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Chapter 10. REIMBURSABLES

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10 – 01 PURPOSE

This chapter prescribes the policies to be followed by NOAA Line/Staff Offices (LO/SOs) in negotiating, obtaining approval, and performing work for sponsors outside of NOAA. This chapter is being revised in accordance with policies agreed to by the NOAA Reimbursable Work Group as a result of the NOAA Business Process Reengineering (BPR) effort. This chapter replaces the policies formerly set forth in the NOAA Budget Handbook, Chapter 2, Section 3, “Reimbursable Task Planning.”

NOAA cooperates with public and private agencies through reimbursable projects consistent with the need to carry out effectively and efficiently its authorized programs and the general policies of the Federal Government.

10 – 02 AUTHORITY

1. Appendix A contains some of the authorities which allow NOAA and cross-serviced agencies to receive funds from federal and non-federal entities.
2. NOAA Administrative Order 216-109 establishes NOAA policy for reimbursable research by NOAA laboratories, [NOAA Administrative Order 216-109](#) .

10 – 03 SCOPE

The provisions of this Chapter apply to all NOAA organizations and cross-serviced agencies which provide goods and services on a cost reimbursable basis to the public, private, and/or other Federal, state and local agencies.

10 – 04 GENERAL POLICIES

1. NOAA will only accept reimbursable work if it meets two conditions:
  - a. The necessary legal authority exists for performing the work; and

- b. The work can be performed without adversely affecting regular NOAA programs.

Work not related to the normal functions of NOAA may be accepted only if the following additional conditions are met:

- a. The project cannot be performed economically by the requesting federal agency with its own facilities or by government-wide service agencies, such as the Government Printing Office or the General Services Administration.
  - b. The performance of the project by NOAA is allowable by law or statute and is in the best interest of the Federal Government.
2. Reimbursable projects shall not be established and used for internal, NOAA-only purposes.
  3. Reimbursable projects in Fund Code (FC) 06 (advances) and 07 (no advances) shall consist of one sponsor, one agreement, one project code and one funding source. When possible, projects shall be used by only one LO/SO to preclude mixing federal and non-federal sponsors, audit issues, carryover issues, automated billing issues, and to help ease program management functions and avoid potential cost overruns. If two or more LO/SOs must use one reimbursable project, the initiating LO/SO must own the project and must take responsibility for the management and oversight of the project and for clearing any cost overruns. To the extent possible, projects in FC 96 and 97 (Reimbursable Sales/Fixed Fee) should follow the same policy.
  4. LO/SOs should consider the time of year when entering into new agreements with other federal sponsors. OGC must have new agreements by June 30 for review. Agreements and funding accepted after June 30 may not allow enough time for NOAA to obligate or expend the funding within the federal sponsor's funding availability, especially where a federal sponsor gives NOAA one year funding on an agreement.
  5. All NOAA staff dealing with reimbursable projects must take the training courses specified in Appendix B as soon as possible. NOAA has many federal sponsors, so it is crucial that applicable NOAA staff have the training necessary to understand and follow federal appropriations law as it applies to reimbursable work and funding. In addition, LO/SOs may request training from the Department of Commerce Office of General Counsel (OGC)
  6. Reimbursable work cannot be performed for another organization until a reimbursable project code has been established and pertinent approvals obtained.
  7. In the event a temporary work authority (TWA) is necessary, it is only valid for three months, with a possible 3 month extension to be approved by the Finance Office, for a total not to exceed 6 months. Reimbursable projects still operating on TWAs older than three months, or, with approved extensions, 6 months will be considered as overrun until a signed agreement is received by the Finance Office. Overrun projects may result in violations of the Anti-Deficiency Act, audit findings, and/or Inspector General Investigations, ([31 USC 1341](#)). OGC does not approve of TWAs, exceptions/justifications will be considered on a case-by-case basis, submitted in writing, by the Finance Office.

