



State of New Jersey

DEPARTMENT OF TRANSPORTATION
P.O. Box 600
Trenton, New Jersey 08625-0600

CHRIS CHRISTIE
Governor

JAMES S. SIMPSON
Commissioner

KIM GUADAGNO
Lt. Governor

December 10, 2010

Dear Consultant:

Subject: Certification of Final Indirect Costs Form

Please be advised that a new policy regarding indirect costs has been issued. Federal Highway Administration (FHWA) Order 4470.1A, dated October 27, 2010, requires contractors to certify that their indirect cost rate for Federal-aid engineering and design-related services contracts [as defined in 23 U.S.C. 112(b) (2) (A), 23 CFR 172.3, and State/Local laws and regulations] was established in accordance with the principles contained in the Federal Acquisition Regulations Title 48, Code of Federal Regulations Part 31. The FHWA has directed that engineering and design-related consultant services contracts procured, awarded or modified **after January 1, 2011**, should have a contractor certification of the allowability of costs used to establish the final indirect cost rate in accordance with FAR cost principles for the applicable term of the contract, or verification that this certification was previously submitted and accepted by the contracting agency. This rate will also be used for contract estimation, negotiation, administration, reporting, and payment purposes.

The enclosed Certification of Final Indirect Costs Form **must be submitted** by each consultant firm with each yearly or interim overhead rate submission whether it is prepared by an independent CPA firm or as a "firm-prepared" indirect cost rate.

Contractors that knowingly charge unallowable costs to a Federal-aid funded agreement are subject to suspension and debarment actions by the FHWA (as specified in FHWA Order 2000.2A, FHWA Nonprocurement Suspension and Debarment Process [Federal-Aid Program], dated June 19, 2000, and 2 CFR 180). Failure to provide the completed certification form with the annual indirect cost rate submissions will also place the firm in a non-compliant status with NJDOT.

The Order is available on FHWA's Consultant Services web site at:

<http://www.fhwa.dot.gov/programadmin/consultant.cfm>

If you have any questions, please visit our new Audit web site at the following address:
<http://www.state.nj.us/transportation/business/audit>. If your questions are unanswered at
this web site, please contact the Bureau of Auditing at (609) 530-2350.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary J. Brune". The signature is written in a cursive style with a long horizontal flourish at the end.

Gary J. Brune
Chief Financial Officer