

INDIAN TRIBAL GOVERNMENTS
Indirect Cost Rate Proposal

SAMPLE PROPOSAL

Part 1

Indian Tribal Governments

Information and examples used in this proposal
are fictitious and represent no particular Indian Tribal Governments.

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Proposals and audited financial statements can be submitted electronically to **ICS@NBC.GOV** preferably in **3 files**: 1) Part 1 Sample Proposal, 2) Part 2 Exhibits, and 3) Audited Financial Statements.

Do **NOT** mail hard copy if submitting electronically, doing so will delay the processing of your proposal. The only document that we need in the mail is the signed **Certificate of Indirect Costs** in original signature. Everything else can be electronic.

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PART 3

AUDITED FINANCIAL STATEMENTS

Indirect Cost Proposal (ICP) Checklist (Indian Tribal Governments)

Please explain any box not checked on a separate page

Part 1

1. **Contact person information:**
- o Entity Name and mailing address
 - o Employer Identification Number (EIN)
 - o Point-of-Contact Name and position title
 - o Email address (very important)
 - o Phone & fax numbers
- Page _____
2. Signed **Certificate of Indirect Costs** should indicate period covered by rate that is proposed.
(original required). Page _____
3. Entity's written policy for allocating and identifying direct and indirect costs,
i.e. **Policy Statement on Direct versus Indirect Costs**. Page _____
4. **Organization Chart**. Page _____
5. **Indirect Cost Personnel Justifications** for all positions listed in the pool. Page _____
6. **Type of Rate and Fiscal Period(s)** covered by the proposal. Page _____
7. Description of the **Base used in the Rate Computation**. Page _____

Part 2

8. **Rate Computation**, use the Exhibit most applicable to the type of rate requested.
(Exhibits A-1, A-2, or A-3) Page _____
9. **Carryforward Computation** (required for 3rd year or later, Exhibit B). Page _____
10. **Direct Cost Base** (Exhibits C and D) detailed to include all activities that benefit from the indirect cost pool. Must include the following:
- Total expenditures (reconcilable to the audit if using actual numbers);
 - all exclusions; including all indirect cost collections;
 - list all programs (grouped by funding agency) with Federal programs listed on top.
- The amount of federal program expenditures identified must reconcile** with the amount of federal expenditures identified on the Schedule of Expenditures of Federal Awards (SEFA) included in the audited financial statements. Page _____
11. **Indirect Cost Collections(Revenue Received)** must be reconcilable to the financial statements.
If Indirect Cost Collections cannot be traced to the financial statements, the Entity must provide one of the following to support these numbers: **(1)** a copy of the audited general ledger showing the grand total for the indirect cost collections, **(2)** documents from the funding agency, or **(3)** a letter from the CPA who performed the audit. Page _____
12. Indirect Cost Pool (Exhibits E-1 & E-2) detailed to include a breakdown of **(1) indirect salaries** by position title, amount, and indirect percentage, and **(2) all other indirect costs** by line item.
If actual indirect cost pool expenditures cannot be traced to the financial statements, the entity must provide one of the following to support these numbers: **(1)** a copy of the audited general ledger showing the grand total for the indirect cost pool or **(2)** a letter from the CPA who performed the audit. Page _____
13. **Reconciliation of Audited Financial Statement Costs to Indirect Cost Proposal**
Exhibit F, applicable to 3rd year or later (unless audited costs are used). Page _____
14. **Depreciation schedule** (Exhibit G) if depreciation is included as indirect costs. Page _____
15. **Professional Services schedule** (Exhibit H) Page _____

Part 3

16. Applicable **audited financial statements** that meet the requirements of the Single Audit Act of 1984, Public Law 98-502, as amended. If Entity is under the A-133 threshold (\$500,000) and does not have an audit, then a copy of the Profit and Loss Statement or general ledger is required.

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INTRODUCTION

This proposal is based on budget estimates for all programs to be administered by the [Indian Tribal Governments] during the period October 1, 200X through September 30, 200X. All Federal, State, and Native American programs have been included in the proposal. We have also included audited financial statements for all programs and the indirect cost pool for FY 200X.

