

raw materials, parts, software, components, and assemblies. For all items proposed, identify the item, source, quantity, and cost.

(ii) *Direct labor.* Provide a time-phased (e.g., monthly, quarterly) breakdown of labor hours, rates, and costs by appropriate category, and furnish the methodologies used in developing estimates.

(iii) *Allocable direct costs.* Indicate how allocable costs are computed and applied, including cost breakdowns that provide a basis for evaluating the reasonableness of proposed rates.

(iv) *Subcontracting costs.* For any subcontractor costs submitted for reimbursement, the carrier is responsible for ensuring that documentation requirements set forth herein are passed on to any and all subcontractors utilized in the carrier's efforts to meet CALEA requirements.

(v) *Other costs.* List all other costs not otherwise included in the categories described above (e.g., special tooling, travel, computer and consultant services) and provide bases for costs.

(e) As part of the specific information required, the carrier shall submit with its cost estimate and clearly identify as such, costs that are verifiable and factual. In addition, the carrier shall submit information reasonably required to explain its estimating process, including:

(1) The judgmental factors applied, such as trends or budgetary data, and the mathematical or other methods used in the estimate, including those used in projecting from known data; and

(2) The nature and amount of any contingencies included in the proposed estimate.

(f) There is a clear distinction between submitting cost data and merely making available books, records, and other documents without identification. The requirement for submission of cost data is met when all accurate cost data reasonably available to the carrier have been submitted, either actually or by specific identification, to the FBI.

(g) In submitting its estimate, the carrier must include an index, appropriately referenced, of all the cost data

and information accompanying or identified in the estimate. In addition, any future additions and/or revisions, up to the date of agreement on the costs, must be annotated in a supplemental index.

(h) Headings for submission are as follows:

(1) Total Project Cost: Summary.

(i) Cost Elements (Enter appropriate cost elements.)

(ii) Proposed Cost Estimate—Total Cost (Enter those necessary and reasonable costs that in the carrier's judgment will properly be incurred in efficient completion of CALEA requirements. When any of the costs in this have already been incurred (e.g., under a letter contract), describe them on an attached supporting schedule.)

(iii) Proposed Cost Estimate—Unit Cost (Enter the unit costs for each cost element.)

(iv) Supporting Material (Identify the attachment in which the information supporting the specific cost element may be found.)

(2) Total Project Costs: Detail (at Switch Level or Project Level, as appropriate).

(i) Cost Elements (Enter appropriate cost elements.)

(ii) Proposed Cost Estimate—Total Cost (Enter those necessary and reasonable costs that in the carrier's judgment will properly be incurred in efficient completion of CALEA requirements. When any of the costs in this have already been incurred (e.g., under a letter contract), describe them on an attached supporting schedule.)

(iii) Proposed Cost Estimate—Unit Cost (Enter the unit costs for each cost element.)

(iv) Supporting Material (Identify the attachment in which the information supporting the specific cost element may be found.)

§ 100.17 Request for payment.

(a) The carrier shall provide sufficient supporting documentation at the time of submission of request for payment to allow adequate analysis and evaluation of the incurred costs. The FBI reserves the right to request additional cost data from carriers in order to ensure compliance with this part.

§ 100.17

28 CFR Ch. I (7-1-03 Edition)

(b) Instructions for submission of the supporting documentation for the request for payment are as follows:

(1) The carrier shall submit to the FBI incurred costs by line item with supporting information.

(2) A cost element breakdown as described in §100.17(f) shall be attached for each agreed upon line item.

(3) Supporting breakdowns shall be furnished for each cost element, consistent with the carrier's cost accounting system.

(c) When more than one line item has been agreed upon, summary total amounts covering all line items shall be furnished for each cost element. Depending on the carrier's accounting system, breakdowns shall be provided to the FBI for the following categories of cost elements, as applicable:

(1) *Materials.* Provide a consolidated cost summary of individual material quantities included in the various tasks, orders, or agreement line items and the basis upon which they were determined (vendor invoices, time sheets, payroll records, etc.). Include raw materials, parts, software, components, and assemblies. For all reimbursable items, identify the item, source, quantity, and cost.

(2) *Direct labor.* Provide a breakdown of labor hours, rates, and cost by appropriate category, and furnish the methodologies used in identifying these costs. Have available for audit, in accordance with §100.18, time sheet and labor rate calculation justification for all direct labor charged to the agreement.

(3) *Allocable direct costs.* Indicate how allocable costs are computed and applied, including cost breakdowns, comparing estimates to actual data as a basis for evaluating the reasonableness of actual costs.

(4) *Subcontracting costs.* For any subcontractor costs submitted for reimbursement, along with a copy of the invoice, the carrier must have available for audit in accordance with §100.18, documentation that costs incurred are just and reasonable.

