

MARYLAND GOVERNOR'S GRANTS OFFICE TEMPLATES FROM JUNE 27 TRAINING

Policies, Procedures, De Minimis Rate Certification

A policy is broadly stated guidance or guiding principles, developed by the organization's leadership team. Procedures, on the other hand, are step-by-step instructions for an associated policy. Procedures define who performs the necessary steps, what steps are performed, and any approvals. Procedures define the "how." The uniform guidance and an organization's system of internal control require written policies and procedures. Written policies and procedures help provide reasonable assurance, as well as guidance, about proper stewardship of funds. A template for a policy and a template for a procedure are attached.

For eligible entities (those that never had a negotiated indirect cost rate previously), the *de minimis* indirect cost rate of 10 percent is allowable under the uniform guidance for federal grants and cooperative agreements effective December 26, 2014, and under Maryland state law, effective October 1, 2018 for state grants, cooperative agreements, and contracts. Because no indirect cost rate proposal is required the *de minimis* rate, grantees would benefit from having a template or certification that demonstrates their understanding of indirect costs and how the *de minimis* rate would be applied. A template for a *de minimis* rate certification is attached.

Templates (next pages)

The templates can be modified as needed.

Policy Template

Policy: _____ Policy Number: _____ Date: _____

I. Purpose

II. Policy

III. Authority

IV. Signature, Effective Date

Authorized Name, Title

Date

Procedure Template

Procedure: _____ Procedure Number: _____ Date: _____

I. Purpose

II. Authority

III. Staff Responsibilities

IV. Definitions

Procedure Template – Page 2

V. Procedures

VI. Reports

VII. Supersession (Replacement)/Cancellation

Procedure Template – Page 3

VIII. Maintenance

IX. Signature, Effective Date

Authorized Name, Title

Date

X. Distribution List

De Minimis Rate Certification/Template

Nonfederal Entity: _____ Policy Number: _____ Date: _____

Effective Fiscal Year 20XX and Forward

Intent and Eligibility

[Name of Organization] intends to use the 10 percent *de minimis* flat rate and certifies that it is eligible to use the *de minimis* rate:

1. Never had an indirect cost rate previously.
2. Receive less than \$35 million in federal funding each year.

Definition of Costs

[Name of Organization] certifies that it understands a direct cost can be identified with a specific project or cost objective, such as the Project Director assigned to the program. An indirect cost is a common, joint or allocated cost that is shared among more than one project or cost objective, such as payroll, human resources, computer maintenance, and utilities [others?].

Financial Management System

[Name of Organization] certifies that it has a financial management system that tracks and segregates direct costs from indirect costs, by project or activity, and that costs are allowable under the uniform guidance (2 CFR 200) and local regulations. The types of records that can be used to support or document costs include the general ledger and subsidiary ledgers, chart of accounts, audited financial statements, time and effort reporting, and other documents such as purchase orders, receipts, and invoices, etc.

General Provisions

1. The *de minimis* rate of 10 percent is to be applied to modified total direct costs (MTDC) as defined in the uniform guidance under 2 CFR 200.68. MTDC includes direct salaries, fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward. MTDC excludes equipment, capital expenditures, patient care costs, rental costs, tuition, scholarships and fellowships, participant support costs, and the portion of subawards over \$25,000. Other items may be excluded with the approval of the cognizant agency.
2. Costs must be consistently charged as either indirect or direct, but may not be double-charged, inconsistently charged, or both.
3. Audits may be performed to ensure compliance.
4. [Name of Organization] 's Schedule of Expenditures of Federal Awards (SEFA) will note that it elected to use the *de minimis* rate (2 CFR 200.510(b)(6)).

Authorized Representative:

Title

Date