INDIRECT COST FORM (ICF)

Instructions: This form must be completed by all organizations (non-profit, commercial organizations, educational institutions, international organizations, State and local organizations, etc.) applying to receive Federal cost reimbursable contracts, cooperative agreements and grants under U.S. Department of Labor Solicitations.

Note: Prior to marking A., B., or C., below, please review the attached document labeled "*Indirect Cost Form - Frequently Asked Questions*"(FAQs).

Indirect cost charges should be considered allowable, allocable, and reasonable costs using the applicable cost principles[1]. Based on the cost principles, mark the appropriate clause below (A, B, or C) for the organization, as appropriate, and provide contact information:

____A. A current, Federally approved Negotiated Indirect Cost Rate Agreement (NICRA) has been provided – (Copy Attached).

____B. (1)_____Latest NICRA approved by the Federal Cognizant Agency[2] (FCA) is not current, or
(2)_____No NICRA has ever been approved by an FCA.

See further below for information regarding "temporary billing rates" (TBR). Also, applicable FAQs # 3 and # 4 for required documentation to establish a TBR.

____C. The Organization elected to exclude its fair share of indirect cost from their proposed budget. Only direct costs, as defined by the applicable cost principles, will be charged. Audit disallowances may occur if indirect costs are misclassified as direct. Please review FAQ # 11 in the attached form.

Name of Authorized Official from organization:_____
Title:_____Phone number and email address:_____
Date:_____

To be filled by Grant Officer upon award:

Temporary Billing Rates – Applicable to answer "B" above only
Based on the contract/grant officer review or representative, the following "temporary billing rate" (TBR) is establish for 90 days:_____% using_____as the allocation base (direct salaries and wages, total direct costs, total direct costs less subcontractor costs, etc.) See FAQs #3 and #4.

"Ceiling" Indirect Cost Rates
In light of the above, an Indirect Cost rate ceiling of _____%, based on _____, (describe the allocation base)[3], has been applied under this agreement based on the Grantee's budget and written documentation received. If a ceiling indirect cost amount was established, instead, indicate ceiling amount here: $_____. See FAQs #8 and #9.

Administrative Costs
This contract/grant or cooperative agreement is subject to_____% of total costs (direct and indirect costs) for administrative costs (as define by the program office). If a total amount for administrative costs was established, instead, indicate the amount here $_____.

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[1] OMB Circular A-122 for non-profit organizations, OMB Circular A-87 for State and local organizations, OMB Circular A-21 for Educational Institutions. These cost principles are available at: http://www.whitehouse.gov/omb/circulars/index.html. The "for-profit" cost principles are available in the Federal Acquisition Regulations, 48 CFR Part 31.2: http://www.acquisition.gov/far/

[2] The Federal agency providing the organization the preponderance of direct Federal funds.

[3] For example: direct salaries, direct salaries and fringes, total direct costs, total grant/contract award, etc.

INDIRECT COST FORM – Frequently Asked Questions (FAQs)

1. Where can information about the NICRA approval process be found; and when are indirect cost proposals due?

See website http://www.dol.gov/oasam/boc/dcd/, for DOL's Division of Cost Determination (DCD). This website has guidelines to develop indirect cost rates, links to the applicable cost principles, contact information, etc. DCD also has specific FAQs providing general information about the indirect cost rate approval process and due dates for provisional and final indirect cost rate (ICR) proposals, available at http://www.dol.gov/oasam/faqs/FAQ-dcd.htm. These questions include:

- What is the timeframe for submission of a provisional (based on budgetary information) ICR proposal — 1st time?

All organizations must submit their initial ICR proposal to their FCA within 90 days of receiving a cost reimbursable grant/contract award. OMB Circular A-122, Attachment A, E.2.b., for example, states the following:

> *"A non-profit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award."*

- What is the timeframe for submission of a final (based on incurred costs) ICR proposal?

All organizations must submit their final ICR proposals within 180 days of the end of your organization's fiscal year. OMB Circular A-122, Attachment A, E.2.c., for example, states the following:

> *"Organizations that have previously established indirect cost rates must submit a new ICR proposal to the cognizant agency within six months after the close of each fiscal year."*

2. How often do ICR proposals based on incurred costs need to be submitted?

Annually, for the life of the cost reimbursable contract/grant period. For example: You receive a three-year grant award (July 1, 2009 through July 1, 2012). Your fiscal year ends on December 31st. Your organization would need to submit final incurred ICR proposals for the organizations' fiscal year ending (FYE): 12/31/2009, 12/31/2010, 12/31/2011, and 12/31/2012.

