Overhead Schedule

Guidance

Firm's requesting prequalification reviews should have a fundamental understanding of the Federal Acquisition Regulations (FAR).

MoDOT encourages firms to reference the AASHTO Uniform Audit and Accounting Guide, which was developed as a tool to assist firms in compliance with the federal regulations.

MoDOT Guidance – Indirect Cost Rate (Overhead Schedule)

MoDOT auditors will perform a risk based assessment to gain reasonable assurance that a firm's accounting practices demonstrate the accounts listed in the overhead schedule were prepared in accordance with the Federal Acquisition Regulations (FAR).

The following table is an example of how MoDOT auditors performs a risk based assessment. The example uses the process for an overhead schedule not audited by a CPA.

It is important to have cohesion between the prequalification documents. The following table show how the documents are inter-related and must reference one to another..

1. MoDOT auditors reference costs listed on the overhead schedule to the costs listed on the Income Statement, General Ledger, or Trial Balance (for this example we will use the Income Statement)
2. The Income Statement costs are then referenced to the tax return.
3. The accounts and costs listed on the overhead schedule are then referenced to the Internal Control Questionnaire (ICQ). The ICQ describes the accounting process and procedure used by the firm to segregate direct and indirect costs, as well as, identify and remove from the overhead schedule all unallowable costs.

Overhead	**Income Statement**	**Tax Return**	**ICQ**
Auto Expense	Amount traces to overhead	The amount shows a difference of 17,000 when costs are traced to the income statement. MoDOT auditors will require an explanation of the difference	The ICQ-Section H. Expense Accumulation and Billing states vehicle expense are not included as a cost item. This indicates to auditors that vehicle expenses should not be included in the overhead. MoDOT auditors will require an explanation and revision to the ICQ to accurately record the treatment of accounts included in the overhead used for government contracting.
567,000	567,000	550,000	

Required Format - MoDOT staff will not review overhead schedules that do not follow this format

TABLE 5-5: SAMPLE INDIRECT COST RATE SCHEDULE

SAMPLE CONSULTING COMPANY, Inc.
Statement of Direct Labor, Fringe Benefits, and General Overhead
For the Year Ended December 31, 201x