The individuals to contact in regard to this proposal are:

Mr. Bill Tall, Finance Manager
[Indian Tribal Governments]
123 Upper Street
Middletown, Washington 97865
Tel. (888) 555-1234
Fax (888) 555-1240
Email btall@xxx.com

Ms. Jane Down
XYZ Certified Public Accountants
678 Corner Road
Westernville, Washington 97643
Tel. (888) 668-3456
Fax (888) 668-3450
Email jdown@xxx.com

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CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and that to the best of my knowledge and belief:

(1) All costs included in this proposal dated [**date of the proposal**] to establish billing or final indirect costs rates for the period [**identify period covered by Rate**] are allowable in accordance with the requirements of the Federal award(s) to which they apply and 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87). Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the rate.

(3) This proposal does not include any costs which are not allowable under applicable cost principles, such as (without limitation): Advertising and public relation costs, entertainment costs, fines and penalties, lobbying costs, and defense and prosecution of criminal and civil proceedings.

(4) Any costs excluded from this proposal, such as Tribal enterprises, gaming operations, and Tribal schools and programs, including all or portions of the general fund, are separately administered and do not benefit from tribal administration included in the indirect cost proposal.

(5) Any previous understandings with the National Business Center, Indirect Cost Services have been incorporated into this indirect cost proposal.

I declare that the foregoing is true and correct.

Indian Tribal Governments: _____

Signature: _____

Name of Official (Print): _____

Title: _____

Date Signed: _____

(Signed by the official having the authority to negotiate indirect cost rates for the entity which is the CFO or a higher level official).

**Note: The above certificate is a requirement of 2 CFR Part 225 (OMB Circular A-87).
We will not be able to process your indirect cost proposal without this certificate.**

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POLICY STATEMENT ON DIRECT VERSUS INDIRECT COSTS

Direct costs consist of those costs that can be readily identified as a direct contract, grant, or program cost and addressed as benefiting a particular cost objective.

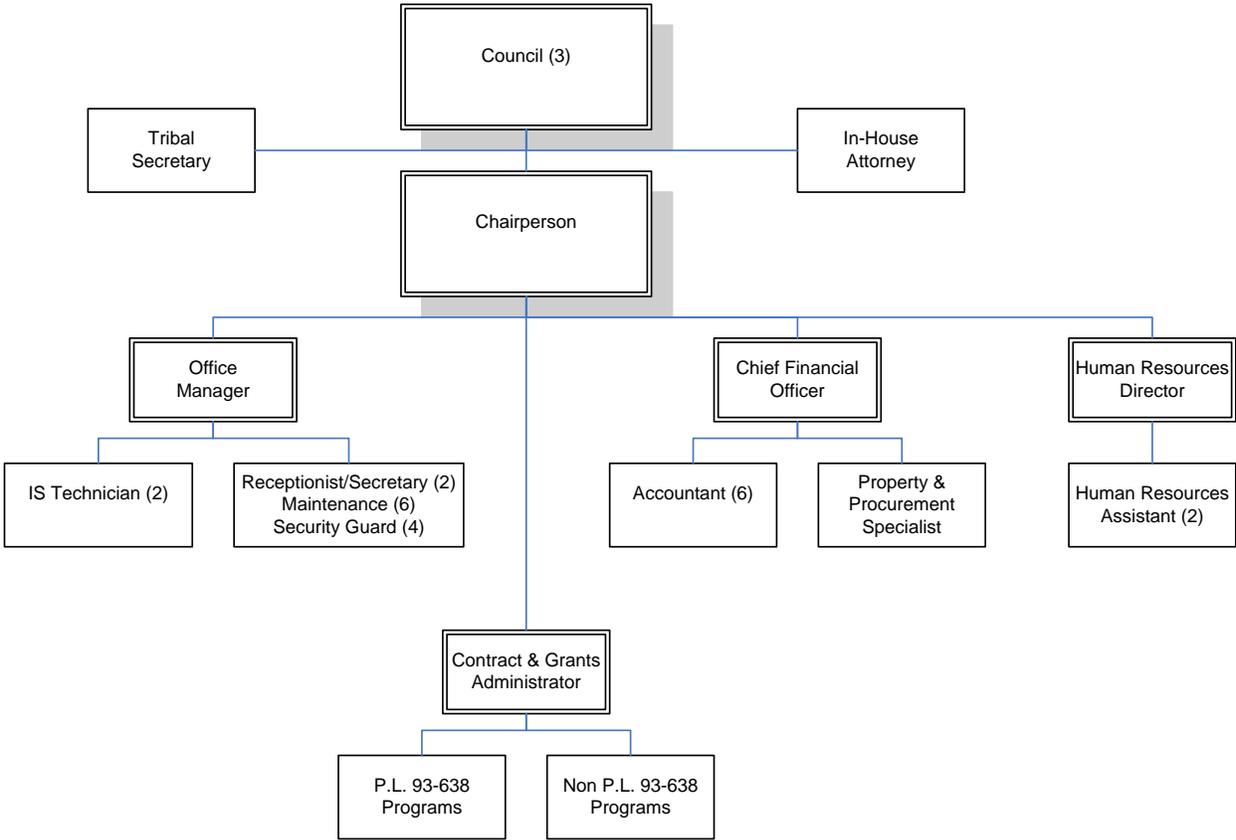
The following indirect costs incurred for the operation of the administration of the [Indian Tribal Governments] have been classified as indirect costs in accordance with the standards for indirect costs as described in 2 CFR Part 225 (OMB Circular A-87) issued by the Office of Management and Budget. For reasons itemized below, these costs have been determined to comply with the above stated criteria and are therefore to be consistently charged as indirect costs within the funding formulas determined by the cognizant agencies. All items listed below have been determined to benefit more than one cost objective and are not readily allocable to benefiting contracts, grants, and programs.

