

CHAPTER 5/COST ACCOUNTING

TABLE 5-5: SAMPLE INDIRECT COST RATE SCHEDULE

SAMPLE CONSULTING COMPANY, Inc.
Statement of Direct Labor, Fringe Benefits, and General Overhead
For the Year Ended December 31, 201x

Account Number & Description	General Ledger Account Balance	Direct Costs	Disallowed Costs	Proposed Company Wide	% of Direct Labor
DIRECT LABOR	\$ 1,950,501	\$ 1,950,501	\$ -	\$ 1,950,501	100.00%
INDIRECT COSTS:					
FRINGE BENEFITS					
6300 Benefits: Bonuses.....	\$ 234,060	\$ -	\$ (28,560) (a)	\$ 205,500	10.54%
6310 Benefits: 401(k).....	97,525	-	-	97,525	5.00%
6320 Benefits: PTO (vac., sick, and holiday).....	253,565	-	-	253,565	13.00%
6820 Insurance: Disability.....	58,515	-	-	58,515	3.00%
6830 Insurance: Life.....	21,846	-	(800) (b)	21,046	1.08%
6840 Insurance: Medical.....	136,535	-	-	136,535	7.00%
6850 Insurance: Workers' Comp.....	15,799	-	-	15,799	0.81%
7500 Payroll Taxes: FICA and Med.....	180,421	-	-	180,421	9.25%
7510 Payroll Taxes: FUTA and SUTA.....	78,020	-	-	78,020	4.00%
TOTAL FRINGE BENEFITS	\$ 1,076,286	\$ -	\$ (29,360)	\$ 1,046,926	53.67%
GENERAL OVERHEAD					
6700 Indirect Labor.....	\$ 741,190	\$ -	\$ (3,300) (c)	\$ 737,890	37.83%
5010 Direct: Lodging, Meals, and Travel.....	122,101	(122,101)	- (d)	-	0.00%
5020 Direct: Employee Mileage Reimbursements....	159,941	(159,941)	- (d)	-	0.00%
5030 Direct: Rentals and Supplies.....	21,651	(21,651)	- (d)	-	0.00%
5040 Direct: Subconsultants.....	44,862	(44,862)	- (d)	-	0.00%
6000 Advertising and Marketing.....	23,991	-	(6,750) (e)	17,241	0.88%
6100 Automobile Expense.....	68,268	-	(13,580) (f)	54,688	2.80%
6200 Bank Service Charges.....	9,753	-	-	9,753	0.50%
6400 Contributions and Gifts.....	14,629	-	(14,629) (g)	-	0.00%
6500 Depreciation Expense.....	117,030	-	-	117,030	6.00%
6600 Dues and Subscriptions.....	16,189	-	(350) (h)	15,839	0.81%
6800 Insurance: Automotive.....	15,409	-	-	15,409	0.79%
6810 Insurance: Business Liability.....	23,406	-	-	23,406	1.20%
6900 Interest Expense.....	36,084	-	(36,084) (i)	-	0.00%
7000 Licenses and Permits.....	21,456	-	-	21,456	1.10%
7100 Maintenance and Repairs.....	97,135	-	-	97,135	4.98%
7200 Meals & Entertainment.....	19,310	-	(1,050) (j)	18,260	0.94%
7300 Misc. Fees, Fines, Penalties.....	6,827	-	(6,827) (k)	-	0.00%
7400 Office Expense: Cleaning.....	8,192	-	-	8,192	0.42%
7410 Office Expense: Postage and Delivery.....	4,486	-	-	4,486	0.23%
7420 Office Expense: Office Supplies.....	32,183	-	-	32,183	1.65%
7430 Office Expense: Other Office Expense.....	35,889	-	-	35,889	1.84%
7600 Personal Property Tax.....	42,911	-	-	42,911	2.20%
7700 Prof Fees: Accounting and Legal.....	30,428	-	-	30,428	1.56%
7800 Rent.....	180,049	-	(2,400) (l)	177,649	9.11%
7900 Telephone.....	60,466	-	-	60,466	3.10%
8000 Utilities.....	29,472	-	-	29,472	1.51%
Credit for Internal Allocations.....	-	-	(107,278) (m)	(107,278)	-5.50%
TOTAL GENERAL OVERHEAD	\$ 1,983,306	\$ (348,555)	\$ (192,247)	\$ 1,442,505	73.96%
TOTAL INDIRECT COSTS & OVERHEAD RATE	\$ 3,059,593	\$ (348,555)	\$ (221,607)	\$ 2,489,431	127.63%

FAR References and Notes:

- (a) 31.205-6(a)(6)(ii)(B): Owners' compensation in excess of reasonable amount is disallowed (distribution of profits).
- (b) 31.205-19(e)(2)(v): Officers' life insurance is disallowed.
- (c) 31.201-6(e)(2): Marketing, lobbying, and any labor associated with unallowable activities is disallowed.
- (d) 31.202: Excluded direct project costs (both billable & non-billable costs) from indirect cost pool.
- (e) 31.205-1: Costs for general marketing materials are disallowed.
- (f) 31.205-6(m)(2) & 31.205-46(d): Personal use of a company asset (automobile) is disallowed.
- (g) 31.205-8 & 31.205-13(b): Contributions and gifts are disallowed.
- (h) 31.205-22: Lobbying costs, paid as a percentage of professional dues, are disallowed.
- (i) 31.205-20: Interest is disallowed.
- (j) 31.205-14 & 31.205-51: Costs for entertainment and alcoholic beverages are disallowed. (The entertainment cost principle supersedes all others.)
- (k) 31.201-4, 31.205-15, & 31.205-20: Disallowed late fees; Government-imposed fines and penalties; and credit card interest.
- (l) 31.205-36(b)(3): Related-party rent (not an arm's-length transaction) is limited to actual cost of ownership, net of interest and other unallowable items.
- (m) 31.202: Direct costs segregated and removed from indirect cost pool.