



U.S. DEPARTMENT OF  
**ENERGY**

Energy Efficiency &  
Renewable Energy

# Cost Principles and Special Terms and Conditions for DOE Financial Assistance Recipients

U.S. Department of Energy  
Office of Energy Efficiency and Renewable Energy  
Geothermal Technologies Program Peer Review  
May 2012





## Federal Cost Principles

The Office of Management and Budget (OMB) establishes federal grant management policies and cost principles through OMB circulars and common rules. These policies and cost principles are then incorporated into each relevant agency's applicable Federal regulations in the Code of Federal Regulations (CFR).

The cost principles are promulgated to determine allowable costs, enforce compliance with Federal grant requirements, and ensure that the Federal Government bear its fair share of costs except where restricted or otherwise prohibited by law.

See 2 CFR and 48 CFR for your organization type's cost principles.





## Indirect Rate Proposals (IRP) & Incurred Cost Proposals (ICP)

- Indirect Rate Proposal = Actual costs + Projections
- Incurred Cost Proposal = Fiscal Year (FY) end incurred (actual) costs for the entire organization, not just DOE award or Federal awards.

The ICP submission should tie to the General Ledger, and is due within 6 months of the end of your Fiscal Year. The DCAA ICE Model available at <http://www.dcaa.mil/> is the format for Incurred Cost Proposals.





## Fringe & Indirect Costs - Frequently Asked Questions

Q: How should recipients invoice DOE for fringe and indirect costs as their rates change over the life of the project?

A: Recipients should invoice indirect costs (including fringe) at the actual costs being incurred, truing up their billing as their project progresses. This will alleviate the project being over or under billed at the end of the period of performance. It is the recipients responsibility to inform the Government if they are running significantly under or over the provisionally approved rates. After the recipient submits an incurred cost proposal, the proposal is audited, and the final (annual) rate agreement is issued, the associated fiscal year will be closed.

Note: Check the Terms and Conditions for specific indirect ceilings.





## Cost Principles: Generally Unallowable Costs

- Alcoholic beverages
- Entertainment
- Meals in your home town/not traveling, including working lunches
- Unauthorized airfare upgrades
- Auto expenses, when already being reimbursed for mileage
- Car washes
- Most expenses for which receipts are not provided
- Pre-award costs not previously approved in writing by DOE Contracting Officer
- Cost of fines paid
- Cost overruns incurred on other Federal awards
- Contributions or donations, including cash, property, and services
- Goods or services above market prices
- Fee or profit for award recipients
- Direct Expenses not related to the Federal project
- Expenses not ordinary and necessary for the performance of the Federal award





## Cost Principles: Travel and Per Diem

- Federal Travel Regulations: Statutory requirements and Executive branch policies for traveling at government expense:  
<http://www.gsa.gov/federaltravelregulation>
- GSA Per Diem Rates by Locale: <http://www.gsa.gov/perdiem>
- International Travel: When is it allowable, and what are the rules?
  - Fly America Act
- When is DOE pre-approval required?
  - When exceeding FTR hotel or per diem rates





## Cost Principles: Travel and Per Diem cont.

Type of Cost	FAR Cost Principles Guide
<b>Lodging, Meals, Incidental</b>	May be based on per diem, actual expenses, or a combination thereof. Must not exceed on a daily basis the maximum per diem rates in effect at the time of travel.
<b>Transportation</b>	May be based on mileage rates, actual costs incurred, or on a combination thereof.
<b>Airfare</b>	Excess of the lowest customary standard, coach, or equivalent airfare offered during normal business hours are unallowable except when such accommodations require circuitous routing, during unreasonable hours, excessively prolong travel that result in increased costs, or are not reasonably adequate for the physical or medical needs of the traveler. The exceptions must be documented and justified.
<b>Contractor-owned or –leased automobiles</b>	Includes cost of lease, operation, maintenance, depreciation, insurance, etc. Allowable to extent that the automobiles are used for company business.





## Award Special Terms and Conditions

Read your Award Special Terms and Conditions!

Pay particular attention to these provisions:

- Payment Procedures
- Statement of Substantial Involvement (*if a Cooperative Agreement*)
- Property
- DOE Geothermal Data Repository (DOE-GDR)
- Conditional Availability of Funds
- NEPA
- Subcontract Approvals
- Davis Bacon Act







## Award Special Terms and Conditions – Flow Down to Subcontractors

The “Special Provisions Relating to Work Funded Under American Recovery and Reinvestment Act of 2009 (May 2009)” provision states in part:

“Special Provisions

A. Flow Down Requirement

Recipients must include these special terms and conditions in any subaward.”





## Property Disposition

Recipient may continue to use property beyond the Period of Performance, without obligation, to extinguish DOE's conditional title, subject to the following:

- 1) Recipient continues to utilize the property for the objectives of the project as set forth in the SOPO;
- 2) Recipient agrees to provide reasonable information concerning the use and condition of the property; and
- 3) Recipient follows property disposition rules set forth in 10 CFR 600, if the property is no longer used by the Recipient for the objectives of the project, and the fair market value of the property exceeds \$5,000.

Once the per unit fair market value of the property is less than \$5,000, DOE's residual interest in the property shall be extinguished and the Recipient shall have no further obligation to DOE with respect to the property.





## Resources

- 10 CFR 600: [http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title10/10cfr600\\_main\\_02.tpl](http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title10/10cfr600_main_02.tpl)
- OMB Circulars: [http://www.whitehouse.gov/omb/grants\\_circulars](http://www.whitehouse.gov/omb/grants_circulars)
- DOE Guide to Financial Assistance
- Your DOE Award Administrator and Project Officer

