INCURRED COST ELECTRONICALLY (ICE) MANUAL

TABLE OF CONTENTS – VERSION   2.0.1h

SECTION A - INTRODUCTION

NOTE: Please ensure you are using the latest version of ICE when preparing your incurred cost submittal (see **www.dcaa.mil**).

NOTE: The ICE Model is not protected since contractors may need to make revisions to the model in order to properly reflect their accounting practices. However, when making changes, please do not change the names of any existing worksheets or delete entire columns or rows on existing worksheets.

A.1. Purpose

To provide contractors with a standard user-friendly ICE submission package that will enable them to submit adequate incurred cost proposals in accordance with FAR 52.216-7,"Allowable Cost and Payment" (See Appendix 1).

The ICE model contains a **Setup** worksheet that allows contractors to customize the workbook to match their disclosed accounting practices. However, additional customization may be necessary to ensure the submission follows a contractor's disclosed practices.

When preparing the incurred cost submission a contractor should only complete schedules that are applicable to its disclosed accounting practices.

A.2. Benefits of Using ICE

Some of the many benefits that will result from the use of the model are detailed as follows:

- Includes all required schedules under FAR 52.216-7 and provides optional schedules for the contractor's convenience.

- Provides a means to increase efficiency as evidenced by savings in both hours and elapsed days for the contractor and the auditor.

- Results in less interruption of the contractor's work schedule.

- Promotes up-front contractor and DCAA interaction and improves communications.

- Provides for a better understanding of the audit requirements due to increased involvement in the audit process.

- Results in an inventory of electronic files that can easily be updated for subsequent years' submissions.

- Permits updating either manually or by electronically importing data.

- Serves as a useful tool for comparing historical cost data and for analyzing indirect costs.

A.3. Software/Hardware Requirements.

- The ICE model was developed using Microsoft Office 2003 software (Word and Excel) running on the Microsoft Windows XP Professional operating system. However, ICE was tested and operates properly on Microsoft Excel 2000 (or newer) software running on Microsoft Windows XP, Vista, or Windows 7 (32-bit) operating systems.

- Personal computer with a Pentium or higher processor.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section A – Introduction

- Hard-disk space required: 4.5 MB for empty ICE Model, Demo, and documentation; additional space will be required depending on size of support files.

- Suggested resolution of 1024 x 768 or higher.

- Mouse or compatible pointing device.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section B – ICE Software

The ICE Software Package contains the following word processing document and electronic spreadsheet files.

B.1. Word Processing Document

ICE MANUAL.doc: The ICE Instruction Manual provides the following information: general information on submitting electronic incurred cost submissions, description of the ICE software applications package, user instructions, and appendices.

B.2. Spreadsheet Files

      a. ICE_Demo.xls (Demo File): The ICE_Demo spreadsheets are completed electronic versions of the "Model Incurred Cost Proposal" schedules found in Chapter 6 of the Defense Contract Audit Agency Pamphlet (DCAAP) 7641.90, Information for Contractors, dated January 2005. ICE_Demo.xls contains a Table of Contents that is linked to all schedules.

      b. ICE_Model.xls (User File): The ICE_Model spreadsheets are ready-for-input electronic versions of the "Model Incurred Cost Proposal" schedules found in Chapter 6 of the Pamphlet 7641.90 Information for Contractors, dated January 2005. ICE_Model.xls contains a Table of Contents that is hyperlinked to schedules where applicable. The contractor converts its trial balance/general ledger and contract cost accounting data files into Excel files or ASCII/Text files to be imported into Excel. Once in Excel format, the data can be copied into the appropriate worksheets in ICE_Model.xls.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section C – ICE Model Incurred Cost Submission

C.1 Background

The "Allowable Cost and Payment" clause (FAR 52.216-7) requires that the contractor prepare a proposal together with supporting data within 6 months after the end of its fiscal year and identifies the schedules that should generally be included in an adequate indirect cost rate proposal. To assist contractors in meeting this requirement, this manual presents DCAA's electronic model incurred cost proposal.

Note: depending upon the size of the firm, complexity of the accounting system, and type of business, some of the information contained in the schedules may not be necessary to perform the audit. Specific requirements should be coordinated with the cognizant DCAA field audit office.

The ICE model can be customized to accommodate:

- a G&A rate (value-added or total cost input),

- up to five final overhead pools (with labor dollars as an allocation base),

- a material handling pool (with material and/or subcontract dollars as an allocation base),

- a fringe pool (as either an intermediate allocation or a final rate),

- up to six intermediate pools (ex. Occupancy), and

- up to seven cost of money rates.

The ICE model can also be customized so the contractor can provide a breakout by expense for each department if expenses are available by department (e.g., President's Office, Marketing Department for G&A; Fabrication, Assembly/Test for overhead). Customization is accomplished through the **Setup** worksheet.

DCAA prefers that contractors include an index similar to that used in the model incurred cost proposal for each year submitted. If certain schedules are not applicable, the contractor should so note on the index.

In addition to the data presented in the schedules, DCAA will request the information presented in Section C.3, Outline of ICE Cost Model Schedules, on the page entitled "Supplemental Model Incurred Cost Proposal Information." Contractors should identify this information when preparing the submission in order to make the process as fast and efficient as possible.

The company name and fiscal period should be included on all schedules submitted. The electronic ICE file containing the schedules and word processing documents should be included with the proposal.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section C – ICE Model Incurred Cost Submission

C.2. Workbook Description

The Workbook's Table of Contents (TOC) is linked to all Schedules. **Schedules A through O are generally the required schedules for the incurred cost proposal however, depending on your accounting practices you may not need all schedules** (i.e. if your company does not have any intermediate pools then you will not be completing Schedule D since this schedule is used to provide details of intermediate pool costs).

Optional schedules are also included, which provide the following:

Schedule F-1	Convenient format for contractors to calculate the average net book value (NBV) of assets for the subsequent calculation of cost of money (COM) on Schedule F.
Schedule G-1	Additional reconciliation between the books of account/general ledger and the job cost-ledger.
Suppl A-1 to A-4	Comparative analysis of indirect cost pools and direct costs from the prior period to the claimed submission.
Supplemental **B**	General Organizational Information and Compensation for Certain Contractor Employees per FAR 31.205-6(p)
Supplemental C	Identification of Prime Contracts Under Which the Contractor Performs as a Subcontractor
Supplemental O	Briefing contracts

The Workbook has tabs/worksheets labeled with their functional or schedule name. The tabs are color-coded to match various section-colors on the Setup tab (Setup is the tab where you customize ICE to reflect your accounting system). Hyperlinks have been conveniently placed throughout the ICE_Demo.xls and ICE_Model.xls to facilitate navigation within the Workbook. Refer to Section D.7, Model Sample Schedules, on how to activate Hyperlinks. A brief summary describing how to create Hyperlinks is included as Appendix 3, ICE Tips for Spreadsheet and Word Documents. Appendix 3 also provides instructions on how to use Vertical Lookup (VLOOKUP).

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section C – ICE Model Incurred Cost Submission

C.3. The ICE Cost Model Schedules

The default ICE workbook contains the schedules listed below.

The ICE model contains a **Setup** worksheet that allows contractors to customize the workbook to match its disclosed accounting practices. However, additional customization may be necessary to ensure the submission follows a contractor's disclosed practices.

> **When preparing the incurred cost submission a contractor should only complete schedules that are applicable to its disclosed accounting practices.**

The actual schedules that are displayed in the ICE workbook will depend on how the **Setup** worksheet is completed

MODEL INCURRED COST PROPOSAL
FISCAL YEAR ENDED XX/XX/XXXX

Schedule A	Summary of Claimed Indirect Expense Rates
Schedule B	General and Administrative (G&A) Expenses (Final Indirect Cost Pool)
Schedule C	Final Indirect Cost Pool
Schedule D	Intermediate Indirect Cost Pool
Fringe	Fringe Expenses
Schedule E	Claimed Allocation Bases
Schedule F	Facilities Capital Cost of Money Factors Computation
Schedule G	Reconciliation of Books of Account and Claimed Direct Costs
Schedule H	Summary Schedule H of Direct Contract/Subcontract Costs
Schedule H	Schedule of Direct Costs by Contract/Subcontract and Indirect Expense Applied at Claimed Rates
Schedule H-1	Government Participation in Indirect Expense Pools
Schedule I	Schedule of Cumulative Direct and Indirect Costs Claimed and Billed
Schedule J	Subcontract Information
Schedule K	Summary of Hours and Amounts on T&M/Labor Hour Contracts
Schedule L	Reconciliation of Total Payroll to Total Labor Distribution
Schedule M	Listing of Decisions/Agreements/Approvals and Description of Accounting/Organizational Changes
Schedule N	Certificate of Final Indirect Costs
Schedule O	Contract Closing Information for Contracts Completed in this Fiscal Year

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section C – ICE Model Incurred Cost Submission

The following Schedules and information are not required for submittal of an adequate proposal; however, the information will be required to complete the audit. ICE contains Supplemental Schedules A-1, A-2, A-3, A-4, B, C, and O that can be utilized by the contractor to provide information as noted below:

SUPPLEMENTAL MODEL INCURRED COST PROPOSAL INFORMATION

1. Comparative analysis of indirect expense pools detailed by account to prior fiscal year and budgetary data can be provided on the following schedules:

    a. Supplemental Schedule A-1 – Overhead

    b. Supplemental Schedule A-2 – G&A

    c. Supplemental Schedule A-3 – Intermediate Pool Costs

    d. Supplemental Schedule A-4 – Direct Costs

    These schedules may be used for comparison of prior year actual costs; however comparative analysis of budgetary data will also be required by the auditor.

2. Supplemental Schedule B - Compensation for Certain Contractor Employees per FAR 31.205-6(p).

3. Supplemental Schedule C - Prime Contracts Under Which the Contractor Performs as a Subcontractor.

4. Supplemental Schedule O - Contract Briefs.

5. List of ACOs and PCOs for each flexibly priced contract.

6. Identification of and information on prime contracts under which the contractor performs flexibly priced effort as a subcontractor.

7. List of work sites and the number of employees assigned to each site.

8. Description of accounting system.

9. Procedures for identifying and handling unallowable costs.

10. Certified financial statements or other financial data (e.g., trial balance, compilation, review, etc.).

11. Management letter from outside CPAs concerning any internal control weaknesses.

12. Actions that have been and/or will be implemented to correct the weaknesses described in number 11 above.

13. List of internal audits or other types of audits or studies performed by other than DCAA in this fiscal year.

14. Annual internal audit plan of scheduled in process but not issued audits in this FY.

15. Federal and state income tax returns (Schedule R).

16. SEC 10-K report.

17. Minutes from Board of Directors meetings.

18. Listing of Delay and Disruptions and Termination Claims submitted which contain costs relating to the subject fiscal year.

19. Contract Briefings – (Schedule S) Contract briefings generally include a synopsis of all pertinent contract provisions, such as, contract type, contract amount, product or service(s) to be provided, applicable Cost Principles, contract performance period, rate ceilings, advance approval requirements, precontract cost allowability limitations, contract limitations, and billing limitations. A typical format for the briefings is shown on Schedule S. A contractor need not use the example form if the information is already generated and available within its automated accounting or billing systems.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

D.1.   Step 1 – QuickStart Instructions

- The **QuickStart Instructions** worksheet provides a "within the workbook" overview on how to complete the Setup worksheet. Detailed instructions on completing the Setup worksheet are listed below.

D.2.   Step 2 – Setup

The **Setup** worksheet allows contractors to customize the workbook to match its disclosed accounting practices. However, additional customization may be necessary to ensure the submission follows a contractor's disclosed practices.

> **When preparing the incurred cost submission, a contractor should only complete schedules that are applicable to its disclosed accounting practices.**

The *General Information* section of the **Setup** worksheet is where the contractor inputs the company name, address and the date of the fiscal year end for the incurred cost submission being prepared. This information is then carried forward to the appropriate schedules in the ICE workbook.

General Information:	
Company Name:	Enter Company Name Here
Company Location:	Enter Company Location Here
Fiscal Year End Date:	mm/dd/yyyy

The *Accounting Practices* section on the **Setup** worksheet is where a contractor is asked to select accounting practices that reflect the contractor's own disclosed accounting practices.

Accounting Practices (Check all that apply):

- ☐ Value-added G&A base is used instead of Total Cost Input
- ☐ Final indirect pool costs are accumulated by Department
- ☐ There is a final indirect pool with Material/Subcontracts costs as an allocation base
- ☐ There is a separate pool to allocate fringe costs

NOTE: If the option to use a final indirect pool with Material/Subcontract costs as an allocation base is selected, and you claim Cost of Money on this base, please see the related note regarding the setup of Cost of Money in the instructions for Sched F.

Brief descriptions of each option are provided below. **For more detailed description see Example #1 and Example #2 below.**

Value-Added G&A Base – By default ICE assumes a Total Cost Input (TCI) base. If your accounting practices allocate G&A over a Value-Added base select this option.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

Final Indirect Pools accumulated by Department – ICE provides the capability to specify costs by department when developing the G&A pool (Sched B) and Final Indirect Pools (Sched C (1) – Sched C (6) if applicable). If you accumulate costs by department (aka Cost Center) select this option. Additional columns will then be available on the Setup tab to allow you to specify department names. Each pool may have up to 5 departments (Note: if you use departments but have more than 5 departments in a specific pool simply combine the least cost-significant departments and enter their combined cost in the space provided for the 5th department on the appropriate schedule (B or C (x)).

Final Indirect Pool with Material/Subcontract Cost as Base – Primary indirect pools in ICE are configured to use direct labor as their allocation base however ICE does provide for one primary pool that uses material and/or subcontract cost as the allocation base. If your accounting structure has a pool that is allocated over material and/or subcontract costs (i.e. material handling pool), then select this option and ICE will display a material-based pool on the setup sheet. **NOTE**: If the option to use a final indirect pool with Material/Subcontract costs as an allocation base is selected, and you claim Cost of Money on this base, please see the related note regarding the setup of Cost of Money in the instructions for Sched F.

Separate Pool to Allocate Fringe – ICE provides support for up to one Fringe pool which may be allocated one of two ways (i) entirely to indirect pools similar to an intermediate allocation or (ii) direct to contracts based on direct labor dollars and indirect to pools based on indirect dollars. If the second option is applicable you may also elect to have fringe on direct labor included in the applicable overhead base.

Select the number of pools/rates:	
0	Number of Indirect Pools with labor dollars as an allocation base
0	Number of Intermediate Pools
0	Number of Cost of Money rates

The *Select the Number of Pools/Rates* section on the **Setup** worksheet is where a contractor is asked to identify how many, if any, final indirect pools (excluding G&A which appears in ICE by default), intermediate pools, and cost of money rates are used. **NOTE**: If the option to use a final indirect pool with Material/Subcontract costs as an allocation base is selected, and you claim Cost of Money on this base, please see the related note regarding the setup of Cost of Money in the instructions for Sched F.

The only default pool/rate included in the ICE Model is G&A. To input the appropriate number of pools/rates, the contractor should select the cell containing the number adjacent to the type of pool or rate and then either select the correct number from the drop-down list or manually type the number in the cell. The <u>maximum</u> number of pools/rates that the ICE Model is set up work with is as follows:

Pool/Rate	Maximum Number
Final Indirect Pools*	5
Intermediate Pools	6
Cost of Money Rates	7

*NOTE: The allocation base for each of these five pools is ***direct labor dollars***. Overhead pools for Material/Subcontract and Fringe are identified in the *Accounting Practices* section of the **Setup** worksheet and, if selected there, should not be included in the number of pools for this section of **Setup** worksheet.

