

**NEGOTIATED INDIRECT COST RATE AGREEMENT
COMMERCIAL ORGANIZATION**

ORGANIZATION:
ABC Organization
 1201 12th Street, N.W.,
 Washington, D. C. 20210

DATE: August 23, 2004
FILE REFERENCE: This
 replaces the agreement dated
 April 15, 2003

The indirect cost rate(s) contained herein are for use on 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 Regulations, Part 42.703-1.**

SECTION I: RATES

<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE*</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
<u>Overhead - Offsite Office</u>					
Final	7-1-02	6-30-2003	16.05%(a)	ALL	ALL
Provisional	7-1-03	6-30-2005	15.75%(a)	ALL	ALL
<u>G&A</u>					
Final	7-1-02	6-30-2003	17.25%(b)	ALL	ALL
Provisional	7-1-03	6-30-2005	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.

SECTION II: GENERAL

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. **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. Administrative costs consists of all **Direct** and **Indirect** costs associated with the management of an organization's programs. Organizations should refer to their contracts/grants terms and specific program legislation for the applicable definition of Administrative Costs and any related limitations.
4. ABC Organization 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:

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

ABC Organization
(Grantee/Contractor)

U.S. DEPARTMENT OF LABOR
(Government Agency)

(Signature)

(Signature)

(Name)

Victor M. Lopez

(Name)

(Title)

Chief, Division of Cost Determination

(Title)

(Date)

August 23, 2004

(Date)

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