



**Updates – Precertification
& Administrative
Qualifications**

2019 PEPS Conference

Stacy W. James, P.E.
Roy Gonzales

November 20, 2019

Presentation Topics



- 1 • What is the precertification program?
- 2 • Where can I find information about the precertification program?
- 3 • How does the precertification program work?
- 4 • How big is the precertification program?
- 5 • What's on the horizon for the program?
- 6 • Administrative Qualifications (AQ) Updates

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2

Precertification Program

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What is the precertification
program?

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What is the precertification program?



- Vital part of TxDOT's professional services contracting program
- Requirement for individuals who want to be eligible to work on TxDOT professional services contracts
- Acknowledgement that individuals meet minimum qualifications
- Way to eliminate submittal of lengthy qualification information in response to each solicitation

What is the precertification program?



Precertification program is defined in Title 43 TAC §9.33

Standard work categories are defined by TxDOT

Individuals apply

Firm precertified by extension

Firm must complete annual renewal process

TxDOT must post program information

Where can I find information about the precertification program?

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7

Where can I find information about the precertification program?



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Learn about TxDOT business resources and the bidding process.

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Where can I find information about the precertification program?



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How Do I

- Find Investor Information?
- Bid on a Contract?
- Find a Public Hearing or Meeting?
- Get Small Business Help?
- Find a Form or Publication?
- File Open Records Requests?
- Get Payment Information?
- See Letting Schedule?
- Get Information on Projects?
- Find Business Contacts?

Letting & Bids

- Attention: Roadway Material, Traffic Control and Safety Device Vendors
- Building-Related Projects - Facilities Letting
- Local Government Projects
- Highway Cost Index

Opportunities

- Proposal Request Forms
- Projected Consultant Projects
- Aviation Projects
- Aviation Design Opportunities
- State Property Auctions and Recycling - Salvage Sale Bid

Consultants

- Architectural, Engineering and Surveying Consultants

Contractors

- Prequalification
- Information

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9

Where can I find information about the precertification program?



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Consultants

Architectural, Engineering and Surveying Consultants

Architectural, Engineering and Surveying Consultants

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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



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10

Where can I find information about the precertification program?



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Consultants

Architectural, Engineering and Surveying Consultants

Page Options

Become Precertified

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

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A firm must be precertified prior to being awarded a professional services contract with TxDOT. Firms must apply for precertification. The precertification process is outlined in the [Texas Administrative Code \(TAC\)](#).

Eligibility

TxDOT precertifies individuals based on prior work experience. An employee demonstrates experience by describing the work done on past projects. Precertification is granted or denied based on this information. Precertification extends to the individual's firm.

The Precertification process is governed by:

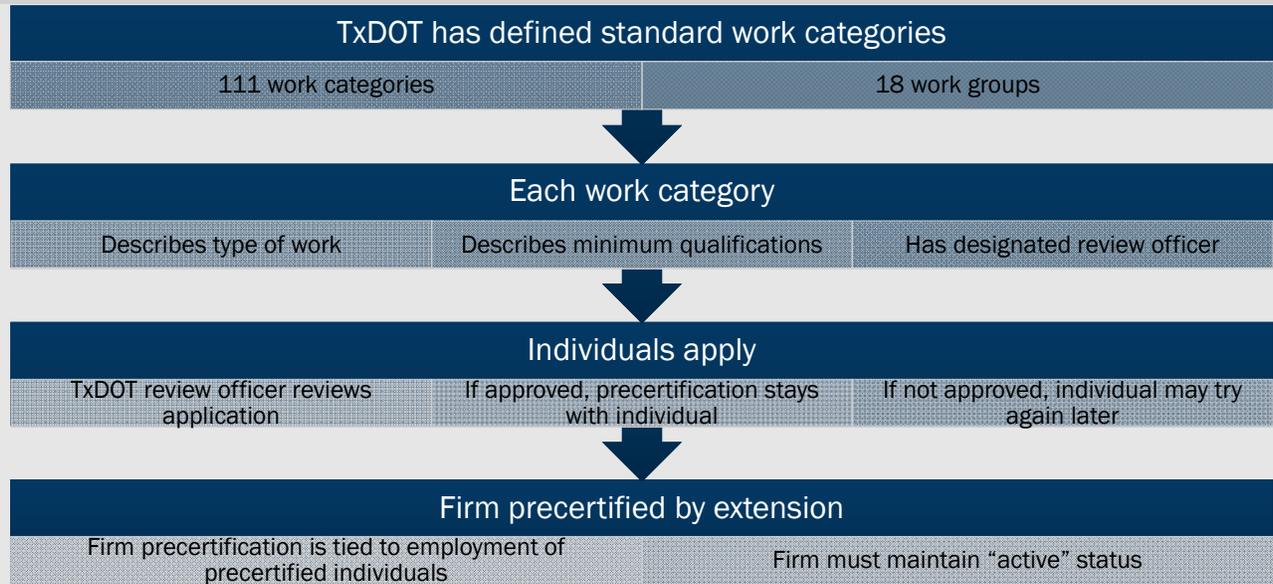
- [State Laws and Rules](#)
- [TxDOT Policies and Procedures](#)

