



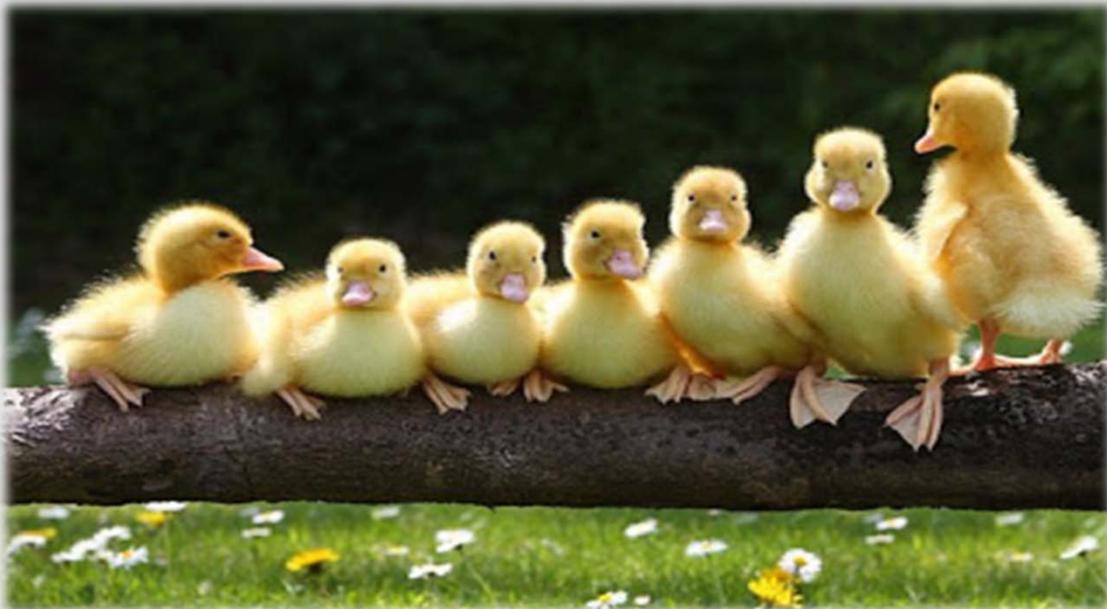
**Preparing to Pursue
Work with TxDOT**

2019 PEPS Conference

Stacy W. James, P.E.
Angela Yokie

November 20, 2019

In other words, getting all your ducks in a row.



Presentation Topics

- 1 • Overview of the PEPS procurement process
- 2 • Register your business
- 3 • Get a vendor ID number and learn about tax requirements
- 4 • Check your insurance
- 5 • Apply for precertification
- 6 • Get your Texas professional registration/license
- 7 • Administrative qualifications documentation

Overview of the PEPS Procurement Process

Stacy James

Overview of the PEPS procurement process



- PEPS procures engineering, architecture, & surveying contracts
- Planning begins in April
- Procurements are requested by Districts & Divisions
- Procurements are organized into four waves
- Projected contracts list is posted in August
- This list is updated regularly, so check it frequently

Register your business

Register with the Texas Secretary of State



Website: www.sos.state.tx.us
See the "Business Services" section.



Registration of businesses is governed by Texas statutes



Foreign Entities = businesses formed anywhere outside of Texas



Texas Secretary of State
Ruth R. Hughs

Elections **Business Services** Notary, Apostilles & Authentications

- [Assumed Business or Professional Name Act](#)
- [Business Organizations Code](#)
- [Finance Code](#) Chapters 62, 92, 201
- [Estates Code](#) §505
- [Tax Code](#) Chapter 171
- Various other enabling statutes for the creation of entities

SOSDirect
Online Searching and Filing

Foreign or Out-of-State Entities

Get a vendor ID number & learn about tax requirements

Register as a vendor with the Texas Comptroller



Website: <https://comptroller.texas.gov/>
The “Purchasing” page contains vendor information & resources.