8. Reimbursable agreements with federal sponsors are non-advance unless authorized by a specific appropriation or other law, [\(31 USC 3324\)](#) and are billed quarterly; state and local government and institutions governed by states, e.g., colleges and universities shall include either advances or quarterly billing plans. These agreements should not include both advances and payment plans.
9. Non-federal sponsors (other than states and local governments and state sponsored institutions, e.g., colleges and universities) will make payment in advance of NOAA incurring costs, [\(OMB Circular A-11, Section 20-13\)](#). Non-Federal sponsors with approved Advance waivers will be billed quarterly.
10. Cost adjustments may only be made within the current fund code fiscal year. No prior year cost adjustments or adjustments of costs that have been billed/collected will be allowed without prior approval from the Finance Office Receivables Branch. The only exception to this policy will be clearing prior year cost overruns. If undocumented or improper adjustments are discovered, it is the program manager's responsibility to adjust to a direct project.
11. Waivers of overhead costs require legal authority and NOAA Budget Directors' approval. Overhead costs cannot be waived when using legal authorities that require full cost recovery.
12. Once the agreement or funding expires for projects in FCs 06 and 96, the advance amounts will be refunded to the sponsor or given to the Treasury as a miscellaneous receipt six months after the agreement or project expiration date. If any projects in FCs 07 or 97 have a positive cash balance (more collection than accrued cost), those amounts will be refunded to the sponsor or given to the Treasury six months after the agreement or project expiration date. [\(31 U.S.C. 1552 & 1553\)](#)
13. If the Finance Office identifies a project code where the costs exceed the available funding recorded in the financial system, they will notify the LO/SO. It is the LO/SO responsibility to remedy the situation within 30 days. Finance will not process any new funding documents for project codes with excess costs until the excess costs have been adjusted. Overrun projects may result in violations of the Anti-Deficiency Act, audit findings, and/or Inspector General Investigations, [\(31 USC 1341\)](#).
14. For federal sponsors, NOAA is limited to 5 years use of the funding once the sponsor's appropriation has expired. NOAA cannot collect from the sponsor 5 years after the appropriation expiration date. After that 5 year period, remaining undelivered orders must be deobligated, [\(31 U.S.C. 1552 & 1553\)](#)

#### 10 – 05 PAYMENT POLICY

Reimbursable agreements with Federal agencies are non-advance unless authorized by a specific appropriation or other law, [\(31 USC 3324\)](#) and are billed quarterly; state and local governments provide for payment either in advance or on a reimbursable basis. There shall be no mixing of advance and reimbursable payment plans in any reimbursable agreement due to audit issues.

Non-federal sponsors, other than states and local governments and institutions governed by states, e.g., colleges and universities, will make payment in advance of NOAA incurring costs, ([OMB Circular A-11, Section 20-13](#)). Advances for non-federal sponsors are handled in FC 06 and 96.

1. Advances and Waivers of Advance Payments

Some legal authorities require advance payment and those advances cannot be waived, such as the Special Studies authority, ([15 U.S.C. 1525](#)).

All non-federal sponsors will make payment in advance of the actual cost of the goods/services on an estimated basis. However, an advance payment incremental funding schedule may be established within the reimbursable agreement if the total estimated cost will exceed \$1,000,000 or the length of time to complete the work will exceed one year.

Advance payment from non-federal sponsors is mandatory unless a waiver is approved by the NOAA Budget Director (OFA3) in writing. Work performed without an advance payment for non-federal sponsors (other than states and state institutions) requires the head of the program office responsible for performing the work to fully justify the action and request, in writing, a waiver of the advance payment policy from NOAA's Budget Director, prior to accepting the reimbursable work. All non-federal reimbursable projects with an approved Advance waiver will be billed quarterly.

