



**Risk-Based Indirect Cost
Oversight Process
&
Consultant Selection**

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Risk-Based Indirect Cost Oversight Process



Three Goals of a Risk-Based Process

- Target DOTD review efforts where they can be of most value
- Reduce burden on firms doing little business with DOTD
- Streamline review process and reduce turnaround time for all consultants



Submittal Requirements for All Consultants

- “AASHTO Internal Control Questionnaire for Consulting Engineers”
 - Must include all supporting documents requested on the face of that form
- “Consulting Engineer Self-Certification Packet”
 - Will be published on CCS website
 - Firms will provide level of billings on DOTD projects and number of DOTD contracts in most recent firm FY, and current and PY ICRs
 - Firms will certify to accuracy of all documents submitted to DOTD
- Financial Statements from most recent firm FY
- FAR compliant “Schedule of Indirect Costs”



Risk Review Committee

- Has full discretion to assign risk level of consultants
 - May request additional information, if needed, to make its determination
- Establishes guidance on what will typically be considered low, medium, and high risk
 - Will be published on CCS website
 - This is guidance ONLY, does not limit the RRC’s discretion in evaluating a specific firm



Risk Review Committee

- Membership
 - Audit Director (Chair)
 - CCS Administrator
 - Chief's Designee
 - At or above Section Head level
 - Must have substantial experience related to DOTD's consultant contracts

Level of Risk	Level Parameters	Audit Requirements*	Procedure
High Risk	<ul style="list-style-type: none"> • Consultants who do not meet the prescribed definitions for low- or medium-risk firms 	<ul style="list-style-type: none"> • Consultants will be required to submit a FAR-compliant CPA audit 	<ul style="list-style-type: none"> • DOTD's Audit Section will perform a full review of the documentation according to standard operating procedures
Medium Risk	<ul style="list-style-type: none"> • Greater than \$500,000 but less than \$2M in annual billings on consultant contracts with DOTD; • No significant changes (15% or more) in consultant's audited indirect costs rates from the previous fiscal year; • Indirect cost rates are at or below the statewide average; and • No significant deficiencies in audited submittals for the last three (3) years 	<ul style="list-style-type: none"> • Consultants will be required to submit a FAR-compliant CPA audit 	<ul style="list-style-type: none"> • Indirect cost rates may be approved by the RRC and entered into the database without automatic review by DOTD Audit • DOTD's Audit Section will pull and complete a full review per standard operating procedures on a random sampling of firms in this category for quality assurance purposes
Low Risk + Cognizant Rates	<ul style="list-style-type: none"> • Less than \$500,000 in annual billings on consultant contracts with DOTD; or • Cognizant Rate submitted from another State Transportation Agency (STA) 	<ul style="list-style-type: none"> • Consultants seeking approval through cognizant submissions will be required to submit the firm's approved cognizant audit 	<ul style="list-style-type: none"> • Indirect cost rates may be approved by the RRC and entered into the database without automatic review by DOTD Audit



Questions?



Consultant Selection





Selection Process Goals

- Present the most qualified proposers to the DOTD Secretary for final selection
- Align incentives toward proposals and teams best able to deliver the highest quality work
- Consistency within each selection
- Evaluation to focus on proposal to perform work, not individual firms
- Qualitative & holistic evaluations by the PET



Process Development

- Lessons learned
- Cross discipline DOTD team
- Partner feedback
- Alignment with other state and local processes currently in use
- Keeping within federal guidelines



PET Membership

- Voting members
 - Road
 - Bridge
 - Project Management section
 - Construction/District
 - Traffic/Planning
- Non Voting Member
 - CCS administrator (chair)
- SME as requested by PET
 - Project Manager
 - Geotech
 - Survey
 - Environmental
 - Etc.