3. DOL provides the preponderance of direct Federal funds to my organization and appears to be our Federal Cognizant Agency. Which DOL office is assigned with that responsibility? Where the ICR proposals are submitted?

The Division of Cost Determination (DCD) is responsible to review and approve indirect cost rates and cost allocation plans. See DCD's contact information in http://www.dol.gov/oasam/boc/dcd/contact.htm,

including cost negotiators. This website has contact and address information for DCD's National Office and regions. Cost Negotiators are primarily responsible for organizations located in their regions. For any additional questions, contact DCD at 202-693-4100 or send an email to lopez.victor@dol.gov.

4. Can indirect costs be reimbursed without an approved NICRA?

Yes, with an approved "temporary billing rate" (TBR) by the contract/grant officer.

Note that a TBR, typically approved for 90 days, will be negotiated by the contract/grant officer for organizations that do have a current Federally approved NICRA by the organization's FCA. A TBR could also be issued to organizations that have never applied for a NICRA.

Future billings of indirect costs, however, should be based on approved NICRAs.

Within this 90-day period, the organization must submit an acceptable indirect cost proposal to their Federal Cognizant Agency to obtain a provisional indirect rate. Failure of the organization to submit an indirect cost proposal within this 90-day period means that it shall not receive further reimbursement for indirect costs.

The 90 days are provided to:

1. Allow the entity to bill indirect costs during this time (subject to future adjustments), and
2. Provide the entity enough time to prepare the initial provisional indirect cost rate proposal to be submitted to the FCA.

A TBR extension could be granted by contract/grant officers if the organization submitted an adequate indirect cost proposal to the organization's FCA within the 90-day timeframe and has not received approval.

5. What documentation is needed to establish a TBR?

The following documentation to support a 90-day "temporary billing rate" (TBR) is required **if** the organization claims indirect costs and want to be reimbursed for indirect costs while obtaining a Federally approved NICRA:

Two (2) "Statements of Total Costs" for:

a. the latest fiscal period of the entity based on actual costs.
b. the projected fiscal period of the entity based on budgeted costs, including any applicable DOL grant/contract costs (assume that the grant/contract will be awarded).

Samples of the Statement of Total Costs are available in the Division of Cost Determination's website: http://www.dol.gov/oasam/boc/dcd/index.htm. Specifically, at: http://www.dol.gov/oasam/programs/boc/costdeterminationguide/sec3.pdf, pages III-7 or III-9, as applicable.

These statements have two ways of calculating the indirect cost rate built into the schedule using the allocation bases: direct salaries and benefits and modified total direct costs (MTDCs). MTDCs exclude subcontractor costs, capital expenditures, and participant support costs in that example. For purposes of

determining a TBR, you may propose one allocation rate methodology (direct salaries and benefits or MTDCs). Total Direct Costs (TDCs) can also be proposed as an allocation base. Further, if the entity has multiple rates (overhead, G&A, offsite, onsite, etc.) the indirect cost column presented in the schedule should be modified to include each proposed rate into separate columns.

Note that the contractor/grantee should follow their applicable cost principles to do the above schedules. The cost principles provide definitions for direct and indirect costs, as well as allocation methodologies, unallowable costs, etc. Links to the cost principles are available in DCD's website.

6. Can Federal funds be shifted from Federal awards to overcome funding deficiencies?

No. Any cost allocable to a particular award or other cost objective may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

7. Our NICRA shows that the provisional rate is effective "*until amended*", and it is over two years old from the grant award date. Can this agreement be used to support our budgetary indirect cost claims?

Possibly. As noted above, your organization must submit ICR proposals on an annual basis for review and approval by the FCA. The FCA should negotiate rates, typically within 120 days from proposal receipt date. If your organization submitted proposals on a timely basis and is waiting for approval from the FCA, please explain this matter to the grant officer. Documentation should be provided to support this matter for review and approval. Note that the grant officer is not required to allow reimbursement of indirect costs to organizations that have not complied with the ICR submission requirements on a timely basis.

