

*"It has not fallen to your lot to command great armies. You had to create them, organize them and inspire them."*

— Churchill to General George Marshall 1945



Keep it simple.

### WHAT ARE INDIRECT COSTS?

Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. In theory, costs like heat, light, accounting and personnel might be charged directly if little meters could record minutes in a cross-cutting manner. Practical difficulties preclude such an approach. Therefore, cost allocation plans or indirect cost rates are used to distribute those costs to benefiting revenue sources.

### WHAT IS INDIRECT COST ALLOCATION?

Indirect cost allocation is simply a mechanism for determining fairly and conveniently within the boundaries of sound administrative principle, what proportions of Departmental/organizational administration costs each programs should bear. Indirect Cost Allocations are performed using an indirect cost rate where an indirect rate represents the ratio between the total indirect costs and benefiting direct costs.

### WHAT WILL THE DASTON'S DCAA SOLUTION ACHIEVE?



Our solution, built entirely on NetSuite Suiteflex platform, will provide government contractors with ability to easily and simply:

- Identify and accumulate indirect costs by logical cost groupings (cost pools), with due consideration of the

reasons for incurring such costs.

- Identify and accumulate the base (direct) costs to which a specific indirect cost pool will be allocated.
- Calculate the indirect cost rate for each of the indirect cost pools.
- Allocate the indirect costs to each base using system calculated 'actual' rates, target rates, 'provisional' rates for billing, or optionally 'standard' rates for service centers.

Some Salient Features of our solution:

- Is compliant with the Cost Accounting Standards and DCAA Regulations, including Cost of Money allocations.
- Works with existing chart of accounts and organizational structure.
- Supports an unlimited number of user defined allocation pools or service centers, tiers or processing sequences.
- Automatically accumulates pool amounts and bases.
- Supports allocations based on dollar amounts, labor hours, or units.

Additionally the solution will provide some pre-configured reports such as Statement of Indirect Costs and Indirect Cost Trend Analysis.