Prepare Your Application

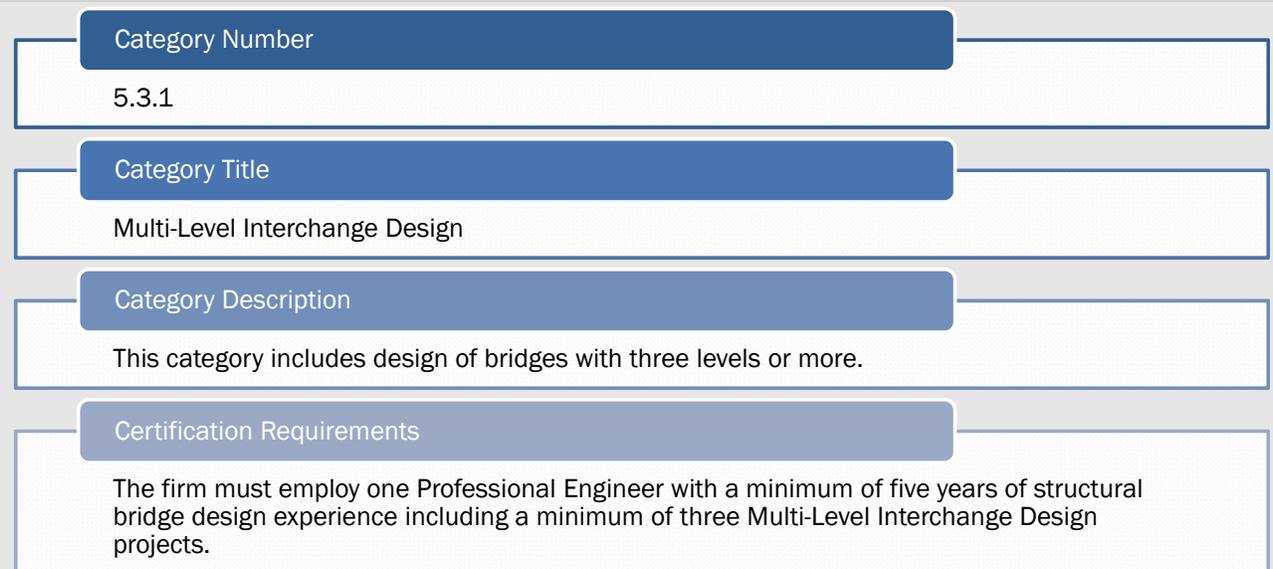
Begin gathering information for the [application](#), and use the following codes:

How does the precertification program work?

How does the precertification program work?



How does the precertification program work?



How big is the precertification program?

How big is the precertification program?



34,020
precertifications



7,867
precertified
individuals



828
active
precertified
firms

What's on the horizon for the program?

What's on the horizon for the program?



New work categories are under consideration for:

- General Engineering Consultant (GEC)
- Owner Verification Testing and Inspection (OVTI)
- Pedestrian and bicycle facilities
- Pavement design and evaluation
- Rail planning and development
- Interior design

PEPS will send information to the consultant community when the new categories become available.



Administrative Qualifications Updates

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19

Where can I find information
about the Administrative
Qualifications (AQ) program?

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20

Where can I find information about becoming administratively qualified?

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

Consultants

Architectural, Engineering and
Surveying Consultants

Page Options

Architectural, Engineering and Surveying Consultants

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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.