 The number of pools/rates selected in the *Select the Number of Pools/Rates* section determines how many pools/rates are displayed in the *Pool Information* section.

Contractors should ensure that the responses accurately reflect their disclosed accounting practices as an incorrect response can result in erroneous calculations and may display schedules that are not applicable.

Once the first three sections of the **Setup** worksheet have been completed, the contractor should then complete the *Pool Information* section. Examples are provided on the following pages.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

Example #1:

General Information:	
Company Name:	XYZ Corporation
Company Location:	Anywhere, USA
Fiscal Year End Date:	3/31/1997

Accounting Practices *(Check all that apply)*:

☑ Value-added G&A base is used instead of Total Cost Input

☐ Final indirect pool costs are accumulated by Department

☑ There is a final indirect pool with Material/Subcontracts costs as an allocation base

☐ There is a separate pool to allocate fringe costs

> See Note in ICE Manual regarding Cost of Money pool/rates when the option for a final indirect pool with Material/Subcont as base is selected

Select the number of pools/rates:

1	Number of Indirect Pools with labor dollars as an allocation base
0	Number of Intermediate Pools
7	Number of Cost of Money rates

> Edit the pool names – both long and short -- to reflect their actual names

Pool Information:

Category Used?	Pool Name (if category is used provide a descriptive name for this category (i.e. Engineering Pool))	Short Name (up to 10 characters)
Primary Indirect Pools:		
Yes	General and Administrative (G&A) Expenses	G&A
Yes	Overhead	O/H
Yes	Material Handeling	Matl
Base Includes:	○ only Material ○ only Subcontracts ● both Material & Subcontracts	
Facilities Capital Cost of Money:		
Yes	Cost of Money G&A	COM_G&A
Yes	Cost of Money Overhead	COM_OH
No	Cost of Money-2	COM-Pool-2
No	Cost of Money-3	COM-Pool-3
No	Cost of Money-4	COM-Pool-4
No	Cost of Money-5	COM-Pool-5
Yes	Material	COM_Matl

> Be sure to select appropriate option

In the example #1, the contractor has indicated in the *Accounting Practices* section that:

- *Value-added G&A base is used instead of Total Cost Input.* Checking this box affects the computation of G&A, but does not change the display under the *Pool Information* section.

- *There is a final indirect pool with Material/Subcontracts costs as an allocation base.* Checking this box will display a row in the appropriate section under *Pool Information* for a final indirect pool where material/subcontract costs are used as an allocation base.

Option buttons are also displayed to allow the contractor to specify what costs are included in the base (only material, only subcontracts, or both material and subcontracts). ***Be sure to select the appropriate option button or calculations may be incorrect.*** **NOTE**: If the option to use a final indirect pool with Material/Subcontract costs as an allocation base is selected, and you claim Cost of Money on this base, please see the related note regarding the setup of Cost of Money in the instructions for <u>Sched F</u>.

Also in example #1, the contractor has indicated in the *Select the Number of Pools/Rates* section it has one final indirect pool with labor as the base and seven cost of money rates (actually, only three COM rates will be used but see <u>COM Note</u> explaining why seven COM rates was selected in this scenario). In the *Pool Information* section, rows for the final overhead pool and the cost of money rate are displayed. The contractor should edit the default names of the pools and rates by selecting the pool name cell in the appropriate column and typing in the correct name. Both long and short names are used.

Example #2:

General Information:

Company Name:	XYZ Corporation
Company Location	Anywhere, USA
Fiscal Year End Da	3/31/1997

Accounting Practices *(Check all that apply)* :

☐ Value-added G&A base is used instead of Total Cost Input

☑ **Final indirect pool costs are accumulated by Department**

☐ There is a final indirect pool with Material/Subcontracts costs as an allocation base

☑ There is a separate pool to allocate fringe costs

Select the number of pools/rates:

1	**Number of Indirect Pools with labor dollars as an allocation base**
1	**Number of Intermediate Pools**
2	**Number of Cost of Money rates**

Pool Information:

				Dept Used?	Department Name	Name (Up to 6 Chars).
Edit the pool and department names – both long and short -- to reflect their actual names		ide a descriptive Pool))	(up to 10 characters)			
Primary Indirect Pools:						
Yes	General and Administrative (G&A) Expenses		G&A		*G&A Departments:*	
				Yes	Marketing	Dept1
				Yes	Controller	Cont
				Yes	Persident	Pres
				No	Department-4	Dept4
				No	Department-5	Dept5
Yes	Overhead		O/H		*O/H Departments:*	
				Yes	Fabrication	Dept1
				Yes	Assembly	Assy
				Yes	Manufacturing	Mfg
Be sure to select appropriate options				No	Department-4	Dept4
				No	Department-5	Dept5
Fringe:						
Yes	Fringe Pool		Fringe			
	○ Fringe is only an intermediate allocation					
	⦿ Fringe is applied as a final rate					
	☑ Include Fringe on Direct Labor in the applicable overhead base?					
Intermediate Pools (Pro-rates):						
Yes	Occupancy		Occ			
Facilities Capital Cost of Money:						
Yes	Cost of Money G&A		COM_G&A			
Yes	Cost of Money Overhead		COM_OH			

In example #2, the contractor has checked the following in the *Accounting Practices* section:

- *Final indirect costs are accumulated by department.* The ICE model supports up to five departments within G&A and within each final indirect pool. Checking this box will display five department rows under G&A and each final indirect pool under the *Pool Information* section. If the department option is selected then each final indirect pool must have at least one department. That is why the default "*Dept used?*" setting is set to "Yes" for the first department under each final indirect pool. The user must change

"*Dept used?*" setting from "No" to "Yes" for each additional department under G&A and each final indirect pool if additional departments are used to accumulate costs. The user should edit each department's name to provide both a long and a short name. **Note**: If your accounting structure has more than five departments comprising either G&A or any final indirect pool, on the Setup sheet simply specify the four most cost significant departments and name the 5th department "Other". Then when inputting cost data on Sched B, C(x), etc., combine the least cost-significant departments and enter the combined account totals under the column for department "Other".

- *There is a separate pool to allocate fringe costs.* Checking this box will display a row in the appropriate section under *Pool Information* for a pool to allocate Fringe costs. Option buttons are also displayed to allow the contractor to specify whether Fringe is an intermediate allocation or applied as a final rate. If the latter option is selected a checkbox is displayed where the contractor can indicate whether Fringe on direct labor should be included in the base for the applicable overhead. ***Be sure to select the appropriate options or calculations may be incorrect.***

Also in example #2, the contractor has indicated in the *Select the Number of Pools/Rates* section it has one final indirect pool, one intermediate pool and two cost of money rates. In the *Pool Information* section, rows for the final overhead pool, intermediate pool and the two cost of money rates are displayed. The contractor can edit the default names of the pools and rates by selecting the pool name cell in the appropriate column and typing in the correct name. Both long and short names are used.

Click the **Run Setup** button after completing all applicable sections of the **Setup** worksheet (for convenience there are 2 identical Run Setup buttons – 1 at the top and 1 at the bottom of the setup sheet). The ICE model will create the appropriate number of schedules and update formulas based the information provided on the **Setup** worksheet.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

D.3. Step 3 - Data Needed to Prepare ICE Schedules

- General Ledger (G/L) and Trial Balance for Fiscal Year (FY) and Prior FY (Refer to Schedules B, C, D, G, Q-1, Q-2, Q-3, Q-4).

- Cost element breakdown of cost type, T&M, other flexibly priced contracts, firm fixed price and commercial contracts (Refer to Schedule H).

- Job Cost Ledger for FYs submitted should reconcile to G/L (Refer to Schedule G-1).

- Hours and amounts billed on T&M contracts (Refer to Schedule K).

- Financial Statements for FY and Prior FY (Refer to Schedules B, C, G, G-1, Q-1, Q-2, Q-3, Q-4).

- Form 941 Quarterly Tax Returns for FY submitted (Refer to Schedule L).

- Federal Tax Returns for FY submitted (Refer to Schedule R).

- Copies of information used to brief flexibly priced contracts (see Appendix 2) (Refer to Schedule S).

- Decisions, agreements, approvals, accounting and organizational changes (Refer to Schedule M).

- Written policies and procedures on identifying and segregating unallowable costs (Refer to Accounting Manual).

- If Applicable, FY and Prior FY Net Book Value of Assets for Cost of Money computation (Refer to Schedule F and F-1).

- Schedule of IR&D/B&P projects if applicable (Refer to Schedule P).

- Cumulative billing and contract closing information (Refer to Schedules I & O).

- Documentation to support submission adjustments.

D.4. Step 4 - Data Files Needed for ICE Schedules

Accounting system data files either in Excel format or converted to ASCII/text files:

- Schedule of direct contract costs by cost element
- General Ledger/Trial Balance

D.5. **Step 5 –Flowchart**

Review the flowchart found in the ICE_Model.xls or ICE_Demo.xls that depicts the flow of data into various schedules.

D.6. **Step 6 – General Instructions for Preparing Schedules**

The following steps provide the basic procedures for preparing the ICE Schedules. For detailed instructions on using the ICE Model, refer to Section E - Practice Exercise, and Appendix 3 - Tips for Spreadsheet and Word Document (provides information on linking and other helpful tools). For descriptions of schedules, refer to D.7.

1.   If data is not available in Excel format then convert ASCII accounting files into Excel files (See Section E; Practice Exercise for instructions on converting and importing accounting data and subsequent steps).

2.   Create a folder on the C: drive and name it ICE.

3.   Copy all ICE files to the ICE folder.

4.   Open both **ICE_Model.xls** and **ICE MANUAL.DOC.** ICE_Model.xls is linked to the ICE MANUAL.doc Index. The manual includes user instructions, the purpose of each schedule, and identifies the linking among schedules in ICE_Model.xls. (NOTE: ICE_Demo.xls can also be opened to view completed sheets and formulas while inputting into ICE_Model.xls.)

4.   Insert new worksheets in ICE_Model.xls in front of Schedule B (start of indirect cost schedules) and Schedule H (before direct costs schedule) for a place to the copy converted files. This will facilitate copying the converted data into the appropriate schedules. **NOTE:** Although the following instructions start with copying direct costs, it is optional whether to start with direct or indirect costs.

5.   Copy the direct cost converted file containing the job cost ledger data into a new ICE_Model.xls worksheet next to Schedule H. Copy data from new worksheet into SCHEDULE H (see Section E for detailed instructions on preparing schedules). Schedule H accumulates direct costs by job and cost element. Sort data by contract type and total costs by cost element (including IR&D/B&P) to arrive at base costs that will be linked to Schedules A, B, C and F.

6.   Brief contracts using optional Schedule S for cost type, T&M, and other flexibly priced contracts. For help categorizing contracts, see Appendix 2, Contract Types.

7.   Select Schedule K to manually input data for T&M contracts. Input the billed amounts on T&M contracts. Also, summarize the hours, negotiated rates, and amounts on T&M labor hour contracts.

8.   Copy the General Ledger/Trial Balance converted file into ICE_Model.xls new worksheet next to Schedule B. Copy data from new worksheet into SCHEDULES B, C AND D (see Section E). Review schedules for formatting. Make sure these schedules reconcile to the general ledger, trial balance, and financial statements.

9.   Select Schedule G to reconcile claimed direct costs to the general ledger, trial balance, and financial statements. The direct costs shown in Schedule G should be imported to Schedule G by linking from Schedule H.

10.   **Optional** Schedule G-1**:** Reconciles the claimed direct costs to the job cost ledger. These amounts are linked from Schedule G. Importing the job cost ledger will facilitate the copying of data into this schedule.

11.   Select Schedule L to reconcile labor accounts with the Form 941 quarterly tax returns. This schedule is based on incurred labor costs, linked from various schedules, such as B, C, D, and H. Input any adjustments or accruals made in the labor accounts in order to reconcile with the Form 941 quarterly tax returns.

12.   Select Schedule F for calculating the Facilities Capital Cost of Money (COM) rates. This schedule replicates the CASB Form CMF and may not be applicable depending on contract terms. If COM is authorized by the contract then this schedule must be completed. The allocation bases for computing COM are linked to Schedule H. The net book value (NBV) amounts are linked from **OPTIONAL** SCHEDULE F-1 that computes the NBV**.**

13.   Select Schedule A to calculate claimed rates based on pool and bases linked from Schedules B, C, D, and H. Establish or re-establish links as necessary between Schedule A and other Schedules to ensure rate calculations are accurate.

14.   Select Schedule H-1 to calculate government participation in the indirect cost pool bases. Establish or re-establish links as necessary to Schedule H.

15.   Select Schedule J to manually input the data for subcontract information.

16.   Select Schedules I & O to manually input the data for contract billings/closings respectively. Completion of these schedules is a requirement for the contractor to qualify for the direct billing initiative.

17.   Select Schedule P if applicable for incurred cost proposals prior to FY 93 for contractors without advance agreements for IR&D/B&P. See instructions for schedule P in Section D.7.

18.   Select Schedule M to list any decisions, agreements (e.g., Advance Agreement for Blended Rates), approvals, accounting/organizational changes made in the FY. If this schedule does not apply mark it "not applicable."

19.   Select Schedule N and print out the certification form. This form must be signed by an officer of the company and must be in hard copy form.

20.   Select **Optional** Schedule Q **series** for comparative analysis of direct and indirect costs. Refer to instructions in Section D.7 for Schedules Q-1 through Q-4.

21.   Select **Optional** Schedule R to reconcile the tax return to the financial statements, trial balance, and general ledger.

22.   Select **Adequacy Checklist** in ICE_Model.xls to check off sections upon completion of the ICE Model submission to help ensure that the submittal is adequate.

23.   Print out all schedules in hard copy form and submit with electronic copy.

D.7. Introduction to Model Sample Workbook Schedules

This Section contains descriptions of the ICE Model Schedules and links to other schedules.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

QuickStart Instructions

The **QuickStart Instructions** worksheet provides a "within the workbook" overview on how to complete the Setup worksheet.

Setup

The Setup worksheet allows contractors to customize the ICE workbook to match its disclosed accounting practices.

The Setup worksheet should be completed before any data is input into the workbook.

Detailed instructions on how to complete the Setup worksheet can be found in section D.2.

Table of Contents (TOC)

The Table of Contents (TOC) contains a brief description of every worksheet in the Workbook.

The Schedule Name on the left-hand side of the TOC with the <u>Black</u> lettering and White background in the TOC is a HYPERLINK to the indicated required schedule. The Schedule Name on the left-hand side of the TOC with the <u>Blue</u> lettering and White background in the TOC is a HYPERLINK to the indicated optional schedule. To activate the HYPERLINK, simply point your Mouse Pointer to the HYPERLINK and the cell will activate as the pointer approaches the cell. Left-click on the schedule to activate the worksheet selected. Details on how to create HYPERLINKS can be found in Appendix F.3 of this manual.

Once the HYPERLINKS are activated an additional Toolbar (the WEB Toolbar) appears, and a BRIGHT GREEN ARROW lights up on the left side of the new Toolbar. You can now click on that arrow to return to the previous worksheet.