The request for a waiver of advance payment will be submitted by the LO/SO CFO to the NOAA Budget Director (OFA3) in the following sequence:

a. Before applying for any waiver, the credit and payment history of the new sponsor must be investigated to the maximum extent possible. LO/SOs should get a credit report, if available, and also contact the NOAA Finance Office Receivables Branch regarding their experience, if any, on the payment history of the proposed sponsor. Potential sponsors with poor credit or payment histories will not be considered for any new reimbursable work.

b. Submit waivers to the NOAA Budget Office, Budget Execution & Operations Division (OFA33), Division Chief, addressed to the NOAA Budget Director for review and transmission.

c. An approved/disapproved waiver is returned by the Budget Execution & Operations Division to the LO/SO CFO.

d. The LO/SO is responsible for submitting the approved waiver to the Finance Office.

LO/SOs do not have to apply for advance payment waivers for the following two categories of sponsors:

a. Consolidated data or product type sales to state and local governments and institutions that are governed by or controlled by a state (including colleges and universities).

NOAA organizations that extend credit under the authority of this policy are responsible for covering the full cost of the agreement from direct funding in cases of default. The carryover from prior year project codes will be adjusted to the new project codes used for that specific activity whenever a project conversion is required.

b. For both WIP (FC 06 and FC 07) and non-WIP (FC 96 and FC 97), reimbursable agreements with state and local governments, and institutions that are governed or controlled by a state (including state universities), where advanced payment is prohibited either expressly or by implication through a state statute or charter.

## 2. One Sponsor/One Agreement/One Project

NOAA policy is that there will only be one sponsor, either federal or non-federal, for each agreement, and only one agreement for each project code. This policy will make billing, carryover, financial statement reporting, and program management easier and more effective. In the past, LOs have used individual advance reimbursable project codes (FC 06 – WIP projects) as a mechanism for collecting money from multiple sponsors for a single project, sometimes mixing both federal and non-federal sponsors on the same agreement. This practice is no longer authorized for FC 06 (WIP projects) due to audit and financial statement reporting problems, mainly having to do with the inability to accurately reflect trading partners for government-wide elimination entries.

## 3. Task Codes

Some LOs have used task codes (other than P00) to track specific activity within a reimbursable project code. This practice is not recommended as a practical matter since Commerce Business System (CBS) reports and Finance coding processes are at the project code level (e.g., collections postings are made only at the project level).

## 4. Refunds of Expired Funding

Once the agreement/funding expires for projects in FCs 06 and 96, the advance amount(s) will be refunded to the sponsor or given to the Treasury as a miscellaneous receipt six months after the agreement or project expiration date. If any projects in FC 07 or FC 97 have a positive cash balance (more collection than accrued cost), those amounts will be refunded to the sponsor or given to the Treasury six months after the agreement or project expiration date. This practice will preclude audit findings and increase the accuracy of NOAA's financial statement reporting. See [\(31 U.S.C. 1552 & 1553\)](#) 5 year availability.

## 5. Billing and Collection

Billing for work accepted on a reimbursable basis shall be prompt and timely, and in accordance with the applicable project. All non-federal reimbursable projects with advance waivers and all federal reimbursable projects will have bills prepared and sent to the sponsor on a quarterly basis. Requests for exceptions/justifications to quarterly billing must be submitted in writing and approved by the NOAA CFO.

Full payment of bills by non-Federal sponsors must be received within 30 days from the invoice date. Failure to pay bills within 90 days from the invoice date requires cessation of all work under the reimbursable agreement until all outstanding bills related to the agreement are paid in full. Delinquent bills must be promptly resolved by the NOAA project manager and either canceled or paid before work can continue.

In order to facilitate analysis of delinquent reimbursable billings (accounts receivable), the Finance Office shall maintain appropriate “aging” records of delinquent accounts. If amounts due NOAA are not received within 30 days of rendering a bill, a follow-up notice will be sent 60 days from the invoice date. If payment is still not received within the next 30 days, a second follow-up notice will be sent 90 days from the invoice date and the project manager will be notified to assist in collecting the bill.

