

Financial Accounting Requirements for EPRI Contracts

This is a brief summary of the financial reporting and accounting requirements of EPRI's contracts.

1. The proposed final indirect rates must be reported to the EPRI Audit, within 120 days of the close of your fiscal year. You should support your proposed final indirect rates with sufficient documentation to allow a thorough review by EPRI. Please label your rates as either **government** or **commercial** rates.
2. A separate invoice must be prepared for any indirect rate adjustment(s). EPRI is not obligated to reimburse indirect rate adjustments which exceed the CCL.
3. Independent Research and Development is limited to the lesser of either a) the contractor's normal allocation of such costs or b) four percent of fully burdened labor, unless in those cases where EPRI is provided approved Government indirect rates, EPRI follows the Government cost recognition and reimbursement procedures when such costs are included in the original proposal.
4. EPRI has a guideline that limits reimbursement of bonus, pension and other compensation to 20 percent of total salaries. Factors considered in this limitation include a rate analysis comparison to market salaries and the compensation package as a whole.
5. Each invoice should include an itemized statement of cost components in the same level of detail as the cost elements specified in the budget. The invoice should detail cumulative expenditures as well as the costs of the current period being billed.
6. Direct labor incurred on this contract shall be billed at the employee's actual labor rate applied to his/her applicable hours incurred.
7. The EPRI Project Manager and Contracts Department must be notified when the total costs that you expect to incur in the next 30 days will bring the total expended amount to 75 percent of the Contract Cost Limitation. In addition, the EPRI Project Manager and Contracts Department should be notified immediately of any potential overrun situation or if you expect to complete the contract substantially under the Contract Cost Limitation.
8. If you change your direct/indirect rate structure from one basis to another, this constitutes an accounting change. In such a case, EPRI Audit must be notified prior to this change taking place and such notification must include a cost impact statement for all EPRI contracts that are affected.
9. Unless specified in the Budget Schedule to the Agreement, no equipment shall be purchased or fabricated with EPRI funds unless specifically approved in writing by EPRI.
10. Equipment purchased or fabricated with EPRI funds is to be reported to the EPRI Project Manager on an annual basis (generally the contract anniversary date) as well as shown on the appropriate monthly invoice.

The equipment report and invoice should detail the date acquired, vendor, model number, quantity and unit costs.

General purpose equipment and office furniture will not be accepted as direct charges against an EPRI contract.

11. EPRI Audit Rights to Contractor's accounting data requires that the Contractor shall maintain books, records, documents, and other evidence, based on the procedures set forth in EPRI's standard Contract Language sufficient to reflect properly all costs claimed to have been incurred in performing the Agreement. EPRI or, at EPRI's option, a public accounting firm designated by EPRI, may audit such accounting records at all reasonable times with prior notice by EPRI. EPRI shall bear the expense of such audits. It is the intent of the parties that such audits shall ordinarily be performed not more frequently than once every twelve months during the performance of the work and once at any time within three years following payment by EPRI of the Contractor's final invoice. However, performance of any such interim audits by EPRI does not preclude further audit of costs, including indirect costs, during subsequent audits.
12. Example of items of unallowable costs are as follows:
- a. Contingency costs;
 - b. Cost of money or other imputed costs, such as goodwill, unless in those cases where EPRI is provided approved Government indirect rates, EPRI follows the Government cost recognition and reimbursement procedures when such costs are included in the original proposal;
 - c. Fines and penalties resulting from violation of, or failure to comply with federal, state, or local laws or regulations;
 - d. Interest expense is only allowable after being netted with interest income, unless the Cost of Money is claimed;
 - e. Overtime, unless specifically approved by the EPRI Project Manager;
 - f. Losses on contracts; and
 - g. Federal income taxes and excess profit taxes.

This brief explanation of various financial requirements should not be used as a substitute for your detailed review of all the contractual provisions and requirements of our contract. Remember that this summary is based on EPRI standard "boilerplate" contract language and individual contracts may vary.

Attachment: [Sample Invoice for Cost Reimbursement](#)



XYZ Co. SAMPLE INVOICE

Tel: (650) 855-XXXX Fax: (650) 855-XXXX
www.EPRIsamplecompany.com

Ensure EPRI project number is listed.

Provide necessary information for EPRI to issue and mail payment.

Listing the EPRI Project Manager is helpful.

Identify the period when the costs were incurred.

Include a cumulative contract cost column.

List current costs incurred for period.

Ensure the invoice costs descriptions match those listed in the contract budget.

Currency is payable in US dollars.

A contact person and phone number is helpful.

Issue a separate invoice for rate adjustment and include details. Inclusion of a rate adjustment with current costs could delay payment.

TO: Electric Power Research Institute
Attn: Accounts Payable
P.O. Box 10412
Palo Alto, California 94303
epriinvoices@epri.com

FROM: XYZ Company
Attn: Accounts Receivable
168 Electric Avenue
Elyria, Ohio 44035
Tax ID #: XX - XXXXXXXX

Invoice No: _____ Invoice Date: xx/xx/20xx
EPRI Contract: 1000XXXX EPRI Project Manager: _____

For Costs incurred for the period from xx/xx/20xx through xx/xx/20xx.

**Cost elements should be consistent with the contract budget.*

*Cost Element	Current	Cumulative
Direct Material	\$xx,xxx	\$xx,xxx
Subcontracted	xxx	xx,xxx
Interdivisional	xx	x,xxx
Equipment Rental/Lease	x,xxx	xx,xxx
Purchased Special Equipment	xx,xxx	xx,xxx
Consultants	x,xxx	x,xxx
Travel	x,xxx	xxx,xxx
Other Direct Costs	x,xxx	xxx,xxx
Direct Labor	x,xxx	xxx,xxx
Total Direct Costs	xx,xxx	x,xxx,xxx
Overhead @ ___% of _____	xx,xxx	x,xxx,xxx
Total Direct Costs & Overhead	xx,xxx	x,xxx,xxx
General & Admin (G&A) @ ___% of _____	xx,xxx	x,xxx,xxx
Total Cost	xx,xxx	x,xxx,xxx
Fee or (Cost Sharing) @ ___ %	x,xxx	xx,xxx
Total Invoice	xxx,xxx	x,xxx,xxx
Less Retention	x,xxx	x,xxx
Total After Retention (If Applicable)	xxx,xxx	xx,xxx,xxx
Amount Due (In US \$'s)	xxx,xxx	

For questions on this invoice, please contact Jon Know at 654-855-XXXX of jknow@xyz.com