Color Coding

The cells with LINKS are color-coded YELLOW, the cells with FORMULAS are color-coded LIGHT BLUE. Also cells color-coded GREY contain formulas that use links. This serves a two-fold purpose: First, the contractor and auditor can quickly determine the source of the data. Secondly, they know in advance that the color-coded cells should not be carelessly erased which would reduce the functional purpose of the Worksheet.

The cells with Titles of other Schedules color-coded DARK BLUE, with WHITE LETTERING, are Hyperlinks conveniently placed to navigate to the source worksheets.

Schedule A: Summary of Claimed Indirect Rates

Description: Schedule A is a summary of the contractor's indirect rates:

Function	From Schedule
Final Overhead Pool(s)*	Schedule C
Intermediate Pool(s) *	Schedule D
Fringe*	Fringe

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

G&A	[Schedule B](#)
Cost of Money (COM) Overhead*	[Schedule F](#)
Cost of Money (COM) G&A*	[Schedule F](#)
Claimed Allocation Bases	[Schedule E](#)

* If applicable

The pools and bases in Schedule A are linked to their respective schedules as shown above.

> **Which pools/rates and how many pools/rates of a given type are displayed on Schedule A is determined by how the contractor completes the [Setup worksheet](#).**

Schedule B: General and Administrative Expenses

Description: Schedule B contains the details of the contractor's G&A expenses.

The details of G&A expenses are account balances from the G/L Trial Balance that have been electronically imported, and any adjustments to the total incurred and the claimed amount. Additionally, there are notes to explain the adjustments.

Function	From Schedule
Intermediate Pool(s) *	Schedule D
Fringe*	Fringe
Direct Costs by Contract	Schedule H or Summary Schedule H
IR & D/B&P	Schedule H and Schedule P

* **If applicable**

A breakout by expense for each department should also be provided if expenses are available by department (e.g., President's Office, Marketing Department for G&A; Fabrication, Assembly/Test for overhead).

The pool and bases in Schedule B are linked to their respective schedules as shown above.

Schedule C: Final Overhead Pool Expenses

Description: Schedule C contains the details of the contractor's final overhead pool expenses **if applicable**. ICE supports up to 5 Final Overhead Pools using direct labor as a base (schedules C(1) through C(5)) plus up to 1 Final Overhead Pool (schedule C(6)) using material and/or subcontract costs as the base. ICE will only make visible the appropriate number of schedule Cs based on information you provide on the Setup tab.

These details include the following: account balances from the G/L Trial Balance and any adjustments to the total incurred and the claimed amount. Additionally, there are notes to explain the adjustments.

Function	From Schedule
Intermediate Pool(s) *	Schedule D
Fringe*	Fringe

* **If applicable**

The pool costs in Schedule C are linked to their respective schedules as shown above.

The ICE model can accommodate up to five final overhead pools where labor dollars are the allocation base. A sixth pool to allocate material handling costs using material/subcontract costs as a base can also be added. Please refer to the **Setup** worksheet instructions for details.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

Schedule D: Intermediate Pool Expenses

Description: Schedule D(x) contains the details of the contractor's intermediate pool expenses **if applicable**. ICE supports up to 6 Intermediate Pools with associated schedules D(1) through D(6). ICE will only make visible the appropriate number of schedule Ds based on information you provide on the Setup tab.

These details include the following: account balances from the G/L Trial Balance, and any adjustments to the total incurred and the claimed amount. Additionally, there are notes to explain the adjustments.

Function	From Schedule
Fringe*	Fringe

Function	To Schedule
Final Overhead Pool(s)*	Schedule C
G&A	Schedule B
Summary of Claimed Rates	Schedule A

* **If applicable**

The intermediate pool allocations in Schedule D are linked to their respective schedules as shown above.

NOTE: The Expanded ICE Model supports up to six intermediate pools. When setting up intermediate pools please keep in mind your company's pool hierarchy and assign intermediate pools so the following settlement rules may be observed:

- All six Intermediate Pools may allocate costs to any or all Final Pools and G&A Pool

- Intermediate Pools may allocate costs to other Intermediate Pools further down the hierarchy.

- An Intermediate Pool may not allocate costs to itself or to an Intermediate Pool that resides higher in the hierarchy.

    Example:

    - Intermediate Pool 1 (highest in the hierarchy) may allocate costs to any/all Final Pools, the G&A Pool, and to Intermediate Pools 2 through 6 (if applicable).

    - Intermediate Pool 2 (next highest in hierarchy) may allocate costs to any/all Final Pools, the G&A Pool, and to Intermediate Pools 3 through 6 (if applicable) but not to Intermediate Pool 1, since it is higher up in the hierarchy and has already settled its costs by the time Intermediate Pool 2 runs its allocations).

    - Intermediate Pool 6 (lowest in the hierarchy) may only allocate costs to any/all Final Pools and the G&A Pool. Intermediate Pool 6 may not allocate to any other Intermediate Pools.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

The ICE model can accommodate up to six intermediate pools. Please refer to the **Setup** worksheet instructions for details.

Fringe Schedule: Fringe Pool Expenses

Description: The Fringe schedule contains the details of the contractor's fringe expenses **if applicable**.

These details include the following: account balances from the G/L Trial Balance, and any adjustments to the total incurred and the claimed amount. Additionally, there are notes to explain the adjustments.

Function	To Schedule
Final Overhead Pool(s)*	Schedule C
G&A	Schedule B
Summary of Claimed Rates	Schedule A

   * **If applicable**

The Fringe pool allocations on the Fringe schedule are linked to their respective schedules as shown above.

The contractor can identify whether Fringe expenses are an intermediate allocation or applied as a final rate. Please refer to the **Setup** worksheet instructions for details.

Schedule E: Claimed Allocation Bases

Description: Schedule E is the overhead and G&A base summary by cost elements.

This Schedule describes in detail the cost elements in the allocation bases that are used to distribute cost as follows. Overhead Base = labor amounts and descriptions of cost elements as stated in the general ledger, adjustments, and claimed costs. G&A Base = direct cost amounts and description of direct cost elements, total overhead incurred including unallowable costs, less IR&D/B&P overhead adjustments. This schedule also includes explanatory notes.

Function	From Schedule
Direct Labor Base	Schedule H or Summary Schedule H
Travel, Material, ODC	Schedule H or Summary Schedule H
Final Overhead Pool(s)*	Schedule C
Fringe*	Fringe
IR&D/B&P Overhead	Schedule B

   * **If applicable**

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section D – Getting Started Instructions

Schedule F (F-1): Facilities Capital Cost of Money (COM)

Description: Schedule F is a replication of the CASB Form CMF for calculating Facilities Capital Cost of Money (COM).

NOTE: If the option to use a final overhead pool with material and/or subcontract costs as the allocation base is selected on the Setup form AND you claim Cost of Money on this base, when selecting the number of Cost of Money rates in the "Select Number of Pool/Rates" section of Setup, specify 7 as the number of rates. Under the Cost of Money section of Setup, use the 7th COM category for material/subcontract COM and simply change the "Yes" in column A to "No" for any unused COM categories.

Function	From Schedule
Overhead Labor Base	Schedule E
Material (Subcontracts) Base	Schedule E
G &A Base	Schedule E
IR&D/B&P Direct Costs	Schedule H or Summary Schedule H
Net Book Value	Schedule F-1

The bases in Schedule F are linked to their respective schedules as shown above.

In the lower left-hand portion of the worksheet is an additional table to calculate a composite Treasury Rate if necessary. The results are directly transposed to the appropriate position on the form under the Rate column.

Next, the average net book value (NBV) of assets is shown as linked from Schedule F-1, (an optional schedule for the contractor to compute NBV). The average NBV of assets are allocated to the allocation bases according to the contractor's determination of where the assets are used. These NBV $ amounts are also linked from Schedule F-1.

The remaining calculations are performed in accordance with CAS 414, and also reflect current Agency guidance that removes the COM on IR&D/B&P labor to the COM for G&A.

The ICE model can accommodate up to seven cost of money rates. Please refer to the **Setup** worksheet instructions for details.

Schedule G: Reconciliation of General Ledger/Trial Balance to Claim

Description: Schedule G is the reconciliation of direct costs to the General Ledger/Trial Balance.

This Schedule shows the amounts of various direct costs, the account numbers, the amount accumulated in the General Ledger, any adjustments, and the amount claimed.

Function	From Schedule
Schedule of Direct Costs	Schedule H or Summary Schedule H

Schedule G-1: Reconciliation between the G/L and Job-Cost-Ledger

Description: Schedule G-1 is the reconciliation of direct costs from the General Ledger to the Job-Cost-Ledger and is linked to Schedule G.

Summary Schedule H: Summary Schedule of Direct Costs

Description: Summary Schedule H summarizes contract direct costs and IR&D/B&P costs. This schedule can easily be adapted to accommodate multiple cost pools.

Function	From Schedule
Summary of Direct/Subcontract Costs	Schedule H or Summary Schedule H
Overhead on IR&D/B&P)	Schedule E
IR&D/B&P Direct Costs	Schedule H or Summary Schedule H

The pools and bases in Summary Schedule H are linked to their respective schedules as shown above.

Schedule H: Schedule of Direct Costs by Contract/Subcontract including, Direct IR&D/B&P Costs and Claimed Rates Applied

Description: Schedule H is the schedule of claimed/not claimed direct costs by contract/subcontract including direct IR&D/B&P and Overhead, G&A, and COM at the claimed rates. See Appendix 2 for descriptions of the various contract types.

Function	From Schedule
Summary of Final Overhead Rates	Schedule A
Cost of Money (COM) Overhead	Schedule F
Cost of Money (COM) G&A	Schedule F
Direct Costs/IR&D/B&P	Summary Schedule H

The pools and bases in Schedule H are linked to their respective schedules as shown above.

This Schedule provides all the costs discussed in the description above that were charged to each contract during the FY by contract type. For contractors with many flexibly priced contracts, it may be necessary to revise Schedule H accordingly (See Summary Schedule H).

For contractors that have only a few government contracts, it is practical to list all their government contracts on this schedule. However, for contractors that have many government contracts and/or multiple delivery orders, it will be more practical to use this schedule as a summary of direct costs by contract type and to provide the required details in supplemental schedules.

Schedule H-1: Government Participation in Indirect Cost Pools

Description: Schedule H-1 presents a general overview of the extent that cost type and flexibly priced contracts participate in the absorption of indirect expenses.

Function	From Schedule
Direct Costs by Contract/Subcontract	Schedule H

Schedule I: Cumulative Direct & Indirect Costs Claimed and Billed

Description: Schedule I is a schedule of cumulative direct and indirect costs claimed and billed from inception to date.

This Schedule has multiple uses. It can be used to identify contracts ready for close, etc. such as contracts with work that has been physically completed can be identified for closing, contracts that may require billing adjustments due to over/under billing situations, and the latest voucher number billed on a contract is included for easy verification.

Function	From Schedule
Direct Costs by Contract	Schedule H
Summary of Amounts on T & M contracts.	Schedule K

Schedule J: Subcontractor Information

Description: Schedule J provides subcontractor information as follows:

Subcontract number, prime contractor number, subcontract point of contact and phone number, subcontract value, costs incurred in FY, and award type. The schedule provides identification of subcontracts awarded to companies where the contractor is the prime or upper-tier contractor, including inter-divisional effort. This information is required at the pricing action level (e.g. delivery order, CLIN) for all subcontract awards (e.g. cost-type, incentive contracts, T&M/LH, FFP, etc.) issued under flexibly-priced and IDIQ prime contracts.

Schedule K: Summary of Hours and Amounts on Time and Material (T&M)/Labor Hour Contracts

Description: Schedule K provides a summary of hours and amounts billed on T&M and Labor Hour contracts. It is useful for in-house verification of total amounts and hours incurred/billed on T&M and Labor Hour contracts when processing final vouchers.

Schedule L: Reconciliation of Total Payroll to Total Labor Distributed

Description: Schedule L is a schedule which reconciles labor costs from the General Ledger to the quarterly IRS 941 Tax Returns for the contractor's FY. Some of the amounts found on this Schedule are derived from the previous schedules. Reconciliation adjustments may include bonus or vacation accruals.

Function	From Schedule
Final Overhead Pool(s)*	Schedule C

G&A	Schedule B
Intermediate Pool(s) *	Schedule D
Direct Costs by Contract/Subcontract	Schedule H

*If applicable

Schedule M: Listing of Decisions/Agreements/Approvals and Description of Accounting/Organizational Changes

Description: Schedule M is a schedule that identifies decisions/agreements/approvals involving memorandums issued by Administrative Contracting Officers and disclosure of any accounting or organizational changes. Contractors using a blending of compensation caps approach to account for compensation costs in accordance with FAR 31.205-6(p) are required to enter into an advance agreement with the cognizant contracting officer. If an advance has not been executed, the incurred cost proposal will be returned and contractor notified to resubmit proposal only after executing an advanced agreement.

Schedule N: Indirect Cost Certification

Description: Schedule N represents an example of an indirect cost certificate. The contractor should complete this form, **scan the signed certificate** and submit it with the Incurred Cost Proposal. The contractor must maintain the hard copy original signed certificate for the auditor's examination. The certification form must be signed by an individual of the contractor's organization at a level no lower than a vice president or chief financial officer. **A signed Indirect Cost Certificate is required by FAR 52.242-4.**

Schedule O: Contract Closing Information for Contracts Completed in this Fiscal Year

Description: Schedule O is used to identify cost type, T&M, flexibly priced, and level of effort type contracts that will be closed after this current incurred cost submission is audited and the final indirect rates are agreed upon. If the contract is not ready to close (e.g., a contract modification is being pursued), the reasons should be included in a footnote to the schedule.

This Schedule provides contract information including the period of performance, overall ceiling amount, and the contract fee. If there is a level of effort contract or flexibly priced contract, details of fee computation should be described along with the contract modification used.

Schedule P: Contract Direct Costs/IRD&BP Direct/Subcontracts & Indirect Applied

Description: Schedule P is a schedule of allowable IR&D/B&P costs for contractor FYs prior to 30 September 1992.

See the cautionary note in Schedule H regarding the change in the FAR cost principle. The change was the result of the implementation of Public Law 102-190 effective for contractor FYs beginning after 30 September 1992.

Schedule P in the ICE_Model.xls provides the verbatim instructions from FAR 31.205-18(c)(2) regarding the calculation of allowable IR&D/B&P costs.

Supplemental A-1: Comparative Analysis- Overhead Costs

Description: Schedule Q-1 contains the comparative analysis of the claimed overhead costs with the prior FY **if applicable**. Costs can be copying into Schedule Q-1 from Schedule C. If account numbers changed from the prior year, make adjustments. To facilitate the copying process, if all Schedules Cs have been completed, click the *Build Schedules* button on Schedule Q-1 to copy data from the Schedule Cs to Schedule Q-1.

The details in this schedule contain prior FY overhead costs claimed amounts and the claimed amounts for the current FY shown on Schedule C of this model incurred cost proposal.

After the current FY data is input into Schedule Q-1, the formulas in the schedule automatically calculate both the absolute dollar change and the percentage change of costs from the prior FY to the current FY. Additionally, the built-in formulas calculate the percent that each account balance is to the total in the pool. Explanations of significant increases in costs from one year to the other should be provided with the submission.

Supplemental A-2: Comparative Analysis- G & A Costs

Description: Schedule Q-2 contains the comparative analysis of the claimed G&A costs with the prior FY. Costs can be copying into Schedule Q-2 from Schedule B. If account numbers changed from the prior year, make adjustments. To facilitate the copying process, if all Schedules Bs have been completed, click the *Build Schedules* button on Schedule Q-2 to copy data from the Schedule Bs to Schedule Q-2.

