



## FEDERAL BUREAU OF INVESTIGATION POLICY DIRECTIVE

### Use of Other Direct Costs in Acquisitions 1030D

#### General Information

<b>Proponent</b>	Finance Division (FD)
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<b>Supersession</b>	Policy Directive (PD) 0338D, <i>Use of Other Direct Costs in Acquisitions</i>

#### 1. Authorities

- Federal Acquisition Regulation (FAR) Subpart 15.4, Contract Pricing
- FAR Part 16, Types of Contracts
- FAR Part 31, Contract Cost Principles and Procedures
- PD 0588D, *Finance Division (FD) Statement of Authorities and Responsibilities*
- Department of Defense (DoD) Defense Acquisition University (DAU) *Contract Pricing Reference Guides*, Volume 3, Chapter 8

#### 2. Purpose

This PD provides guidance on the use and documentation of other direct costs (ODC) in Federal Bureau of Investigation (FBI) acquisitions, when the contract type allows. This PD stresses that users must not use ODC lines to purchase out-of-scope materials.

#### 3. Scope

This PD applies to all FBI employees initiating and executing acquisitions that will include ODCs being incurred in the performance of the resulting contracts.

#### 4. Exemptions

There are no exemptions to this policy.

#### 5. Policy Statement

5.1. ODCs must be documented in the initial contract award.

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5.1.1. Commodity-related costs (e.g., cabling equipment or supplies or electronic equipment or supplies) must be listed as ODCs for contracts if the costs will only benefit the proposed contracts. The proper classification of commodity costs is important in determining whether or not acquired items should become United States government (USG) property.

5.1.2. Computer software costs may be listed as ODCs provided that they meet the definition of ODCs set forth in this PD. Contracting officers (CO) must carefully review software costs listed as ODCs to make sure that the software costs only benefit the particular contracts and are not customarily treated as indirect costs by the vendors under similar circumstances.

5.1.3. Travel costs may be identified as ODCs if they meet the definition of ODCs set forth in this PD and are consistent with federal government contracting cost accounting principles and accounting standards applicable to the contract. The traveler's wages during travel generally must be charged to a direct labor account if the traveler's expenses are to be identified as ODCs.

5.2. ODCs must not be invoiced or added to a contract without the written approval of a CO. If they are not documented at the time of award, ODCs may only be submitted if approved by a CO through a contract modification.

5.3. Requisition packages must contain written justifications to support listed ODCs and must be rejected and returned to the requesters if lacking this information.

5.4. A requisition (FD-369, "Requisition for Supplies and/or Equipment") (Enterprise Process Automation System [EPAS]) for a contract action that includes ODCs must individually list the ODCs together with the proper associated subobject classifications and funding. Improperly prepared requisitions must be rejected and returned to the requesters. All invoices containing ODCs must identify and elucidate the costs in detail.

5.5. All solicitations and contract actions that include an allowance for ODCs (e.g., all time and materials contracts) must contain the following ODC language in the solicitation and contract document prior to contract award:

5.5.1. This contract will allow for the purchase of services or goods classified as other direct costs (ODC) as identified herein. Any ODCs not documented in advance of contract award will require written approval by the FBI contracting officer (CO) prior to the purchase. Requests for approval must specifically identify the services or goods to be procured and the estimated price of each. Justification is required for all ODCs that demonstrate that the goods or services to be purchased are in direct support of the contract. Invoices submitted for payment that include ODCs must specifically identify the services or goods purchased and break out in detail the costs associated with the ODCs. Invoices containing ODCs not listed in the contract or identified and approved by the CO in advance of billing will be treated as improper invoices and will not be paid. Similarly, invoices that include ODCs listed in the contract or approved by the FBI CO but fail to identify the ODCs and elucidate the costs in detail will also be treated as improper invoices and will not be paid. Similarly, invoices that include ODCs listed in the contract but fail to specifically identify them and elucidate the costs in detail will be treated as improper invoices and will not be paid.

5.6. The contracting officer's representative (COR) must ensure that adequate funding is available and obligated to the contract in the FBI's Unified Financial Management System (UFMS) and the CO's written approval has been obtained before ODCs are incurred.

5.6.1. The CO must only verbally approve a request received in an emergency situation (e.g., will cause delay in performance or delivery) as long as adequate funding is obligated for ODCs. The verbal approval must be confirmed in writing within ten business days by the CO.

