

PEPS Fireside Chat Question & Answer Summary

Administrative Qualifications – Status Report – September 2020

Q1: Where can you find guidance on bonus distribution criteria?

A1: You can find information on bonus distribution criteria by following this link:

<http://ftp.dot.state.tx.us/pub/txdot/ppd/aq-overhead-review.pdf>

Then click on the link titled “Bonus Policy Requirements pg. 6” which will take you directly to the information.

Q2: Can you describe how a firm with no prior field services rate can use a proforma approach to develop the labor related elements needed to define an initial field services multiplier rate

A2: The AASHTO Audit Guide Chapter 5, Section 6 - Field Office Rates, provides guidance to engineering consultants on developing field rates. However, if the engineering consultant does not have an audited field rate, the Department has developed a method similar to its State Developed Overhead Rate to establish a field rate that an engineering firm may accept.

Q3: When the PEPS analysis approves the company’s FCCM rate, what does it mean?

A3: Facilities capital cost of money (FCCM) is an imputed cost related to an engineering consultant's investment in fixed assets/facilities used in contract performance, regardless of whether the source of the investment is equity or borrowed capital. FCCM is billed as a rate; however, FCCM is *not* a form of interest on borrowing. The costs of the capital investment must be determined, measured, and allocated to contracts in accordance with CAS 414. Engineering consultants are not *required* to propose FCCM in pricing and performing a contract. However, when an engineering consultant chooses to claim cost of money, the estimated FCCM must be specifically identified in the cost proposals relating to the contract under which the cost is to be claimed. Accounting for FCCM generally occurs through a memorandum entry of the cost. The engineering consultant must maintain, in a manner that permits audit and verification, all relevant schedules, cost data, and other data necessary to support the entry. On the engineering consultant's indirect cost rate schedule, the FCCM amount must be shown as a separate line item or, alternatively, must be disclosed in the notes. This is necessary to distinguish cost of money from the company's other expenses. This is required because, per FAR 15.404-4, profit/fee does not include amounts applicable to FCCM. You may find more guidance located in the AASHTO Uniform Audit & Accounting Guide, Section 8.6.

Q4: Will SBA PPP loan amounts be reduced from allowable cost utilized for OH rate calculations?

A4: TxDOT will be seeking guidance from FHWA on how to handle any COVID-19 related issues. Once we receive something from FHWA PEPS will notify all firms of the process in which to follow.

Q5: Does PEPS maintain a list of accounting firms familiar with AASHTO accounting guides?

A5: No, PEPS does not maintain a list of accounting firms that are familiar with the AASHTO guidelines or FAR 31. This would be the firm's responsibility.

Q6: How do we schedule a one-on-one session with PEPS on Administrative Qualifications?

A6: Send all request to the PEPS_ADMIN_QUALS@txdot.gov inbox. All sessions will be conducted virtually through WebEx or other conference calling methods at this time.

Q7: Can you discuss the impacts of the PPP loan forgiveness and OH rates?

A7: TxDOT will be seeking guidance from FHWA on how to handle any COVID-19 related issues. Once we receive something from FHWA PEPS will notify all firms of the process in which to follow.

Q8: How do we get continuing education credits for this session?

A8: Each participant should have received an automated registration email and an automated follow-up email describing the one-hour event. Details about the event are included, which can be used for continuing education credit. If additional information is needed, please send a request to PEPS_Training@txdot.gov.