Delinquent non-advance bills on non-federal reimbursable projects not paid within 30 days (except bills for state and local governments) are subject to interest, penalties, and administrative charges and, if they remain unpaid for 180 days, may be referred to the Department of Treasury for debt collection at the discretion of the LOs. Uncollectible bills will be charged against the program office’s direct funds within six months of the bill’s due date. Ultimately, it is the project manager’s responsibility to assure that the bill is paid by the sponsor. [\(31 USC 3701\) \(CIRCULAR NO A-129 Revised, Appendix A Delinquent Debt\)](#)

All agreements should be through “billings” and should not include non-expenditure transfers (SF-1151) or appropriation allocation sub accounts, unless previous approval has been given from the NOAA Budget Office (OFA3).

Non-WIP projects in FC 96 and FC 97 do not represent the typical reimbursable agreement or Memorandum of Understanding/Agreement (MOU/A), where established sponsors are billed afterwards for products delivered or services rendered. Many of these projects are titled “Multiple Non-Federal Sponsors,” and transactions are often managed similar to over-the-counter sales. For projects in FC 96, the money must be collected or billed in advance for services or products (such as climatic data). For projects in FC 97, the Finance Office or the LO/SO bills the customer when the product or service is delivered, or shortly thereafter. Data sales, other types of sales, and special use projects fitting this category will be managed under the following guidelines:

a. Line Offices will establish new FC 96 (advance) or FC 97 (non-advance) project codes for any of the activities of the above nature. If applicable, new project codes will be cross walked from the old project codes used in the previous fiscal year so that prior year costs and collections will be recorded correctly. The carryover from prior year projects will be adjusted to the new project codes used for that specific activity.

b. Federal and non-federal customers should continue to be tracked separately by unique project codes to the extent possible. That is, every effort should be made to avoid mixing federal and non-federal activity on individual projects in FC 96 and FC 97 due to the potential audit and financial statement reporting problems.

## 6. Cost Adjustments

Cost adjustments may only be made within the current fund code fiscal year. No prior year cost adjustments or adjustments of costs that have been billed/collected will be allowed without prior approval from the Finance Office Receivables Branch due to audit, management, and billing/collection issues. The only exception to this policy will be clearing prior year cost overruns to direct projects. If undocumented or improper adjustments are discovered, it is the program manager's responsibility to transfer the costs to a direct project.

#### 7. Availability of Funding

NOAA's use of any federal sponsor's funding is generally subject to the same time period as the sponsor for obligation and expenditure purposes, unless the authorizing legislation provides otherwise. One year funds are available only for that specific fiscal year cited in the accounting (fund) citation of the sponsoring agency and expire for obligation purposes on September 30 for that fiscal year. OGC must approve exceptions for conducting activities and expending funds beyond the period of availability.

The accounting (fund) citation is made up of the agency code, fiscal year, and Treasury account symbol. For example, in the citation 13X1450, 13 is the Department of Commerce, X indicates no-year funds (funds available until expended) and 1450 is the Treasury symbol for the NOAA Operations, Research, and Facilities (ORF) fund. If the X were replaced by a 7/8, as in 137/81450, then it would mean the funds were appropriated in FY 2007 and expire for obligations on September 30, 2008. Agreement periods can exceed the funds availability period, so it is critical that LO/SO staff pay close attention to funding documents on projects having a federal sponsor.

Reimbursable projects should be limited to 5 years, ([31 U.S.C. 1552 & 1553](#)). Any extension past 5 years requires a new project code to be established in order to better manage reimbursable projects and to comply with appropriations law. For federal sponsors, NOAA is limited to 5 years use of the funding once the sponsor's appropriation has expired (e.g., if a sponsor's funding expired in 2005, remaining undelivered orders (UDO) could only be expended until 2010; after 2010, Treasury will no longer recognize the sponsor's appropriation, so NOAA will no longer be able to collect from the sponsor 5 years after the appropriation expiration date). However, NOAA can only use the funds for: (1) activities performed during the period of availability of the funds; and (2) for activities performed after the period of availability of the funds with OGC approval. Therefore, as a program management protocol, it is necessary to track outstanding UDOS on reimbursable projects, especially where the sponsor is another federal entity. After that 5 year period, remaining UDOS would have to be deobligated.