The details in this schedule contain prior FY direct costs claimed amounts and the claimed amounts for the current FY shown on Schedule B of this model incurred cost proposal.

After the current FY data is input into Schedule Q-2, the formulas in the schedule automatically calculate both the absolute dollar change and the percentage change of costs from the prior to the current year. Additionally, the built-in formulas calculate the percent that each account balance is to the total in the pool. Explanations of significant increases in costs from one year to the other should be provided with the submission.

Supplemental A-3: Comparative Analysis- Intermediate Pool Expenses

Description: Schedule Q-3 contains the comparative analysis of the claimed intermediate pool costs with the prior FY **if applicable**. Costs can be copying into Schedule Q-3 from Schedule D. If account numbers changed from the prior year, make adjustments. To facilitate the copying process, if all Schedules Ds have been completed, click the *Build Schedules* button on Schedule Q-3 to copy data from the Schedule Bs to Schedule Q-3.

The details in this schedule contain prior FY occupancy costs claimed amounts and the claimed amounts for the current FY shown on Schedule D of this model incurred cost proposal.

After the current FY data is input into Schedule Q-3, the formulas in the schedules automatically calculate both the absolute dollar change and the percentage change of costs from the prior to the current year. Additionally, the built-in formulas calculate the percent that each account balance is to the total in the pool. Explanations of significant increases in costs from one year to the other should be provided with the submission.

Supplemental A-4: Comparison of Direct Costs

Description: Schedule Q-4 contains the comparative analysis of the claimed direct costs with the prior FY. Current year summaries of direct costs can be copied into Schedule Q-4 from Summary Schedule H.

The details in this schedule contain prior FY direct costs claimed amounts and the claimed amounts shown on Schedule G of this model incurred cost proposal.

After the current FY data is input into Schedule Q-4, the formulas in the schedule automatically calculate both the absolute dollar change and the percentage change of costs from the prior to the current year. Additionally, the built-in formulas calculate the percent that each account balance is to the total in the base. Explanations of significant increases in costs from one year to the other should be provided with the submission.

Supplemental Schedule B: Compensation for Certain Contractor Employees per FAR 31.205-6(p)

Description: Supplemental Schedule B provides general organizational information and information on compensation for certain contractor employees, per FAR 31.205-6(p).

FAR 31.205-6(p) limits the allowability of compensation for certain employees. For contracts awarded on or after June 24, 2014, Section 702 of the Bipartisan Budget Act (BBA) of 2013 established a compensation limitation of $487,000 for all employees (both defense and civilian). This limitation is adjusted annually to reflect the change in the Employee Cost Index for all workers, as calculated by the Bureau of Labor Statistics.

- For defense agency (DoD, NASA and Coast Guard) contracts awarded on/after December 31, 2011, and before June 24, 2014, the ceiling established by OFPP in accordance with 41 USC 1127 continues to apply to all employees.

- For defense agency (DoD, NASA and Coast Guard) contracts awarded before December 31, 2011 and civilian agency contracts awarded before June 24, 2014, the ceiling established by OFPP in accordance with 41 USC 1127 continues to apply to the top five most highly compensated employees in management positions at each home office and at each segment.

Supplemental Schedule B includes all forms of compensation for the five most highly compensated employees in management positions, for each year of the Incurred Cost submission.

Supplemental Schedule C: Prime Contracts under which contractor performs as Subcont.

Description: Identification of Prime Contracts Under Which the Contractor Performs as a Subcontractor.

Supplemental Schedule O: Contract Brief

Description: Supplemental Schedule O contains the typical format for contract briefings.

A contract brief generally include a synopsis of all pertinent contract provisions, such as: contract type, contract amount, product or service to be provided, applicable Cost Principles,

contract performance period, rate ceilings, advance approval requirements, pre-contract cost allowability limitations, and billing limitations. The contract brief form can be used for cost type, T&M, and flexibly priced contracts when submitting the incurred cost proposal. Contractors can create and maintain an electronic database for each contract by using this form. Updates for modifications on each contract can be done electronically. The contract brief form achieves and meets one of the FAR regulations to be on the direct billing initiative program.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

THE ICE PACKAGE CONTAINS A DEMO FILE (Schedules That Contain Sample Data) AND A USER FILE (Blank Schedules). WE RECOMMEND ONLY INPUTING DATA INTO THE USER FILE'S. THE FOLLOWING INSTRUCTIONS INCLUDE COPIES OF COMPLETED SCHEDULES FROM THE DEMO FILE.

E.1. Converting Accounting Data Files into Excel Files

It is advisable to maintain a backup copy of the ICE template (ICE_Model.xls) to have a historic record of links and formats.

The following accounting system files that need to be converted to Excel files are:

- Schedule of Direct Costs by Contract

- General Ledger/Trial Balance

NOTE: If this data is already in Excel format, skip to section E.2.

The process for converting accounting system files is as follows:

- Convert accounting system files to an ASCII/Text Delimited file taking into consideration the ICE schedule data required and format on the ICE model schedules (See the instructions that come with the accounting system application program for converting accounting data into an ASCII/Text file).

- Open up an ASCII/Text file in Excel as described in the following screens:

In Excel go to **File, Open**, from the Dialog Box entitled "**Files of type,**" select Text Files, and click on **Open**.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

Review the Dialog Box on the "Text Import Wizard" screen that describes the file type for the ASCII/Text file data. (In the following example, a tab delimited file was used.)
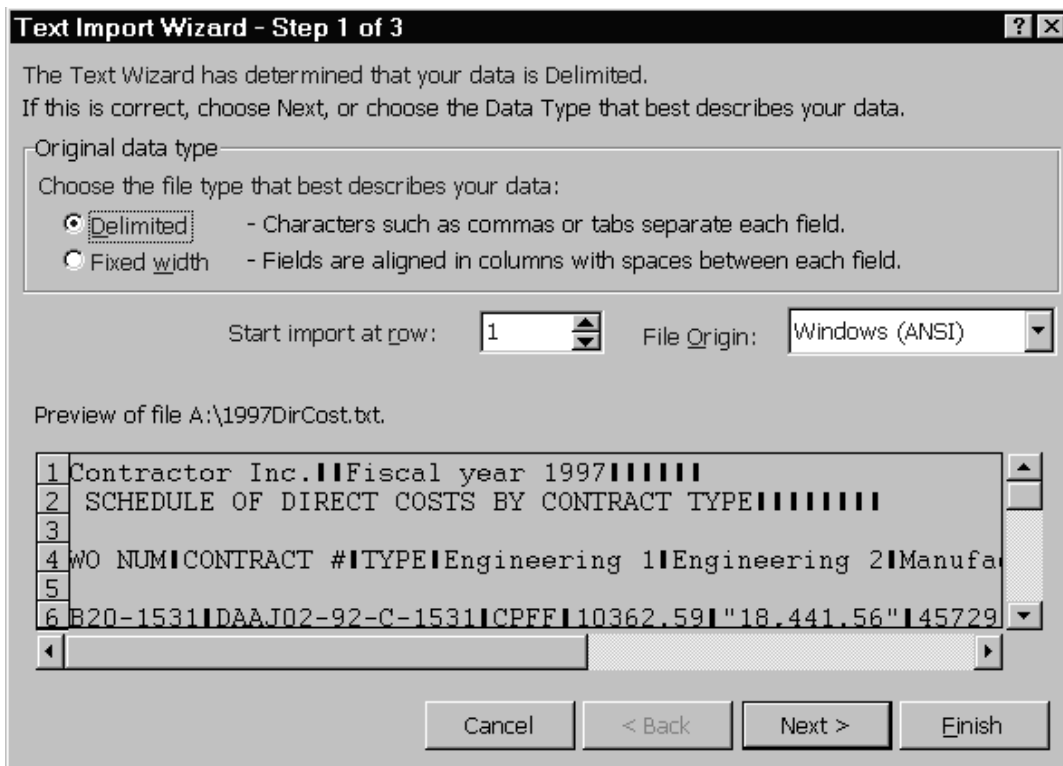
"**Text Import Wizard"** (Step 1 of 3) determines that the data structure is in a Delimited format; therefore, select **Next,** at the bottom of the Dialog Box.
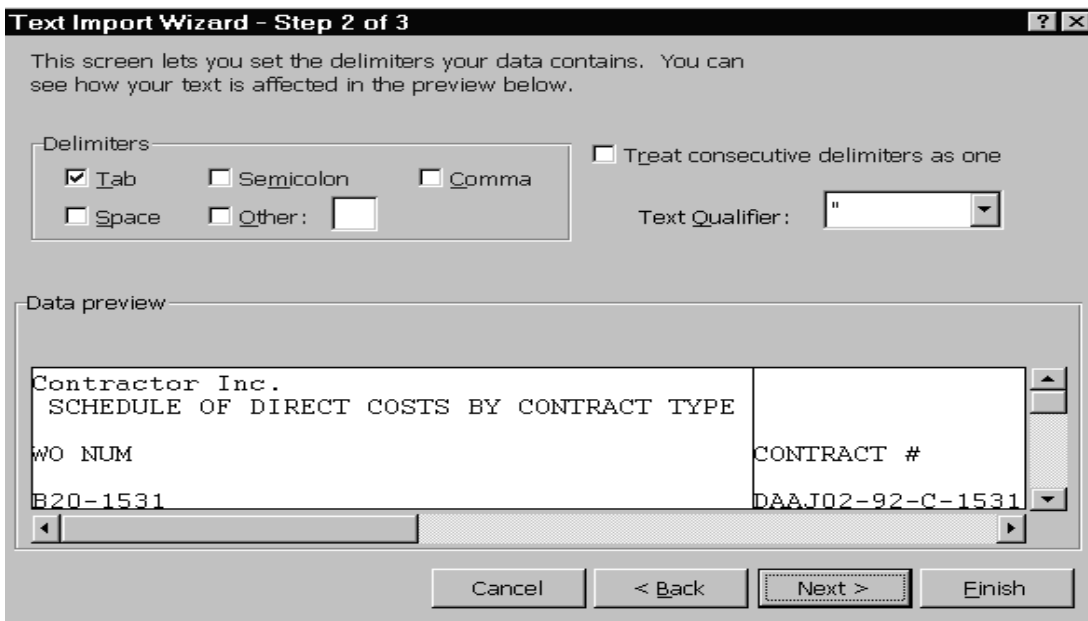
"**Text Import Wizard** (Step 2 of 3) selects the delimiters used in the text file (**Tab** was selected in this example since the file was originally saved as a Tab delimited file.)

"Text Import Wizard" (Step 3 of 3) selects the column formatting.
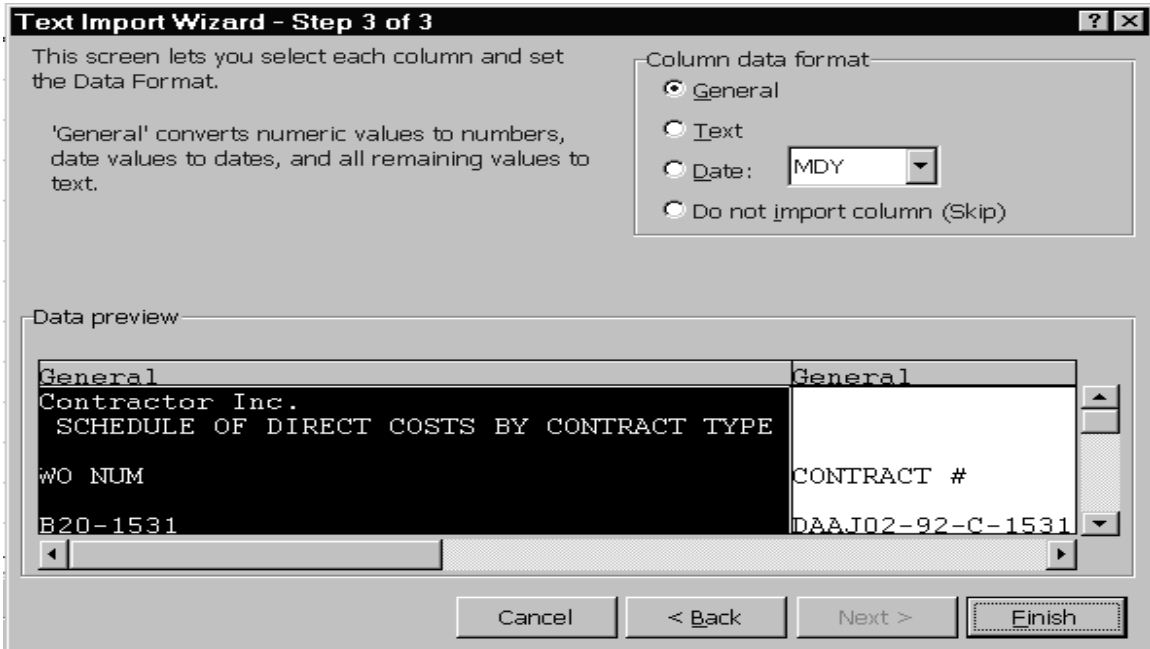
- Select **Finish** (Excel defaulted to "General" for basic formatting as described in the Dialog Box). The file will open in Excel.
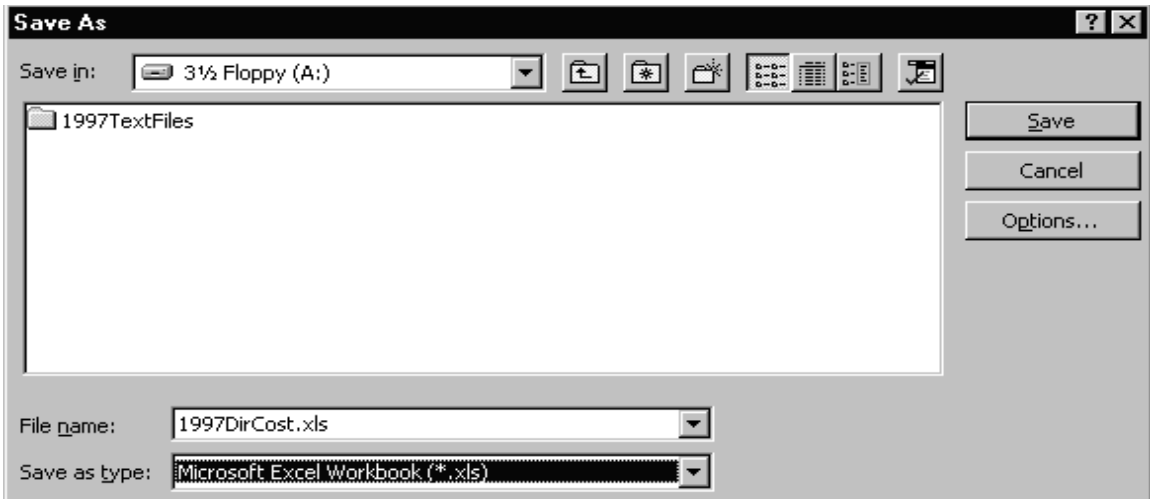
- Reformat converted file as necessary, e.g., setting column widths, etc. After reformatting, save file by selecting the following from the tool bar: **File, Save As,** and in the "Save as Screen" (shown above), change the **Save as type** to **Microsoft Excel Workbook.** Save the file under an identifying name, i.e., "1997DirCost.xls" for schedule of FY direct costs by type contract.

