SAFE HARBOR PROGRAM FAQ

1. What is the Safe Harbor Program?

   The Safe Harbor Program is a Pilot Program being conducted by the FHWA to help firms become FAR compliant and provide opportunities to contract with WSDOT. It is a three-year program to help firms have time to establish an accounting system that is compliant with the requirements of 48 CFR Part 31 (FARs). It is our expectation that your firm will have a FAR-compliant Indirect Cost Rate Schedule (ICR) in place to use for contracting with government entities.

2. Who is eligible to be in the Safe Harbor Program?

   - Small Firms
   - Firms new to contracting with the government
   - Firms who have never had a FAR-compliant rate on a government contract.
   - Firms who have never "certified" their accounting system and /or timekeeping system by signing the CSO form or an hourly rate statement.

3. If I am interested in being considered for the Safe Harbor Program, how do I begin the process?

   - Read the Safe Harbor information on our website (including *Pathway to Compliance*) http://www.wsdot.wa.gov/Audit/default.htm

4. What documents will I need to submit to the Internal Audit Office?

   - Copies of your timesheets from the current month (the most recently completed month). Please provide six timesheets for salaried/exempt staff, including principals/owners, and six for hourly staff. If your firm has fewer staff, please provide timesheets for all of your staff.
   - Completed Labor Checklist
   - Information to support raw labor rate for all employees including principals/owners.. Please see Question No. 9 for more information about this item.
   - Completed and Signed Certification of Safe Harbor Certification Indirect Cost Rate form
   - Completed Consultant Information Sheet

5. What if my firm does not use timesheets or have a timekeeping process in place?

   STOP HERE and phone the Internal Audit Office at (360) 705-7006. We will discuss options with you for your consideration.

6. Why do you need to have copies of our firm's timesheets and the information on the labor checklist?

   We will use them to assess your timekeeping system, and then we will make suggestions for improvement. An adequate timekeeping process is necessary to be considered for the Safe

Harbor program, and is the first step on the *Pathway to Compliance*. See Question No. 12 for more information.

7. What if I don't know how to respond to one of the questions on the Labor Checklist?

   If you don't know how to answer a question on the labor checklist, just put "Don't Know." If an item is not applicable to your firm, please put "N/A." We will discuss these items with you after you submit your information.

8. Will I need to spend additional money to buy an electronic timekeeping system?

   This will be your firm's decision as to how much it invests in a timekeeping system and whether it will be manual or electronic. The appropriate Internal Controls must be in place to ensure proper recording and accounting of all hours worked. This is in accordance with the *Pathway to Compliance*, referred to in Question No. 12.

9. What documents does my firm need to provide for WSDOT to verify our raw labor rates?

   - For each hourly employee, we need documentation to show the hourly rate. This could be a payroll register broken out by individual employee or other document, e.g. hire letter showing hourly rate.
   - For exempt, salaried staff we will need documentation to verify the rate, as well as total hours worked for the year.
     - This may be a payroll register, or proof of draws if that is your payment method.
     - Total amount paid divided by the standard 2,080 hours per year equals the raw labor rate.
   - If you are working less or more than the standard 2,080 hours per year – we will discuss this with you when you turn the rest of your information into us.

10. Going forward, what is the expectation after my firm is issued a Safe Harbor rate?

    - The first expectation is that your firm is following the Pathway to Compliance in the coming three years, establishing timelines and/or a plan to develop a FAR-compliant indirect cost rate in by June 30, 2016.
    - The WSDOT Internal Audit Office is required to provide regular reports and updates to the FHWA during this pilot program; therefore, we will be contacting you on a quarterly basis to determine such things as: if you have a contract in place using the Safe Harbor rate; if you are able to get additional agreements and work using the rate; how many agreements you've entered using the Safe Harbor rate.
    - It is possible that you will be contacted directly by FHWA for feedback during the pilot program.

11. What should I be doing now?

    - Assign staff at your firm to become familiar with the criteria in the AASHTO Audit Guide, and with Part 31 of the Federal Acquisition Regulations (48 CFR 31).

- Look for and attend available training opportunities on FARs, the AASHTO Audit Guide, and job-cost systems. Start tracking the direct project expenses and the indirect costs. This is the foundation for a job-cost accounting system.

12. Once the Safe Harbor rate is issued, what will I need to complete by June 30, 2016?

Once you have opted to participate in the Safe Harbor Program, you will need to follow the "Pathway to Compliance," which includes establishing the following:

- A timekeeping system that includes the Internal Controls described in Chapter 6 of the AASHTO Audit Guide;
- Training for accounting personnel and key management on Part 31 of the Federal Acquisition Regulations, Contract Cost Principles and Procedures;
- An accounting system which separates indirect costs and direct costs;
- An accounting system which separates allowable and unallowable cost, based on the FARs (48 CFR Part 31)and the AASHTO Audit Guide;
- A compliant job-cost system which is general ledger driven;
- Written internal control policy with a policy and procedures manual

Date 12/22/14

Company Name:	
Address:	
City/ State/ Zip	

Proposed ICR	Proposed Fixed Fee
1	0.25

Subject: Proposed Contracting Officers Negotiated Rate

Attention: Manager, Consultant Services Office (Contracting Officer)

Below are the highest anticipated hourly billing rates for the identified labor classifications.

certifies they have an accounting system that contains separate accounts or sub-accounts for unallowable costs in accordance with FAR (48 CFR Part 31), and the capacity to track direct costs that are allocable directly to projects.

also certifies they have a labor- charging/ time keeping system that is complete and sufficiently detailed to allow for a proper determination of direct and indirect labor costs.

By my signature below, acknowledges that our labor rate and time-keeping system are subject to a compliance review to be conducted by WSDOT within 60 days of approval of this rate.

Labor Classification	Labor Rate	Indirect Cost Rate	Fixed Fee	NTE Rate
		$0.00	$0.00	$0.00

Add Row

Delete Row

Respectfully,

Signature	
Title	

December 22, 2014

Subject – Hourly Rate Statement

Attention: Director, Consultant Services Office

Below are the highest anticipated hourly billing rates for the On-Call services. These rates are fully burdened and are the lowest rates charged to our clients.

FIRM NAME certifies that they have an accounting system that contains separate accounts or sub-accounts for unallowable costs in accordance with FAR (48 CFR Part 31), and the capability to track direct costs that are allocable directly to projects.

FIRM NAME also certifies that they have a labor-charging/timekeeping system that is complete and sufficiently detailed to allow for a proper determination of the consultant's direct and indirect labor costs.

Senior Project Manager	$145 per hour
Senior Project Analyst	$125 per hour

Yours Truly,