(5) *Other costs.* List all other costs not otherwise included in the categories described above (e.g., special tooling, travel, computer and consultant services) and have available for

audit in accordance with §100.18, documentation that costs incurred are just and reasonable.

(d) There is a clear distinction between submitting cost data and merely making available books, records, and other documents without identification.

(1) The requirement for submission of cost data is met when all accurate cost data reasonably available to the carrier have been submitted, either actually or by specific identification of the data that are available for review in the carrier's files, to the FBI.

(2) Should later information which affects the level of reimbursement come into the carrier's possession, it must be promptly submitted to the FBI.

(3) The requirement for submission of cost data continues up to the time of final reimbursement.

(e) In submitting its invoice, the carrier must include an index, which cross references the actual cost data submitted with the cost estimate.

(f) Headings for submission are as follows:

(1) Total Project Cost: Summary.

(i) Cost Elements (Enter appropriate cost elements.)

(ii) Actual Costs Incurred—Total Cost (Enter those necessary and reasonable costs that were incurred in the efficient completion of CALEA requirements.)

(iii) Actual Costs Incurred—Unit Cost (Enter the unit costs for each cost element.)

(iv) Supporting Material (Identify the attachment in which the information supporting the specific cost element may be found.)

(2) Total Project Costs: Detail (at Switch Level or Project Level, as appropriate.)

(i) Cost Elements (Enter appropriate cost elements.)

(ii) Actual Costs Incurred—Total Cost (Enter those necessary and reasonable costs that were incurred in the efficient completion of CALEA requirements.)

(iii) Actual Costs Incurred—Unit Cost (Enter the unit costs for each cost element.)

Department of Justice

§ 100.19

(iv) Supporting Material (Identify the attachment in which the information supporting the specific cost element may be found.)

§ 100.18 Audit.

(a) *General.* In order to evaluate the accuracy, completeness, and timeliness of the cost data, the FBI or other representatives of the Government shall have the right to examine and audit all of the carrier's supporting materials.

(1) These materials include, but are not limited to books, records, documents, and other data, regardless of form (e.g., machine readable media such as disk, tape) or type (e.g., data bases, applications software, data base management software, utilities), including computations and projections related to proposing, negotiating, costing, or performing CALEA compliance efforts or modifications.

(2) The right of examination shall extend to all documents necessary to permit adequate evaluation of the cost data submitted, along with the computations and projections used.

(b) *Audits of request for payment.* The carrier shall maintain and the FBI or representatives of the Government shall have the right to examine and audit supporting materials.

(1) These materials include, but are not limited to, books, records, documents, and other evidence and accounting procedures and practices, regardless of form (e.g., machine readable media such as disk, tape) or type (e.g., date bases, applications software, data base management software, utilities), sufficient to reflect properly all costs claimed to have been incurred, or anticipated to be incurred, in performing the CALEA compliance effort.

(2) This right of examination shall include inspection at all reasonable times of the carrier's plants, or parts of them, engaged in performing the effort.

(c) *Reports.* If the carrier is required to furnish cost, funding, or performance reports, the FBI or representatives of the Government shall have the right to examine and audit books, records, other documents, and supporting materials, for the purpose of evaluating the effectiveness of the carrier's policies and procedures to produce data compatible with the ob-

jectives of these reports and the data reported.

(d) *Availability.* The carrier shall make available at its office at all reasonable times the costs and support material described herein, for examination, audit, or reproduction, until three (3) years after final reimbursement payment. In addition,

(1) If the CALEA compliance effort is completely or partially terminated, the records relating to the work terminated shall be made available for three (3) years after any resulting final termination settlement; and

(2) Records relating to appeals, litigation or the settlement of claims arising under or relating to the CALEA compliance effort shall be made available until such appeals, litigation, or claims are disposed of.

(e) *Subcontractors.* The carrier shall ensure that all terms and conditions herein are incorporated in any agreement with a subcontractor that may be utilized by the carrier to perform any or all portions of the agreement.

§ 100.19 Adjustments to agreement estimate.

(a) *Adjustments prior to the incurrence of a cost.* (1) In accordance with § 100.17(d)(2), the carrier shall notify the FBI when any change affecting the level of reimbursement occurs.

(2) Upon such notification, if the adjustment results in an increase in the estimated reimbursement, the FBI will review the submission and determine if

(i) Funds are available;

(ii) The adjustment is justified and necessary to accomplish the goals of the agreement; and

(iii) It is in the best interest of the government to approve the expenditure.

(3) The FBI will provide the decision as to the acceptability of any increase to the carrier in writing.

(b) *Adjustments after the incurrence of a cost.* Any cost incurred that exceeds the provision in § 100.16(e)(2) will be reviewed by the FBI to determine reasonability, allowability, and if it is in the best interest of the government to approve the expenditure for reimbursement.

(c) *Reduction for defective cost data.* (1) The cost shall be reduced accordingly