

U.S. Department of Energy

Oak Ridge Operations

ORO O 540 Chapter II

DATE: 9-30-96

SUBJECT: INDIRECT COST RATE RESPONSIBILITIES FOR COMMERCIAL ORGANIZATIONS

1. PURPOSE. This Chapter correlates to DOE O 543.1 (formerly DOE 4210.7B), INDIRECT COST RATE RESPONSIBILITIES, dated December 24, 1991, which has now been renumbered in accordance with the new DOE Order Numbering System, as published in DOE M 251.1-1, Change 1, dated December 12, 1995. Nothing within the DOE Order has been changed at this point, but if a new DOE Order is published, it will be numbered in this manner. Until that time, the new number is assigned to the previous DOE Order. This new Oak Ridge Operations (ORO) Chapter assigns responsibility and accountability and provides administrative and/or contractual guidance to Oak Ridge Operations (ORO). Nothing in this issuance changes any requirements in any DOE Order.
2. CANCELLATION. This Chapter cancels and replaces OR 4210.7A, INDIRECT COST RATE RESPONSIBILITIES FOR COMMERCIAL ORGANIZATIONS, dated January 30, 1990.
3. APPLICABILITY. The provisions of this Chapter apply to ORO Principal Staff.
4. RESPONSIBILITIES.
 - a. Director, Procurement and Contracts Division (P&CD), establishes ORO written procedures for designating cognizant Contracting Officers (CO) and designates the CO.
 - b. Director, Oak Ridge Financial Service Center (ORFSC).
 - (1) Requests and coordinates cognizant DOE office assignment changes, as appropriate.
 - (2) Implements and maintains the Indirect Rate Management System database (through coordination with the Director, Procurement and Assistance Management, DOE Headquarters [DOE-HQ]).
 - (3) Serves as the ORO point of contact for indirect cost rate information.
 - (4) Requests advisory audit services for forward pricing or billing rates, as appropriate.
 - (5) Provides assistance, as requested, to P&CD in negotiating forward pricing, billing, or final indirect cost rates for organizations for which DOE ORO has cognizance.
 - (6) Distributes indirect cost rate agreements and negotiation memoranda, as appropriate, to all affected DOE and other Federal contracting activities.
 - (7) Coordinates activities with the Financial Advice, Pricing, and Travel Administration Branch (FM-713) on issues which may affect final indirect cost rates.

- (8) Monitors the actual indirect cost rates of the organizations for which DOE ORO has cognizance, as determined jointly with P&CD. Notifies P&CD when revisions to billing rates or forward pricing rates are necessary.
 - (9) When DOE is not the cognizant Federal agency but ORO is the cognizant DOE office:
 - (a) Notifies the cognizant Federal agency of all DOE awards placed with the commercial organization.
 - (b) Obtains and reviews all indirect cost rate agreements established by other agencies and ensures they are in compliance with DOE regulations and policies.
 - (10) Advises P&CD on a regular basis of current billing rates and final indirect cost rates.
 - (11) Provides additional assistance to P&CD as needed.
- c. Director, Evaluation and Control Division (ECD).
- (1) Requests advisory audit services for final indirect cost rates, as appropriate.
 - (2) Coordinates activities with ORFSC on issues which may affect billing rates or forward pricing indirect cost rates.
 - (3) Assists P&CD and ORFSC in the negotiation of final indirect cost rates.
- d. Cognizant Contracting Officers.
- (1) Advise commercial organizations (with the advice of ORFSC) when DOE has been designated as the cognizant Federal agency.
 - (2) When DOE is the cognizant Federal agency:
 - (a) Establish forward pricing rate agreements, when appropriate.
 - (b) Establish billing and final indirect rates, as required.
 - (c) Coordinate rate negotiation activities with other affected DOE offices or Federal agencies.
 - (d) Administer Cost Accounting Standards clause requirements.
 - (e) Advise ORFSC of all established or negotiated rates.
 - (3) When DOE is not the cognizant Federal agency:

- (a) Become knowledgeable of the particular commercial organization, including the status of its forward pricing rates, billing rates, and final rates.
 - (b) Coordinate with, and assist, the cognizant Federal agency (on behalf of DOE), as necessary, in the negotiation of required indirect cost rates.
- e. Contracting Officers.
 - (1) Coordinate with ORFSC regarding forward pricing rates, billing rates, and final rates.
 - (2) Ensure that the appropriate billing and final rates are reflected in the contractor payment requests. Forward vouchers that were adjusted to include negotiated final overhead rates to FM-713 for analysis prior to payment.
 - (3) When rates are not available from the CCO:
 - (a) Establish temporary billing rates when necessary;
 - (b) Establish final indirect cost rates when the quick closeout procedure can be used;
and
 - (c) Inform ORFSC and ECD of all such actions.
- 5. REQUIREMENTS AND PROCEDURES. None.
- 6. REFERENCES. None.
- 7. DEFINITIONS. None.
- 8. CONTRACTOR REQUIREMENTS DOCUMENT. None.
- 9. ATTACHMENTS. None.