

## SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

### FEDERAL INDIRECT COST RATE PROPOSAL (ICRP) AND/OR COST ALLOCATION PLANS

8756.1

(Revised 2/2015)

Each department that receives federal funds must prepare an ICRP, and/or CAP or PACAP, unless exempted by Finance, FSCU. An ICRP, CAP or PACAP establishes the basis for recovering full costs associated with programs or activities. The ICRP, CAP or PACAP must be prepared in accordance with the Office of Management and Budget (OMB) Guidance at 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" published by the federal Department of Health and Human Services, which is available at: <http://www.ecfr.gov>.

Every fall, Finance, FSCU, notifies departments with federal funding of the central service costs ([SWCAP](#)) apportioned to them for the next fiscal year. The reports are available at:

[http://www.dof.ca.gov/Accounting/Statewide\\_Cost\\_Allocation/swcap\\_library/](http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/swcap_library/).

Inclusion of SWCAP costs is required in the department's ICRP, CAP, or PACAP to allow for the recovery of SWCAP costs apportioned to the department, unless exempted by statute and/or grant provisions.

For ICRPs only, in addition to the supporting documentation required by OMB Guidance at 2 CFR 200, departments are required to complete a Finance ICRP Summary Form. This form primarily acts as a checklist for proper preparation of the ICRP and is available at:

[http://www.dof.ca.gov/Accounting/Statewide\\_Cost\\_Allocation/Indirect\\_Cost\\_Rate\\_Proposals/](http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/Indirect_Cost_Rate_Proposals/). A summary sheet must also be included in the ICRP identifying the calculation of the indirect cost rate, cross-referenced to the supporting documentation. The formula used to calculate the indirect cost rate is shown in the 8756.1 Illustration.

Departments must submit their ICRPs, and/or CAPs or PACAP's to Finance, FSCU, for review and approval before sending to the federal cognizant agency for approval. ICRPs, CAPS, or PACAPs are typically due to the federal cognizant agency at least six months before the start of the fiscal year to which the ICRP, CAP, or PACAP applies. Generally, the federal agency from which a department receives the most funding is designated as the federal cognizant agency.

Once the ICRP, CAP, or PACAP is approved by the federal cognizant agency, the department may recover indirect costs from the federal government. Refer to SAM section 8755.2 for requirements to transfer the recoveries to the General Fund.