8. Our NICRA does not show final rates for the entire grant/contract period. Can this agreement be used to close-out an award?

No. The policy for DOL/OASAM's Office of Procurement Services is to close-out cost reimbursable contracts, grants, and cooperative agreements with final rates applicable to all years of the award.

9. Are grants, contracts, or cooperative agreements subject to "ceiling" rates or amounts?

Possibly. The grants, contracts, or cooperative agreements may be subject to stipulated indirect cost ceilings or amounts or administrative cost caps established by the contract/grant officer. The ceiling rate(s) or the rate(s) negotiated with the FCA, **whichever is lower**, will be used to determine the maximum allowable indirect costs on the grant or contract agreement.

10. The application of the final rate(s) resulted in higher allocable indirect costs than those allowed in grant through the "ceiling" rate. Can these additional costs be claimed?

No. Grants and cooperative agreements are subject to "ceiling" and other administrative limitations. A ceiling rate or dollar amount does not exempt the organization from their responsibility of submitting an indirect cost rate for approval. Final rates will be used for proper adjustments related to the close-out of the grant/contract.

11. Having marked option C in the indirect cost form (no indirect costs claimed), can indirect costs be classified as part of "other" direct costs? Is there anything else to be aware of?

No. By choosing this option, please be aware that incurred indirect costs (such as top management salaries, financial oversight, human resources, payroll, personnel, auditing costs, accounting and legal, etc. used for the general oversight and administration of the organization) must not be classified as direct costs; these types of costs are indirect costs.

Note that allocated (or shared) direct costs are based on some type of allocation methodology that must be approved by the program office and/or grant officer. Allocated costs to the grant must be based on actual costs incurred. Examples of allocated or shared direct costs charged to a grant are:

1) A Trainer who trains participants under Grant A and Grant B. The Trainer's salary is direct but must be equitably allocated to the benefiting grants based on the output from a Personnel Activity Report system (see OMB Circular A-122, Attachment B, 8.m.)
2) A program person who spends all their time directly on 3 programs in an organization with 10 operating programs. The person's salary must be equitably allocated to the 3 benefiting programs (See OMB reference above).
3) Space cost of a training room which benefits 3 different grant programs but not other programs in an organization. The cost must be equitably allocated to the benefiting programs based, for example, on a square footage used.

According to OMB Circular A-122, for example, direct costs are those that:

> "...can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly."

If the costs proposed as part of the grant meet the above direct costs definition and are not indirect costs, your organization will need to provide a "Certificate of Direct Costs" (below) to support future claims of direct costs.

Also note that any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

CERTIFICATE OF DIRECT COSTS

The following must be filled in for organizations that are proposing only direct costs, shared/allocated direct costs; no indirect costs are being charged (See Option C in the Indirect Cost Form – See also question/answer #11 of the Indirect Cost Form - Frequently Asked Questions).

This is to certify that:

1. All costs budgeted and to be claimed under this proposal supporting the period_____ , through _____ are allowable direct costs in accordance with the requirements of grants/contracts to which they apply and with the Federal cost principles; i.e., (please check those applicable cost principles):

   _____ OMB Circular A-87, Cost Principles for State, Local and Federally recognized Indian Tribal Governments.

   _____ OMB Circular A-122, Cost Principles for Non-Profit Organizations

   _____ Federal Acquisition Regulation (FAR), Subpart 31.2, Cost Principles for Commercial Organizations.

2. Claimed costs do not include any costs which are unallowable under applicable Federal cost principles. For example:

   advertising, contributions and donations, bad debts, entertainment costs, fines and penalties, general government expenses, and defense of fraud proceedings;

3. The requirements standards on lobbying costs for non-profit (A-122) and commercial (FAR) organizations have been complied with and,

4. All costs included in the proposal are properly allocable to U.S. Department of Labor grants/contracts on the basis of a beneficial or casual relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal cost principles.

Subject to the provisions of the Program Fraud Civil Remedies Act of 1986, (31 USC 3801 et seq.), and the Department of Labor's implementing regulations, (29 CFR Part 22), the False Claims Act (18 USC 287 and 31 USC 3729); and the False Statements Act (18 USC 1001), I declare to the best of my knowledge the foregoing is true and correct.

Grantee/Contractor: _____

Signature: _____

Name of Authorized Official: _____

Title: _____

Date: _____