



INDIRECT COSTS POLICY

1.0 POLICY

- 1.1 The intent of this policy is to address requests for use of grant monies for indirect costs (IDC).
1. Federally approved rate
 2. Negotiated rate
 3. De minimus rate

Recipients that have never had an approved Federal indirect cost rate may either negotiate an indirect cost rate or elect to charge a de minimis rate of 10% of modified total direct costs. Subrecipients electing to use the de minimis will not have an IDC with the application.

- 1.2 Direct recipients of Federal funding are responsible for approving indirect cost rates for their subrecipients. Such rates must be consistent with the requirements of 2 C.F.R. § 200. The Federal awarding agency will not approve indirect cost rates beyond the direct recipient level; however, subrecipients who are also direct recipients of Federal awards may already have a Federally approved indirect cost rate. If a subrecipient has negotiated an indirect cost rate with the Federal government, then that rate applies.

2.0 PROCEDURE

- 2.1 Program Managers are responsible for ensuring Request for Proposals (RFPs) include language authorizing indirect costs and ensuring that proof of an approved indirect cost plan or rate is submitted as supplemental application material, if applicable. Federal cognizant agencies approve rates or plans for state agencies and local jurisdictions approve rates or plans for local government.
- 2.2 Fiscal accountants will review the subrecipients' approved Indirect Cost Rate submitted with the application for correctness. If an IDC is indicated in the budget and the federal approved cost rate plan is not included, the indirect costs are not allowable.

3.0 REFERENCE AND AUTHORITIES

- 3.1 C.F.R. 200.414 (Indirect(F&A) costs)
- 3.2 DOJ Grants Financial Guide 3.11 Indirect costs

4.0 DEFINITIONS

- 4.1 Indirect costs are those costs not readily identified with a specific project or organizational activity but incurred for the joint benefit of both projects and other activities. Indirect costs are usually grouped into common pools and charged to benefiting objectives through an allocation process/indirect cost rate.
- 4.2 CFR – Chapter I, Chapter II, Part 200 – Office of Management and Budget – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. (Federal Register Dec. 26, 2013).
- 4.3 De minimis – Rate allowed by the federal awarding agency for recipients that do not have an Indirect Cost Plan. The current de minimis is 10%.

Issuing Authority:  _____