



U.S. Department of Justice

Office of Justice Programs

Office of the Chief Financial Officer

Washington, DC 20531

This document contains items required to complete your indirect cost proposal as well as examples of how certain information should be provided.

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INFORMATION TO BE INCLUDED IN AN INDIRECT COST RATE PROPOSAL

1. A copy of your most recent financial and compliance audit on which the proposal is based. The proposal should be based on the period that includes grants which provide for indirect costs.
2. A list of grants active during the proposal period and current grants and applications for grants submitted to the Department of Justice, as well as other Federal agencies. Please indicate if the grant provided for indirect costs.
3. A schedule of indirect salaries. The schedule should include job title, amount, and a brief description of duties. Some salaries may need to be allocated between direct and indirect activities. The amount allocated to each cost center should be identified.
4. A schedule of fringe benefits and payroll taxes by type and amount. Explain the method by which fringe benefits are charged/allocated to each cost center. Indicate which employees are entitled to benefits. (For fringe benefit rate proposals only.)
5. A schedule of direct costs applicable to the requested base.
6. A copy of your last federally negotiated agreement and the name of the Federal Agency which negotiated the rate.
7. Is all of the organization's financial activity reported in the financial statement and in the proposal? If not, please explain.
8. Is this organization affiliated with another organization? If so, is it a nonprofit or commercial enterprise? Are there related party transactions? Please explain.
9. Are all items listed as revenue/income gross amounts only? If not, please identify gross revenue and costs.
10. Are payments made to retired employees? If so, please identify.
11. Do programs or projects take place onsite or offsite?
12. A schedule of subawards over \$25,000.
13. For the next fiscal year, does the organization anticipate a significant change in the level of program activity? Would this change impact on the rate?
14. Provide a CPA certification which states that costs are in accordance with OMB Circular A-122.

15. Are fundraising and investment management/custodial fees identified in the proposal?
If not, please provide the total fundraising costs and the total investment management costs.
16. Depreciation – Provide a schedule which includes date of purchase, original cost, method of depreciation, balance, and source of funding used to purchase each asset. Identify whether purchased with Federal or non-Federal funds.
17. Does the organization have one location or many locations? Please explain.

CERTIFICATE OF INDIRECT COSTS

1. No proposal to establish indirect cost rates shall be acceptable unless such costs have been certified by the nonprofit organization using the Certificate of Indirect costs set forth in paragraph 2 below. The certificate must be signed on behalf of the organization by an individual at a level no lower than executive director or chief financial officer of the organization that submits the proposal.
2. The required certificate shall be in the following form:

CERTIFICATE OF INDIRECT COSTS

This is to certify that to the best of my knowledge and belief:

1. I have reviewed the indirect cost proposal submitted herewith.
2. All costs included in this proposal (identify date) to establish provisional or final indirect cost rate(s), for (identify period covered by rate) are allowable in accordance with the requirements of the Federal agreement(s) to which they apply and with the cost principles applicable to those agreements.
3. The proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): advertising and public relation costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings.
4. All costs included in this proposal are properly allocated to Federal agreements 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.

I declared under penalty of perjury that the foregoing is true and correct.

Nonprofit Organization: _____

Signature: _____

Name of Authorized Official: _____

Title: _____

Date: _____

FRINGE BENEFITS QUESTIONNAIRE

The following information is applicable to fringe benefits paid or incurred by this institution during the fiscal year ended_____.

1. Does the institution have a current formal written fringe benefits policy?
 - a. If yes, please send a copy of the policy with the initial fringe benefits proposal submission. After the initial submission, only copies of policy amendments need to be submitted with the annual proposal.
 - b. If no, does the institution intend to formalize a written policy? When will the formalized written policy become effective?
 - c. Does the institution inform all employees of their entitlement to each type of fringe benefit for which the employee is eligible? If not, explain.
 - d. Does the fringe benefit policy either formally or informally restrict eligibility for any fringe benefit to a certain class of employee? If yes, explain.
 - e. Does the Pension Plan comply with the requirements of:
 - (1) the "Employment Retirement Income Security Act of 1974?"
If not, explain.
 - (2) the Health, Education and Welfare Grants Administration Manual Chapter 6-30? If not, explain.
 - f. Does the fringe benefits policy restrict eligibility for fringe benefits based on the source of revenues reimbursing those benefits? (That is, an employee performing work on a Federal award is not eligible for fringe benefits which the same class (type) employee working on a non-Federal award receives)?

2. Fringe Benefits Defined

Definition of Fringe Benefits: The term “fringe benefits” encompasses all benefits paid by an employer to, or on behalf of its employees. Such benefits include but are not limited to: vacation, holiday, sick leave pay, and other paid absences; employee health, life, and disability insurance; pension plans; Social Security taxes (FICA); unemployment compensation; workmen’s compensation; and tuition remission. The term “fringe benefits” also includes employee services, such as recreation services, health services, cafeterias, and parking services, when the cost of such services are included in a fringe benefit rate. For proposal purposes, fringe benefits are classified:

- a. Paid Absences – vacation, holidays, sick leave, etc.
- b. Other Benefits – FICA, employee health, life insurance, pension, etc.

Paid Absences claimed for reimbursement on Federal awards though the application of a rate mechanism—fringe benefits indirect cost, etc.—are to be listed as Other Benefits. Paid Absences not claimed for reimbursement through the application of a rate mechanism are to be listed separately from Other Benefits.

