

CHAPTER 23 STATEMENT OF COSTS INCURRED AND CLAIMED

1. INTRODUCTION AND PURPOSE. This chapter serves to provide the financial management requirements and responsibilities for preparing and reporting the Statement of Costs Incurred and Claimed.

(a) Requirements and Applicability

- (1) The Statement of Costs Incurred and Claimed (SCIC), is prepared and certified by DOE's integrated contractors annually after they have submitted their financial statements and related information to their cognizant field elements (Attachment 23-1). This requirement applies to individual DOE contracts that include the contract clause at 48 CFR 970.5232-2 (alternate iii). The costs reported on this statement should be consistent with the contractors' financial statements. The SCIC form is provided as an attachment to this chapter; detailed descriptions of the SGL accounts listed on the form are kept by the Office of Financial Controls and Reporting. Deviations from the form and procedures established by this chapter must be approved by the cognizant contracting officer.
- (2) The Statement of Costs Incurred and Claimed is not a payment voucher. It is the contractor's accounting for all costs incurred for the year covered by the Statement. By submission of the Statement, the integrated contractor summarizes its costs incurred during the year specified
- (3) The Statement of Costs Incurred and Claimed serves as the contractor's claim and certification that the contractor's costs it covers have been incurred and (to the best of the Certifying Official's knowledge and belief) are allowable, allocable, and reasonable (hereinafter referred to as allowable) under the contract.

(b) Role of Integrated Contractors. Integrated contractors record and report financial and accounting data resulting from the operation of DOE-owned or DOE-controlled laboratories, facilities and sites, including those under the oversight of the National Nuclear Security Administration (NNSA). The operational relationship has the following characteristics: (1) the contractor is reimbursed by DOE for allowable costs incurred; (2) the contractor ensures the proper use of public funds; and (3) the contractor maintains accounts integrated with the DOE SGL accounts that are self-balancing when reported periodically through the DOE accounting systems.

(c) Non-Integrated Management and Operating Contractors. The guidance in this chapter specifically applies to contractors with integrated accounting. Non-integrated management and operating contractors should provide a Statement of Costs Incurred and Claimed as required by the terms of their contracts and guidance provided by the contracting officer.

2. REVIEW AND APPROVAL OF COSTS INCURRED. DOE's approval of the contractor's Statement of Costs Incurred and Claimed constitutes the DOE's acknowledgment that the net costs incurred are believed to be allowable under the contract and that those costs have been recorded in the accounts maintained by the contractor in accordance with its contract's terms. DOE's approval is completed only after all appropriate signatures have been obtained on the contractor's Statement of Costs Incurred and Claimed. This approval does not relieve the contractor of responsibility for DOE's assets in its care, for appropriate subsequent adjustments, or for errors later becoming known to the Department. The process for the contractor's submission and DOE's review and approval of contractor's Statement of Costs Incurred and Claimed is as follows:

(a) **Preparation and Submission of the Statement of Costs Incurred and Claimed.** The contractor prepares the Statement of Costs Incurred and Claimed as of September 30 each year and submits it to the DOE Contracting Officer no later than November 15 of each year. The Contractor shall certify the Statement of Costs Incurred and Claimed subject to the penalty provisions for unallowable costs as stated in sections 306(b) and (i) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256), as amended.

Upon receipt, the Contracting Officer provides a courtesy copy to the Inspector General (IG) for assessment planning purposes.

(b) **Review by the Field CFO and Contracting Officer.** The Contracting Officer signs as well as obtains the Field CFO's signature on the original Statement of Costs Incurred and Claimed.

(1) In signing, the Field CFO and the Contracting Officer attest that the contractor has established a system of controls adequate to minimize the risk of incurring unallowable costs.

(2) The Field CFO and Contracting Officer should perform any review/oversight activities necessary to provide them with reasonable assurance that these controls are in place and working as intended. Any unallowable cost issues are referred to the Contracting Officer for resolution.

(3) The Field CFO will include a corrective action plan for all identified concerns. The corrective action plan should be attached to the signed Statement of Costs Incurred and Claimed.

(4) The Contracting Officer forwards the signed copy of the Statement of Costs Incurred and Claimed to the IG in accordance with the schedule outlined in section 3.

(c) **Inspector General Assessment of Costs Incurred and Claimed.** In accordance with the Cooperative Audit Strategy, the IG will annually perform an assessment of the Statements of Costs Incurred and Claimed for the ten contractors who incur and claim the most costs annually. The remaining contractor Statements of Costs Incurred and Claimed will be reviewed by the IG on an agreed upon rotational basis. The IG will not begin

assessment work until receipt of the signed copy of the Statement of Costs Incurred and Claimed.

In conducting its assessment of the Statement of Costs Incurred and Claimed, the IG:

- (1) Assesses the contractor's internal control structure to assure costs claimed and reimbursed by the Department are allowable under the contract; and,
- (2) Assesses the work of the contractor's internal audit staff, specifically with regard to the allowability of costs claimed by the contractor.
- (3) Prepares a final report based on this assessment identifying any reportable conditions and/or IG recommendations

Based on the results and following completion of the assessment work, the IG will issue a report on the contractor's Statement of Costs Incurred and Claimed.