Account Number & Description	General Ledger Account Balance	Direct Costs	Disallowed Costs	Proposed Company Wide	% of Direct Labor
DIRECT LABOR	$ 1,950,501	$ 1,950,501	$ -	$ 1,950,501	100.00%
INDIRECT COSTS:					
FRINGE BENEFITS					
6300 Benefits: Bonuses	$ 234,060	$ -	$ (28,560) (a)	$ 205,500	10.54%
6310 Benefits: 401(k)	97,525	-	-	97,525	5.00%
6320 Benefits: PTO (vac., sick, and holiday)	253,565	-	-	253,565	13.00%
6820 Insurance: Disability	58,515	-	-	58,515	3.00%
6830 Insurance: Life	21,846	-	(800) (b)	21,046	1.08%
6840 Insurance: Medical	136,535	-	-	136,535	7.00%
6850 Insurance: Workers' Comp.	15,799	-	-	15,799	0.81%
7500 Payroll Taxes: FICA and Med.	180,421	-	-	180,421	9.25%
7510 Payroll Taxes: FUTA and SUTA	78,020	-	-	78,020	4.00%
TOTAL FRINGE BENEFITS	$ 1,076,286	$ -	$ (29,360)	$ 1,046,926	53.67%
GENERAL OVERHEAD					
6700 Indirect Labor	$ 741,190	$ -	$ (3,300) (c)	$ 737,890	37.83%
5010 Direct: Lodging, Meals, and Travel	122,101	(122,101)	- (d)	-	0.00%
5020 Direct: Employee Mileage Reimbursements	159,941	(159,941)	- (d)	-	0.00%
5030 Direct: Rentals and Supplies	21,651	(21,651)	- (d)	-	0.00%
5040 Direct: Subconsultants	44,862	(44,862)	- (d)	-	0.00%
6000 Advertising and Marketing	23,991	-	(6,750) (e)	17,241	0.88%
6100 Automobile Expense	68,268	-	(13,580) (f)	54,688	2.80%
6200 Bank Service Charges	9,753	-	-	9,753	0.50%
6400 Contributions and Gifts	14,629	-	(14,629) (g)	-	0.00%
6500 Depreciation Expense	117,030	-	-	117,030	6.00%
6600 Dues and Subscriptions	16,189	-	(350) (h)	15,839	0.81%
6800 Insurance: Automotive	15,409	-	-	15,409	0.79%
6810 Insurance: Business Liability	23,406	-	-	23,406	1.20%
6900 Interest Expense	36,084	-	(36,084) (i)	-	0.00%
7000 Licenses and Permits	21,456	-	-	21,456	1.10%
7100 Maintenance and Repairs	97,135	-	-	97,135	4.98%
7200 Meals & Entertainment	19,310	-	(1,050) (j)	18,260	0.94%
7300 Misc. Fees, Fines, Penalties	6,827	-	(6,827) (k)	-	0.00%
7400 Office Expense: Cleaning	8,192	-	-	8,192	0.42%
7410 Office Expense: Postage and Delivery	4,486	-	-	4,486	0.23%
7420 Office Expense: Office Supplies	32,183	-	-	32,183	1.65%
7430 Office Expense: Other Office Expense	35,889	-	-	35,889	1.84%
7600 Personal Property Tax	42,911	-	-	42,911	2.20%
7700 Prof Fees: Accounting and Legal	30,428	-	-	30,428	1.56%
7800 Rent	180,049	-	(2,400) (l)	177,649	9.11%
7900 Telephone	60,466	-	-	60,466	3.10%
8000 Utilities	29,472	-	-	29,472	1.51%
Credit for Internal Allocations	-	-	(107,278) (m)	(107,278)	-5.50%
TOTAL GENERAL OVERHEAD	$ 1,983,306	$ (348,555)	$ (192,247)	$ 1,442,505	73.96%
TOTAL INDIRECT COSTS & OVERHEAD RATE	$ 3,059,593	$ (348,555)	$ (221,607)	$ 2,489,431	**127.63%**

1 Review costs to ensure unallowable cost have been removed.

FAR References and Notes:

(a) 31.205-6(a)(5)(ii)(B): Owners' compensation in excess of reasonable amount is disallowed (distribution of profits).
(b) 31.205-19(e)(2)(v): Officers' life insurance is disallowed.
(c) 31.201-6(e)(2): Marketing, lobbying, and any labor associated with unallowable activities is disallowed.
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(e) 31.205-1: Costs for general marketing materials are disallowed.
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(l) 31.205-36(b)(3): Related-party rent (not an arm's-length transaction) is limited to actual cost of ownership, net of interest and other unallowable items.
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2 When identifying unallowable costs remember to include the FAR reference number

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3 The firm must complete the Internal Control Questionnaire (ICQ), however, we encourage the ICQ document be reviewed by staff or CPA preparing the overhead to ensure cohesive pre-qualification documents. For example, if the ICQ states that vehicle costs are considered an indirect cost; auditors expect to see an indirect account for vehicle expense on the overhead.

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4 MoDOT does not require a firm to provide a FAR compliant audit of the indirect cost rate. However, providing an audit will expedite the pre-qualification review process.

