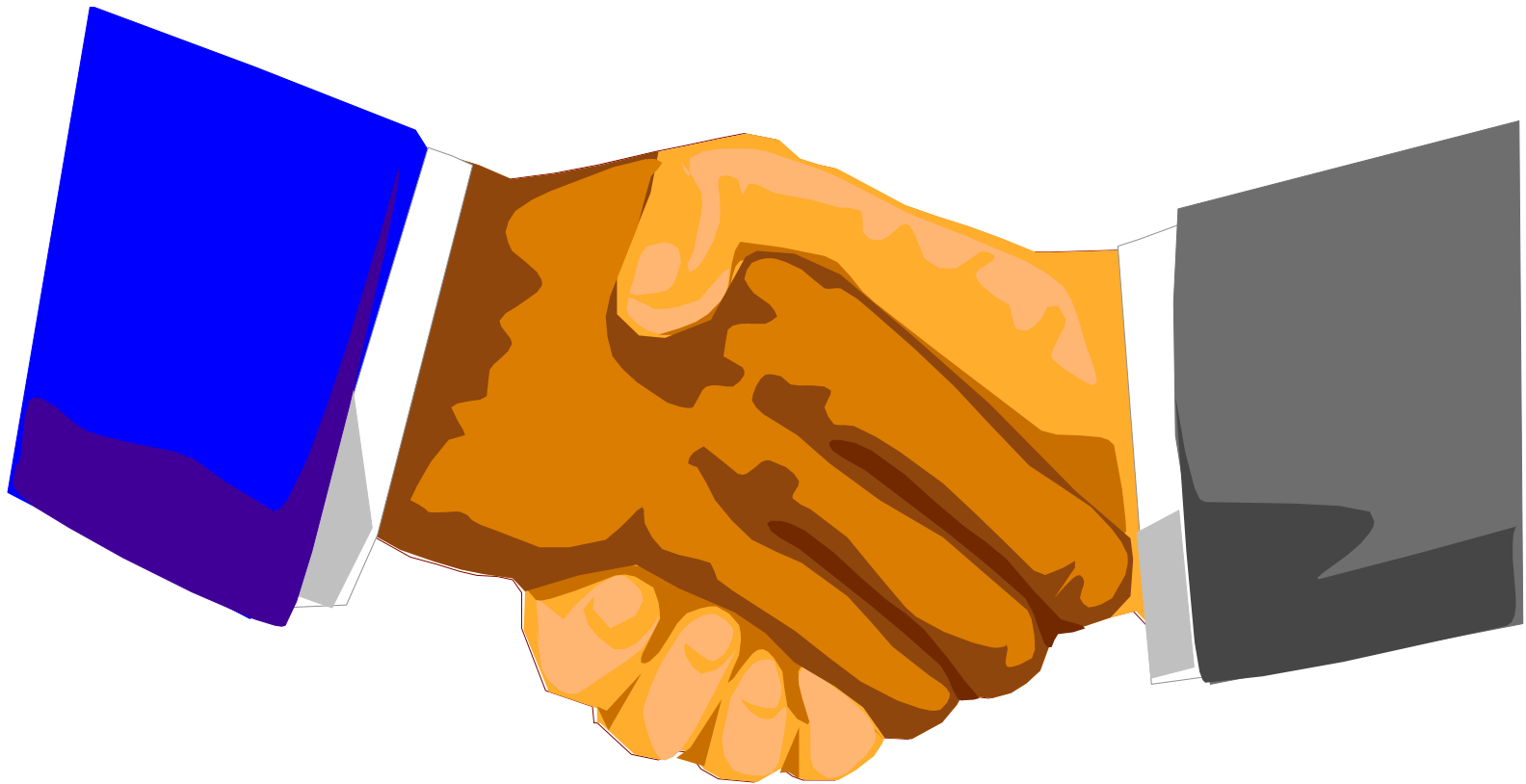


Attachment 7

Example of an Indirect Cost Rate Agreement



(An Example)
STATE DEPARTMENT/AGENCY
INDIRECT COST NEGOTIATION AGREEMENT

ORGANIZATION:

Department of Examples
Washington, DC 99999-9999

DATE: November 30, 2001

FILE REF: This replaces the
negotiation agreement dated
October 22, 2000

The indirect cost rate(s) contained herein are for use on grants and contracts with the Federal Government to which OMB Circular A-87 applies subject to the limitations contained in the Circular and Section II-A, below. The rate(s) were negotiated by the Department of Examples and the U. S. Department of Housing and Urban Development in accordance with the authority contained in Attachment A, Section E, of the Circular.

Effective Period

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Rate</u>	<u>Location</u>	<u>Applicable to</u>
Fixed	7/1/99	6/30/00	14.25%	All	All Programs
Fixed	7/1/00	6/30/01	15.25%	All	All Programs
Fixed	7/1/01	6/30/02	17.17%	All	All Programs
Fixed	7/1/02	6/30/03	16.43%	All	All Programs
		<i>(See Special Remarks)</i>			

BASE:

Total direct salaries and wages including vacation, holiday and sick pay but excluding all other fringe benefits.

TREATMENT OF FRINGE BENEFITS:

Fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed in the Special Remarks Section of this Agreement.

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 the cost of these absences are not made.

A. LIMITATIONS: Use of the rate(s) contained in this Agreement is subject to any statutory or administrative limitations and is applicable to a given grant or 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 grantee/contractor or allocated to the grantee/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 grantee/contractor and 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 grantee/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 grantee/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 Department of Housing and Urban Development. Failure to obtain such approval may result in subsequent cost disallowance.

C. FIXED RATE(S): Any fixed rate contained in this Agreement is based on an estimate of the cost which will be incurred during the period for which the rate applies. When the actual costs for such period have been determined, an adjustment will be made in the negotiation following, such determination, to compensate for the difference between that cost used to establish the fixed rate and that which would have been used were the actual costs known at the time.

D. 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.

E. SPECIAL REMARKS:

1. Indirect costs charged to Federal grants/contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate cited herein and applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.
2. Grants/contracts providing for ceilings as to the indirect cost rates(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract or grant agreements. 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 grant or contract agreement.

F. SPECIAL REMARKS:

1. Indirect costs charged to Federal grants/contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate cited herein and applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.
2. Grants/contracts providing for ceilings as to the indirect cost rates(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract or grant agreements. 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 grant or contract agreement.

3. The indirect cost rates for in Section I, above, includes:
 - a. Applicable central service costs allocated through the HHS-approved State-wide Cost Allocation Plan.
 - b. Indirect costs of the following departmental administration central services (allowable indirect positions are listed by central service function):

Commissioner's Office -

Commissioner

Chief-of-Staff

Manpower Policy Coord

Admin Secretary III

Processing Asst III

Asst Comm, Legal

Asst Comm, Communs

Office Assistant IV(2)

Executive Asst I

Processing Asst IV

Administrative Services -

Director, Budget & Mgmt
Accountant I
Personnel Officer III
Acctng Tech II (3)
Personnel Tech I
Acctng Tech IV
Associate Mgmt Engineer

Purchasing Officer
Spec Asst for Productivity
Accounting Clerk IV (4)
Administrative Asst. I
Office Assistant IV (2)
Personnel Analyst I (2)

Publications -

Director
Photo Typesetter II
Printing Unit Supervisor

Info & Comm Specialist
Printing Equipment Operator

Communications -

Info/Comms Specialist III
Artist Illustrator II
Library Clerk III

Admin Secretary II
Processing Assistant IV

Information & Technology -

Director
Computing Support Tech II
Applications Programmer I

Computing Consultant IV
Data Entry Operator II
Applications Programmer II

4. All allowable and allocable departmental indirect support costs for the above positions. A detailed listing of these items may be obtained by contacting the HUD Cost Negotiator.

5. Fringe benefits other than paid absences consists of:

FICA

Hospital Insurance

Unemployment

Insurance

Retirement

Workers'

Compensation

ACCEPTANCE

BY THE STATE AGENCY:

Department of Examples
(Grantee/Contractor)

(Signature)

Jane Doe

(Name)

Commissioner of Examples

(Title)

June 30, 2001

(Date)

**BY THE COGNIZANT AGENCY
ON BEHALF OF THE FED GOV:**

**U. S. Department of Housing
and Urban Development**
(Agency)

(Signature)

Abraham Lincoln

(Name)

The Boss

(Title)

November 30, 2001

(Date)

HUD Negotiator: Not the Boss

Telephone No.: 123-456-7890