



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240



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Memorandum

To: Service Directorate

From **Acting** Director *Bryan Arjo*

Subject: Indirect Cost Recovery Policy for Service First Agreements

In November 2006, the U.S. Fish and Wildlife Service (Service) entered into an agreement, titled "Service First", through a joint memorandum of understanding (MOU) with the Forest Service, the National Park Service, and the Bureau of Land Management. This agreement is a tool to execute work activities where both parties are contributing similar levels of resources on mutually beneficial programs and projects.

The Service First agreement includes a clause where agencies agree to waive agency indirect cost charges, provided there is a mutual benefit and the agency determines that the waiver will not result in a significant financial burden. When considering the use of the Service First MOU as a guiding document, the Service entity entering into a work arrangement with another agency must ensure that there is substantial collaboration in the arrangement, and that in-kind services are valued substantially equal by both providers. If both these criteria are not met, the arrangement can not utilize the Service First MOU, and should be considered a standard reimbursable agreement, for which standard Service reimbursable policies apply.

If the arrangement is appropriately considered a Service First agreement, a determination must still be made that there will be no serious impact on the Service's resource funding. The Service will make those determinations through the following procedures:

- If the reimbursable agreement does not exceed \$25,000, the Region or Program is authorized to determine whether it is appropriately a Service First Agreement, using the attached procedures.
- If the reimbursable agreement is over \$25,000, the originating organization must apply to the Director's Office for an exception to cost recovery policy using established Service procedures (Service Manual 264 FW 5) citing the Service First MOU. The request for indirect cost waiver must fully explain why the agreement will have no significant financial impact.



If it is determined that an indirect cost rate reduction or waiver will, in fact, have a significant financial impact (e.g., reducing the funds available to pay for leased space, program, or fixed costs) on the Region or program managing the agreement, the Service's standard rate of 22 percent or pass-through rate of 6 percent, if applicable, must be charged. Following these procedures will ensure that we do not inadvertently waive critical funding sources and put our on-going programs at risk.

For questions concerning the Service First agreement, please contact Jim McCaffery, Chief, Division of Contracting and Facilities Management, at (703) 358-2176. For questions concerning the Service's cost recovery policy, please contact George Keller, Chief, Division of Financial Management at (703) 358-2054.