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6320 Benefits: PTO (vac., sick, and holiday)	253,565	-	-	253,565	13.00%
6820 Insurance: Disability	58,515	-	-	58,515	3.00%
6830 Insurance: Life	21,846	-	(800) (b)	21,046	1.08%
6840 Insurance: Medical	136,535	-	-	136,535	7.00%
6850 Insurance: Workers' Comp.	15,799	-	-	15,799	0.81%
7500 Payroll Taxes: FICA and Med.	180,421	-	-	180,421	9.25%
7510 Payroll Taxes: FUTA and SUTA	78,020	-	-	78,020	4.00%
TOTAL FRINGE BENEFITS	$ 1,076,286	$ -	$ (29,360)	$ 1,046,926	53.67%
GENERAL OVERHEAD					
6700 Indirect Labor	$ 741,190	$ -	$ (3,300) (c)	$ 737,890	37.83%
5010 Direct: Lodging, Meals, and Travel	122,101	(122,101)	- (d)	-	0.00%
5020 Direct: Employee Mileage Reimbursements	159,941	(159,941)	- (d)	-	0.00%
5030 Direct: Rentals and Supplies	21,651	(21,651)	- (d)	-	0.00%
5040 Direct: Subconsultants	44,862	(44,862)	- (d)	-	0.00%
6000 Advertising and Marketing	23,991	-	(6,750) (e)	17,241	0.88%
6100 Automobile Expense	68,268	-	(13,580) (f)	54,688	2.80%
6200 Bank Service Charges	9,753	-	-	9,753	0.50%
6400 Contributions and Gifts	14,629	-	(14,629) (g)	-	0.00%
6500 Depreciation Expense	117,030	-	-	117,030	6.00%
6600 Dues and Subscriptions	16,189	-	(350) (h)	15,839	0.81%
6800 Insurance: Automotive	15,409	-	-	15,409	0.79%
6810 Insurance: Business Liability	23,406	-	-	23,406	1.20%
6900 Interest Expense	36,084	-	(36,084) (i)	-	0.00%
7000 Licenses and Permits	21,456	-	-	21,456	1.10%
7100 Maintenance and Repairs	97,135	-	-	97,135	4.98%
7200 Meals & Entertainment	19,310	-	(1,050) (j)	18,260	0.94%
7300 Misc. Fees, Fines, Penalties	6,827	-	(6,827) (k)	-	0.00%
7400 Office Expense: Cleaning	8,192	-	-	8,192	0.42%
7410 Office Expense: Postage and Delivery	4,486	-	-	4,486	0.23%
7420 Office Expense: Office Supplies	32,183	-	-	32,183	1.65%
7430 Office Expense: Other Office Expense	35,889	-	-	35,889	1.84%
7600 Personal Property Tax	42,911	-	-	42,911	2.20%
7700 Prof Fees: Accounting and Legal	30,428	-	-	30,428	1.56%
7800 Rent	180,049	-	(2,400) (l)	177,649	9.11%
7900 Telephone	60,466	-	-	60,466	3.10%
8000 Utilities	29,472	-	-	29,472	1.51%
Credit for Internal Allocations	-	-	(107,278) (m)	(107,278)	-5.50%
TOTAL GENERAL OVERHEAD	$ 1,983,306	$ (348,555)	$ (192,247)	$ 1,442,505	73.96%
TOTAL INDIRECT COSTS & OVERHEAD RATE	$ 3,059,593	$ (348,555)	$ (221,607)	$ 2,489,431	**127.63%**

FAR References and Notes:

(a) 31.205-6(a)(5)(ii)(B): Owners' compensation in excess of reasonable amount is disallowed (distribution of profits).
(b) 31.205-19(e)(2)(v): Officers' life insurance is disallowed.
(c) 31.201-6(e)(2): Marketing, lobbying, and any labor associated with unallowable activities is disallowed.
(d) 31.202: Excluded direct project costs (both billable & non-billable costs) from indirect cost pool.
(e) 31.205-1: Costs for general marketing materials are disallowed.
(f) 31.205-6(m)(2) & 31.205-46(d): Personal use of a company asset (automobile) is disallowed.
(g) 31.205-8 & 31.205-13(b): Contributions and gifts are disallowed.
(h) 31.205-22: Lobbying costs, paid as a percentage of professional dues, are disallowed.
(i) 31.205-20: Interest is disallowed.
(j) 31.205-14 & 31.205-51: Costs for entertainment and alcoholic beverages are disallowed. (The entertainment cost principle supersedes all others.)
(k) 31.201-4, 31.205-15, & 31.205-20: Disallowed late fees; Government-imposed fines and penalties; and credit card interest.
(l) 31.205-36(b)(3): Related-party rent (not an arm's-length transaction) is limited to actual cost of ownership, net of interest and other unallowable items.
(m) 31.202: Direct costs segregated and removed from indirect cost pool.

