

NJDOT COST BASIS APPROVAL PROCESS

BY THE BUREAU OF PROFESSIONAL SERVICES, PROCUREMENT DIVISION

WHY BECOME COST BASIS APPROVED (CBA)?

- COST BASIS APPROVAL ALLOWS FIRMS TO TEAM UP WITH PRIMES AND BE INCLUDED ON TECHNICAL PROPOSALS AS A SUB CONSULTANT.
- COST BASIS APPROVAL SERVES AS A PRE-REQUISITE TO PREQUALIFICATION FOR FIRMS THAT WISH TO SUBMIT TECHNICAL PROPOSALS AS A PRIME.
- REQUIREMENTS FOR COST BASIS APPROVAL ARE THE SAME FOR ALL FIRMS, REGARDLESS OF THE SIZE OR REVENUE OF THE FIRM OR WHETHER THE FIRM IS DISADVANTAGED OR NOT (DBE/ESBE/SBE/DVOB).
- NJDOT DOES NOT PARTICIPATE IN FHWA'S SAFE HARBOR PROGRAM.

HOW DO I BECOME COST BASIS APPROVED?

- VISIT PROFESSIONAL SERVICES COST BASIS APPROVAL WEBPAGE AT:
 - [HTTPS://WWW.NJ.GOV/TRANSPORTATION/BUSINESS/PROCUREMENT/PROFSERV/COSTBASISAPPROV.SHTM](https://www.nj.gov/transportation/business/procurement/profserv/costbasisapprov.shtm)
- DOWNLOAD AND COMPLETE THE NJDOT AASHTO INTERNAL CONTROL QUESTIONNAIRE (ICQ).
- SUBMIT THE ICQ AND ACCOMPANYING DOCUMENTATION TO THE EMAIL PROVIDED PER THE WEBPAGE.

ACCOMPANYING REQUIRED DOCUMENTATION/REPORTS

ACCOMPANY DOCUMENTATION IS LISTED ON PAGES 1 AND 20 OF THE ICQ. OTHER ACCOMPANYING DOCUMENTATION MAY BE REQUIRED BASED ON ANSWERS TO QUESTIONS OF THE ICQ.

ACCOMPANY DOCUMENTATION INCLUDES, BUT IS NOT LIMITED TO:

- THE COMPANY'S ACCOUNTING, IT, BILLING AND BONUS POLICIES;
- A SAMPLE COMPLETED EMPLOYEE TIMESHEET, WHICH:
 - IS PREPARED ON A WEEKLY, BI-WEEKLY, 1ST & 15TH, OR MONTHLY BASIS,
 - SHOWS TOTAL HOURS WORKED BY PROJECT NUMBER,
 - INCLUDES INDIRECT HOURS OR LEAVE TIME USED BY INDIRECT NUMBER, AND
 - INCLUDES EMPLOYEE AND SUPERVISORY SIGNATURES.
- A SAMPLE COMPLETED EMPLOYEE EXPENSE REPORT, WHICH:
 - IDENTIFIES BOTH DIRECT AND INDIRECT NON-SALARY EXPENSES BY PROJECT AND INDIRECT NUMBERS, AND
 - INCLUDES EMPLOYEE AND SUPERVISORY SIGNATURES.

ACCOMPANYING REQUIRED DOCUMENTATION/REPORTS (CONT.)

ACCOMPANY DOCUMENTATION INCLUDES, BUT IS NOT LIMITED TO:

- A SAMPLE COMPLETED INVOICE, WHICH:
 - LISTS ANY DIRECT OR INDIRECT NON-SALARY EXPENSE THAT RESULTED FROM AN OUTSIDE VENDOR, AND
 - IS PROPERLY CODED WITH A PROJECT/INDIRECT NUMBER AS WELL AS EXPENSE ACCOUNT NUMBER.
- A CHART OF ACCOUNTS/GENERAL LEDGER, WHICH:
 - INCLUDES SEPARATE DIRECT AND INDIRECT ACCOUNTS FOR LABOR AND NON-SALARY EXPENSES, AND
 - SEPARATES THE EXPENSE TYPE BY DIRECT AND INDIRECT.
- A LABOR DISTRIBUTION REPORT, WHICH:
 - ACCUMULATES THE DIRECT AND INDIRECT COST BASED ON AN EMPLOYEE'S TIMESHEET, AND
 - INCLUDES COMPLETE LABOR DETAIL (DATES WORKED, HOURS, WORKED, HOURLY WAGE RATE, AND TOTAL COST).
- A JOB COST REPORT, WHICH:
 - IS MAINTAINED FOR ALL PROJECTS BY PROJECT NUMBER,
 - ACCUMULATES BOTH DIRECT LABOR AND DIRECT NON-SALARY EXPENSES BY A MINIMUM OF PAY PERIOD,
 - INCLUDES COMPLETE LABOR DETAIL (EMPLOYEE NAME, DATE WORKED, HOURS WORKED, HOURLY WAGE RATE, AND TOTAL COST), AND
 - INCLUDES YEAR-TO-DATE AND PROJECT-TO-DATE TOTALS SEPARATELY FOR BOTH DIRECT LABOR AND DIRECT NON-SALARY EXPENSE FOR EACH PROJECT AS WELL AS ALL PROJECTS.

ACCOMPANYING REQUIRED DOCUMENTATION/REPORTS (CONT.)

