

U.S. Fish and Wildlife Service
Indirect Cost Rate Agreement Requirements for Financial Assistance Recipients

A recipient without an established indirect cost rate agreement with a Federal agency may not charge indirect costs to Federal financial assistance awards. All proposed costs must be charged directly. Individuals applying for/receiving funding as a natural person (not affiliated with any organization i.e., unrelated to any business or nonprofit organization they may own or operate in their own name) must charge all costs directly.

To simplify relations between Federal financial assistance recipients and awarding agencies, the Office of Management and Budget (OMB) established the cognizant agency concept, under which a single agency represents all others in dealing with financial assistance recipients in common areas, including reviewing and approving indirect cost rates. Approved rates must be accepted by other agencies, unless specific program regulations restrict the recovery of indirect costs.

OMB published a list of cognizant agency assignments for some State agencies, cities and counties on January 6, 1986 (51 FR 552). The cognizant agency for governmental units not on that list is the one that provides the most grant funds to the entity. The Department of Health and Human Services (HHS) is the cognizant agency for all States and most cities. The cognizant agency for non-profit organizations is determined by calculating which Federal agency provides the most grant funding. The Department of the Interior is the cognizant agency for all Indian tribal governments. For hospitals, HHS serves as the main cognizant agency.

An organization that has not previously established an indirect cost rate and is a non-profit organization that has received, or expects to receive, the greatest amount of Federal funding in direct awards from the Department of the Interior, should go to <http://www.aqd.nbc.gov/Services/ICS.aspx> for online guidance and tools for submitting an indirect cost rate agreement proposal to the Department of the Interior. Organizations may also contact the National Business Center directly at:

Indirect Cost Services
Acquisition Services Directorate, National Business Center
U.S. Department of the Interior
2180 Harvard Street, Suite 430
Sacramento, CA 95815
Phone: 916.566.7111 Fax: 916.566.7110
Email: ics@nbc.gov

The Federal cost principles describe for each organization type how to establish an indirect cost rate. The Federal cost principles are:

- Cost Principles for Non-Profit Organizations (OMB Circular A-122)
- Cost Principles for Educational Institutions (OMB Circular A-21)
- Cost Principles for States and Local Governments (OMB Circular A-87)

- Cost principles to For-Profit organizations (Federal Acquisition Regulation, 48 CFR Part 31).

Refer to these documents at http://www.doi.gov/ibc/services/Indirect_Cost_Services/index.cfm.

Per 2 CFR Part 230-Cost Principles for Non-Profit Organizations (OMB Circular A-122), a non-profit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award. Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency within six months after the close of each fiscal year.