LO/SOs should contact the DOC Office of General Counsel for questions on the availability of funding provided by federal sponsors.

#### 10 – 06 RECOVERY OF FULL COSTS

It is NOAA policy to recover full costs, both direct and indirect, for performance of services for others, unless authorizing legislation provides otherwise. The concept of full cost recovery includes NOAA overhead surcharge (Object Class 7787, LO overhead surcharge (Object Class 7788), and FMC overhead surcharge (Object Class 7789). Appendix A lists the legislation which authorizes NOAA to enter reimbursable agreements. The following authorities

require full cost recovery: Special Studies authority, [15 U.S.C. 1525](#); Economy Act, [31 USC 1535](#); Intergovernmental Cooperation Act, [31 USC 6505](#).

Costs charged to a reimbursable project must not include charges for resources not actually used to accomplish the project. Normally, such costs should be officially recorded against the appropriate projects when the work is performed and the resources expended. If this is not possible or practical, accurate supporting documentation must be maintained upon which subsequent summary level transfers (cost adjustments) can be based. Note that these adjustments may be audited by the LO, the NOAA Finance Office, and the Office of Inspector General (OIG) through the independent contract auditors. This includes the recording and assignment of direct labor hours, and the cost of equipment, supplies, and other acquisitions to the benefiting project. All provisions of a reimbursable agreement must be adhered to. If equipment purchases are prohibited, the project manager must not record such costs against a reimbursable project. When equipment acquisition is authorized, the agreement should be as specific as possible as to types and costs. It is mandatory that the agreement provide for subsequent equipment disposition and ownership. Joint ownership is prohibited.

Assistant Administrators, or their designees, will make no commitment to waive any element of cost (direct or indirect) or pay increases or overruns, without the appropriate prior approval. The procedures for obtaining this approval are contained in Section 10-10, “Waivers of Overhead Costs.”

## 10 – 07 NEGOTIATIONS AND APPROVALS

Reimbursable work must have proper legal authorization. In many cases, authorization is provided under [31 USC 1535](#) the Economy Act of 1932, as amended. This Act establishes general policies regarding work performed for other federal agencies, except where there is special legislative authority. Funding made available under this authority retains the time-limiting characteristics for availability and expiration present in the federal sponsoring agency’s appropriation act(s). The funding must in turn be obligated by NOAA before that expiration time limit. The amount obligated is deobligated to the extent that NOAA has not incurred obligations before the end of the period of availability of the appropriation, in providing goods or services or contracting with another party to provide the goods or services. The Act requires full cost recovery.

Similarly, when reimbursable work is to be performed for state and local units of government, one authority is provided under [31 USC 6506](#), the Intergovernmental Cooperation Act of 1968, as amended in 1982. The Act permits federal departments and agencies to provide special or technical services to these entities upon written request and payment of all identifiable costs. Other authorities exist which authorize the provision of certain specialized services to private and international organizations, as well as foreign governments. The performing organization is responsible for ensuring that its reimbursable work is legally authorized. The Act requires full cost recovery.

The Special Studies authority, ([15 U.S.C. 1525](#)) (first paragraph), permits NOAA to provide, upon the request of any person, firm, or public or private organization (1) special studies on matters within the authority of the Department of Commerce, including preparing from its records special compilations, lists, bulletins, or reports, and (2) furnishing transcripts or copies of

its studies, compilations, and other records. These services and products can be provided only upon the payment of the actual or estimated costs of such special work. The authority requires full cost recovery.