This completes the process of converting accounting system data from a text file to an Excel file. Conversion of the "direct costs by type" file will be used to copy information into the ICE

template for schedules that include direct costs (i.e., Schedule H in example). Repeat this process for converting the General Ledger/Trial Balance ASCII/Text file that will be used to copy information into the ICE template for schedules that include indirect costs (i.e., Schedule C). Follow E.2. instructions for **Creating Worksheets** to continue the process of copying the information on the Excel file into the ICE model.

E.2 Creating Worksheets

The following process is required to input the Excel versions of the Schedule of Direct Costs by Contract and the General Ledger/Trial Balance into the ICE_Model.xls (ICE Template).

Open up ICE_Model.xls and click on **TOC tab** (**Table of Contents**) to view a directory of worksheets. Clicking on the **TOC** schedule hyperlink will automatically transfer the user to the selected schedule (see Appendix 3, Hyperlinks).

- In the **TOC,** click on the highlighted left hand column cell for **Schedule H**, **Schedule of Direct Costs by Contract/Subcontract** as shown below.

- Clicking on the Hyperlink will automatically transfer the user to **Schedule H.**

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

Select **Insert**, click on **Worksheet** and a new worksheet will automatically open up in front of **Schedule H**.
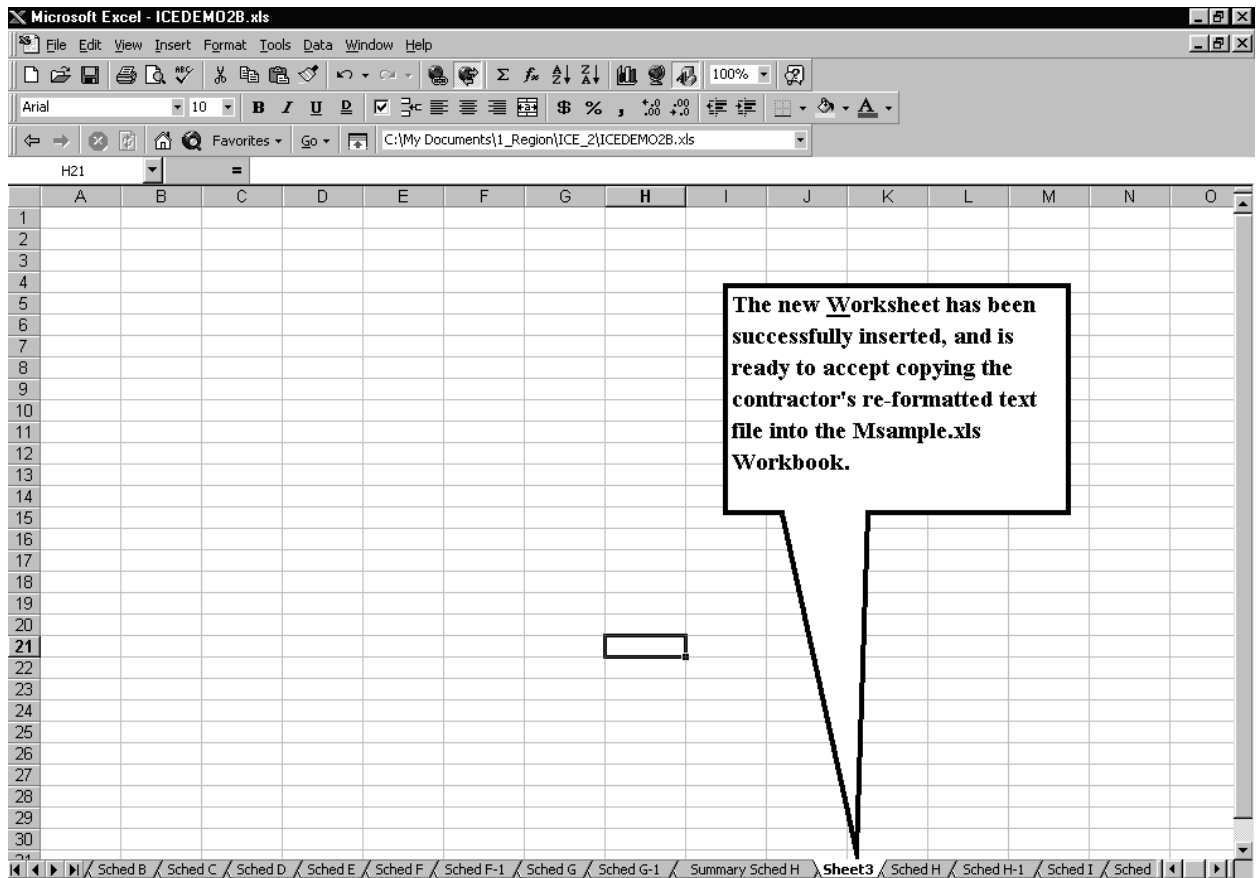
- This completes the process of creating new worksheets to be used in the process of copying the converted Excel files into the ICE_Model.xls.

- Creation of a new worksheet in front of Schedule H, facilitates the copying process for copying direct costs by contract type in the Schedule of Direct Costs (converted excel file) addressed in the next section.

- Repeat the process for creating new worksheets by going to the **TOC** and clicking on **Schedule B** (start of indirect expense accounts) and following the same instructions for creating a new worksheet to copy indirect costs in the General Ledger/Trial Balance converted Excel file.

- Follow E.3. instructions for **Copying Converted Files into New Worksheets** to continue the process of transferring accounting system data into an electronic incurred cost submission.
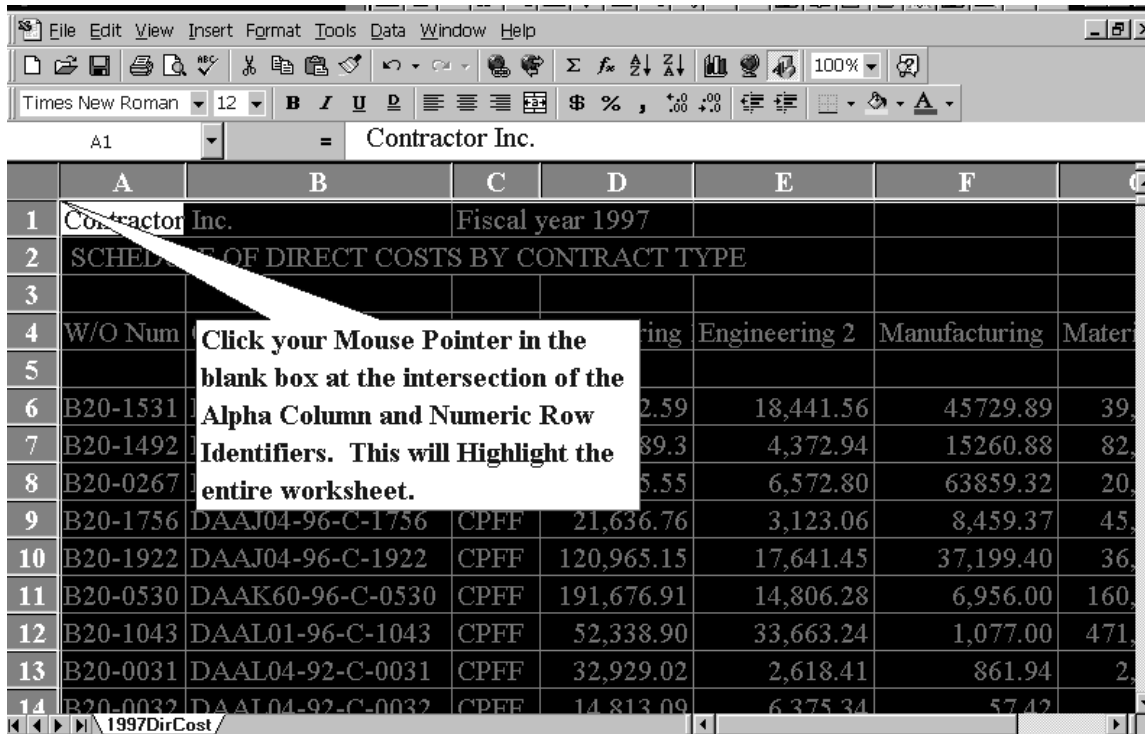
E.3. Copying Converted Files into New Worksheets:

The following process is required to copy all or sections of the Excel versions (i.e., Schedule of Direct Costs by Contract and the General Ledger/Trial Balance) into the ICE_Model Workbook to create the electronic incurred cost submission.

In order to copy an electronic spreadsheet, while retaining all essential formatting, complete the following steps:

- Open both the newly converted text file (1997DirCost.xls) and the blank worksheet that has been inserted in front of Schedule F in the ICE_Model.xls.

- Place the mouse-pointer in the blank box at the intersection of the Alpha-Column and the Numeric-Row identifiers and click. This will highlight the entire 1997DirCost worksheet to be copied from the 1997DirCost.xls file into the new worksheet.

- Hit **Control C (or other copy function)** while in the converted 1997DirCost.xls file.

- Click on **Window** and select the receiving file ICE_Model.xls, which contains the new worksheet.

- Go to the newly created blank worksheet (making certain that **Cell A1** is the active cell) and press the **Enter Key** (or use the Copy/Paste Icons on the Toolbar).

The new worksheet formatting is identical to the original schedule for column widths, formulas, decimal places, and $, or % formatting.

Microsoft Excel - ICEDEMO2B.xls

File Edit View Insert Format Tools Data Window Help

C:\My Documents\1_Region\ICE_2\ICEDEMO2B.xls

	A	B	C	D	E	F	G	H	I	J
1	Contractor Inc.									
2	FISCAL YEAR 1997 SCHEDULE OF DIRECT COSTS BY TYPE									
3										
4										
5	WO NUM	CONTRACT #	TYPE	Engineering 1	Engineering 2	Manufacturing	ODC	Subcontracts	TOTAL	
6										
7	A1011	F00001-97-C-0001	CPAF	10362.59	18,441.56	45729.89	39,051.92	3,222.86	116,808.82	
8	A1012	F00002-97-C-0002	CPAF	127589.3	4,372.94	15260.88	82,554.28	4,015.34	233,792.74	
9	A1022	F00003-96-C-0003	CPAF	17845.55	6,572.80	63859.32	20,883.34	1,490.83	110,651.84	
10	A1024	F00004-96-C-0001	CPAF	21,636.76	3,123.06	8,459.37			404.40	
11	A1134	F00005-96-C-0002	CPAF	120,965.15	17,641.45	37,199.40			399.69	
12	A1140	F00005-96-C-0003	CPAF	191,676.91	14,806.28	6,956.00	16		772.08	
13	B1157	F00005-96-C-0004	CPAF	52,338.90	33,663.24	1,077.00	47		731.16	
14	B1160	F00005-96-C-0005	CPAF	32,929.02	2,618.41	861.94			396.57	
15	B1201	F00005-96-C-0006	CPAF	14,813.09	6,375.34	57.42			414.90	
16	B1204	F00005-96-C-0007	CPAF		9,977.48				977.48	
17	B1205	F00005-96-C-0008	CPAF	20,909.69	80,517.39	173.88			493.93	
18	B1206	F00005-96-C-0009	CPAF		13,533.72		131,789.00		145,322.72	
19	B1207	F00005-96-C-0010	CPAF	3,803.98		1,103.83		3,	8,144.93	
20	B1208	F00005-96-C-0011	CPAF	13,711.94		2,180.05		1,	17,009.20	
21	C1301	N00001-97-C-0001	CPFF	670.47		65.7			1,247.71	
22	C1303	N00001-97-C-0003	CPFF	4,070.43					4,070.43	
23	C1304	N00001-97-C-0004	CPFF	2,566.98					2,566.98	
24	C1304	N00001-97-C-0005	CPFF	2,206.74					2,206.74	
25										
26										
27		Cost Type Contracts*		638097.5	211643.67	182984.68	990861.56	73 .91	2097412.32	
28										
29	D1401	DAAAA1-98-C-1001	FFP	120,965.15	17,641.45	37,199.40	36,937.63	23 66.06	236,399.69	
30	D1402	DAAAA1-98-C-1002	FFP	191,676.91	14,806.28	6,956.00	160,059.00	17 73.89	390,772.08	

Callout box: Either Right-Click your Mouse Pointer or Double Click on the Tab to change the Sheet Name

Sheets: Sched A / Sched B / Sched C / Sched D / Sched E / Sched F / Sched F-1 / Sched G / Sched G-1 / Summary Sched H / **1997 Direct Costs** / Sched H / Sched F

- Re-name the new worksheet "**1997 Direct Cost**" by right clicking or double clicking on the TAB and typing in the new name.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

Establish navigation links from the TOC to the new worksheets in ICE_Model.xls as demonstrated below:
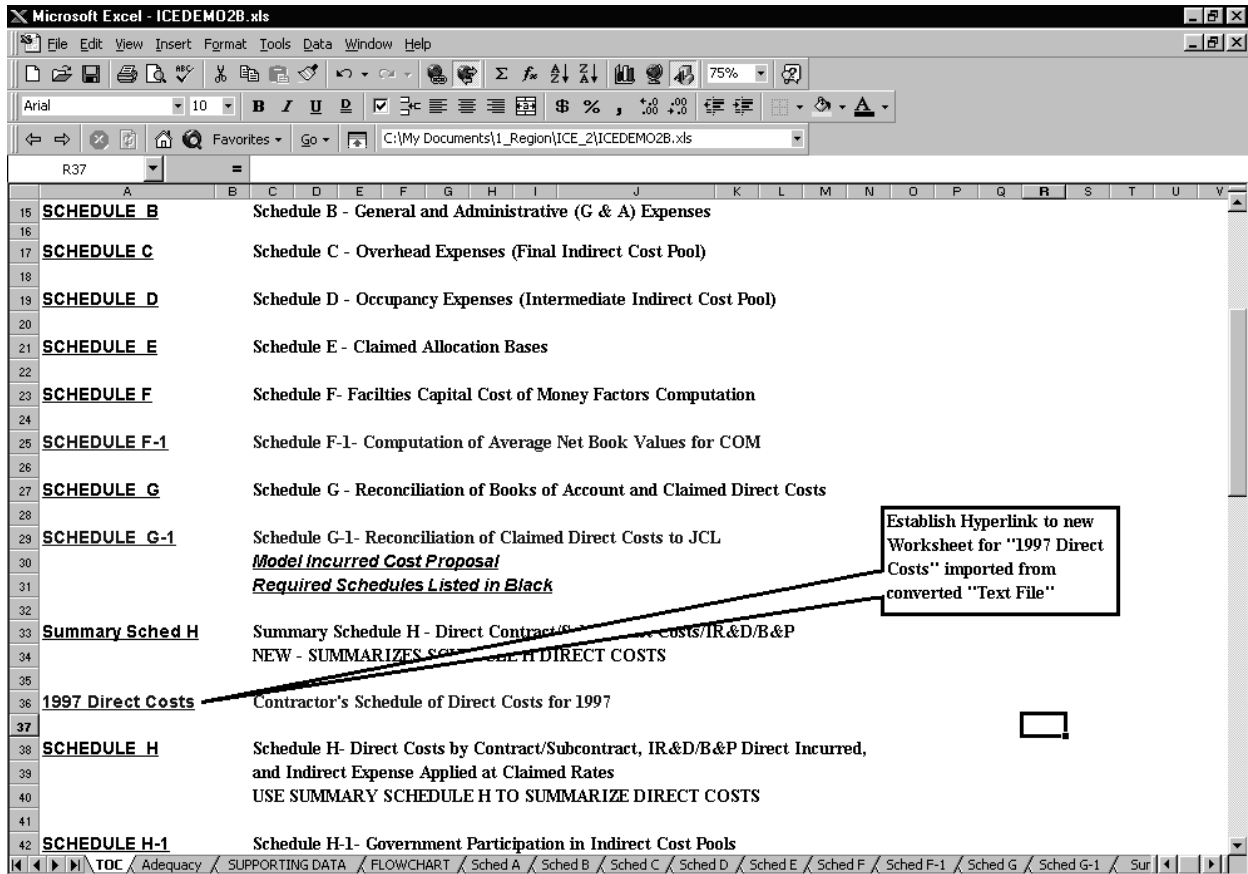
- Go to the **TOC** and insert 2 rows above the Schedule H Hyperlink and establish a Hyperlink to the new worksheet for "1997 Direct Costs". To obtain help on creating Hyperlinks go to **Appendix_3_Hyperlinks** section, Tips for Spreadsheet and Word Documents, for Creating Hyperlinks in Excel, or use the Help Function for instructions on creating Hyperlinks.

