

J.R.

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DEPARTMENT OF THE NAVY
HEADQUARTERS NAVAL MATERIAL COMMAND
WASHINGTON, D. C. 20360

NAVMAT 0241.3/RWL

RCC1.958005.002ja

NEGOTIATION REPORT

Date: 17 March 1969

Subj: University of Cincinnati, Cincinnati, Ohio; PREDETERMINED
Overhead Rates for Use in Cost-Reimbursement Type Contracts
(except Cost-Sharing Contracts)

Effective Period: 1 January 1969 through 28 February 1970

Overhead Rates:

On Campus 42.78% (a)

Off Campus 29.02% (a)

(a) Applicable to direct salaries and wages.

1. In computing the rates the following items were treated as Direct Charges:
 - a. Direct salaries and wages.
 - b. Direct materials, supplies and services.
 - c. Travel expenses of personnel directly engaged in the performance of research contracts.
 - d. Long distance telephone calls and shipping expense.
 - e. Repairs to Government-owned equipment.
 - f. Rental and/or purchase of equipment and facilities when specifically authorized by contract.
 - g. Staff benefits.
 - h. Other charges requiring prior approval by the Contracting Officer.

2. The foregoing rates are based on the auditor's advisory report covering the operations of the contractor for the Fiscal Year Ended 30 June 1968. Since the advisory report indicates the auditor to be in agreement with the predetermined rates proposed by the contractor, there is no occasion for a formal negotiation conference. It is therefore recommended that contracts be amended accordingly. Pursuant to the provisions of ASPR 3-704.2(b), it is necessary that all cost-reimbursement type contracts with the contractor include the clause entitled "Negotiated Overhead Rates - Predetermined," effective as of 1 September 1965.

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69-C-0131 / See Memo
Poc 1 / Secretary

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3. Negotiation of the predetermined overhead rates set forth above precludes the contractor from making any change in the agreed upon direct charges or allocation basis without the prior approval of the Contracting Officer executing this agreement, or his successor.

4. In the event rates have not been negotiated for the next succeeding period in accordance with ASPR 3-700, the foregoing rates shall be used for interim-reimbursement subsequent to the period 28 February 1970.

L. T. Muse
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Contracting Officer