The IG signs the Statement of Costs Incurred and Claimed if it finds no material internal control weaknesses or findings. The IG will disclose any questioned costs identified by its review on the form.

When the IG performs assessments of costs incurred and claimed on a rotational basis, the assessments cover the multi-year period that has elapsed since its most recent prior assessment at that site.

- (d) **Resolution of Questioned Costs.** After receipt of the IG's assessment report, the Contracting Officer is responsible for resolving any questioned costs when appropriate and assessing any associated penalties.

The Contracting Officer will ensure that any disallowed costs are reflected on the Statement of Costs Incurred and Claimed form in the "Contracting Officer Adjustments" column

- (e) **DOE's Approval of the Statement of Costs Incurred and Claimed.** After resolution of questioned costs, the DOE Site Manager and Contracting Officer will approve the contractor's Statement of Costs Incurred and Claimed. Approval will constitute acknowledgment by DOE that the net costs incurred are allowable under the contract and that they have been recorded in the accounts maintained by the contractor in accordance with the contract terms. The Contracting Officer will provide copies of the approved form to the contractor, the Field CFO, and the Inspector General.

DOE's approval of the Statement of Costs Incurred and Claimed does not relieve the contractor of responsibility for DOE's assets in its care, for appropriate subsequent adjustments, or for errors later becoming known to DOE.

- (f) **Accounting Adjustments.** Upon receiving the final "Statement of Costs Incurred and Claimed," the Field CFO ensures that accounting adjustments for disallowed costs are recorded.

- (g) **Contractors that are not scheduled for an Annual Assessment by the IG.** Contractors must prepare and submit Statements of Costs Incurred and Claimed annually to the Contracting Officer in accordance with contract terms and conditions. The Field CFO and Contracting Officer should review and sign the statements annually, even when the IG does not perform an assessment of the costs incurred and claimed in the current year.

IG assessments conducted on a rotational basis cover the multi-year period that has elapsed since the most recent prior IG assessment. The resolution of questioned costs identified by the IG and final Departmental approval of the costs incurred and claimed will not be accomplished until the IG has completed its assessment of the period in which the costs were incurred and claimed.

3. SCHEDULE. The schedule for the annual review and approval of the Statement of Costs Incurred and Claimed is as follows:

- (a) 11/15 - Statement of Costs Incurred and Claimed submitted by the contractor to the Contracting Officer.
- (b) 11/15 to 12/31 - Review of Statement of Costs Incurred and Claimed by the Field CFO and the Contracting Officer.
- (c) 12/31 - Contracting Officer forwards a copy of the Statement of Costs Incurred and Claimed signed by the Field CFO and Contracting Officer to the IG.
- (d) Within timeframes established by the IG's assessment schedule, the IG returns the reviewed and signed Statement of Costs Incurred and Claimed along with the assessment report to the Contracting Officer.
- (e) After completion of the IG assessment, the Contracting Officer will promptly resolve any questioned costs and assess penalties for unallowable costs as appropriate.
- (f) Within 30 days of a Contracting Officer determination of disallowed costs, the Field CFO shall verify that appropriate accounting adjustments costs are recorded.

**ATTACHMENT 23-1
STATEMENT OF COSTS INCURRED AND CLAIMED**

Statement of Costs Incurred and Claimed under Contract Number _____
For the period beginning _____ and ending _____

	<u>Contractor Costs Incurred</u>	<u>Contracting Officer Adjustments</u>	<u>Total Adjusted Costs</u>
1. Operating Expenses/Program Costs (61000000)	_____	_____	_____
2. Integrated Contractor Cost Overruns and Undistributed Costs (61009900)	_____	_____	_____
3. Other Interest Expenses (63300000)	_____	_____	_____
4. Cost of Goods Sold – Budgeted – B&R WN and CB (6500F000)	_____	_____	_____
5. Purchases of Capitalized PP&E (88020100)	_____	_____	_____
6. Financing for Previously Unfunded Capital Lease PP&E (88020500)	_____	_____	_____
7. Purchase of Capitalized Inventories (88030200)	_____	_____	_____
8. Purchase of Funded Inventory (88030300)	_____	_____	_____
9. Purchase of Other Assets (88040900)	_____	_____	_____
Costs Incurred and Claimed (Total)	=====	=====	=====

Note: Detailed information on the individual SGLs listed above is retained by the CFO Office of Financial Controls and Reporting.

Signatures:

Subject to the False Claims Act (31 U.S.C. § 3279 et seq) I certify that, to the best of my knowledge and belief, the Costs Incurred and Claimed are allowable in accordance with the terms of the subject contract and applicable laws and regulations.

Manager, Integrated Contractor

Date

The contractor has established a system of controls adequate to minimize the risk of incurring unallowable costs. Additionally, our review of the contractor's Statement of Costs Incurred and Claimed has disclosed no unallowable costs except for any noted adjustments. The above statements do not constitute final approval or settlement of costs.

Field Chief Financial Officer Date

Contracting Officer Date

Questioned costs disclosed by the Inspector General \$ _____.

Office of Inspector General Date

Approved by the U.S. Department of Energy in the amount of \$ _____ subject to future audit.

Contracting Officer Date

Field Office Manager or Head of Contracting Activity Date