



Sandia is a multiprogram laboratory operated by Sandia Corporation, a Lockheed Martin Company, for the United States Department of Energy's National Nuclear Security Administration under contract DE-AC04-94AL85000.

Sandia National Laboratories

Contract Audit

ECC Instructions

Cost Reimbursable Type Contracts

User Information:

The following information does not supercede any statute, regulation or policy that is, was or will be in effect. It is designed as a tool to answer general questions that are commonly posed by contractors that are subject to audits from the Sandia Contract Audit Department (hereinafter, Contract Audit). For specific questions pertaining to your contract, contact the appropriate Sandia Contracting Representative (SCR) listed on your contract.

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Step by Step Instructions for Cost Reimbursable Electronic Cost Claim (ECC):

In preparing the ECC we recommend each contractor reconcile their claim to the general ledger amount to ensure that all costs are properly accounted for. Costs previously claimed in error can be adjusted out of your claim.

For universities and other educational institutions, we have provided an “Example University Claim.” The primary difference between the requirements for a business and an educational institution is that faculty salaries and student salaries (or wages) must be segregated. This facilitates the correct application of labor overhead rates. It is imperative that the correct overhead rates are used with the appropriate cost bases.

All ECCs should be submitted in a single Excel workbook with separate worksheets for each contract. There should be a separate submission for each fiscal year. If templates or examples have not previously been provided they are available at <http://www.sandia.gov/supplier/audit/ecc.htm>

Step by step instructions for filling out the Cost Reimbursable contract type ECC template are as follows:

- Company Name: Insert the name of your company, university, laboratory, etc.
- Contract Number: Insert the contract number shown on the SNL contract cover page. You may also include in parentheses, your own unique contractor number if one has been assigned to it.

- **Period of Performance:** Insert the current period of performance beginning and ending dates from your contract. The period of performance end dates (POP end) routinely change so it is important that you refer to the most recent contract revision or amendment.
- **Contract Ceiling Amount:** The maximum authorized amount that may be billed to the contract can be found in your contract document. Use the most recent revised or amended amount. Contact your Sandia Contracting Representative (SCR) if you have any questions.
- **Fiscal Year:** Insert your entity's fiscal year to which the claimed costs apply.
- **Month:** Insert the month of the year. The first month listed should be the first month of your fiscal year. For example, business entities with a June 30 FYE would show July as the first month.
- **Indirect Rate:** Insert the rate, if any, which you applied to your direct costs. This column may be used to calculate the amount of indirect costs claimed, by multiplying the appropriate rate times the applicable direct cost(s). Please see the "Indirect Rate" section below in this document for additional information.
- **Direct Labor:** Insert actual direct labor costs by major labor cost category for each accounting period. Segregate university professor and professional labor from student labor. Examples of major labor cost categories would be Engineer III, Geologist I, Machinist IV, and Systems Analyst II. Insert zeros if direct labor is not charged to the contract.
- **Direct Labor Overhead:** Insert the overhead rates associated with your claimed direct labor charges if this are being claimed and billed. If there is more than one direct labor overhead rate used, list them separately. Examples include: Off-site direct labor overhead, on-site direct labor overhead, overtime direct labor overhead. All claimed indirect rates must be allowable, allocable, and audited or approved by your cognizant agency. Please see the "Indirect Rate" section below in this document for additional information.
- **Direct Materials:** List the actual direct material costs for each accounting period.
- **Direct Material Handling Rate:** If you are claiming a direct material-handling rate, show that separately. All claimed indirect rates must be allowable, allocable, and audited or approved by your cognizant agency. Please see the "Indirect Rate" section below in this document for additional information.
- **Direct Travel:** List applicable travel charges for each accounting period.

