

# FAR Part 31 Cost Compliance Guide

## Direct Project Costs

- Direct Labor
- Materials and Supplies
- Subcontractors and Consultants
- Travel and Subsistence
- Equipment and Facilities (Project-Specific)
- Other Direct Costs (ODCs)

## Allowable Indirect Costs

- Labor-Related Costs
- Facility and Operational Expenses
- Professional and Administrative Services
- Business Development and Training
- Insurance and Training

## Unallowable Costs

- Public Relations and Advertising
- Public Relations and Advertising
- Entertainment and Alcohol
- Contributions and Donations
- Bad Debts
- Fines, Penalties, and Legal Defense
- Interest and Financial Costs
- Lobbying and Political Activity
- Organization and Reorganization Costs
- Personal Use of Company Assets
- Certain Travel Expenses

Management must foster a “tone at the top” that prioritizes rigorous internal controls and annual overhead scrubbing, as the firm’s leadership is ultimately responsible for certifying that the indirect cost rate excludes all unallowable expenses per FAR Part 31.