross Wages of \$3,000.00 divided by 85 total hours = \$35.294/hour
 Pay Period #1 Gross Wages of \$3,000.00 divided by 85 total hours = \$33.333/hour

The resulting hourly rate should be used for determining actual project cost in the job cost ledger and for billing to the NJDOT.

(B) - Total amounts shown should be posted to separate direct and indirect accounts in the general ledger

(PR) Agrees with total gross wages per payroll register.

Job Cost Report
1/14/0X - 1/27/0X

Job #95001

Direct Labor

<u>Employee Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Current Cost</u>	<u>Year to Date Cost</u>	<u>Total Job to Date Cost</u>
Employee A	5	\$35,294	176.47		
Employee B	15	\$20,000	300.00		
Employee C	18	\$10,000	<u>180.00</u>		
			656.47	3,156.47	3,156.47

Note: Each period the Job Cost Report should be reconciled to the Labor Distribution Report

Direct Expenses

XYZ Blueprint Company			106.00		
Emp. C Mileage			<u>25.00</u>		
			<u>131.00</u>	425.00	425.00

Job #95001 = 656.47
 Job #95002 = 2,702.35
3,358.82

Job #95002

Direct Labor

<u>Employee Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Current Cost</u>	<u>Year to Date Cost</u>	<u>Total Job to Date Cost</u>
Employee A	25	\$35.294	882.35		
Employee B	61	\$20.000	1,220.00		
Employee C	58	\$10.000	580.00		
O/T Premium	4	\$5.000	<u>20.00</u>		
			<u>2,702.35</u>	12,702.35	12,702.35

✓ - Agrees with amount per Labor Distribution Report

Exhibit F (Alternate)

Job #94093

Description: Preliminary Engineering Raven Rock Bridge

(A) Date Posted	(B) Item	(C) Labor Hours	(D) Rate	(E) Labor Cost	(F) Direct Expenses	(G) Account #
1/13/0X	J. Doe	1.5	\$30.55	\$45.83		5000
1/13/0X	R. Patel	2.5	16.83	42.08		5000
1/27/0X	J. Radner	10	6.50	65.00		5000
1/27/0X	J. Radner(OT)	2	3.25	6.50		5010
1/27/0X	R. Patel	5	16.83	84.15		5000
1/31/0X	PIP Printing #3356				155.83	5110
1/31/0X	West Engineering				9,855.24	5120
1/31/0X	R. Patel (Mileage)				28.52	5130
Month Totals>				\$243.56	10,039.59	
Year to Date Totals ...>				\$243.56	10,039.59	
Job to Date Totals ...>				\$155,803.00	\$21,555.00	

(A) - Represents date posted to financial accounts for expenses or pay period ending date for labor.

(B) - Represents employee name or vendor name and/or description of cost.

(C) - Represents actual hours worked on job (**not just billable hours**). Must be traceable to employee timesheets.

(D) - Represents actual hourly rate paid to employees. If salaried employee works more than normal work hours, this rate must be reduced to the employee's effective hourly rate (total gross pay divided by total hours worked during period).

(E) - Represents actual labor cost incurred by employee. These amounts must reconcile to the payroll and financial accounting records (general ledger) of the company.

(F) - Represents direct non-salary expense cost charged to the job (**not just billable cost**). All direct non-salary expense billed to the NJDOT must be accumulated for all jobs.

(G) - Represents general ledger account number to which item is posted. All amounts contained in this report should be posted only to **direct** general ledger accounts.