The Joint Project Authority (JPA), ([15 U.S.C. 1525](#)) (second paragraph), permits NOAA operating units to enter into projects with nonprofit, research or public organizations (such as state and local governments) if the project is of mutual interest to the parties and the costs of the project are apportioned equitably. It is DOC policy that joint projects may be undertaken only if the project cannot be done at all or as effectively without the participation of the other party and the project is essential to further a DOC program.

1. Agreements and Letters of Intent

All proposed agreements will be reviewed and cleared by the DOC Office of General Counsel prior to any formal negotiations unless the requirement has been waived by the General Counsel in writing. An agreement may take the form of an exchange of correspondence, a contract, or a purchase order with documentary acceptance and must be in existence prior to the performance of work. Agreements should provide specifically for recovery of total cost; they should indicate that the amount or amounts of costs listed therein are estimated and that actual costs will be billed for the project.

Appendix C contains a cover sheet and a generic NOAA reimbursable agreement model and the New Interagency Agreement, the cover sheet is not required for the new IAA. The generic reimbursable model includes the minimum information necessary in a reimbursable agreement. The OGC web site, [http://www.ogc.doc.gov/gen\\_law.html](http://www.ogc.doc.gov/gen_law.html) contains model agreements required by specific legislation. If the OGC website includes a model for the specific legal authority to be used, then use the OGC model. For all other agreements, use the NOAA reimbursable agreement model or the New Interagency Agreement (IAA). Additional clauses and language may be required to be added to the NOAA reimbursable agreement model, depending on the authorities.

2. Temporary Work Authority (TWA) (limited to federal government during CR only)

TWA is a concept used to enable NOAA to respond quickly and without interruption to the needs of: (1) other federal government agencies; (2) other federal agencies with which NOAA has had long-standing, ongoing relationships. Acceptance of work based on a valid commitment of the other (sponsoring) agency's funds permits initiation (new project) or continuation of work (adding new funding to an existing project) pending the receipt of an official order or an amendment to an existing order. A valid commitment is a written document from a responsible official with budget authority in another federal government agency of that agency's intent to send NOAA an order to cover work that it has requested NOAA to undertake. There is some inherent risk in beginning work before firm contract documents are received, and it is possible that some negotiations will fail. Costs charged to any TWA where negotiations fail will be transferred to related appropriated funds.

Under normal conditions, every attempt should be made to get the written/signed agreement in place in advance of performing work and/or the beginning of a new fiscal year. That is, TWAs should be the exception to the rule and generally used for emergencies and legal

mandates. OGC does not approve the use of TWAs and FMS has indicated they do not want Federal Agencies to enter obligations without a written/signed agreement.

The following policies are designed to minimize the financial risks to NOAA:

a. New and continuing reimbursable projects may be authorized prior to the receipt of an official order on the basis of a written valid commitment (e.g., letter of intent, email from the sponsor, or unsigned agreement being reviewed by GC) after review and approval by the FMC/LO and FO. TWA requests must include: (1) a summary of the scope of work; (2) the period of performance; (3) accounting information; (4) Continuing Resolution number and/or law/statute; (5) agreement number.

b. For both new and continuing projects, the following policies apply:

1. TWA requests must come from LO CFO or designee. Typically, the designee is the LO Hq. Budget Office.
2. The project cannot be authorized for more than 25 percent of the estimated amount (may be based on prior history);
3. For projects beginning with the new FY, they will only be authorized for the first quarter of the fiscal year and will terminate at the end of the first quarter of the fiscal year unless a 3 month extension is approved by the FO in December.
4. For projects beginning mid-year, the same basic concept applies. TWA is granted for 3 months with a possible 3 month extension, except that TWA may not be had after June 30. The only exception would be for disasters/emergencies where NOAA is directed to assist. This exception must be justified in a memo to FO/AOD Division Chief for approval.

The FMC/LO and FO review all valid commitment requests.