PET Membership

PET members are representatives of their respective section and are speaking on behalf of the section



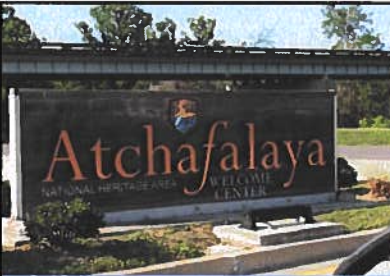
PET Operation

Consistency Within Teams

- 2 primary teams and 1 backup
- PET members work on 3 year rotation
- Members serve 1 year as backup then becomes primary for 2
- Backup team provides extra capacity and steps in for any team excluded for conflict of interest
- Entire teams are replaced, never individuals, unless there is a change in an individual's employment status

Special Circumstances

- Chief Engineer may create special teams to address specific selections



PET Operation

Process

- Scoring meeting organized & coordinated by CCS administrator
- PET meets to discuss merits of each submittal and share the individual opinions
- CCS administrator documents meeting and scores
- Current 1-5 scale will be retained
- Rankings will be determined by the end of the scoring meeting
- Shortlist submitted to Secretary for final selection



Rating Criteria

Current Workload

- Weight of 5
- PET determines if team has capacity to perform work given current workload
- Provided on #21 (pg. 12) of 24-102

Location of Work

- Will be superseded by federal regulations in most cases
- Weight of 10% (federal cap)
- Expected to be used for CE&I
- Provided on #20 (Pg. 11) of 24-102



Rating Criteria

Approach & Methodology (work plan)

- Weight to be 9 (30% of entire selection)
- Proposer will explain how they plan to complete the project
- DOTD will provide minimal, if any, structured guidance in the advertisement
- This will be the opportunity for team to present proposed efficiencies and innovations and any proprietary information should be labeled
- Limited to 4 pages unless otherwise advertised
- Provided on #19 (Pg. 10) of 24-102



Rating Criteria

Firm Experience

- Weight of 3
- Any prior work the firms on the proposed team have completed on projects of similar scope
- Provided on #18 (pg. 9) of 24-102

Staff Experience

- Weight of 4
- Any prior work of similar scope done by designated project staff regardless of employer
- Provided on #17 (pg. 8) of 24-102



Rating Criteria

Firm Size to Project Magnitude

- Weight of 3
- 2 components: global transportation personnel and designated staff for this proposal
- PET determines relation to project magnitude
- Provided on #13 (Pg. 4), #14 (Pg. 5) & #15 (Pg. 6) of 24-102
- Removes annual APL reporting

Additional Advertised Criteria

- Criteria and associated weight to be published in advertisement



Rating Criteria

Past Performance Evaluations

- New system of DOTD narratives and firm responses
- One evaluation, per discipline, per firm
- Generated by PM, signed by Section Head
- Evaluations will be fact driven and may cover positive and negative aspects
- Narrative evaluations are done at the conclusion of the contract/task order deliverables or early termination of contract/task order
- Sub-consultant evaluations are only completed when the sub-consultant has performed enough work to allow an independent assessment of the sub-consultant's performance



Rating Criteria

Past Performance Evaluations

- Evaluated firm will be provided the DOTD narrative and will be given the opportunity to submit a response
- The DOTD narrative cannot be changed and any issues will be addressed in the consultant response which will be attached to the archived narrative
- DOTD narratives and evaluated firm responses will both be limited to 2 pages
- DOTD narrative and response constitutes the past performance evaluation and will be distributed to all firms on the team



Rating Criteria

Past Performance

- Weight of 6
- PET reviews previous 5 years of evaluations of the firm on relevant DOTD projects
- Past Performance Evaluations provided to PET by CCS



Transition

Past Performance

- Narrative evaluations have been implemented
- Will be a transition period (anticipate 24 months)
 - PET will use narratives & prior CPPR evaluations
 - Prior evaluations may be used for 5 years if a relevant sample of narratives is not available

PET

- New PET selection process begins prior to start of new state fiscal year



Training

Initial

- 4 unique tailored efforts
 - Consultant
 - PM/TM/Section Head
 - CCS Staff
 - PET Members

Ongoing

- CCS to create & maintain 2 specific trainings
 - PM/TM/Section Head/Consultant
 - PET Members



Panel Discussion

DOTD

- Chris Knotts, Chief Engineer
- Ed Wedge, Deputy Chief Engineer
- Chad Winchester, Project Development Division Chief
- Mark Chenevert, Contract Services Administrator
- Geoffrey Rodriguez, QCIP Director
- Darlene Major, CCS Administrator

