

**SUPPORTING STATEMENT  
FOR INFORMATION COLLECTION SUBMISSION  
9000-0069, INDIRECT COST RATES**

1. **Administrative requirements.** The contractor's proposal of final indirect cost rates is necessary per FAR 42.7, Indirect Cost Rates, for the establishment of rates used to reimburse the contractor for the costs of performing under the contract. The supporting cost data are the cost accounting information normally prepared by organizations under sound management and accounting practices. FAR clause 52.242-4, Certification of Final Indirect Costs, is incorporated into all solicitations and contracts, except for the Department of Energy Management and Operating contracts, that provide for establishment of final indirect cost rates.

2. **Uses of information.** The proposal and supporting data is used by the contracting official and auditor to verify and analyze the indirect costs and to determine the final indirect cost rates or to prepare the Government negotiating position if negotiation of the rates is required under the contract terms.

3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.

4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a basis other than solicitation-by-solicitation is not practical.

7. **Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.

8. **Efforts to consult with person outside the agency.** A notice was published in the *Federal Register* at 77 FR 63804, on October 17, 2012. No comments were received.

9. **Explanation of any decision to provide any payment or gift to respondents, other than reenumeration of contractors or guarantees.** Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. **Estimated total annual public hours and cost burden.** Burden hours are based on an estimated 3000 business segments that have overhead rates established annually. Twenty-five percent of the 5000 hours is spent on reporting and 75% is for recordkeeping. Twenty-five percent of the recordkeeping burden addresses Government unique-requested information. The average wage is based on a GS-9, step 5 in the Washington DC area. The overhead rate is per Office of Management and Budget (OMB) memorandum M-08-13, dated March 11, 2008.

Annual Recordkeeping Burden and Cost

Estimated respondents/yr	3,000
Responses annually.....x	<u>1</u>
Total annual responses	3,000
Estimated hrs/response(25% of 5,000) . . . . .x	<u>1,250</u>
Estimated total burden/hrs 3,000 x 1,250).....	3,750,000
Numbers of recordkeepers.....	3,000
Estimated hrs/response (25% of 3,750) x .....	<u>938</u>
Total recordkeeping burden hours(3,000 x 938)..	2,814,000
Hours per response (1,250 + 938) .....	2,188
Total response and recordkeeping burden hours.....	6,564,000
Average wages + overhead (*\$28.46/hr + 36.25% OH).....	\$38.78
Estimated cost to public.....	\$254,551,920

\* Wage is based on an average of a GS 9, Step 5 for the reporting requirement (clerical in nature), and a GS-13, Step 1 (attorney)

for the recordkeeping requirement. The rates are from the 2012 OPM base salary table which was effective January 2012.

14. **Estimated cost to the Government.** Time required for Governmentwide review is estimated at 40 hours per response.

Annual Reporting Burden and Cost

Respondents/y.....	3,000
Reviewing time/hr.....	40
Reviewing time/yr.....	120,000
Average wages + overhead.....(*\$34.34/hr+ 36.25%OH)	<u>\$46.79</u>
Total Government cost.....	\$5,614,800

\* Wage is based on an average of a GS-13, Step 1 (attorney) for the recordkeeping requirement. The rates are from the 2012 OPM base salary table which was effective January 2012.

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission requests an extension of OMB approval of an information collection requirement in the Federal Acquisition Regulation (FAR). The information collection in the FAR remains unchanged.

16. **Outline plans for published results of information collections.** Results will not be tabulated or published.

17. **Approval not to display expiration date.** Not applicable.

18. **Explanation of exception to certification statement.** Not applicable.

**B. Collections of Information Employing Statistical Methods.** Statistical methods are not used in this information collection.