A valid commitment that is older than three months for which a signed contract and/or funding document has not been received from the sponsor is reviewed by the FMC/LO and FO. In order to receive an extension (not to exceed 3 months), the FMC/LO must verify the status of the commitment and reaffirm to FO that NOAA appropriated funds are available to cover costs if the valid commitment should fail to materialize. If the FMC/LO cannot provide adequate assurance that a contract is forthcoming, the reimbursable project will be terminated and the work discontinued immediately. All TWAs expire at the end of 6 months (maximum). If an agreement has not been executed during the 6 month TWA period, the reimbursable project will be terminated and the work discontinued immediately.

Financial responsibility for costs incurred under valid commitments rests with the FMC/LO. In the event that an order is not forthcoming to cover costs incurred under a valid commitment, those costs will be charged to NOAA appropriated funds by way of a summary level transfer (SLT). The SLT is required as soon as it is discovered that an order is not forthcoming. Not adhering to this request will result in an audit finding.

### 3. Cost-Sharing Agreements

For a project involving proportional participation in the total cost, the project manager must begin the planning process by planning the total cost of the project as a whole, regardless of the source of funding. The direct portion (NOAA's share of the cost) will be included in the initial direct program plan in accordance with the basic budget operating plan procedure. The reimbursable portion will be entered on a single project plan.

The division of costs described in the previous paragraph will be determined by the application of the proportions for direct and reimbursable funds to each of the elements of the total plan. The agreement covering the project must specify the individual proportions (percentage and dollars) of the total cost to be borne by each agency, including NOAA, and the total planned output (e.g., navigational charts).

## 10 – 08 RESPONSIBILITIES FOR REIMBURSABLE PROJECT PLANNING

### 1. Cost Control

Project managers are responsible for assuring that costs do not overrun the funding document. A cost overrun is defined as (a) cost in excess of the funding document or (b) cost incurred after project expiration. The true test for determining a cost overrun is when the sponsor refuses to pay based on either scenario.

When it is apparent that reimbursable projects cannot be accomplished within available resources, either time or funding, project managers will negotiate with sponsors to ensure the availability of additional time and/or funds prior to the completion or expiration of the project. Overrun projects may result in violations of the Anti-Deficiency Act, audit findings, and/or Inspector General Investigations, ([31 USC 1341](#)).

The Finance Office will bill and attempt to collect for all costs up to the funding document unless there is a written waiver approved by the Budget Office Director (OFA3) or the agreement was negotiated for a fixed price. If the sponsor does not pay for the cost overrun within 180 days, this portion of the bill will be charged to the program office's direct funds. LO/SOs are responsible for establishing the necessary controls in their FMCs to preclude cost overruns on projects under their cognizance. Not adhering to this request will result in an audit finding.

If the Finance Office identifies a project where the costs exceed the available funding recorded in the financial system, they will notify the LO/SO. If the LO/SO doesn't remedy the situation within 30 days the Finance Office will not process any new agreements in the Commerce Business System (CBS) to preclude further charges or obligations until the matter is resolved. If the project code is still needed for the next fiscal year(s), or if only one fund code fiscal year combination on a given project code is overrun, then a new project code must be established between June 30 and September 30 of the current fiscal year for use in the next fiscal year(s), and the overrun project code will be deactivated. This procedure is necessary due to system limitations of the CM004. It only works at the project code level, not at the lower fund code fiscal year level within a project code.

## 2. Submission of Checks for Deposit

Agreements must be written in accordance with available templates so that all checks for reimbursable projects are sent to NOAA's lockbox for deposit. Sponsors should not send checks directly to LO/SOs. NOAA's reimbursable lockbox address is:

U.S. Department of Commerce – NOAA  
Receipts for Reimbursable Projects  
P.O. Box 979008  
St. Louis, MO 63197-9000

The exception to this procedure will be reimbursable checks received by the National Climatic Data Center, Asheville, North Carolina, and the National Geophysical Data Center, Boulder, Colorado. Such checks will be deposited at these designated locations.