Register to get a vendor ID and be listed on the
Centralized Master Bidders List (CMBL)



Learn about the Texas tax rules for sales and use taxes
and franchise taxes

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Check your insurance

Check your insurance



TxDOT requires insurance coverage based on project type

TxDOT Contract Services Division maintains file of insurance information

www.txdot.gov

- Business
- Architectural, Engineering and Surveying Consultants
- Insurance Requirements

Complete form 1560CS and submit current proof of insurance prior to contract execution

Apply for precertification

Precertification is the process used by TxDOT to determine whether individuals are qualified to perform work in standard work categories.

- Program is defined under Title 43 of the Texas Administrative Code §9.33
- Standard work categories and qualification requirements are defined by TxDOT.

Precertification information can be found at:

<https://www.txdot.gov/business/consultants/architectural-engineering-surveying/getting-started/precertification.html>

- References to applicable laws and rules
- Computer access request forms and instructions
- List of standard work categories and qualification requirements
- Annual firm renewal requirements
- FAQs

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Apply for precertification

The list of standard work categories and qualification requirements is available on the TxDOT website.

Individuals apply for precertification in standard work categories.

The firm is considered precertified in a category by extension if it employs at least one individual that is precertified in the category.

The firm must complete an annual renewal process to maintain active precertification status.

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Get your Texas Professional Registration/License

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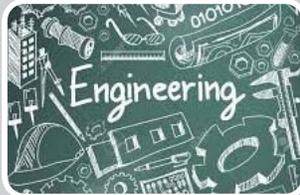
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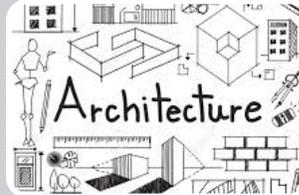
Get Your Texas Professional Registration/License



Firms performing engineering, architecture, or surveying for TxDOT must be registered or licensed in Texas



Engineering practice is regulated by the Texas Board of Professional Engineers & Land Surveyors (TBPELS)



Architecture practice is regulated by the Texas Board of Architectural Examiners (TBAE)



Surveying practice is regulated by the Texas Board of Professional Engineers & Land Surveyors (TBPELS)

Administrative Qualifications Documentation

Angela Yokie

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Where can I find information
about becoming
administratively qualified?

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Where can I find information about becoming administratively qualified?



Consultants

Architectural, Engineering and Surveying Consultants

Page Options

Architectural, Engineering and Surveying Consultants

Texas Department of Transportation > Business > Consultants

Contact Us

TxDOT uses Qualification-Based Selection (QBS) to procure architectural, engineering and surveying services.

Under QBS, TxDOT selects firms based on their qualifications. We do not ask for or make any selection based on cost. Cost is negotiated once a firm is selected.

Get Started

Get started on becoming precertified or administratively qualified.

- [Become Precertified](#)
- [Become Administratively Qualified](#)

Find Opportunities

Find and get information on current contracts with architectural, engineering and surveying services.

- [Fiscal Year 2020 Procurement Plan](#)
- [Consultant Information Meetings](#)
- [Advertised Contracts](#)



Where can I find information about becoming administratively qualified?

Consultants

Architectural, Engineering and Surveying Consultants

Page Options

Become Administratively Qualified

Texas Department of Transportation > Business > Consultants > Architectural, Engineering and Surveying Consultants > Getting Started

Contact Us

Administrative qualification is a process TxDOT uses to verify that your firm has an indirect cost rate that meets TxDOT requirements.

Become Administratively Qualified

You may demonstrate administrative qualification by an audit or by self-certification of its incorporated entity or business segment. TxDOT requires the use of direct labor cost as the allocation base for allocating indirect costs.

- [Certified Public Accountant \(CPA\) Audit](#)
- [Self-Certification](#)
- [Safe Harbor Rate \(applies only to Texas firms seeking first-time approval\)](#)
- [Overhead Review Process for Administrative Qualification](#)

Submit Qualification Documentation

After an audit is complete, you must submit qualification documentation for review.

- [Submittal and Review Process](#)

Where can I find information about becoming administratively qualified?



Business

Consultants | Contractors | Vendors | Letting & Bids | Opportunities | Projects | Training | Resources | Partnerships

Consultants

Architectural, Engineering and Surveying Consultants

Page Options

Become Administratively Qualified

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What are the Overhead Audit (OHA) Review submittal requirements?