This completes the process of copying a converted Excel file into the ICE template worksheet. Repeat the process for copying indirect costs in the General Ledger/Trial Balance converted Excel file to the newly inserted worksheet in front of Schedule B (start of indirect expense pools). Follow E.4. instructions for **Copying of Data from New Worksheets into Schedules** to continue the process of transferring accounting system data into an electronic incurred cost submission.

E.4. Copying Data from New Worksheets into Schedules

The ICE template illustration schedules in this manual contain entries from a sample submission of **Schedule C, Overhead Expenses,** that contain formulas. Some formulas are linked to other worksheets. In order to insert various sizes of data and to preserve the integrity of the linked formulas, complete the following steps in order to copy sections of the Excel version of the converted text file into ICE_Model.xls Incurred Cost Schedules B, C, and D as needed (if multiple overhead pools):

- Open the Worksheet named **"Overhead"** as shown below. Review the layout of the converted Excel file and the number of accounts to be inserted into each Schedule C overhead pool and Schedule D intermediate overhead pool.

There are two easy methods of copying data into the schedules. Review the layout of the model schedule (i.e., Schedule C as follows) submission. If only sections of the data are to be copied into the Schedule, perform the following steps:

- **Selected Data.** Insert a sufficient number of rows plus extra rows for temporary spacing into each schedule. Use the copy and paste commands.

- Using Copy/Paste commands, or Insert Copy Cells method, copy the Chart of Accounts overhead account numbers from the converted General Ledger/Trial Balance Excel worksheet entitled "Overhead" into Schedule C column titled **Account Number**. Likewise, copy the descriptions of the General Ledger/Trial Balance accounts and the amounts in each account into Schedule C columns titled **Descriptions** and **Per G/L, F/S & Trial Balance**. If expenses are available by department, breakout expense for each department.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise
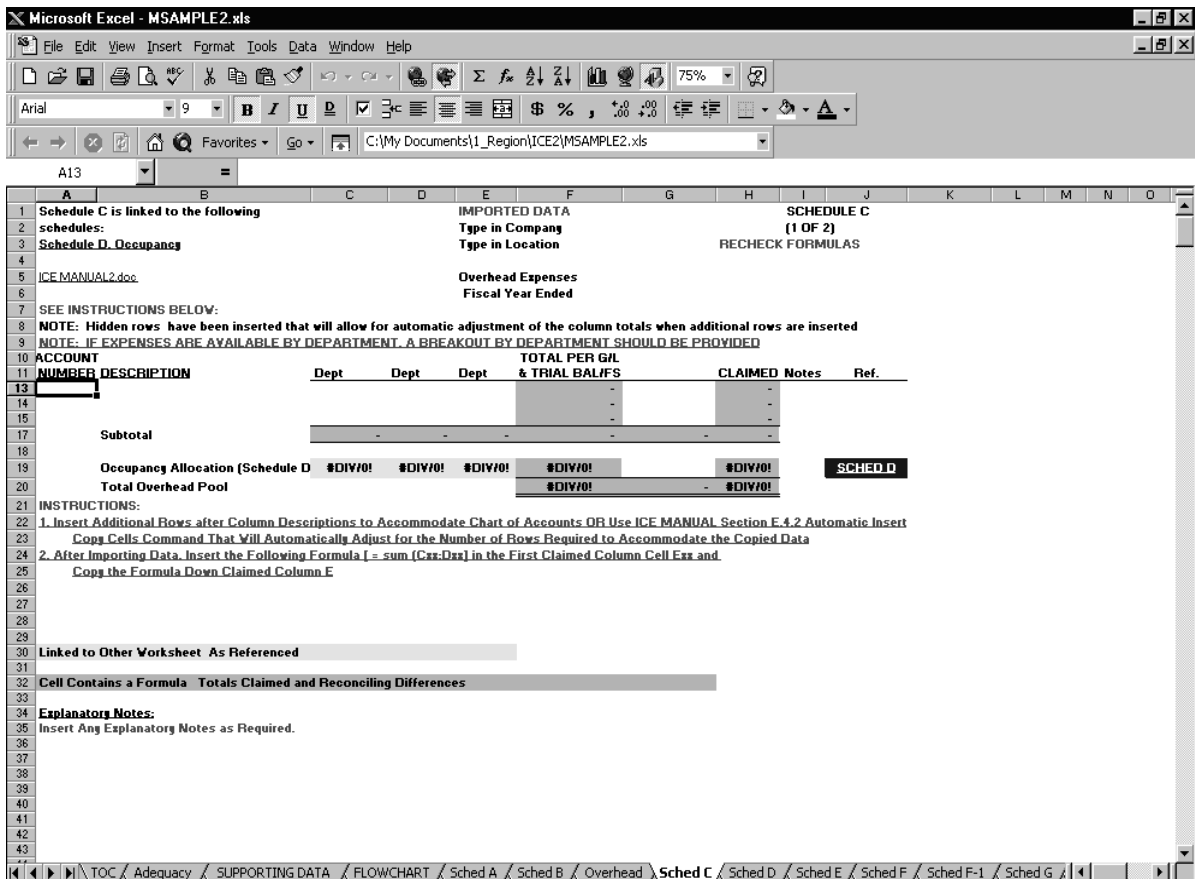
- **Complete Data.** When copying all the data (i.e., entire rows of data), the required number of rows will automatically adjust to accommodate the copied data when the following procedures are applied; (a) highlight the row numbers (gray area on left side of the spreadsheet) to be copied; (b) select a Copy Command; (c) move to the spreadsheet where the data is to be copied; and (d) select the row number where you want to insert the copied data, and (e) use the **I**nsert **C**opied **C**ells Command.

- Delete any extra rows after completing the copying in of all the necessary data.

- Review the formulas in each column and re-compute as necessary, or if each cell in the column includes a number, simply hit the **Auto Sum** button on the toolbar to total the column.

- Review and re-compute other formulas on each spreadsheet as applicable.

    - Review formulas and references and re-establish links to other schedules as applicable.

    - Update the TOC with Hyperlinks (**Appendix_3_Hyperlinks**) to the new schedules.

This completes the process of copying data into indirect schedules. This process may be repeated for copying direct costs into Schedule H if the contractor only has a few flexibly priced contracts and a single overhead pool. However, if there are too many flexibly priced contracts and multiple overhead pools then see Section E-7. If applicable, complete E-7 at this time.

- Review Schedule H to ensure that all pools identified in that schedule have corresponding schedules in Schedules B and C.

E.5. Linking Data Between Schedules

One of the advantages of using ICE is that schedules with links to other schedules are automatically updated whenever the primary schedule is updated.

- If necessary, position the schedules next to each other by following the directions in the following Pop-Up Dialog Boxes in the next two slides, as illustrated below. (This facilitates the linking of data between schedules.)

- Right click on the worksheet **Tab,** and select **"Move or Copy…"** The next Dialog Box will prompt for the destination of the move. For example: move **Summary Schedule H** next to **Schedule E** to link or update formulas.
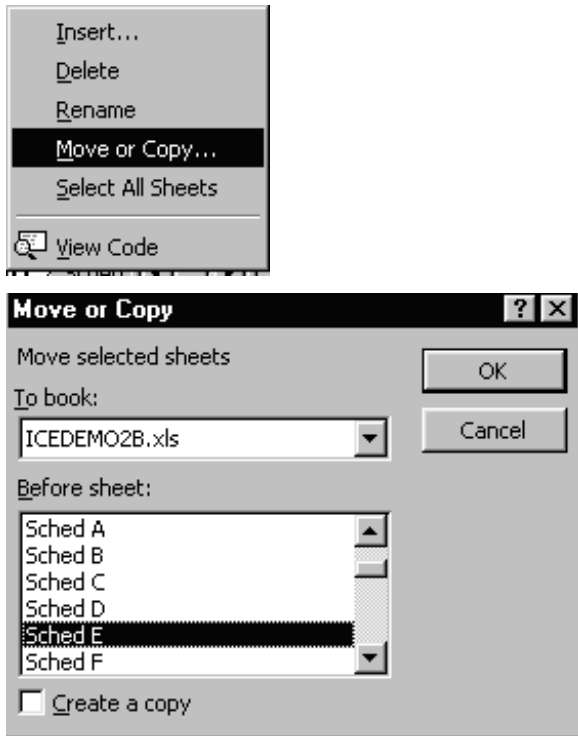
- Go to the **TOC** and click on the Hyperlink to **Schedule E.**

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

Activate the cell to receive the linked data and press **[=]** or Shift **[+]** and then click on the **Tab** of **Summary Schedule H**.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

Locate the **cell** that contains the data and press the [**Enter**] Key to automatically return to **Schedule E.**

- This completes the process of re-establishing data links for Schedule E in the ICE_Model.xls.

INCURRED COST ELECTRONICALLY (ICE) Version 2.0.1h
Section E – Practice Exercise

    E.6. <u>**Creating Additional Schedules**</u>:

As mentioned previously, ICE is capable of handling:

- a G&A rate (value-added or total cost input),
- up to five final overhead pools (with labor dollars as an allocation base),
- a material handling pool (with material and/or subcontract dollars as an allocation base),
- a fringe pool (as either an intermediate allocation or a final rate),
- up to six intermediate pools, and
- up to seven cost of money rates.

In cases where this will not accommodate your accounting practices, additional schedules may need to be created. ***Adding additional schedules can be complicated due to the need to create proper links and dataflow and we recommend this only be done as a last resort.*** The following process demonstrates how to create additional schedules while maintaining the formatting and linking of the ICE_Model.xls workbook.

- Insert as many new worksheets as there are additional indirect cost pools (excluding G&A), plus an additional worksheet to import the converted Trial Balance. To insert a new worksheet, from the Toolbar, select Insert, click on <u>W</u>orksheet, a new worksheet will open up in front of the current worksheet.
- Copy one of the Schedule Cs into the new worksheet by clicking the mouse-pointer in the blank box at the intersection of the Alpha-Column and the Numeric-Row identifiers. This will highlight the entire worksheet.
- Initiate copy command and copy data into the blank worksheet from the previous schedule that has identical formatting to the original schedule for column widths, formulas, decimal places, and $, or % formatting.
- Rename the new worksheet by either right-clicking or double clicking on the **Tab** and type in the name of the new schedule.
- Perform the preceding steps of copying Schedule C for each indirect cost pool, and copying the converted trial balance file into the new worksheets.
- Rename the schedules and update the **TOC** by creating Hyperlinks to the new schedules.
- Perform additional editing as required.
- Perform the copying process for copying data into the additional schedules.
- Verify that the formulas in the subtotal and total rows are correct.
- Re-establish links to update the new schedules. Also, the source of the data should be copied into the ICE_Model.xls workbook so all links remain within one Excel file. See Section E-3 for copying data into worksheets.

E.7. Adjustment to Schedule H, Schedule of Direct Costs by Contract/Subcontract including Direct IR&D/B&P, and Indirect Expense Applied at Claimed Rates:

If there are too many flexibly priced contracts and/or numerous indirect cost pools to list on one schedule (as shown in E.3.), it may be more efficient to utilize the contractor's Schedule of Direct Cost. The contractor should adapt its converted ASCII/Excel schedule of direct costs into a format similar to **Schedule H** by summarizing their schedule to show totals by contract type and cost element, and establishing links to other schedules. This summary should also include a sub total of IR&D/B&P to arrive at total base costs. The process to adapt the converted file into Schedule H format is fairly easy (insert columns/headings, etc.). The summary base costs should be linked to the Summary Schedule H for application of overhead, G&A, and COM.

Schedules recommended to use for varying situations are as follows:

	Sched H	Summary Sched H	Contractor's Converted Schedule of Direct Costs
1. Contractor has only a few flexibly priced contracts and one indirect cost pool. (See E.4.)	X	X	
2. Contractor has many flexibly priced contracts and numerous indirect cost pools.		X	X

- To summarize direct costs by contract type to complete **Schedule H-1**, Government Participation in indirect pools, go to the top of the Schedule of Direct Costs by Contract/Subcontract and activate the cell just below the Column A heading. Click on **Window** and select **Freeze Panes.** Use the page down [**PgDn**] key until you get to the direct cost summary. Link (as shown in E.5.) the direct costs to **Schedules H-1** and **Summary Schedule H**.

E.8 Adjustments to Schedule A (Summary of Claimed Indirect Rates):

This process can be used to adjust Schedule A to accommodate additional indirect cost pools schedules if more are needed beyond what can be added via the **Setup** worksheet.