LO/SOs should send any checks for reimbursable projects mistakenly sent to LO/SOs to the Finance Office at the following address:

U.S. Department of Commerce – NOAA  
ATTN: Check Log  
20020 Century Boulevard  
Germantown, MD 20874

## 3. Project Management

The project manager is responsible for overall supervision and coordination of reimbursable projects. They are sometimes NOAA's representative in negotiations with the sponsor. They act as coordinators for performing work on the project and as the project contact for the Finance and Budget Offices, and any other administrative organizations in NOAA.

Proposals for reimbursable projects made to NOAA are referred to the appropriate project manager after determining if the proposals are consistent with legislative authority, NOAA policy, and the general requirements for acceptance of reimbursable work as stated in other parts of this Chapter. The project manager must then determine who should participate in the proposed project work and what their allocation of work and responsibility should be.

## 4. Carryover

Auto carryover is processed on the first business day of November. The CBS Reimbursable Agreements module has the capacity to perform an automated carryover process on WIP projects only. All non-WIP project types must use the manual carryover process. In order for LOs to accurately gauge carryover, they must maintain complete files of all of their individual reimbursable projects, along with up to date collection and billing activity as seen on various Data Warehouse reports (e.g., AR540D CAMS-CFS Collection Amount by Project Report; RA500D Reimbursable Project Status Billing Report). Once carryover has been completed for both WIP and non-WIP projects, any adjustments are considered current year adjustments aside from carryover.

## 10 – 09 WAIVERS OF OVERHEAD COST

Some legal authorities require full cost recovery and overhead charges under those authorities cannot be waived, such as the Economy Act, ([31 USC 1535](#)) and the Special Studies authority, [15 U.S.C. 1525](#).

Since it is NOAA policy to recover total costs, the waiving of any overhead cost associated with reimbursable work is only authorized with the prior approval of the NOAA Budget Director (OFA3), except as may be provided in this section. An approved waiver is applicable to the entire project for both billing and reimbursable earnings. A single direct project number must be agreed upon by the primary FMC and the NOAA Budget Office, Execution & Operations Division (OFA33) for assignment of waived costs as each FMC must use its direct appropriations to fund approved waivers.

Costs eligible for waiver depend on the reimbursable agreement's legal authority. Costs eligible for waiver as prescribed above include:

- a. Those distributed costs that make up NOAA support (i.e., NOAA overhead surcharge, Line Office overhead surcharge, and Office overhead surcharge). Requests for waivers for work in non-NOAA sites must be limited to 60% of any rates in effect.
- b. Depreciation distributed directly to a reimbursable project will only be waived when the equipment used for that particular project is provided by the sponsor. GSA rent will normally be waived only if the services are performed in facilities not provided by or owned by NOAA.

Requests for waivers of distributed costs must be fully justified in writing. Waivers should be submitted prior to negotiating the agreement, if practical, otherwise the waiver will be submitted directly after the agreement is negotiated and prior to requesting a project code. All requests for waivers will include the amount requested to be waived. In addition, the request must contain a direct project number to which the waived costs will be charged. Requests for waivers are required to be submitted for all revised agreements and for all modifications to the agreements. Yearly updates of direct project offsets will be required by and must be submitted to the Finance Office by November 30<sup>th</sup> each year in order to continue waiving cost in the new fiscal year. LO/SO submits the approved waiver as part of the signed RA package to Finance.

Requests for waivers of NOAA support, directly charged depreciation, and GSA rent should be directed according to the following distribution for review and approval:

- a. Submit waiver letters to the NOAA Budget Office, Budget Execution & Operations Division (OFA33), Division Chief, addressed to the NOAA Budget Director (OFA3) for review and transmission.
- b. The NOAA Budget Office will return an approved/disapproved waiver to the LO/SO.
- c. The LO/SO is responsible for submitting the approved waiver to the Finance Office.

If disapproved, the package is returned to the LO/SO for renegotiation with the sponsor. If approved, the Budget Office notifies the LO/SO which will then notifies the project manager. The project manager will then draw up the proposed agreement with the sponsor.