

**Guidance for ONR Institutions - F&A Proposals (Long Form)**  
(October 2017)

Proposals shall be submitted in accordance with the Standard Format Documentation Requirement as identified in 2 CFR Part 200, Appendix III, Sections C.12 and E. See 2 CFR Part 200, Appendix III Section E for additional information and link. In addition to the referenced documentation requirement, the following provides clarification or identifies supplemental information which shall be included:

1. **Transmittal Letter.** In addition to the type of rate requested, the fiscal years covered by the rate and the base year, the transmittal letter should include the following:
  - a. **A schedule of the rates proposed; and rates before and after carry-forward amounts (if applicable).** If the rate schedules show both capped and uncapped rates, specify if you are requesting capped only, or both capped and uncapped (and for which rate categories). See also #4 below regarding waiver of uncapped rates. Also note that negotiated rates will be rounded to one decimal place unless otherwise requested.
  - b. Identification of any Memoranda of Understanding or advance agreements upon which the proposed rates are based.
  - c. Explanation of new or unusual factors which affect the proposed rates.
  - d. List of federal agencies providing more than 10% of your annual research funding.
  - e. Whether prior year carry-forward amounts are included in the proposed rates. If yes, include a summary of the carry-forwards included, as well as any remaining unliquidated carry-forward amounts on a supplemental schedule(s).
  - f. Other statements required by the Standard Format suitable for inclusion in the cover letter (e.g., identifying changes in accounting practices since last F&A proposal, etc.) Certifications and statements of assurance should not be included in the cover letter but should be prepared as separate documents as described in #3 below.
  - g. A statement regarding whether or not the Utility Cost Adjustment (UCA) is being claimed. If the UCA is claimed, please refer to Item #7 below.
2. **Cost Analysis Studies/Alternative Allocation Bases.** Identification/explanation of any indirect cost allocations based on cost analysis studies or alternative allocation bases made in accordance with Appendix III, A.2.D(3), to 2 CFR Part 200. As noted in the Standard Format requirements, please identify date(s) of latest review(s) and include a copy of studies in the proposal.
3. **Certifications and Statements of Assurances.** The following Certifications and Statements of Assurance are required:
  - a. **Certificates of Indirect Cost:** Completed certificates of indirect costs as required by FAR 52.242-4 and 2 CFR 200.415 and Appendix III Section F.2. **Two** separate certificates are required. See Examples on Pages 1 and 2 in Attachment 1.
  - b. **Additional Certifications and Assurances:** These certifications and assurances include Lobbying, Depreciation, Compensation, and Federal Funds. See Attachment 2.
4. **Uncapped F&A Rates.** DFARS 231.303 allows the use of uncapped F&A rates for DOD cost-reimbursement contracts.
  - a. **Waiver of Uncapped Rates.** If you choose to waive the use of uncapped rates to simplify the institution's management of DOD cost reimbursement contracts, a statement requesting this waiver is required. If you choose not to waive the rights to all uncapped rates, specifically identify each rate for which you are waiving the rights.
  - b. **Use of Uncapped Rates.** If you choose not to waive the use of uncapped rates, your proposal should identify the functions for which uncapped rates are requested (i.e. Organized Research). If uncapped rates are requested only for Organized Research, a statement

requesting a waiver for other F&A rates shall be submitted. Note: additional audit review of administrative pools will be performed when uncapped rates are requested.

5. **Cost Projections.** Cost projections related to **material** changes since the base year may be included in your F&A rate proposal. These changes may include estimated impacts to facility components for anticipated changes in research facilities such as new buildings or major renovations. Cost projections must be:
  - a. Well documented.
  - b. Separately identified from F&A base year data.
  - c. Separately identified if there are multiple changes (i.e. 2 new research buildings).
  - d. Inclusive of all potential aspects (i.e. changes to space, changes to MTDC base dollars, etc.)
  
6. **Trend Data.** Trend data must include the following comparisons:
  - a. A comparison of actual rate components for the last two negotiation cycles and proposed components. An explanation of significant variances should be provided.
  - b. A comparison of proposed, negotiated and actual pool and base amounts for the past five years. An explanation of significant variances in either the pool and/or base amounts should be provided.
  