- G&A (General and Administrative Rate): Insert amounts claimed for G&A. All claimed indirect rates must be allowable, allocable, and audited or approved by your cognizant agency. Please see the “Indirect Rate” section below in this document for additional information.
- Subcontracts/Consultant/Temporary Labor: List the costs associated with these items. ***If these charges account for more than 10% of all contract charges, the contractor is responsible for providing to Sandia, a cost claim that has been prepared by the subcontractor, consultant or temporary labor provider showing their claimed charges associated with the contract.*** These shall be submitted concurrently with your (the prime contractor’s) cost claim using the same or similar format. Subcontractor’s, Consultants and temporary Labor providers are also subject to audit.
- Other Direct Costs (ODCs): For any other direct costs that you are claiming, segregate those costs accordingly. Some examples may include: Licensing fees, equipment leases, shipping and handling, taxes, etc. Feel free to add additional columns if deemed necessary for major cost categories which are unique to your contract.
- Total Costs: Total of all costs claimed.
- Fee: Total amount of fee earned at the rate specified in your contract.
- Fee Withheld: Amount of fee earned that has not yet been billed.
- Amount per General Ledger: Amount of costs associated with the contract and booked to your General Ledger (G/L).
- Invoice/Credits/Payments Resulting from prior audit adjustments: If the contract(s) that you are submitting cost claim information for has (have) been previously audited, it is very important that you include amounts you billed to Sandia and/or amounts you paid to Sandia, i.e., issuing a check or credit memo to Sandia, reducing an invoice amount, etc., as a result of prior audit findings. These amounts should be reported separately from your regular invoice amounts in the appropriate column of the cost claim template. The check, invoice or credit number and date should be clearly identified. Use the column marked “Invoice /Credits/Payments...” to report these amounts. Use the “Comments” column to explain the origin of each. Omission of this information could result in a bill back or payment errors when the contract is closed out.
- Adjustments: Include any amounts that you have over billed or under billed to Sandia and discovered subsequent to the billings. This could be due to errors or omissions. This is an opportunity to claim any corrections noted as part of your review.

- Total Amount Claimed: This amount should equal the amount shown “Per the General Ledger,” plus or minus any adjustments due to prior audit findings, and plus or minus any “Adjustments” as a result of errors or omissions.
- Comments: Use this column to describe any adjustments or other important aspects of your electronic cost claim.

Unallowable Costs

Costs that are expressly unallowable per the FAR and other regulations, or costs mutually agreed to be unallowable must be excluded from any billing, claim or proposal. This includes direct as well as indirect costs. Costs that were incurred in conjunction with contract execution, which are unallowable, whether they are part of any base or pool must be identified and listed on the “Schedule of Unallowable Costs.” Regardless of whether any of these costs were claimed or billed, these costs must be included on the schedule. Note on the schedule if you had previously claimed these costs. Refer to FAR part 31 or your contract terms and conditions for more information on unallowable costs.

Indirect Rates

Proposed indirect rates must be part of, supported by, and consistent with the established accounting system. We apply indirect rates where applicable and appropriate and this is often dictated by the contract terms and conditions. The federal agency with which a contractor has the most business is generally responsible for auditing indirect rates and is referred to as the “cognizant agency.”

If Sandia is the cognizant agency and you are claiming and billing indirect rates, then an indirect rate cost claim is required in conjunction with your Cost Reimbursable ECC. To submit the indirect rate cost claim, complete the Indirect Rate Calc Template which is included in the Cost Reimbursable ECC Template.

If Sandia is not the cognizant agency, it is not required that you provide the information for the rate calculation. The latest rates as set forth by a contractor’s cognizant agency (i.e., the Defense Contract Audit Agency, Department of Health & Human Services, Office of Naval Research, or other) will be accepted. A contractor is required to provide the latest rate report(s) from the cognizant agency as part of their cost claim. The rate report sheets may be faxed to our fax number below or e-mailed to us. Additionally, please provide the cognizant agency’s contact information including auditor’s name and phone number.

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When Do I Need to Submit a Cost Claim?

ECCs should be submitted annually for each contract to which Sandia has audit rights. The annual submissions are due 90 days after a contractor's fiscal year end. Please note that it is imperative that you check for accuracy and completeness prior to your submission.

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Where Do I Send It?

Send ECCs via e-mail to: snlaudit@sandia.gov

Fax indirect rate sheets to 505-844-9728 attention Contract Audit Department.

Additional information may be found at the Contract Audit website at:
<http://www.sandia.gov/supplier/audit/ecc.htm>

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