ACCOMPANY DOCUMENTATION INCLUDES, BUT IS NOT LIMITED TO:

- AN OVERHEAD SCHEDULE, WHICH:
 - IS PREPARED IN ACCORDANCE WITH FAR SUBPART 31.2,
 - IS PROPERLY BASED ON THE FIRM'S INDIRECT LABOR AND EXPENSES DIVIDED BY DIRECT LABOR, AND
 - CONTAINS CERTIFICATIONS BY A COMPANY OFFICIAL OR INDEPENDENT PUBLIC ACCOUNTANT/CPA THAT THE SCHEDULE WAS PREPARED IN A COMPLIANCE WITH FAR SUBPART 31.2.

BOTH INTERNALLY AND EXTERNALLY PREPARED SCHEDULES ARE ACCEPTABLE.

- A COMPENSATION ANALYSIS, WHICH:
 - EVALUATES THE REASONABLENESS OF EXECUTIVE COMPENSATION.THE NATIONAL COMPENSATION MATRIX (NCM) IS AN ACCEPTABLE SUBMISSION.
- A RECONCILIATION, WHICH:
 - TIES THE JOB COST REPORT TO THE OVERHEAD SCHEDULE.
- A POST-CLOSING TRIAL BALANCE.

ACCOMPANYING REQUIRED DOCUMENTATION/REPORTS (CONT.)

ACCOMPANY DOCUMENTATION INCLUDES, BUT IS NOT LIMITED TO:

- FINANCIAL STATEMENTS, WHICH:
 - ARE PREPARED FOR A FULL ONE-YEAR ACCOUNTING PERIOD,
 - ARE COMPLETE WITH A BALANCE SHEET, STATEMENT OF INCOME, STATEMENT OF RETAINED EARNINGS, STATEMENT OF CASH FLOWS, AND NOTES TO THE FINANCIAL STATEMENTS, ALL IN US DOLLARS,
 - ARE PREPARED IN ACCORDANCE WITH U.S. G.A.A.P. (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES),
 - CONTAINS NO KNOWN DEPARTURES FROM U.S. G.A.A.P.,
 - WERE PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT OR CPA FIRM, OF AND FROM THE UNITED STATES OF AMERICA, AND
 - ARE BASED ON A COMPILATION, REVIEW, OR AUDIT.

OTHER NOTES REGARDING THE FINANCIAL STATEMENTS:

- INTERNALLY PREPARED FINANCIAL STATEMENTS ARE NOT ACCEPTABLE.
- COMBINED FINANCIAL STATEMENTS ARE NOT ACCEPTABLE.
- ADDITIONAL REQUIREMENTS EXIST THE FINANCIAL STATEMENTS ARE CONSOLIDATED.
- THE CASH AND INCOME TAX METHODS OF ACCOUNTING ARE NOT IN ACCORDANCE WITH U.S. G.A.A.P.

GENERAL GUIDANCE WHEN SUBMITTING

- ALL DOCUMENTATION AND REPORTS SUBMITTED MUST BE FOR THE SAME FISCAL YEAR AS THE FINANCIAL STATEMENTS AND OVERHEAD SCHEDULE SUBMITTED WITH THE ICQ.
- THE FISCAL YEAR SUBMITTED MUST BE ITS MOST RECENT FISCAL YEAR. JULY 1ST IS THE CUT-OFF DATE.
 - E.G. JULY 1ST, 2025, THE DEPARTMENT WILL ONLY ACCEPT SUBMISSIONS BASED ON A FIRM'S 2024 OR 2025 FISCAL YEARS.
- ALL CRITERIA LISTED ON THE REQUIRED REPORTS/DOCUMENTATION ARE SATISFIED.
- THE SUBMITTED SAMPLE EMPLOYEE TIMESHEET, SAMPLE COMPLETED EMPLOYEE EXPENSE REPORT, AND SAMPLE COMPLETED INVOICE RECONCILE/TIE TO THE SUBMITTED LABOR DISTRIBUTION REPORT AND JOB COST REPORT APPROPRIATELY.

COMMON PITFALLS WHEN APPLYING

- A UNIQUE PROJECT AND/OR INDIRECT NUMBERING SYSTEM IS NOT DEVELOPED AND INSTITUTED.
 - PROJECT AND INDIRECT NUMBERS ARE DIFFERENT THAN EXPENSE ACCOUNT NUMBERS LISTED ON A CHART OF ACCOUNTS.
- LIMITATIONS OF THE ACCOUNTING SYSTEM CANNOT SATISFY CRITERIA OF REPORTS OR GENERATE REPORTS.
 - FAILURE TO PROVIDE REQUIRED REPORTS OR CRITERIA WILL NECESSITATE REQUESTS FROM THE DEPARTMENT FOR ADDITIONAL/REVISED DOCUMENTATION.
- LACK OF ESTABLISHMENT OF BOTH DIRECT AND INDIRECT LABOR AND NON-SALARY EXPENSE ACCOUNTS.
- INABILITY TO DEMONSTRATE THE ACCUMULATION AND ALLOCATION OF DIRECT AND INDIRECT LABOR AND NON-SALARY EXPENSES.
- “MY/OUR COMPANY DOES NOT DO THAT.”

CONTACT INFORMATION

ANY QUESTIONS? PLEASE CONTACT

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