5 Most firm's overhead schedule are determined by the ratio of indirect costs to direct labor costs or **Single Base Allocation – Direct Labor Base**

Required Format - MoDOT staff will not review overhead schedules that do not follow this format

TABLE 5-5: SAMPLE INDIRECT COST RATE SCHEDULE

SAMPLE CONSULTING COMPANY, Inc.
Statement of Direct Labor, Fringe Benefits, and General Overhead
For the Year Ended December 31, 201x

Account Number & Description	General Ledger Account Balance	Direct Costs	Disallowed Costs	Proposed Company Wide	% of Direct Labor
DIRECT LABOR	$ 1,950,501	$ 1,950,501	$ -	$ 1,950,501	100.00%
INDIRECT COSTS:					
FRINGE BENEFITS					
6300 Benefits: Bonuses	$ 234,060	$ -	$ (28,560) (a)	$ 205,500	10.54%
6310 Benefits: 401(k)	97,525	-	-	97,525	5.00%
6320 Benefits: PTO (vac., sick, and holiday)	253,565	-	-	253,565	13.00%
6820 Insurance: Disability	58,515	-	-	58,515	3.00%
6830 Insurance: Life	21,846	-	(800) (b)	21,046	1.08%
6840 Insurance: Medical	136,535	-	-	136,535	7.00%
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7500 Payroll Taxes: FICA and Med.	180,421	-	-	180,421	9.25%
7510 Payroll Taxes: FUTA and SUTA	78,020	-	-	78,020	4.00%
TOTAL FRINGE BENEFITS	$ 1,076,286	$ -	$ (29,360)	$ 1,046,926	53.67%
GENERAL OVERHEAD					
6700 Indirect Labor	$ 741,190	$ -	$ (3,300) (c)	$ 737,890	37.83%
5010 Direct: Lodging, Meals, and Travel	122,101	(122,101)	- (d)	-	0.00%
5020 Direct: Employee Mileage Reimbursements	159,941	(159,941)	- (d)	-	0.00%
5030 Direct: Rentals and Supplies	21,651	(21,651)	- (d)	-	0.00%
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6200 Bank Service Charges	9,753	-	-	9,753	0.50%
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FAR References and Notes:

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(b) 31.205-19(e)(2)(v): Officers' life insurance is disallowed.
(c) 31.201-6(e)(2): Marketing, lobbying, and any labor associated with unallowable activities is disallowed.
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(e) 31.205-1: Costs for general marketing materials are disallowed.
(f) 31.205-6(m)(2) & 31.205-46(d): Personal use of a company asset (automobile) is disallowed.
(g) 31.205-8 & 31.205-13(b): Contributions and gifts are disallowed.
(h) 31.205-22: Lobbying costs, paid as a percentage of professional dues, are disallowed.
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(j) 31.205-14 & 31.205-51: Costs for entertainment and alcoholic beverages are disallowed. (The entertainment cost principle supersedes all others.)
(k) 31.201-4, 31.205-15, & 31.205-20: Disallowed late fees; Government-imposed fines and penalties; and credit card interest.
(l) 31.205-36(b)(3): Related-party rent (not an arm's-length transaction) is limited to actual cost of ownership, net of interest and other unallowable items.
(m) 31.202: Direct costs segregated and removed from indirect cost pool.

6 Overhead Schedules that include a Facilities Capital Cost of Money Rate (FCCM) must include a complete FCCM worksheet with all supporting documentation used to prepare the worksheet