

Indirect Cost Rate Program – Internal Processing Procedures OAMFA - Grants Management Division (GMD)

Upon receipt of an indirect cost rate package in the mail:

Initial Evaluation –

- Determine new or existing DOC Indirect Cost Rate Program grantee
- Verify DOC is federal cognizant agency to grantee organization using a combination of the following materials/tools:
 - OMB published cognizant assignment listing
 - Grantee indirect cost proposal federal award listing
 - FAADS database inquiry (DOC awards listed)
 - FedSpending.org inquiry (federal awards listed)
- Determine type of organization (non-profit, commercial, state/local government)
- Determine DOC bureau(s) associated with grantee

Log information into the tracking database and proceed to processing options below.

Standard Processing Options –

- A) DOC is not the organization's cognizant agency. Log into tracking database. Return entire proposal package with explanation letter.
- B) Grantee is not required to submit for an indirect cost rate. Typical instances include:
- An A-87 grantee who was not aware that they should have maintained on file and not submitted to DOC annually.
 - If grantee has no awards that recover indirect costs.
 - If grantee has no active federal awards.
- Log into tracking database. Return explanation letter to grantee.
- C) See below.

Standard Procedure:

- 1) Grantee sends to DOC an indirect cost proposal package, requesting approval for a rate to be effective for a particular fiscal year.
- 2) DOC logs package into tracking database.

3) DOC Processes/Submits Package:

DOC Proposal Review -

- Determine when last federal rate was negotiated/approved (and by which Agency).
- Complete checklist of required documents (standard certification checklist for our contractor, GKA).
- Contact grantee for items missing/incomplete.
- Updates to tracking database as work progresses.

Submit to Contractor / Identify and Resolve Initial Review Issues -

- Work task order to be created for package(s) to be forwarded to GKA for processing.
- Send package to GKA and update tracking database with processing due date.
- Contact GKA when completion times per contract are in jeopardy of not being met.
- If GKA identifies additional information required from grantee to complete their work, simple requests will be directly addressed to the grantee organization (and copied to DOC). If initial efforts fail to obtain required information, GKA notifies DOC of the situation and receives guidance on how to proceed.
- Carry out applicable resolution options, which typically include direct communication with grantee, and/or requesting GKA return the package to DOC until more complicated issues can be resolved. For returned packages, a contract task order modification will be executed to reflect the reduced scope of effort performed under the task. This will permit GKA to bill for hours worked thus far, per contract terms.
- Tracking database updated to reflect missing information and efforts from work above as necessary.

4) Contractor completes work and sends results to DOC, per task order/contract terms. Upon receipt DOC updates tracking database.

5) Review Contractor Work / Negotiate Rate(s) With Grantee Organization

- Thoroughly review final reports from contractor, recommendations, special items of note, etc.
- Consider if any significant anticipated changes in the level of the organization's activities, its organizational structure, or its accounting system were taken into consideration to produce proposed rate.
- Determine/verify the appropriate type of rate(s) were calculated. DOC only issues "fixed rates with carry-forward".
- Consider if any reviewer findings/discrepancies warrant further investigation from a risk management perspective (potential high risk grantee, etc.).
- If contractor recommends rates equal to the organization's proposal, and gives no further indication that identified changes or risks exist to question the rate, DOC typically accepts the rates without additional negotiation/communication with the grantee at this time.
- If contractor recommends rates different from the organization's proposal, and/or gives further indication that identified changes or risks exist to question the rate, DOC should contact the grantee to begin negotiating a rate. The goal of this negotiation is

to compensate for DOC financial risk through the appropriate adjustment of rates and/or implementation of special conditions to adequately compensate for identified proposal issues/weaknesses.

- Upon rate finalization DOC completes a brief summary of negotiations that becomes part of the official file. This summary should note the amounts negotiated that are different from amounts submitted and the reasons for the negotiated differences. It should also identify significant events leading up to the final rate that might be useful to an independent reviewer.
 - Rate agreement completed/processed:
 1. Complete standard rate agreement form and cover letter (see standard agreement and letter samples attached)
 2. IDC Program Director signs two originals of agreement and cover letter
 3. Send two signed original agreements and original cover letter to grantee organization, keeping a copy of agreement and cover letter for the IDC files
 4. Update tracking database, awaiting one agreement to be returned with organizational official signature (to be filed).
 - Contact bureau with results and any information obtained that may be of importance to operations/program staff.
 - Send to HHS federal indirect cost tracking database (process still to be defined and implemented; determine DOC staff to have access, etc.).
- 6) DOC would request a different format and some additional content for backup documentation provided with each billing. Along with general billing information contained in current report heading (contract#, period covered, etc.), information requested should include:
- Name of package/organization completed
 - Associated task order and DOC assigned tracking number for each package
 - Rate year reviewed/audited
 - Date package originally received
 - Date completed package returned to DOC
 - Units completed (completed proposal packages and/or hours authorized and worked on uncompleted packages), and billing rate per contract.

Additional internal processing procedures to be placed here as they are completed:

- Processing of invoices
- Tracking of upcoming proposal submission due dates
- Filing procedures and proposal files administration
- Standard reports and queries from new database