

DIRECTIVES CONTROL FORM - ORO O FINAL DIRECTIVE

PART A (To be completed by the Division of Primary Interest (DPI))

1. **NUMBER AND TITLE OF DIRECTIVE:** **ORO O 540, Chapter II, Chg. 1, INDIRECT COST RATE RESPONSIBILITIES FOR COMMERCIAL ORGANIZATIONS**
2. **PURPOSE OF TRANSMITTAL:** New Directive Revised Directive Page Change
3. **THIS DOCUMENT MAY AFFECT THE WORK PERFORMED BY THE FOLLOWING CONTRACTORS:** (Check appropriate boxes)

No (all contractors)

Yes If yes, whom? LMES LMER ORAU SURA

Bechtel Jacobs Company

Other contractors (list by type)

Many ORO contractors have approved S/RIDs or WSS sets that may affect applicability of contractor requirements from this directive. Applicability of contractor requirements must take into account the approved standards set for each particular contract.

4. **SIGNIFICANT PROVISIONS:** Are there any significant changes or impact?
 No Yes If yes, describe: This ORO Chapter is part of the ORO sunset review process. Changes to this Chapter include editorial revisions to delete previous references to DOE 4210.7B (which was canceled by DOE N 251.28, dated January 20, 1998) and to reflect the current organizational title of the ORO Financial Evaluation and Accountability Division.
5. **CONTACT POINT:** Barbara Jackson Procurement and Contracts Division, AD-42 576-0976
Name Organization Telephone

PART B (To be completed by the Directives Management Group (DMG)):

6. **FILING INSTRUCTIONS:**

<u>Remove</u>	<u>Dated</u>	<u>Insert</u>	<u>Dated</u>
ORO O 540, Chapter II	09/30/96	ORO O Control Form	05/03/1999
Pages II-1 through II-3		ORO O 540, Chapter II, Chg. 1, Pages II-1 through II-3	05/03/1999

*ORO Orders are available on the ORO Directives Management Home Page
[http://www.ornl.gov/doe_oro_dmg/orchklst.htm] within 5-10 working days after receipt of this Control Form.
The ORO Orders will no longer be mailed in printed copy unless you do not have Internet capabilities.*

7. **APPROVED FOR DISTRIBUTION IN ACCORDANCE WITH THE OFFICIAL DIRECTIVES DISTRIBUTION LIST:**

Original signed by

Jennifer H. Cusick, AD-440
Signature Management Analyst, AD-440

05/03/1999
Date

INSTRUCTIONS TO ADDRESSEES: THIS FORM IS TO BE FILED WITH THE DIRECTIVE AND RETAINED

U.S. Department of Energy

Oak Ridge Operations

ORO O 540 Chapter II Change 1

DATE: 05/03/1999

SUBJECT: INDIRECT COST RATE RESPONSIBILITIES FOR COMMERCIAL ORGANIZATIONS

1. PURPOSE. This 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 ORO O 540, Chapter II, INDIRECT COST RATE RESPONSIBILITIES FOR COMMERCIAL ORGANIZATIONS, dated September 30, 1996.
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, Financial Evaluation and Accountability Division (FEAD).
 - (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 FEAD of all such actions.

- 5. REQUIREMENTS AND PROCEDURES. None.
- 6. REFERENCES. None.
- 7. DEFINITIONS. None.
- 8. CONTRACTOR REQUIREMENTS DOCUMENT. None.
- 9. ATTACHMENTS. None.