3. Fringe Benefits Information

- a. Paid absences (See Definition of Fringe Benefits): List each paid absence which the institution claims reimbursement by charging a Federal award the amount of salary or wage or actually paid to the employee during a period of approved absence. (Paid absences are a part of the employee’s gross salary or wage.)
- b. Other Benefits (See Definition of Fringe Benefits): List each benefit which the institution claims reimbursement by specifically identifying the actual incurred cost for each type of fringe benefit assignable to each employee performing on a Federal award.
- c. List each benefit which the institution claims reimbursement only by the application of a federally approved indirect cost rate to a Federal award.
- d. List each benefit which the institution claims reimbursement only by the application of a federally approved fringe benefit rate(s) to a Federal award.

4. Fringe Benefits Rate Information

The following questions must be answered only if a fringe benefits rate (see 3d) is used to claim reimbursement on Federal awards.

- a. List each type of paid absences and the related actual incurred cost which is not paid to the employee upon termination, death, lapse of time, or for other reasons (for example, the policy may be that vacation leave in excess of 2 weeks must be taken by the end of the fiscal year or the employee forfeits the excess over the 2 weeks; or accumulated sick leave pay is forfeited when an employee terminates employment.) Do not include benefits which are adjusted actuarially such as credits to the pension plan for separated employees.
- b. List each type of fringe benefit and the related actual incurred cost which is self-funded by the institution (such as, unemployment compensation under agreement with the State in lieu of paying unemployment insurance tax; pension costs paid to the employee on a pay as you go basis instead of from a funded pension plan.)
- c. List each type and related costs for restricted fringe benefits which are available only to certain selected employees and are not available to all employees. List each class of selected employees and the dollar amount or other quantitative measure used to allocate the restricted benefits. See 1d.
- d. Report the total institutional costs incurred during the fiscal year for each type of fringe benefit listed in 3d. The total institutional costs reported must reconcile to the institution's audited financial statement.
- e. Report the total institutional costs or other quantitative measure comprising the allocation base(s) used to develop the fringe benefit rate(s) in 3d to claim reimbursement on Federal awards. The costs included in the allocation base(s) must reconcile to the total institutional costs reported in the audited financial statements for the fiscal year to which the rate is applicable. Submit a reconciliation schedule if necessary. Acceptance of supporting documentation for other quantitative measurement(s) used as an allocation base(s) is subject to prior approval by the Federal negotiating agency.
- f. Does the allocation base(s) used to develop the fringe benefit rate(s) in 3d equitably represent all eligible employees regardless of the source of revenue reimbursing the fringe benefit? If not, explain.

5. Proposal Submission

This questionnaire is submitted with the following documents attached:

- a. The fringe benefit proposal for fiscal year ended_____.
- b. The indirect cost rate proposal for fiscal year ended_____.
- c. The institution's independently audited financial statements for fiscal year ended_____.
- d. Reconciliation schedule of the fringe benefit rate(s) and/or the indirect cost rate proposals with the institution's independently audited financial statements for fiscal year ended_____.

I certify as the designated official for _____,
(Name of Institution)

that the answers to the questionnaire and the costs, statistical, and other information reported in this fringe benefits costs proposal present fairly the policies and practices in effect by the institution during the fiscal year ended_____.

Name of Official

Title

Date

Sample

Allocation of Indirect Salary

<u>Position</u>	<u>Hours</u>	<u>Percentage of Time</u>	<u>Amount</u>
Executive Director	1,789	86	\$60,010
Deputy Director, A&F	369	18	11,305
Deputy Director, Programs	637	31	18,225
Division Directors	175	8	3,908
Administrative Assistant	66	3	977
Corporate Communications Director	19	9	486
Other Clerical Staff	5	2	41
Total Salaries			<u>\$101,127</u>

Allocation of Fringe Benefits

Payroll Tax Expense	\$20,340
State Unemployment Insurance	2,304
Workmen's Compensation Insurance	1,004
Health & Life Insurance	13,032
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Total Fringe Benefit Pool (A) \$36,680

Allocation Base:

Direct Labor	\$200,000
Indirect Labor	101,127
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	(B) 301,127

Fringe Rate: $A/B = C$

$$36,680 / 301,127 = 12.18\%$$

Sample

Indirect Salary Narrative

Executive Director charges for time spent on: (1) support to the Board of Directors; (2) financial review; (3) personnel matters; and (4) contract administration.

Deputy Director - Administration and Finance Division charges for time spent on: (1) support to the Board of Directors; (2) policy discussions with the Executive Director; (3) personnel matters; (4) procurement; (5) insurance administration; (6) employee benefit program administration; and (7) contract administration.

Deputy Director - Programs Division charges time spent on: (1) support to the Board of Directors; (2) personnel matters; (3) policy discussions with the Executive Director; and (4) coordinating all activities of the Programs Division.

Administrative Assistant charges time spent on: (1) preparation of materials for the Deputy Directors for administrative activities; (2) procurement; and (3) employee benefit program administration.

Division Directors charge time spent on: (1) policy discussions with Deputy Directors and the Executive Director; and (2) preparation of materials for the Board of Directors.

Secretary charges time spent for organizing and typing materials for the Executive Director for administrative activities.

Sample

Schedule of Federal Assistance

For the Year Ended xx/xx/xxxx

Federal Grantor	CFDA Number	Beginning Balance (\$)	Receipts (\$)	Expenditures (\$)	Ending Balance (\$)
U.S. Dept. of Justice					
<i>National Institute of Justice</i>					
2002-IJ-CX-0044	16.507	0	58,192	57,111	1,081
2004-IJ-CX-0987	16.507	0	46,963	44,186	2,777
<i>Bureau of Justice Assistance</i>					
2001-DD-BX-1234	16.580	50,000	45,000	10,000	85,000
2002-IC-BX-0246	16.608	59,093	0	9,203	47,907
<i>Office on Violence Against Women</i>					
2004-WT-AX-0576	16.526	25,000	3,000	4,815	23,185