

Consultant Advisory
2014-2
January 17, 2014

MDOT, CSD, Consultant
Contracts Section
P.O. Box 30050
Lansing, MI 4890
Fax/517-355-7446
www.michigan.gov/mdot

Questions regarding this
Consultant Advisory
should be directed to:

Carol Rademacher
517-373-3382
rademacherc@michigan.gov

Addendum to Consultant Advisory 2014-1 Mandatory Requirements for the Submittal of Financial Prequalification Information

This Consultant Advisory is to serve as an addendum, in question and answer format, to respond to inquiries received regarding Consultant Advisory 2014-1, Mandatory Requirements for the Submittal of Financial Prequalification Information, dated January 7, 2014.

- Q.1.** Should the determination of Net MDOT Revenue be based on the cash or accrual basis of accounting?
- A.1.** Net MDOT revenue should be determined using the accrual basis of accounting. To clarify Consultant Advisory 2014-1, Process and Procedures, Paragraph 2 is now revised to read:
- “Net MDOT revenue is defined as a consultant’s accrued revenue from MDOT contracts, earned as both a prime consultant and as a subconsultant, less expenses accrued for subconsultant services for MDOT work. Net MDOT revenue is based on the consultant’s most recently completed fiscal year.”
- Q.2.** If a consultant receives a cognizant letter from another state Department of Transportation, will MDOT require the consultant to submit all of the information previously submitted to the cognizant agency?
- A.2.** No, not all of the previously submitted information is required to be submitted to MDOT. However, the consultant is still required to submit, at a minimum, the indirect costs rate schedule, financial statements and chart of accounts, a sample time sheet, a sample project cost report, contact persons, listing of audits received in the last three (3) years, MDOT’s signed attestation statement, certified labor rates, and any procedures asked for in the Financial Prequalification Questionnaire.
- Q3.** Does the consultant need to complete and submit the AASHTO Internal Control Questionnaire?
- A3.** No. The consultant needs to complete and submit only the appropriate Financial Prequalification Questionnaire located on MDOT’s website and related documents.
- Q.4.** What are the basic requirements for overhead audits?
- A.4.** Overhead rate audits should comply with generally accepted government auditing standards (GAGAS). It is strongly suggested that those performing overhead rate audits follow the guidance in the [2012 AASHTO Uniform Audit & Accounting Guide](#). In addition, a thorough understanding of the accounting requirements within Title 48, Part 31 of the *Code of Regulations*, which serves as the basis of accounting for overhead rate schedules, is strongly suggested.
- Q.5.** Are overhead rate audits subject to review?
- A.5.** Yes. Overhead rate audits are subject to a quality review as a result of MDOT’s risk assessment activities or random selection. Consequently, MDOT might request access to working papers to perform quality reviews of overhead rate audits. All audit working papers are subject to copying, scanning, and/or electronic submission by/for MDOT as part of MDOT’s efforts to ensure the quality of audit efforts and reports.