

## Overhead Rate Policy

Each consultant who anticipates performing services for the Idaho Transportation Department (ITD) is required to submit an overhead rate which has been reviewed or audited by an independent CPA on a yearly basis. That review or audit must be based on financial information no older than one year, and should follow the parameters established in the most current version of the AASHTO Uniform Audit & Accounting Guide (Audit Guide), which can be found at <https://audit.transportation.org>.

- Firms that are just starting out will be allowed to use a fully loaded hourly rate for up to \$100,000 of work for ITD in any given year. A firm may only use a fully loaded hourly rate for up to three years.
- Firms that do a limited amount of business (up to \$250,000 of work for ITD in any given year) will be allowed to use an overhead rate based upon company compiled data only. The company compiled overhead rate must be based on 12 months of financial data.
- For firms that do between \$250,000-\$500,000 of work for ITD in any given year, an overhead rate that has been REVIEWED by an independent external auditor will be required.
- For firms that do more than \$500,000 of work for ITD in any given year, a rate that has been subjected to an AUDIT or EXAMINATION LEVEL ATTESTATION by an independent external auditor will be required.

Overhead audits and reviews shall be performed by an independent Certified Public Accountant, an agency of the Federal government, another state highway agency, or a similar audit agency, and shall be subject to review and/or modification by the ITD Office of Internal Review for compliance with the Federal Acquisition Regulations (FAR). The Office of Internal Review reserves the right to review audit and working papers as part of the acceptance.

Overhead rate requests must be accompanied by:

- A complete AASHTO Internal Control Questionnaire for Consulting Engineers (Appendix B to the AASHTO Audit Guide);
- A completed and signed "Certification of Final Indirect Costs" form\*; and
- Executive Salary Schedule (Chapter 7 of the AASHTO Audit Guide); and
- List of Equipment Rates (if applicable).

*AASHTO has developed a National Compensation Matrix (NCM) for use when benchmarking the reasonableness of the consultant's executive compensation. This NCM can be used in lieu of performing your own compensation study. The NCM, instructions, and FAQs are available as noted below.\**

*A blank NCM Compliance Schedule has been developed for Consultants to use when submitting their compensation information.\**

Facilities Capital Cost of Money (FCCM) will be approved separately from the overhead rate when calculated on the overhead rate report. According to FAR paragraph 15.404-4(c)(3), fixed fee cannot be calculated on FCCM. FCCM is to be calculated on direct labor only and listed separately on the cost summary sheet (See Consultant Services Forms and Documents).

Overhead Rate submittals should be sent via e-mail to [consultantadminunit@itd.idaho.gov](mailto:consultantadminunit@itd.idaho.gov).

Any questions regarding the Overhead Rate Policy should be directed to Scott Drollinger, Office of Internal Review at (208) 334-8830, or e-mail to [Scott.Drollinger@itd.idaho.gov](mailto:Scott.Drollinger@itd.idaho.gov).

\*These forms are located on the **Consultant Services Forms and Documents** page of our website at <http://itd.idaho.gov/business/?target=consultant-agreements>.