7. **Utility Cost Adjustment (UCA).** Institutions may include a UCA up to 1.3% for Organized Research in accordance with 2CFR200, Appendix III, B.4.c. The primary proposal documentation will not include the use of the “effective square footage” (ESF) factor or the metering of utilities below the building level. The recalculation of the Organized Research rate using the ESF factor or allocations based on metering below the building level will be supplemental to the proposal, be calculated on base year data only, and include the following documentation:
  - a. A breakdown of the utility costs. If utility costs are currently combined with other O&M costs, the utility costs must first be identified separately. **Note:** These costs must also be broken out by expense category for those institutions that generate their own electricity or otherwise have expenses beyond the amount paid to the utility company. Additional review will be performed in this area to determine if the costs are appropriately identified as utility costs and appropriately subject to allocation over effective square footage.
  - b. Details of which space is classified as research laboratory space, including a breakdown of which buildings are being allocated using the ESF factor and which buildings include space devoted to a single function (for which you are proposing to allocate utility costs directly to the single function).
  - c. The allocation of utility costs shown before and after the application of the ESF factor for buildings using the ESF factor.
  - d. Identification of space devoted to a single function where metering allows an unambiguous measurement of usage related to that space. (Note: the ESF factor is not applied to the identified separately metered single function space and the incremental increase resulting from separately metering the single function space is part of the 1.3% UCA.)
    - o Note that except for the space devoted to a single function where metering allows an unambiguous measurement of usage related to that space, metering below the building level is not permitted. Additionally, if a building includes space devoted to a single function (used as part of the support of the UCA), no additional adjustment for UCA can apply to that building.
  - e. Additional information as requested by ONR or DCAA to support the UCA.

*(Institution Name)*

CERTIFICATE OF INDIRECT (F&A) COSTS

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

(1) I have reviewed the indirect (F&A) cost proposal submitted herewith;

(2) All costs included in this proposal **[identify date]** to establish billing or final indirect (F&A) costs rate 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) This proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and

(4) All costs included in this proposal are properly allocable 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 declare that the foregoing is true and correct.

Institution of Higher Education: \_\_\_\_\_

Signature: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Title\*: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

\* The certificate must be signed on behalf of the institution by the chief financial officer or an individual designated by an individual at a level no lower than vice president or chief financial officer.

*(Institution Name)*  
**Certificate of Final Indirect Costs**  
(FAR 52.242-4)

This is to certify that I have reviewed this proposal to establish final indirect cost rates and to the best of my knowledge and belief:

1. All costs included in this proposal (*identify proposal and date*) to establish final indirect cost rates for (*identify period covered by rate(s)*) are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply, and
2. This proposal does not include any costs, which are unallowable under applicable cost principles of the FAR or its supplements.

\_\_\_\_\_  
Institution

\_\_\_\_\_  
Name of Official

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title\*

\_\_\_\_\_  
Date of Execution

\* Certification must be at a level no lower than a vice president or chief financial officer of the business segment

*(Institution Name)*  
**Additional Certifications and Assurances - Sample**

This is to certify that I have reviewed the University's Facilities and Administrative Cost Proposal dated (insert date of proposal) to establish facilities and administrative cost rates for the period (insert month/day/year) through (insert month/day/year) and attest to the following:

**Certificate of Lobbying (2 CFR Part 200, Subpart E, paragraph 200.450(c)(2)(vi)).** To the best of my knowledge and belief, the subject proposal complies with the requirements and standards of 2 CFR Part 200, Subpart E, paragraph 200.450 Lobbying.

**Statement of Assurance re: Charges for Depreciation (2 CFR 200, Subpart E, paragraph 200.436).** To the best of my knowledge and belief, the depreciation included in the subject proposal complies with the requirements of 2 CFR 200.436, including but not limited to: the charges for depreciation are supported by adequate property records and physical inventories taken at least once every two years to ensure that the assets exist and are usable, used, and needed; and no depreciation is claimed for assets acquired with federal funds.

**Statement of Assurance re: Compensation limitations.** To the best of my knowledge and belief, the institution is in compliance with any applicable compensation limitations, including but not limited to agency-specific salary limitations (e.g. NIH) and executive compensation limitations (see 2 CFR 200.430(d)(2)).

**Describe the process used to ensure that Federal sponsors do not in any way subsidize the indirect (F&A) costs of other sponsors, specifically activities sponsored by industry and foreign government (2 CFR Part 200, Appendix III, paragraph C.1.a(3)).**

Please Describe Here:

Institution: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_