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- Certified Professional Accountant (CPA) Audit
- Self-Certification
- Safe Harbor
- Cognizant Letter

General Requirements for All Review Types



Visit txdot.gov to verify requirements

Annual process

Make sure to include firm's legal name as registered with SOS/CPA (no DBAs)

All forms must be submitted on official letterhead showing the firm's legal name

New Changes This Year



Incomplete packets will be placed in pending file

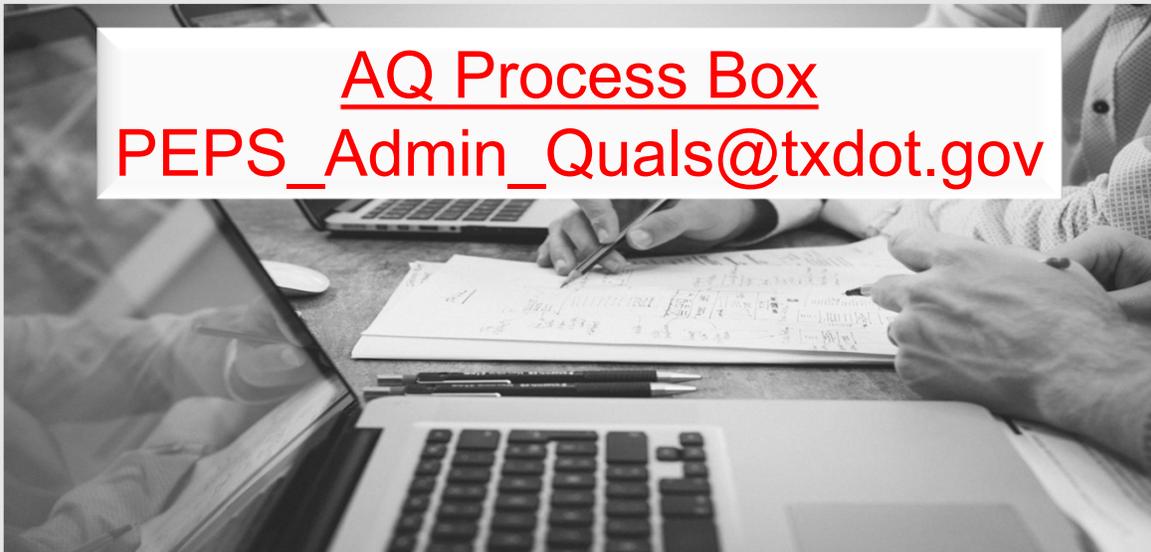
Firms must have written bonus plan in place

CPA Workpapers

Submittal must include the following items in Excel:

- Overhead schedule
- Trial balance
- General ledger
- Depreciation
- Bonuses paid

What are the Overhead Audit (OHA) Review submittal requirements?



What are the elements of an OHA review?

What are the elements of an OHA review?

Federal Acquisition Regulation (FAR) 31

Texas Administrative Code (TAC) 9.34

AASHTO Audit and Accounting Guide

The expenses must comply to these standards in order to be allowable as a cost for the overhead rate.

What are the elements of an OHA review?



AASHTO Audit and Accounting Guide has established a potential list that must be reviewed 100% for allowable cost. These accounts are considered High Risk Accounts:

Printing and Reproduction

Dues and Subscriptions

Travel Costs and Airfare

Seminars and Conventions

Depreciation

Rent

Insurance (Purchased and Self Insurance)

Professional and Consultant Services Costs

Employee Morale

What are the elements of an OHA review?



Other expenses that are tested for allowable cost are:



Advertising



Maintenance and Repairs



Marketing



Taxes



Automotive expenses

What are the elements of an OHA review?



- May request additional supporting documentation
- Must respond within 30 days of request
- If a file is rejected for any reason, may resubmit after 90 days
- Review conducted within 60 days in good faith
- Peak period is between April and August (95% of firms' Administrative Qualifications expire on June 30th)

Questions and Discussion





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