



**UNITED STATES DEPARTMENT OF COMMERCE**  
**International Trade Administration**  
Washington, D.C. 20230

**ITA Accounting Memorandum 2008-06**

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MEMORANDUM FOR: Program Managers and Resource Coordinators

FROM: *Catherine Roberts*  
Catherine Roberts, Director of Accounting and  
Financial Systems

SUBJECT: Actual Cost Recovery under Reimbursable Agreements

It is the policy of the International Trade Administration (ITA) that program areas recover the actual cost of goods and services provided under reimbursable agreements. This Accounting Memorandum rescinds ITA Accounting Memorandum 2006-02, dated December 5, 2005, and updates previous guidance on determining costs to be recovered.

Under the authority of the Economy Act, the International Trade Administration (ITA) enters into a number of agreements with other Federal organizations, including other Department of Commerce components, to receive or provide goods and services. The Economy Act stipulates that a provider should recover the actual cost associated with providing goods and services. Most agreements under which ITA provides goods and services include provisions for recovery of readily identifiable out-of-pocket costs such as contractor and vendor costs and travel and transportation. The agreements usually do not provide for recovery of certain direct costs such as the basic pay of personnel or indirect costs such as employee fringe benefits or overhead. These costs are material in amount and under the Economy Act should be recovered. The following addresses the approach to determine the costs of basic pay, fringe benefits, and overhead to be recovered under reimbursable agreements.

**Basic Pay and Fringe Benefit Costs**

In instances where specific staff members who will provide services under an agreement are known, basic pay and fringe benefit cost data by individual staff member are available in the ITA Labor Cost Report by Employee. In instances where career series and pay grades have been determined but specific staff members have not been identified, the mid-range of the pay grade, e.g., GS-14, Step 5, should be used. An overall ITA fringe benefit rate can be calculated using summary data from the ITA Employee Labor Cost Report. Both of these reports are available at the NIST-CBS Reports Portal.



## Overhead Costs

While there are several approaches to determining an ITA overhead rate, a simple, easy-to-use approach is to use the overhead rate established by the Office of Management and Budget (OMB) in OMB Circular A-76, *Performance of Commercial Activities*. To ensure consistency in determining the costs of Federal activities for the public-private sector comparisons, OMB has established an overhead rate of 12% of total personnel costs, including fringe benefits. This overhead rate should be used for all ITA reimbursable agreements.

If you have any questions, or require additional information, please contact me at 202-482-3153 or at [Catherine.Roberts@mail.doc.gov](mailto:Catherine.Roberts@mail.doc.gov).

Cleared:

  
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Jim Donahue, Deputy Chief Financial Officer

