

**NEGOTIATED INDIRECT COST RATE AGREEMENT  
COMMERCIAL ORGANIZATION**

**ORGANIZATION:**

**ABC Organization**  
1201 12<sup>th</sup> Street, N.W.,  
Washington, D. C. 20210

**DATE:** August 23, 2011

**FILE REFERENCE:** This  
replaces the agreement dated  
April 15, 2010

The indirect cost rate(s) contained herein are for use on cost reimbursable contracts with the Department of Labor to which Federal Acquisition Regulations, Part 31.2 applies, subject to the limitations contained in Section II, A, below. The rate(s) were negotiated by the (*name of the organization*) and the U.S. Department of Labor in accordance with the authority contained in **Federal Acquisition Regulation (FAR) Part 42.703-1**. Indirect rates included in proposals for time and material, labor hour, and fixed price contracts are subject to negotiation by the Contracting Officer during pre-award in accordance with FAR Part 15.404-1(c).

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**SECTION I: RATES**

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<b><u>TYPE</u></b>	<b><u>EFFECTIVE PERIOD</u></b>		<b><u>RATE*</u></b>	<b><u>LOCATION</u></b>	<b><u>APPLICABLE TO</u></b>
	<b><u>FROM</u></b>	<b><u>TO</u></b>			
<b><u>Overhead - Offsite Office</u></b>					
Final	7-1-2009	6-30-2010	16.05%(a)	ALL	ALL
Provisional	7-1-2010	6-30-2012	15.75%(a)	ALL	ALL
<b><u>G&amp;A</u></b>					
Final	7-1-2009	6-30-2010	17.25%(b)	ALL	ALL
Provisional	7-1-2010	6-30-2012	17.50%(b)	ALL	ALL

(SEE SPECIAL REMARKS)

**\*BASE:**

- (a) Total direct salaries and wages including applicable fringe benefits
- (b) Total costs less G&A expenses

**TREATMENT OF FRINGE BENEFITS:**

Fringe benefits are specifically identified to each employee and are charged individually as direct or indirect costs (as applicable).

**TREATMENT OF PAID ABSENCES:**

Vacation, holiday, sick leave and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for these absences are not made.

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## SECTION II: GENERAL

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A. **LIMITATIONS**: Use of the rate(s) contained in the Agreement is subject to all statutory or administrative limitations and is applicable to a given contract only to the extent that funds are available. Acceptance of the rate(s) agreed to herein is predicated upon the following conditions:

- (1) that no costs other than those incurred by the contractor or allocated to the contractor via an approved central service cost allocation plan were included in its indirect cost pool as finally accepted and that such incurred costs are legal obligations of the contractor and are allowable under the governing cost principles,
- (2) that the same costs that have been treated as indirect costs have not been claimed as direct costs,
- (3) that similar types of costs have been accorded consistent treatment, and
- (4) that the information provided by the contractor which was used as a basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially inaccurate.

The elements of indirect cost and the type of distribution base(s) used in computing provisional rates are subject to revision when final rates are negotiated. Also, the rates cited in this Agreement are subject to audit.

B. **CHANGES**: The contractor is required to provide written notification to the indirect Cost Negotiator prior to implementing any changes which could affect the applicability of the approved rates. Changes in the indirect cost recovery plan, which may result from changes such as the method of accounting or organizational structure, require the prior written approval of the Division of Cost Determination (DCD). Failure to obtain such prior written approval may result in cost disallowance.

C. **NOTIFICATION TO FEDERAL AGENCIES**: A copy of this document is to be provided by this organization to other Federal funding sources as a means of notifying them of the Agreement contained herein.

D. **PROVISIONAL-FINAL RATES**: Provisional rates must be established within 90 days of the award. The contractor must submit a proposal to establish a final rate within six months after their fiscal year end. Billings and charges to federal awards must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not cover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

E. **SPECIAL REMARKS:**

1. Indirect costs charged to Federal contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate cited herein and be applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.
2. Contracts providing for ceilings as to the indirect cost rate(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract. The ceiling rate or the rate(s) cited in this Agreement, whichever is lower, will be used to determine the maximum allowable indirect cost on the contract.
3. ABC Organization's indirect pools are comprised of the following elements:

**Off-site Overhead Pool:**

Salaries, Applicable fringes, Insurance, Supplies, Printing & Duplicating, Telephone-voice, Telephone-data, Temporary Staff, Training & Education, Miscellaneous.

**General & Administrative Pool:**

Salaries, Applicable fringes, B&P Labor Applicable Fringes, Applied OH on B&P, Other B&P Costs, Accounting, Advertising, Board Expenses, Computer Processing Charges, Computer Supplies, Depreciation (F&E), Depreciation (computers), Dues & Subscriptions, Equipment & Furniture Rental, Insurance, Legal Expenses, Maintenance/repairs, Meetings, Miscellaneous/other, Office Rent, Office Supplies, Postage & Shipping, Printing & Duplicating, Recruiting, Taxes & Licenses, Telephone-voice, Telephone-data, and Temporary Staff.

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**ACCEPTANCE**

**BY THE ORGANIZATION:**

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**ABC Organization**  
1201 12<sup>th</sup> Street, N.W.,  
Washington, D. C. 20210

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(Grantee/Contractor)

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(Signature)

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(Name)

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(Title)

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(Date)

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**BY THE COGNIZANT AGENCY  
ON BEHALF OF THE FEDERAL GOVERNMENT:**

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**U.S. DEPARTMENT OF LABOR**  
Division of Cost Determination  
200 Constitution Ave., N.W., S-1510  
Washington, D.C. 20210

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(Government Agency)

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(Signature)

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Victor M. Lopez

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(Name)

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Chief, Division of Cost Determination

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(Title)

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August 23, 2011

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(Date)

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Negotiated By: Victor M. Lopez  
Telephone No.: 202-693-4100