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21

AQ Stats And Updates for 2019 Overhead Audit Review Period

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22

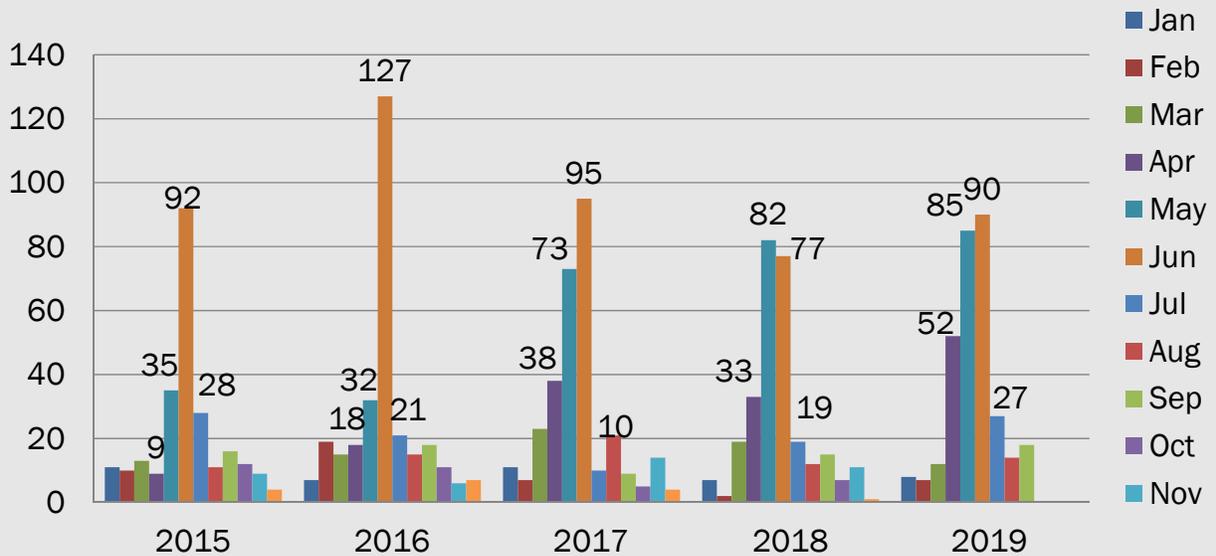
AQ Stats and Updates for 2019 Overhead Audit Review Period

AQ Packages Received - Monthly

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total
2015	11	10	13	9	35	92	28	11	16	12	9	4	250
2016	7	19	15	18	32	127	21	15	18	11	6	7	296
2017	11	7	23	38	73	95	10	21	9	5	14	4	310
2018	7	2	19	33	82	77	19	12	15	7	11	1	285
2019	8	7	12	52	85	90	27	14	18				313
Grand Total	44	45	82	150	307	481	105	73	76	35	40	16	1454

AQ Stats and Updates for 2019 Overhead Audit Review Period

AQ Packages Received - Monthly





Key Takeaways

- Most packages received between April and July
- 2019: 81% of packages were received between April and July (254 out of 313)
- 2018: 74% (211 out of 285)
- Does not include State Rate approvals



AQ Packages Approved by Year

Audit Type	2015	2016	2017	2018	2019	Grand Total
CPA	133	140	158	157	166	754
Safe-Harbor	2	9	10	26	22	69
Self-Cert	88	128	128	119	126	589
Grand Total	223	277	296	302	314	1412
Year over year (YOY) % Growth		24%	7%	2%	4%	41%
Projected YOY Growth at Year End					11%	50%

- Does not include firms that have accepted State rate (227 Firms in 2019)
- State rate approvals require verification with Secretary of State and State Comptroller offices
- Implemented new rules this year (Texas Administrative Code)

AQ Stats And Updates for 2019 Overhead Audit Review Period



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.

AQ Stats And Updates for 2019 Overhead Audit Review Period



Revisions to Texas Administrative Code (TAC) 9.34

90 Day
extension of AQ
status

Implementation
of newly
approved
overhead rate

Bonus Plan
requirements

Annual
negotiation of
labor rates

Changes in AQ Process for 2020 Overhead Audit Review Period

Changes in AQ Process for 2020 Overhead Audit Review Period



**Overhead
audit review
queue**

**AQ List
posted on
website**

**Additional
information
added to
website**

Changes in AQ Process for 2020 Overhead Audit Review Period



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Consultants

Architectural, Engineering and Surveying Consultants

Page Options

Become Administratively Qualified

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

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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

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31

Changes in AQ Process for 2020 Overhead Audit Review Period



- Submit OHA packets as separate PDF files (and Excel where noted)
- Must include CPA workpapers with CPA OHA submissions
- Changes to Safe Harbor requirements forthcoming

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32

Questions and Discussion

A city skyline at sunset with two contact cards overlaid at the bottom. The sky is filled with colorful clouds in shades of orange, pink, and purple. The buildings are illuminated with lights, and the overall scene is vibrant and modern.

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