1. Salaries paid to the administrative staff of the [Indian Tribal Governments].
2. Fringe benefits, including payroll taxes and medical insurance for the administrative staff.
3. Travel, including meals, lodging, and transportation costs for indirect personnel conducting Tribal business that is of an indirect nature (i.e., the benefit is not directly related to one program, but instead benefits many programs). Per diem follows the guidelines established for the Federal Government by the General Services Administration.
4. Insurance costs for the general umbrella policy and the fidelity bond of the Organization.
5. Office supplies, including office supplies used that cannot be specifically identified with a particular contract, grant, or program.
6. Telephone and utilities.
7. Consultants, audit fees, and preparation of the indirect cost proposal.
8. Legal fees paid to attorneys for legal information and representation related to allowable indirect activities (such as areas of accounting, personnel, and HR) are included in the indirect cost pool. Legal fees related to a direct cost activity or function is direct charged to that applicable activity or function. Legal fees related to general government activities (such as water rights and election issues) are direct charged to the applicable functions in the direct cost base.
9. Repairs and maintenance of the Organization facilities that are utilized by contracts, grants, and programs.

Other indirect costs may be included in the administration of the indirect cost pool. Costs included in the indirect cost pool may not be limited to the above list; however, they are the only such costs foreseen at this time. Each cost is examined for compliance with prescribed criteria before being classified as an indirect cost.

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ORGANIZATION CHART



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INDIRECT COST PERSONNEL JUSTIFICATIONS

In determining the allowable share of the [Indian Tribal Governments]'s costs identified with administering programs, the Chief Financial Officer reviewed time and attendance records. Support of salaries and wages for personnel services of employees working on multiple activities or cost objectives is [in accordance with 2 CFR 225 (OMB Circular A-87), Appendix B, Section 8.h(4) and (5)] and is part of the annual single audit review process. If substitute systems are used, they have been approved by the cognizant Federal agency prior to use.

The following account of each position should provide the necessary justification to fund administrative costs through the indirect cost pool for Fiscal Year 200X.

CHIEF FINANCIAL OFFICER: This position is responsible for all accounting and financial activities of the [Indian Tribal Governments], including investing of idle funds, preparing financial reports, and supervising general ledger maintenance, payroll, and grant/contract accounting. Since the Chief Financial Officer is responsible for the accounting and finance department and involved in program business activities, the Finance Manager's time is chargeable to indirect costs.

ACCOUNTANTS (6): Two accountants and four accounting clerks maintain the general ledger, including accounts receivable, accounts payable, payroll, and ensure compliance with the federal and tribal regulations. All these positions are chargeable to indirect costs.

