

CHAPTER 5/COST ACCOUNTING

TABLE 5-5. SAMPLE INDIRECT COST RATE SCHEDULE
(WITH FIELD RATE)

SAMPLE CONSULTING COMPANY, INC.
Statement of Direct Labor, Fringe Benefits, and General Overhead—with Field Rate
For the Year Ended December 31, 200x

Description	General Ledger Account Balance	Disallowed Costs	Notes	Proposed Company Wide	ALLOCATIONS			Percen to Field Office
					Proposed Home Office	Proposed Field Office	Notes	
DIRECT LABOR.....	\$ 1,950,501	\$ -		\$ 1,950,501	\$ 1,826,853	\$ 123,648	(m)	6.34%
FRINGE BENEFITS								
6300 Benefits: Bonuses.....	\$ 234,060	\$ (28,560)	(a)	\$ 205,500	\$ 193,000	\$ 12,500	(m)	
6310 Benefits: 401(k) - Employer's Contribution.....	97,525	-		97,525	91,254	6,27	(m)	
6320 Benefits: PTO (vacation, sick, and holiday).....	253,565	-		253,565	241,421	12,144	(m)	
6820 Insurance: Disability.....	58,515	-		58,515	54,805	3,71		6.34%
6830 Insurance: Life.....	21,846	(800)	(b)	21,046	19,712	1,33		6.34%
6840 Insurance: Medical.....	136,535	-		136,535	127,879	8,65		6.34%
6850 Insurance: Workers' Comp.....	15,799	-		15,799	14,797	1,00		6.34%
7500 Payroll Taxes: FICA and Med.....	180,421	-		180,421	168,982	11,439		6.34%
7510 Payroll Taxes: FUTA and SUTA.....	78,020	-		78,020	73,074	4,94		6.34%
TOTAL FRINGE BENEFITS.....	\$ 1,076,286	\$ (29,360)		\$ 1,046,926	\$ 984,924	\$ 62,002		
Note allocation of indirect labor to Home Office and Field Office.								
GENERAL OVERHEAD								
6700 Indirect Labor (G&A and support allocation).....	\$ 741,190	\$ (3,300)	(c)	\$ 737,890	\$ 681,482	\$ 37,760	(n)	5.25%
6700 Indirect Labor (field labor allocation).....						18,648	(m)	
6000 Advertising and Marketing.....	23,991	(6,750)	(d)	17,241	16,336	905		5.25%
6100 Automobile Expense.....	68,268	(13,580)	(e)	54,688	51,817	2,87		5.25%
6200 Bank Service Charges.....	9,75	-		9,75	9,24	512		5.25%
6400 Contributions and Gifts.....	14,629	(14,629)	(f)	-	-	-		5.25%
6500 Depreciation Expense.....	117,030	-		117,030	115,801	1,22	(o)	1.05%
6600 Dues and Subscriptions.....	16,189	(350)	(g)	15,839	15,007	832		5.25%
6800 Insurance: Automotive.....	15,409	-		15,409	14,600	809		5.25%
6810 Insurance: Business Liability.....	23,406	-		23,406	22,177	1,22		5.25%
6900 Interest Expense.....	36,084	(36,084)	(h)	-	-	-		5.25%
7000 Licenses and Permits.....	21,456	-		21,456	20,330	1,12		5.25%
7100 Maintenance and Repairs.....	97,135	-		97,135	92,035	5,10		5.25%
7200 Meals and Entertainment.....	19,310	(1,050)	(i)	18,260	17,301	959		5.25%
7300 Miscellaneous Fees, Fines, and Penalties.....	6,82	(6,827)	(j)	-	-	-		5.25%
7400 Office Expense: Cleaning.....	8,19	-		8,19	8,10	8	(o)	1.05%
7410 Office Expense: Postage and Delivery.....	4,48	-		4,48	4,43	4	(o)	1.05%
7420 Office Expense: Office Supplies.....	32,183	-		32,183	31,845	338	(o)	1.05%
7430 Office Expense: Other Office Expense.....	35,889	-		35,889	35,512	377	(o)	1.05%
7600 Personal Property Tax.....	42,911	-		42,911	42,460	451	(o)	1.05%
7700 Professional Fees: Accounting and Legal.....	30,428	-		30,428	28,831	1,59		5.25%
7800 Rent.....	180,049	(2,400)	(k)	177,649	175,784	1,86	(o)	1.05%
7900 Telephone.....	60,466	-		60,466	57,292	3,17		5.25%
8000 Utilities.....	29,472	-		29,472	29,163	309	(o)	1.05%
Direct Cost Recovery.....	-	(107,278)	(l)	(107,278)	(106,152)	(1,126)	(o)	1.05%
TOTAL GENERAL OVERHEAD.....	\$ 1,634,753	\$ (192,248)		\$ 1,442,505	\$ 1,363,407	\$ 79,098		
TOTAL FRINGE BENEFITS AND GENERAL OVERHEAD.....	\$ 2,711,039	\$ (221,608)		\$ 2,489,431	\$ 2,348,331	\$ 141,100		

INDIRECT COST RATE AS PERCENTAGE OF DIRECT LABOR.....	128.55%	114.11%
	Home Office	Field Office

FAR References & Notes:

- (a) 31.205-6(b)(2): Executive compensation in excess of reasonable amount is disallowed.
- (b) 31.205-19: Key-officers' life insurance is disallowed (beneficiary is company and/or officers).
- (c) 31.201-6(e)(2): Labor costs associated with advertising, entertainment, and other unallowable activities are disallowed.
- (d) 31.205-1: Advertising materials and costs are disallowed.
- (e) 31.205(m)(2) & 31.205-46(d): Personal use of a company asset (automobile) is disallowed.
- (f) 31.205-8 & 31.205-13: Contributions and gifts are disallowed.
- (g) 31.205-22: Lobbying costs, paid as a percentage of professional dues, are disallowed.
- (h) 31.205-20: Interest is disallowed.
- (i) 31.205-13 & 31.205-50: Entertainment is disallowed.
- (j) 31.205-15: Late fees, fines, and penalties are disallowed.
- (k) 31.205-11(f) & 31.205-36: Related party rent is limited to allowable cost of ownership.
- (l) 31.202: Internal allocation direct cost credit.
- (m) Field employee labor and fringe specifically identified.
- (n) Indirect general administrative and support labor less identified field portion is allocated.
- (o) Accounts allocated at a lower percentage to field offices—see facilities cost calculation in Table 5-6.