



## Indirect Cost Rate Application

### Submission Certification

Local Government Agency (LGA): \_\_\_\_\_

Tax ID #: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_

The indirect cost rate plan contained herein is for use on grants, contracts and other agreements with the Federal Government and the California Department of Transportation (Department), subject to the provisions in Section II.

This rate(s) was prepared by: \_\_\_\_\_, (LGA staff).

The LGA accounting system has been in use since \_\_\_\_\_ the accounting system is called: \_\_\_\_\_, created by \_\_\_\_\_.

**Note:** For entities with multiple rates, please include a worksheet for each rate as an attachment to this certification.

### SECTION 1—General Provisions

#### A. Limitations:

The rate in this Submission Certification is subject to any statutory or administrative limitations and applies to a given grant, contract, or other agreement; only to the extent that funds are available.

Submission Certification of the rate is subject to the following conditions:

1. Only costs incurred by the LGA were included in its indirect cost pool as finally accepted; such costs are legal obligations of the LGA and are allowable under the governing cost principles.
2. The same costs that have been treated as indirect costs are not claimed as direct costs.
3. Similar types of costs have been accorded consistent accounting treatment.
4. The information provided by the LGA, which was used to establish the rate(s), is not later found to be materially incomplete or inaccurate, by the Federal Government, or CIAO. In such situations, the rate(s) would be subject to renegotiation— at the discretion of the Federal Government, or CIAO.
5. Prior actual costs used in the calculation of the approved rate(s) are contained in the LGA's Single Audit, which were prepared in accordance with 2 CFR 200. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs.
6. The rate is based on actual costs incurred during the period.

## **B. Accounting Changes:**

This Submission Certification is based on the accounting system purported by the LGA, to be in effect during the Submission Certification period. Changes to the method of accounting for costs which affect the amount of reimbursement or resulting from the use of this Submission Certification, require prior approval of the authorized representative of the cognizant agency. Such changes include—but are not limited to, changes in the charging of a particular type of cost, from indirect to direct. Failure to obtain approval may result in cost disallowances.

## **C. Audit Adjustments:**

Immaterial adjustments resulting from the audit of information contained in this plan, shall be compensated for in the subsequent indirect cost plans approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the LGA. For rates covering a future fiscal year, unallowable costs will be removed from the indirect cost pool and the rate will be appropriately adjusted.

## **D. Record Retention:**

The proposal and all related documentation must be retained for audit in accordance with the record retention requirements of the State or Federal agreements for which the indirect rate will be billed; or for three years after the fiscal year for which the rate is calculated—whichever is longer.

## **E. Use by Other Federal Agencies:**

Authority to accept this agreement by CIAO has been delegated by the Federal Highway Administration, California Division. The purpose of this acceptance is to permit the LGA to bill indirect costs to Title 23 funded projects, administered by the Federal Department of Transportation (DOT).

The Submission Certification will also be used by the Department in state-only funded projects.

## **F. Other:**

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the accepted rate(s) in this Agreement, the LGA should: (1) credit such costs to the affected programs, and (2) apply the accepted rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

## SECTION 2—Calculation

This Submission Certification allows the LGA to select different certification process:

1. Cognizant Agency
2. De Minimis Rate
3. Fixed Rate with Carry Forward
4. Final Rate

A complete Submission Certification requires this document, and one of the attached documents below:

**Cognizant Agency** – This rate requires the LGA to apply the Cognizant Agency Rate from a federal cognizant agency.

Please list the federal cognizant agency: \_\_\_\_\_

Please list the rate: \_\_\_\_\_ Applicable fiscal year: \_\_\_\_\_

Provide a copy of the cognizant agency certification (or a letterhead from the agency with the approved rate) in the application.

**De Minimis Rate** – This rate allows the LGA to apply 10% without providing supporting documentation.

**Fixed Rate with Carry Forward** – This rate requires the LGA to provide a *budgeted cost and carry forward* calculation to justify their rate based on supporting documentation.

**Final Rate** – This rate requires the LGA to provide *an actual cost* calculation to justify their rate based on supporting documentation.

The LGA has selected: \_\_\_\_\_

Please attach the calculation page and send your form by E-mail to: [ICAP-ICRP@dot.ca.gov](mailto:ICAP-ICRP@dot.ca.gov).

Note: Failure to attach the calculation page is an incomplete submittal.

### SECTION 3—Certification of Indirect Costs

This is to certify that I, \_\_\_\_\_, have reviewed the indirect cost rate proposal submitted herewith, and to the best of my knowledge and belief:

- All costs included in the proposal to establish billing of an indirect cost rate(s) for fiscal year (\_\_\_\_\_ to \_\_\_\_\_) [MM/DD/YY] are allowable in accordance with the requirements of the Federal and State award(s) to which they apply, and Code of Federal Regulations (CFR), Part 200, "Cost Principles", Subpart E, and Appendices V & VII for State, Local, and Indian Tribal Governments.
- Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- All costs included in this proposal are properly allocable to Federal and State awards based on a beneficial or causal relationship between the expenses incurred, and the agreements to which they are allocated, in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently, and the Federal Government and CIAO will be notified of any accounting changes that would affect the fixed, final, or predetermined rate(s).
- I understand that during the predetermined (or extension) period, there will be no changes to the ICAP/ICRP calculation methodology used, no changes to our financial management system (i.e. change in processes, or in accounting software), and no substantial changes to our organizational structure and program(s).
- I understand that if a rate extension is granted, I may not request a rate review until the extension period ends; and that at the end of the extension period, I must re-apply to develop and negotiate a rate(s).
- I understand that the ICAP/ICRP package, along with all supporting documentation from which the proposed rates are developed, must be retained for audit in accordance with the record retention requirements of the State or Federal agreements; for which the indirect rate(s) will be billed, or for three years after the fiscal year, for which the rate(s) is calculated—whichever is longer.
- Additionally, I understand that in accordance with 2 CFR, Part 200, Appendix VII, refunds shall be made if proposals are later found to have included costs that are unallowable as specified by law or regulation—as identified in Subsection 200.420—to this part, or by the terms and conditions of Federal and State award, or are unallowable because they are clearly not allocable to Federal or State awards. These adjustments or refunds will be made regardless of the type of rate(s) negotiated (predetermined, final, fixed, or provisional). For rates covering a future fiscal year, (i.e. extended rates), the unallowable costs will be removed from the indirect cost pool(s) and the rate(s) appropriately adjusted for all fiscal years covered by the extension.

I acknowledge, as a representative of \_\_\_\_\_ that the proper use and application of the indirect rate contained in this indirect cost rate proposal is the responsibility of the \_\_\_\_\_ and such use may be subject to audit by CIAO or Federal Highway Administration. Failure to cooperate with an audit may result in the withdrawal of CIAO acceptance, and require immediate reimbursement of previously reimbursed indirect costs.

I declare that the foregoing is true and correct.

Government Unit: \_\_\_\_\_

**Document Prepared by:**

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Preparation: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Review, Approved, and Submitted by:**

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

E-mail: \_\_\_\_\_