

TITLE: CIB 97-9 Indirect Cost Rate Responsibility for Non-U.S. Nongovernmental Organizat

March 18, 1997

MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

FROM: M/OP, Marcus L. Stevenson, Procurement Executive

SUBJECT: Indirect Cost Rate Responsibility for Non-U.S. Nongovernmental Organizations

Contract Information Bulletin 97 - 9

This Contract Information Bulletin (CIB) on indirect cost rate responsibility for non-U.S. nongovernmental organizations supplements CIB 92-17 which addresses indirect cost rate responsibility for U.S. based organizations.

Background. Optional Standard Provision 16, Negotiated Overhead Rates - Provisional, for non-U.S. nongovernmental organizations identifies the agreement officer as being responsible for negotiation of indirect cost rates with the non-U.S. nongovernmental organization in receipt of the award. Recently, a number of inquiries have been made to USAID/W concerning non-U.S. nongovernmental organizations as relates to the responsibility for establishing provisional and final indirect cost rates, as well as resolving Office of the Inspector General (OIG) audit recommendations involving questioned indirect costs. The majority of these inquiries have centered around organizations with home offices in a foreign country, where awards have been made by multiple missions including USAID/W. Likewise activities undertaken by the non-U.S. nongovernmental organization are in countries where USAID maintains a presence and countries where USAID does not maintain a presence. In some instances, there is not a full time agreement officer assigned to or present in the home office country.

Negotiation Responsibility. As in the past, contract/agreement officers continue to be responsible for establishing indirect cost rate agreements where required with non-U.S. nongovernmental organizations which have agreements solely with their mission. Where a non-U.S. nongovernmental organization has multiple awards in multiple locations, the agreement officer with the largest dollar value of current USAID awards with an organization will take the lead for negotiation and approval of indirect cost rates. It is recommended that the agreement officer avail him/herself of award data in the Contract Information Management System (CIMS) and/or New Management System (NMS) to determine which agreement officer has the preponderance of business with the non-U.S. nongovernmental organization. Once an agreement officer has assumed the responsibility of establishing indirect rates, the assignment will not be changed unless there is a major long-term shift in the dollar volume of USAID awards to the organization.

Once an indirect cost rate(s) has been established by the responsible agreement officer, this rate shall be used by all other agreement officers in reimbursing, and adjusting/finalizing indirect costs under cost-reimbursement contracts and grants. The agreement with the non-U.S. based organization will be in the form of a Negotiated Indirect Cost Rate Agreement (see attached). The responsible agreement officer will be responsible for transmitting the Negotiated Indirect Cost Rate Agreement to the

other agreement officers.

Resources Available to Agreement Officers. Agreement officers should avail themselves of indirect cost rate support available at M/OP/PS/OCC, and audit support of the OIG's Regional Inspector General (RIG) offices, as well as M/OP/PS/CAM (when RIG is unable to provide the requested support). M/OP/PS/OCC will continue to be the only office with the authority to issue Negotiated Indirect Cost Rate Agreements for U.S. based organizations.

Attachment: Sample Negotiated Indirect Cost Rate Agreement

SAMPLE

NEGOTIATED INDIRECT COST RATE AGREEMENT

Date:

SUBJECT: Indirect Cost Rates for Use in Cost Reimbursement Type Agreements
With the U.S. Agency for International Development (USAID)

REFERENCE:

CONTRACTOR:
or
GRANTEE:

PART I- NEGOTIATED INDIRECT COST RATES (%)

Type	Effective Period From	Through	Overhead (a)	G&A (b)	Fringe Benefits (c)
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SAMPLE

Base of Application

- (a) Direct labor, B&P labor, and applicable fringe benefits
- (b) Total costs excluding G&A costs
- (c) Total labor dollars

Acceptance of the rate(s) agreed to herein is predicated upon the conditions:

- (1) that no costs other than those incurred by the grantee/contractor were included in its indirect cost rate proposal and that such costs are legal obligations of the grantee/contractor;
- (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 grantee/contractor which was used as the basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially

incomplete or inaccurate.

(See Reverse)

PART II - ITEMS NORMALLY TREATED AS DIRECT COSTS

PART III - SPECIAL TERMS AND CONDITIONS

Pursuant to _ 742.770 of the Agency for International Development Acquisition Regulation (AIDAR), the negotiated indirect cost rates set forth in Part I of this Agreement are incorporated into USAID Agreements shown below. This Agreement shall not change any monetary ceiling, obligation, or specific cost allowance or disallowance provided for in the Contracts or Grants listed below or any other Agreement between the parties.

Contract/Grant Number

ACCEPTED:

BY _____

CONTRACTING OFFICER
Printed or Typed Name

Title

U.S. Agency for International Development

Date

DISTRIBUTION: