

Guidance for Indirect Rate Submission

The following pages provide some guidance with respect to preparing indirect rates to be used in supporting your grant and/or proposal. The indirect submissions included are examples and are not meant to reflect your actual cost categories or costs. In addition, percentages used to allocate the costs between G&A and overhead are **only** examples, and you should base your percentages on the best information you have available.

Although we have presented three rates, G&A, Fringe Benefits, and an overhead rate, these may not all be appropriate for your business/financial structure (for example, you may have only one combined indirect rate). However, we do recommend that you use this format if it is appropriate, since the DOE RESEARCH and RELATED Budget (OMB Number 4040-001) already includes these specific rates.

For purposes of preparing indirect rate supporting documentation, adhere to the following guidelines:

1. The rates shall be based on a full year's activity.
2. If this is the entity's first year of business, the rate should be based on projected costs that include all of the entity's other work.
3. If the entity has previously performed Government work, please provide the last year's historical indirect rates and supporting details.
4. If possible, please provide budgeted indirect rates and supporting documentation for your current fiscal year and any future years for which you have information.
5. The gross expense pools should identify and exclude all unallowable costs. (See the cost principles contained in the *Federal Acquisition Regulation (FAR) 31, Contract Cost Principles and Procedures*. The FAR is available online at <https://www.acquisition.gov/far/>.)
6. With respect to the Allocation Base(s) used to distribute the indirect pools, each base shall identify the composition of the base costs. For example, if the fringe benefit rate is based on labor dollars, is it total payroll dollars including direct labor and indirect labor? Does the base include overtime labor dollars, or uncompensated labor dollars? All costs must be properly described.
7. Depending on whether the indirect rates are being used for projection/billing purposes, or for incurred costs submissions, the ultimate purpose of the rates may be different. For example, if the projected/billing rate is being used for an SBIR Phase II which is cost reimbursable, then the rate must be adjusted to the actual rate that is computed at the year-end. On the other hand, if the action is a fixed obligation, such as the SBIR Phase I, then the projected cost is normally accepted as the final indirect rate.

8. Auditing of the rates will vary depending upon individual circumstances. If audits are not required then desk reviews of recipient's data may be performed. These desk reviews normally involve requesting that supporting data, such as financial statements and tax returns, be submitted in order to validate the data and/or provide a level of confidence that the data is reasonable. In addition, this usually involves discussions with the recipients. For this reason, we customarily request that the grantee provide our office with a point of contact who can provide supporting detail for our requests.

If there are any questions regarding these documents please call or e-mail one of the following individuals based on the first letter of your company's name.

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