OFFICE MANAGER: This position is responsible for the overall coordination and management of the administrative services to the grants and contract programs as well as the smooth running of the various business departments. Program and department directors report to this position. The position is chargeable to indirect costs.

INFORMATION SYSTEMS TECHNICIANS (2): These technicians coordinate and maintain all personal computer and networking systems, purchase and install software, replace IT equipment and in general keep the network fully functioning. The time for these positions is chargeable to administrative (indirect costs).

PROPERTY & PROCUREMENT SPECIALIST: This position is part of the business department and provides purchasing control and support to the grants and programs. This position also keeps inventory of tribal assets and performs periodic inventories. All of the Specialist's time is applicable and chargeable to indirect cost.

CONTRACT & GRANTS ADMINISTRATOR: This position provides support to the program directors in the area of grants and contracts administration. This position also provides assistance in the areas of long range planning, grant and contract development, budgeting, community planning processes, and policies and procedures development. The time for this position is chargeable to indirect cost.

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HUMAN RESOURCE DEPARTMENT (3): The department consists of a director and two assistances. Together they are responsible for developing and maintaining personnel systems and policies, which are utilized by grant and program personnel. These systems and policies may include the maintenance of files, keeping records, hiring and firing of personnel, and providing for promotions and pay increases. These positions are all chargeable to indirect cost.

RECEPTIONIST/SECRETARY (2): These positions are part of the administrative department and provide secretarial services, maintain contact with all levels of management, and establish cooperative working relationships. These positions involve high-volume contact with all program staff and governmental agencies, including tribal, federal, state, and local entities. All of the receptionist/secretary's time is applicable and chargeable to indirect cost.

MAINTENANCE DEPARTMENT (6): A maintenance staff of six is employed for most preventive maintenance work, coordination, quality control, emergencies and to perform many work tasks that are not feasible to contract out. Three of the staff members work exclusively at the Tribe's enterprise. The remaining staff is chargeable to indirect cost.

SECURITY GUARDS (4): These positions are responsible for the overall security of the tribal complex housing program and administration personnel. The guards are responsible for keeping order, reporting disturbances to the proper authority, keeping people and property safe and in an orderly condition.

Type of Rate and Fiscal Period(s)

We are requesting to negotiate the following indirect cost rate(s) (check applicable box and provide the fiscal period). Include applicable Exhibit for type of rate selected.

	<u>Type</u>	Use Exhibit *
<input type="checkbox"/>	(a) <u>Fixed Carryforward Rate</u> for the fiscal year ending _____. (for First and/or Second year only)	<u>A-1</u>
<input type="checkbox"/>	(b) <u>Fixed Carryforward Rate</u> for the fiscal year ending _____. (for Third year or later)	<u>A-2</u>
<input type="checkbox"/>	(c) <u>Final Rate</u> for the fiscal year ending _____.	<u>A-3</u>
<input type="checkbox"/>	(d) <u>Provisional Rate</u> for the fiscal year ending _____. (for First and/or Second year only)	<u>A-1</u>
<input type="checkbox"/>	(e) <u>Provisional Rate</u> (for Third year or later) for the fiscal year ending _____ based on the same Final Indirect Cost Rate above. (A separate proposal is not necessary.)	<u>A-3</u>
<input type="checkbox"/>	(f) <u>Provisional Rate</u> (for Third year or later) for the fiscal year(s) ending _____ based on budget estimates. (A separate proposal and/or separate Exhibits are provided.)	<u>A-3</u>

*** All Exhibits are located in Part 2 of the Proposal**

Description of the Base used in the Rate Computation (Check applicable box):

		<u>Please Note</u>
<input type="checkbox"/>	Base (Direct Salaries and Wages, <u>excluding</u> fringe benefits)	These are typical examples of the distribution bases used to calculate Indirect Cost Rates.
<input type="checkbox"/>	Base (Direct Salaries and Wages, <u>including</u> fringe benefits)	Please select the one that provides the most equitable distribution.
<input type="checkbox"/>	Base (Total Direct Costs, less capital expenditures and passthrough funds)	Only select the method used by your organization.
<input type="checkbox"/>	Base (Other – Please describe)	Do not change the distribution base without prior approval from the cognizant Federal agency.