- Go to Schedule A and insert rows for each additional pool and base calculation with links to the pool and bases schedules. The pool/base calculations should be in the same order as the schedules established in the **TOC**.
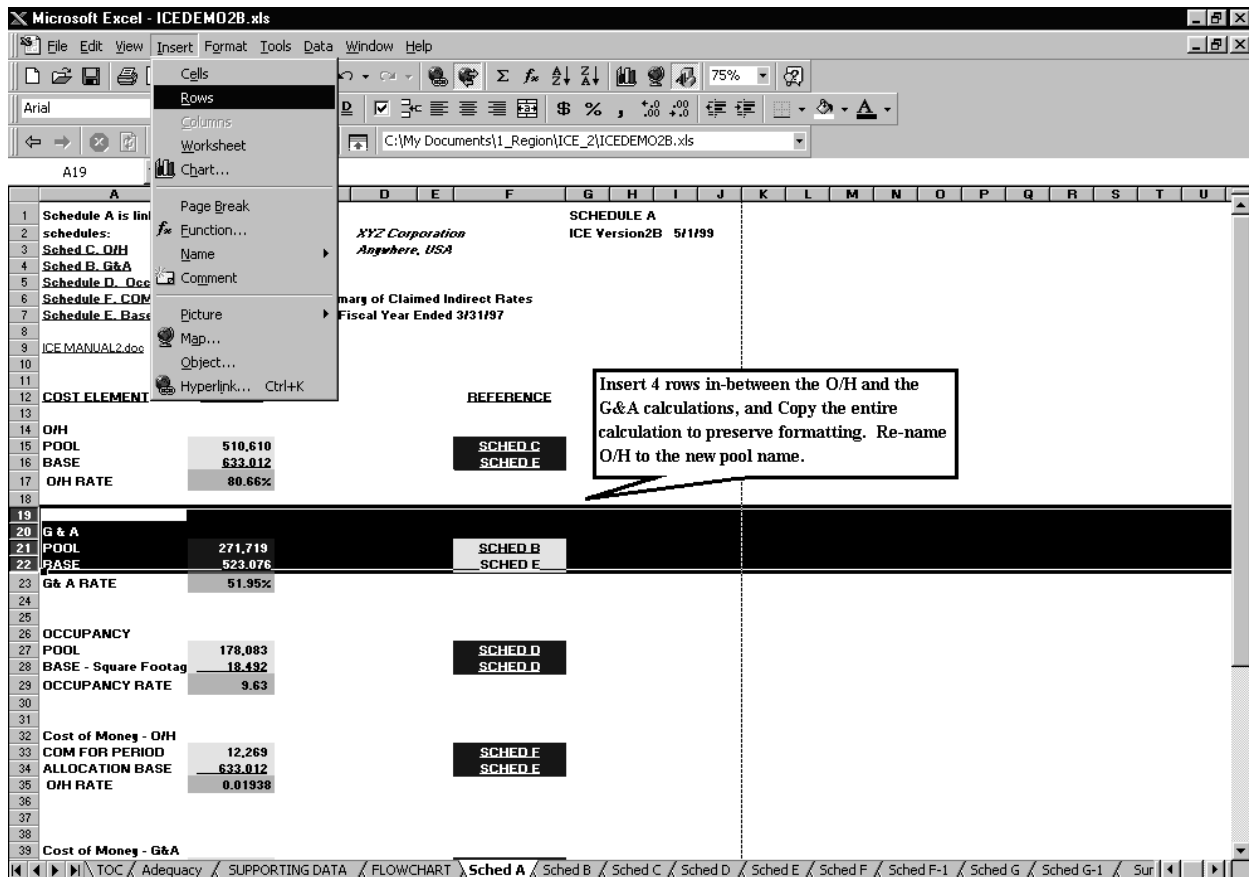
- Insert 4 new rows in-between the existing schedules for the new indirect rate calculation.

- Copy an existing rate calculation to preserve formatting.

- Rename the new pool (e.g.., Engineering Pool).

- Establish the links by clicking on the Yellow cell (screen will show the cell as yellow) with the pool amount and perform the following sequence of key-strokes and actions:

  - Shift +, click on the **Tab** of the new schedule and find the cell that contains the total claimed pool amount, click on that cell and hit the Enter Key. Follow the same procedure for the base amount. The rate should automatically recalculate.

  - Go to the Link Key at the top left-hand corner of Schedule A and establish a Hyperlink to the new pool. Also, verify that the schedules identified as being linked to Schedule A are correct.

Summary

After all the appropriate links between the various schedules and Schedule A have been completed, Hyperlink the TOC to the new schedules and the converted direct and indirect worksheets.

REFERENCES

Allowable Cost and Payment Clause. FAR 52.216-7, the "Allowable Cost and Payment" clause, requires that the contractor submit an adequate final incurred cost proposal together with supporting data within 6 months after the end of its fiscal year. This proposal should include a signed "Certificate of Final Indirect Costs" in accordance with FAR 42.703-2. A copy of this certificate may be found at FAR 52.242-4 or Schedule N of the ICE incurred cost proposal. Chapter 6 of the Guidance for Contractors, DCAAP 7641.90, presents DCAA's model incurred cost proposal. The ICE model includes sample schedules patterned after the schedules in Chapter 6 that include information needed to submit an adequate proposal.

Direct Costs. FAR 31.202 defines a direct cost as any cost that can be identified specifically with a particular final cost objective.

Facilities Capital Cost of Money. FAR 31.205-10, Facilities Capital Cost of Money (cost of capital committed to facilities) is an imputed cost determined by applying a cost of money rate to facilities capital employed in contract performance. It is allowable if:

(1) the contractor's capital investment is measured, allocated to contracts, and costed in accordance with CAS 414;

(2) the contractor maintains adequate records to demonstrate compliance with this standard;

(3) the estimated facilities capital cost of money was specifically identified or proposed in cost proposals relating to the contract under which this cost is to be claimed; and

(4) the requirements of FAR 31.205-52, which limit the allowability of facilities capital cost of money, are observed.

The facilities capital cost of money need not be entered on the contractor's books of account. However, the contractor shall make a memorandum entry of the cost and maintain, in a manner that permits audit and verification, all relevant schedules, cost data, and other data necessary to fully support the memorandum entry. An example of a facilities capital cost of money submission can be found in Schedule D.

There is no requirement for a contractor to propose facilities capital cost of money in pricing and performing a contract. If it chooses not to propose this cost during contract pricing then the contractor waives any right to claim it during contract performance. (See FAR 15.904(b) and FAR 52.215-31 for more information.)

Indirect Costs. FAR 31.203 defines an indirect cost as any cost not directly identified with a single, final cost objective, but identified with two or more final cost objectives or an intermediate cost objective. It is not subject to treatment as a direct cost.

CONTRACT TYPES

Detailed definitions of the following contract types can be found in FAR Part 16.

Cost Type Contracts

7-201Cost-Reimbursement Contracts (FAR 16.301)

7-202Cost Contracts (FAR 16.302)

7-203Cost-Sharing Contracts (FAR 16.303)

7-204Cost-Plus-Incentive-Fee (CPIF) Contracts (FAR 16.304; FAR 16.404-1)

7-205Cost-Plus-Award-Fee (CPAF) Contracts (FAR 16.305; FAR 16.404-2)

7-206Cost-Plus-Fixed-Fee (CPFF) Contracts (FAR 16.306)

T&M and Labor Hour Contracts

7-305   Time and Materials Contracts (FAR 16.601)

7-306   Labor-Hour Contracts (FAR 16.602)

Other Flexibly Priced Contracts

7-104   Fixed-Price Incentive Contracts (FAR 16.204)

7-104.1 Fixed-Price Incentive (Firm Target) Contracts (FAR 16.403.1)

7-104.2 Fixed -Price Incentive (Successive Target) Contracts (FAR 16.403-2)

Fixed Price Contracts

7-101   Fixed-Price Contracts (FAR 16.201)

7-102   Firm-Fixed-Price (FFP) Contracts (FAR 16.202)

7-103   Fixed-Price Contracts with Economic Price Adjustment (FAR 16.203)

7-105   Fixed-Price Contracts with Award Fees (FAR 16.404)

7-106   Fixed-Price Contracts with Prospective Price Redetermination (FAR 16.205)

7-107   Fixed-Ceiling-Price with Retroactive Price Redetermination Contracts (FAR 16.206)

7-108   Firm-Fixed-Price, Level of Effort Term Contracts (FAR 16.207)

TIPS FOR SPREADSHEETS AND WORD DOCUMENTS

<div style="border:1px solid black">

Appendix 3.A. Hyperlinks

</div>

3.A.1. WORD HYPERLINKS (Refer to 3.A.2. for Excel Hyperlinks) To establish Hyperlinks in MS Word perform the following steps:

Step one (Create a Bookmark)

- Highlight the area you want to establish a Hyper-Link to (i.e., Schedule C Description in D.6)

- Click on **Insert** on the Toolbar.

- Select **Bookmark** at the bottom of the drop-down menu.

- Type in Bookmark name (i.e., Schedule_C).

- Click on **Location**, then click on Add.

Step two (Create a Hyperlink)

- Go to where you want to create a Hyperlink (i.e., Section C.3. list of Model Incurred Cost Proposal Schedule.

- Click on the **Hyperlink** Icon on the Toolbar.

- Navigate, if necessary, to where the file you wish to link to is located.

- Select the file.

- Click the **Bookmark** button on the *Insert Hyperlink* dialog box.

- Use the *Select Place in Document* dialog box to select the bookmark to which you want to establish a Hyperlink, and then click OK.

Click OK again. Your Hyperlink is complete, format as indicted and test it.
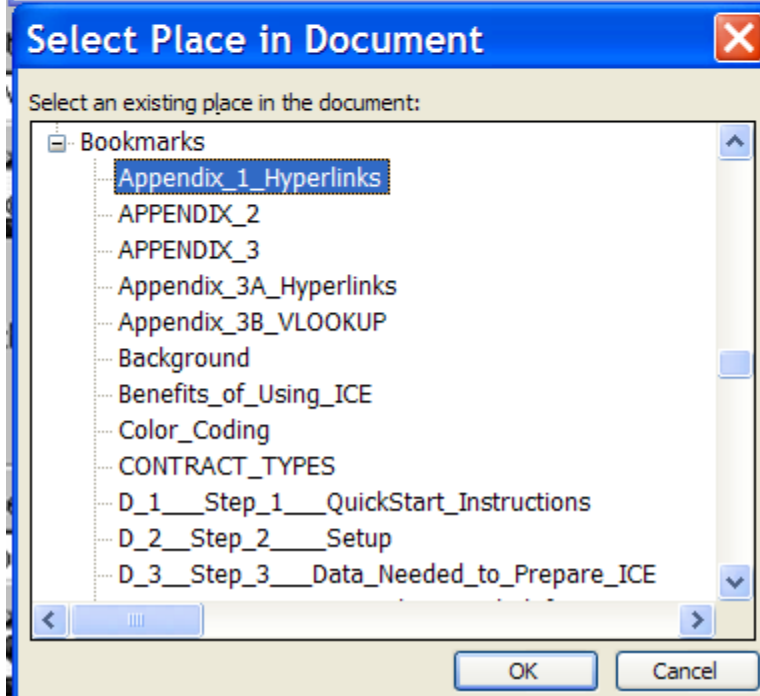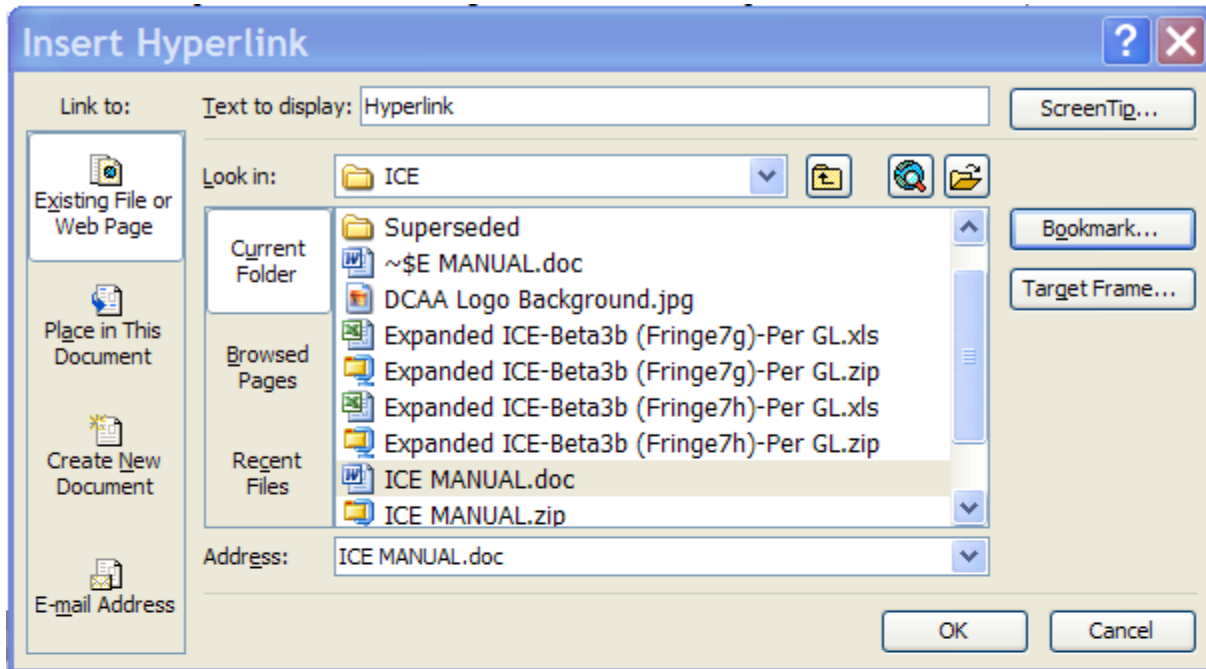
3.A.2. SPREADSHEET HYPERLINKS - To establish Hyperlinks in MS Excel perform the following steps:

- Activate the cell where you want your Hyperlink to be and type in name to be hyperlinked, i.e., if in Schedule B you want to reference a source in Schedule H, type Schedule H in cell;

- Click on the **Hyperlink** Icon on the Toolbar that looks like a Blue Globe with a paper clip;

- Navigate, if necessary, to where the file you wish to link to is located.

- Select the file.

- Click the **Bookmark** button on the *Insert Hyperlink* dialog box.

- Use the *Select Place in Document* dialog box to select the worksheet or range name to which you want to establish a Hyperlink, and then click OK.

- Click OK again. You're done. Click on Hyperlink to ensure it is working. Reformat the Font and Cell background to conform to general formatting.
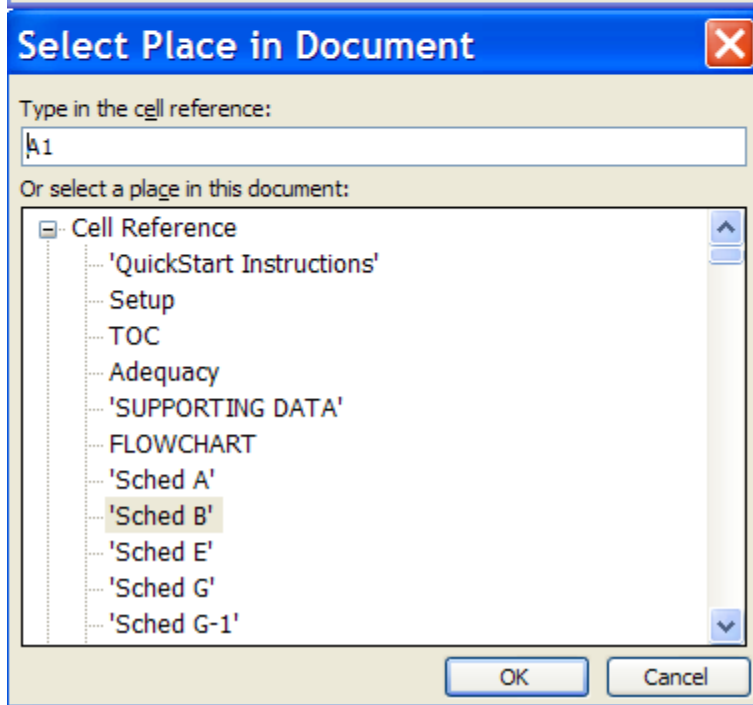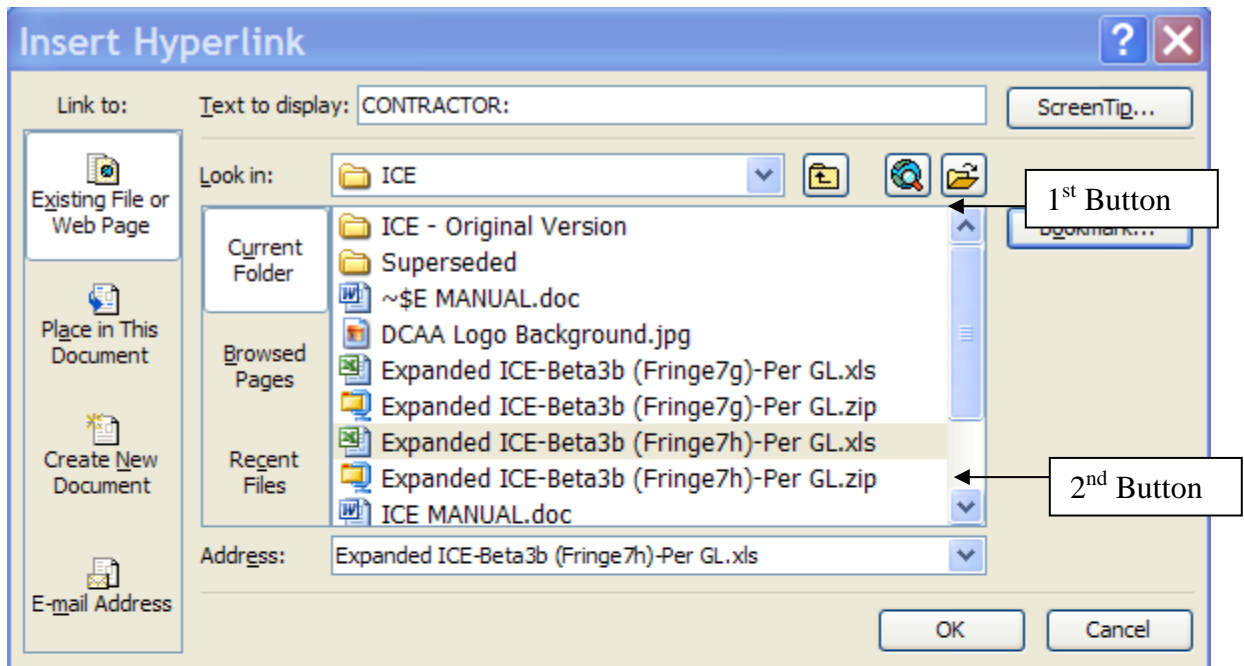
Appendix 3.B. VLOOKUP

