



Government contractors are required to submit an Incurred Cost Proposal annually, per the allowable cost and payment clause FAR 52.216-7, within 6 months after the end of their fiscal year. The receipt of this incurred cost proposal by the audit office starts the audit process. The proposal should include a signed "Certificate of Indirect Costs" in accordance with FAR 42.703-2. [A copy of this certificate may be found at FAR 52.242-4.]

The following are the required schedules for an Incurred Cost Proposal:

Schedule A	Summary of Claimed Indirect Expense Rates
Schedule B	General and Administrative (G&A) Expenses (Final Indirect Cost Pool)
Schedule C	Overhead Expenses (Final Indirect Cost Pool)
Schedule D	Occupancy Expenses (Intermediate Indirect Cost Pool)
Schedule E	Claimed Allocation Bases
Schedule F	Facilities Capital Cost of Money Factors Computation
Schedule G	Reconciliation of Books of Account and Claimed Direct Costs
Schedule H	Schedule of Direct Costs by Contract/Subcontract and Indirect Expense Applied At Claimed Rates
Schedule H-1	Government Participation Percentages
Schedule I	Schedule of Cumulative Direct and Indirect Costs Claimed and Billed
Schedule J	Subcontract Information
Schedule K	Summary of Hours and Amounts on T&M/Labor Hour Contracts
Schedule L	Reconciliation of Total Payroll to Total Labor Distribution
Schedule M	Listing of Decisions/Agreements/Approvals and Description of Accounting/Organizational Changes
Schedule N	Certificate of Final Indirect Costs
Schedule O	Contract Closing Information for Contracts Completed in this Fiscal Year

Supplemental model Incurred Cost Proposal information:

1.	Comparative analysis of indirect expense pools detailed by account with prior fiscal year and budgetary data.
2.	General Organization and Executive compensation information for top five executives (see attached form)
3.	List of ACOs and PCOs for each flexibly priced contract
4.	Identification of and information on prime contracts under which the contractor performs flexibly priced effort as a subcontractor
5.	List of work sites and the number of employees assigned to each site (identify the number of Direct and Indirect employees)
6.	Description of accounting system
7.	Procedures for identifying and handling unallowable costs
8.	Certified financial statements or other financial data (e.g., trial balance, compilation, review, etc.)
9.	Management letter from outside CPAs concerning any internal control weaknesses
10.	Actions that have been and/or will be implemented to correct the weaknesses described in number 9 above
11.	List of internal audit reports issued in this fiscal year



12.	Annual internal audit plan of scheduled audits to be performed in this fiscal year
13.	Federal and state income tax returns
14.	Securities and Exchange Commission 10-K Annual Report
15.	Minutes from Board of Directors meetings
16.	Listing of Delay and Disruptions and Termination Claims Submitted Which Contain Costs Relating to the Subject Fiscal Year.
17.	Contract Briefings -- Contract briefings generally include a synopsis of all pertinent contract provisions, such as: contract type, contract amount, product or service(s) to be provided, applicable Cost Principles, contract performance period, rate ceilings, advance approval requirements, pre-contract cost allowability limitations, and billing limitations. A typical format for the briefings is shown at the end of this model. A contractor need not use the example form if the information is already generated and available within its automated accounting or billing systems.