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5.6.2. An electronic mail (e-mail) from the CO satisfies the requirement for written documentation.

5.7. General and administrative (G&A) rates, overhead rates, or profit rates will be applied to ODCs depending on the terms of the underlying contract, the type of contract actions or modifications, and any previous negotiations agreed upon by the CO. The CO must make such determinations based upon the totality of the circumstances regarding the individual contract. In resolving G&A, overhead, and profit fee issues pertaining to ODCs, the CO must review the terms of the underlying contract, applicable FAR provisions, and seek, as necessary, guidance from the Audit Unit (AU), FD.

## 6. Roles and Responsibilities

6.1. A requisition creator submitting a request must:

6.1.1. Ensure that known ODCs are separately identified and justified in the requisition package.

6.1.2. Ensure that the requisition (FD-369, "Requisition for Supplies and/or Equipment") (EPAS) for a contract action that will include ODCs reflects the appropriate subobject classification and funding for the ODCs.

6.1.3. Ensure that all accountable property and assets acquired through the ODC process adhere to the provisions of the Personal Property Management Policy Guide (0948PG).

6.1.4. Be familiar with Security Division (SecD) policies to ensure compliance regarding the acquisition of materials.

6.1.5. Submit all requests for ODCs not identified before contract award to the CO in writing and receive approval from the CO in writing before those costs are incurred.

6.1.6. In conjunction with the financial manager (FM), identify funding for any additional ODCs.

6.2. COs or contract specialists must:

6.2.1. Determine if ODCs are allowed under the types of contracts being used.

6.2.2. Reject and return any contract documents that request ODCs but fail to justify them.

6.2.3. Verify that requisitions (FD-369, "Requisition for Supplies and/or Equipment") include enough funding for ODCs and reject and return those that do not.

6.2.4. Review any ODCs involving software to make sure that they only benefit the particular contracts and are not customarily treated as indirect costs by the vendors under similar circumstances.

6.2.5. Ensure that all solicitations or contract actions that include ODCs or allow for future ODCs include the required language in the contract documents prior to contract award as set forth in subsection 5.5.1. of this PD.

6.2.6. As appropriate, approve or deny in writing all requests for ODCs.

6.2.7. Confirm verbal, emergency approvals for ODCs in writing within ten business days.

6.2.8. Reject improper invoices that fail to comply with the requirements of the ODC language.

6.3. AU, FD must:

6.3.1. When requested by a CO, assist in developing a prenegotiation position with respect to ODCs in particular procurements.

6.3.2. When requested by a CO or another FD official, review contracts or invoices with ODCs involving indirect cost issues and furnish guidance to the CO or the FD official.

**7. References**

FD-369, "Requisition for Supplies and/or Equipment" (EPAS)

**8. Definitions and Acronyms**

8.1. Definitions

8.1.1. Contract specialist: an employee of the federal government employed in the General Schedule (GS)-1102 job series who assists a CO by performing contract-related functions but does not have a procurement warrant.

8.1.2. Contracting officer: an employee of the federal government with the authority to enter into, administer, or terminate contracts and make related determinations and findings.

8.1.3. Contracting officer's representative: an individual, including a contracting officer's technical representative (COTR), designated and authorized in writing by the CO to perform specific technical or administrative functions.

8.1.4. Other direct cost: a cost not previously identified as a direct material cost, a direct labor cost, or an indirect cost and that can be specifically identified with a final cost objective. Costs commonly proposed as ODCs include travel, federal excise taxes, royalties, reproduction, packaging, overnight mail, special test equipment, and special tooling software.

8.1.5. Requisition package: a request for procurement action as outlined in the Automated Requisition Tool (ART).

8.1.6. Subobject classification: a budget code used by the FBI to record its financial transactions according to the nature of the services provided or received when obligations are first incurred.

8.2. Acronyms

ART	Automated Requisition Tool
AU	Audit Unit
CO	contracting officer
COR	contracting officer's representative
COTR	contracting officer's technical representative
DAU	Defense Acquisition University

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DoD	Department of Defense
EPAS	Enterprise Process Automation System
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
FD	Finance Division
FM	financial manager
G&A	general and administrative
GS	General Schedule
ODC	other direct cost
PD	policy directive
SecD	Security Division
UFMS	Unified Financial Management System
USG	United States government

**Approvals**

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