VERTICAL LOOKUP is a function of the Function Wizard in Excel. This function used by auditors to validate the accuracy of the transferred data can also be utilized by contractors to transfer in costs from another schedule. In the following example, VLOOKUP was used to insert the current year general ledger overhead account balance(s) into the optional ICE Comparative Analysis of Overhead Account Schedule. If accounts numbers have not changed, another option is to copy the account balances directly from the applicable current year ICE

schedule, i.e., Claimed Overhead Expenses Schedule C). VLOOKUP searches for a value in the leftmost column of the source schedule (i.e., the Overhead Schedule account number 8405), and then returns a value (the dollar amount of the account number) in the same row from a column in the receiving schedule (i.e., Comparative Analysis of Overhead Cost Schedule column for current year). Vertical Lookup is a useful function in Excel worksheets that facilitates updating and analyzing data between worksheets. For example, if account numbers are not the same from the prior year, there will be an error message. For ease of navigating between schedules, before proceeding with VLOOKUP, move Schedule Q-1 next to Schedule C. Schedule Q-1 can be moved back to its original position after the VLOOKUP is complete.
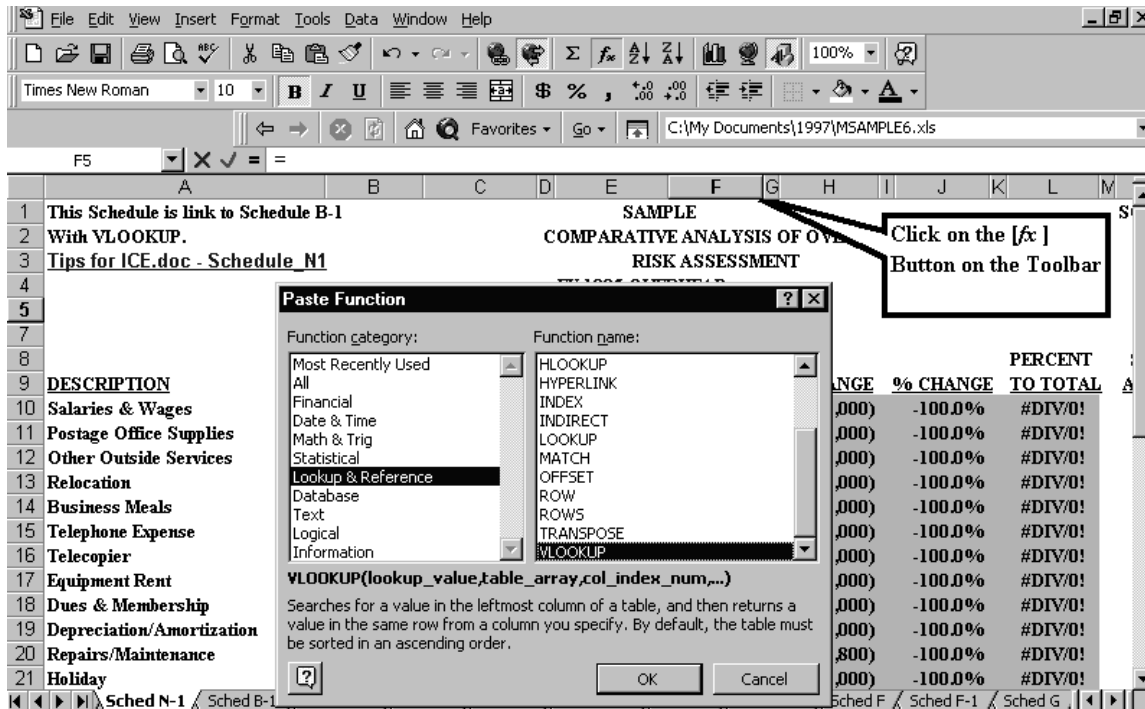
Step 1. Open up the Comparative Analysis Schedule (receiving document) and click on the [**Fx**] button on the toolbar, choose **Lookup and Reference** from the Function Category window, and **VLOOKUP** from the Function Name window.
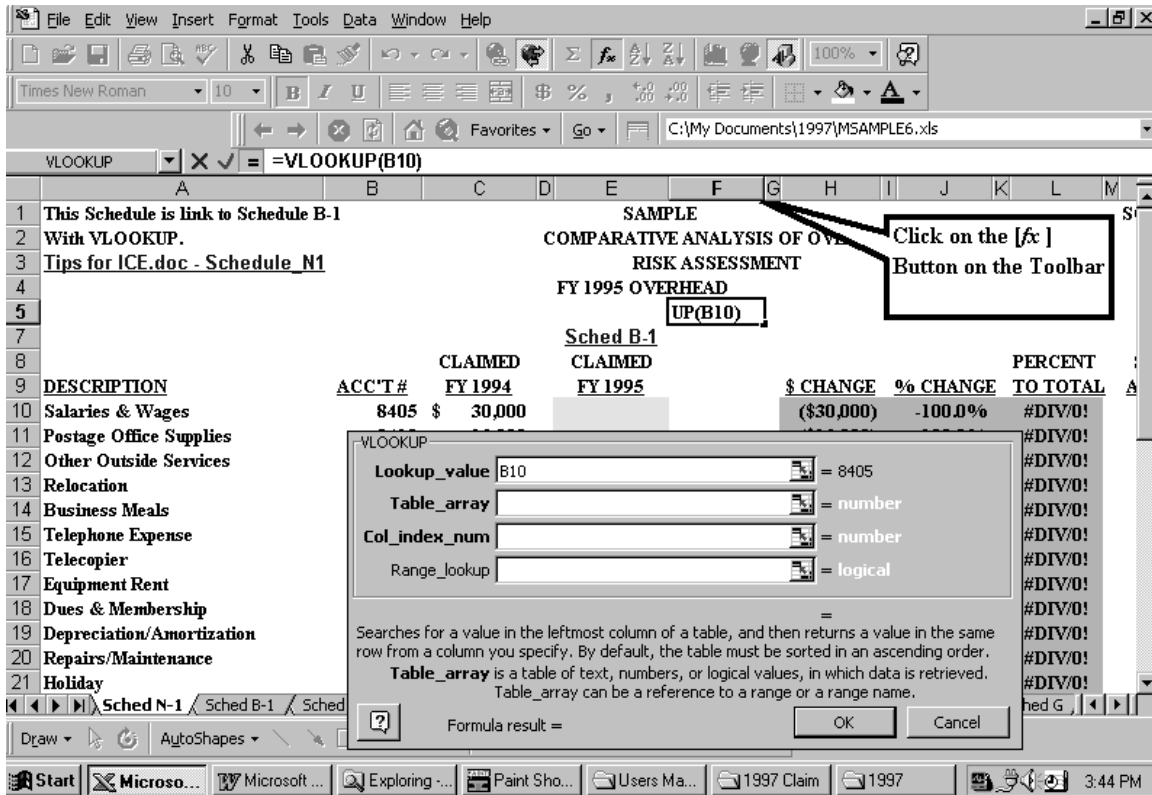
Step 2. The Vertical Lookup function table asks for a "Lookup_value", this is the first window in the Drop-Down Dialog Box. Select the first account number on the top of the source schedule. Clicking on Cell B-10 returns the Lookup_value "B-10"(identifies location of first account number) **There are two conditions that must be met for VLOOKUP to work.**

First, the chart of accounts in both the source and the receiving schedules must be identical. (To clarify the definition of "Source and Receiving" schedules: the source schedule is where the data is being extracted from (i.e., Overhead Schedule C, and the receiving schedule is where we are performing the VLOOKUP function and the data will extracted to (i.e., Overhead Comparative Analysis Schedule Q-1.)

Second, the account numbers in both schedules must be in ascending order, and in the left-most column in the source schedule (in the above example, the account numbers are to the left of the amount column in Schedule Q-1).

- Using the Mouse Pointer, click and drag to move the dialog box down out of the field of view of the top several rows of data in the receiving schedule.

- With a clear field of view, click on the first account number with the mouse pointer. The first window in the dialog box should now show the cell location the account number of the cursor. Also, notice the value in that cell is shown on the right of the active window.

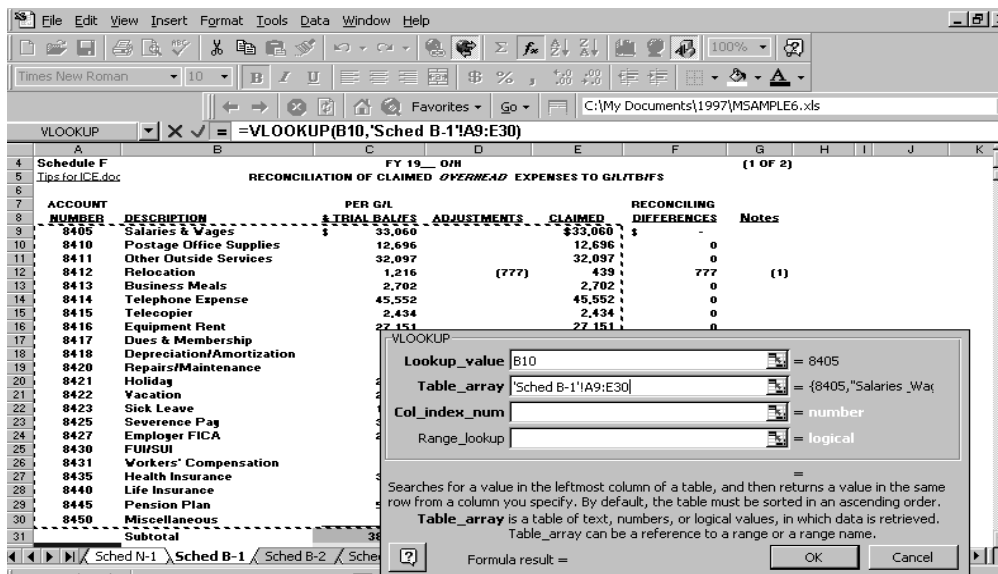- Use the "TAB" key or mouse pointer to get to the next window.
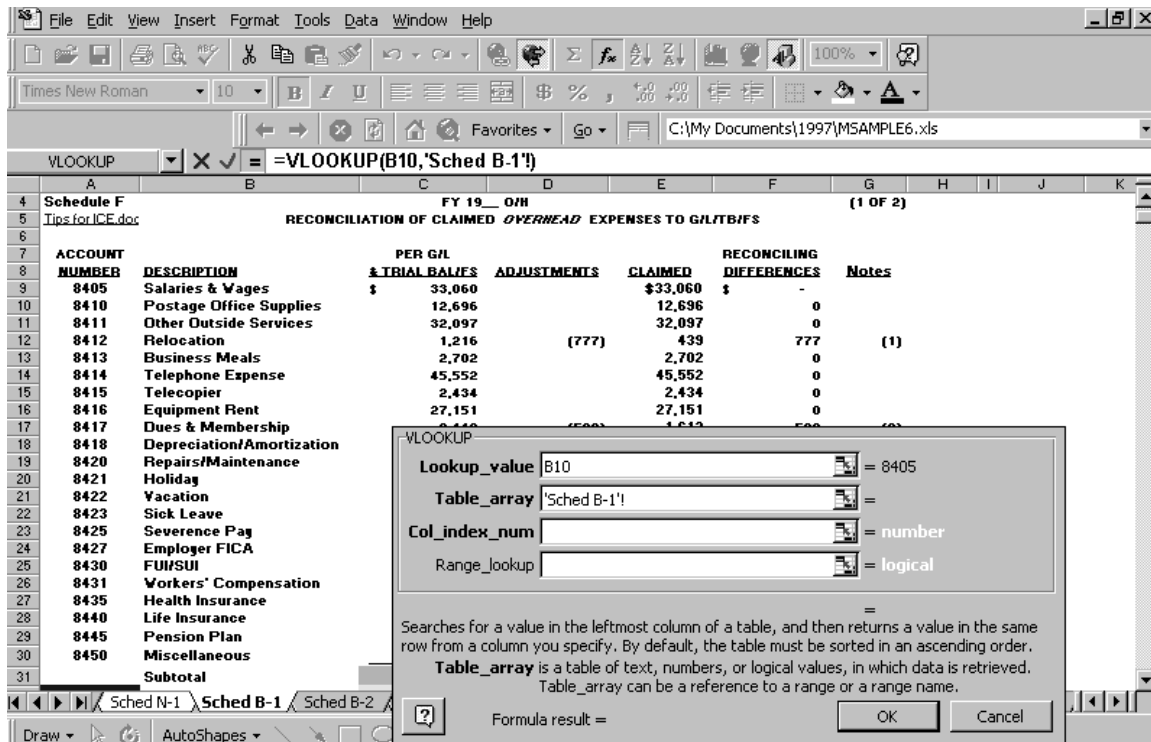
Step 3. The VLOOKUP Function Wizard will now ask for the following:

VLOOKUP (lookup_value, table_array, col_index_num, range_lookup). Click on the Tab for Schedule C (Claimed Overhead Schedule) to find the range of cells to be considered (table_array).

Use the Mouse Pointer and highlight the range A9 to E30.

Use the TAB key to get to the next window in the dialog box and count the number of columns from the left and input the number in the window of the source schedule (i.e., Claimed Overhead Schedule).

Click on OK, the function wizard to return to the receiving schedule (i.e., Comparative Analysis of Overhead Schedule).

Finally, TAB to Range_Lookup and type in FALSE. This specifies that an exact match of the Lookup_value is needed. Click on OK.

Use the copy command to copy the first VLOOKUP formula to the remaining accounts in the column. This completes the first Vertical Lookup. Analyze the process and results to gain a better understanding.