

**Attachment D to SOP A.2.8
Certification of De Minimis Rate**

**Certification to Elect De Minimis 15 Percent Indirect Cost Rate
Effective Fiscal Year [Insert recipient organization FY]
(15% Effective 10/01/24)**

CERTIFICATION OF ELIGIBILITY:

I, the undersigned, certify that our organization, [Insert recipient organization legal name], is eligible to use the 15 percent de minimis indirect cost rate as we have met the following requirement, per 2 CFR part 200:

- (1) Receive less than \$35 million in direct federal funding for the fiscal year noted.

CERTIFICATION OF FINANCIAL MANAGEMENT SYSTEM:

I, the undersigned, certify that our organization has a financial management system capable of accumulating and segregating direct and indirect costs and that these costs can be segregated by award, project and/or activity and are allowable in accordance with Title 2 Code of Federal Regulations Part 200 (2 CFR Part 200).

- Direct Costs: costs that can be specifically identified to a final cost objective (e.g. – a project, program, or other direct activity of an organization).
- Indirect Costs: costs incurred for a common or joint purpose benefitting more than one final cost objective (e.g. – administrative costs such as accounting, payroll, financial audits, rent, utilities, supplies, vehicle expense, executive management, etc.). Indirect costs are not readily assignable to the final cost objective.

I certify the agency's financial management system has the following attributes:

- The ability to accumulate and segregate allowable direct, indirect and unallowable costs into different cost accounts.
- The ability to accumulate and segregate allowable direct costs by project, funding source, and type of cost (e.g.: labor, consulting, pass-through).
- Internal controls to maintain integrity of financial management system.
- The ability to consistently record and report costs as described in 2 CFR 200.403.
- The ability to ensure costs are in compliance with 2 CFR Part 200.
- The ability to ensure costs are reconciled to general ledgers.
- The ability to ensure costs are in compliance with award terms and conditions, as well as federal and state requirements.

**Attachment D to SOP A.2.8
Certification of De Minimis Rate**

CERTIFICATION OF UNDERSTANDING APPLICABILITY:

Finally, I understand:

(1) The de minimis rate of 15 percent is to be applied to modified total direct costs (MTDC), which includes:

- all direct salaries and wages,
- materials and supplies,
- services,
- travel, and
- applicable fringe benefits
- up to the first \$50,000 of each subaward

MTDC excludes equipment, capital expenditures, rental costs, and the portion of each subaward in excess of \$50,000. FTA may exclude other items when necessary to avoid serious inequity in the distribution of indirect costs, and this will be applied in agreement with the recipient and reflected in writing.

- (2) Costs must be consistently charged as either indirect or direct. Costs may not be double charged or inconsistently charged as both.
- (3) The proper use and application of the de minimis rate is the responsibility of **[Insert recipient organization legal name]** and the application of this rate must be included in audits and oversight review. If it is determined we are inconsistently charging costs, or not in compliance with 2 CFR Part 200, then our organization may be required to return funds for inappropriate expenditures.
- (4) **[Insert recipient organization legal name]** will include on its schedule of expenditures of federal awards a note on whether it elected to use the 15% de minimis cost rate in accordance with 2 CFR 200 Part 200.510(b)(6).
- (5) The application of the de minimis rate of 15 percent will be noted on Federal Financial Reports (FFRs), including the applicable base, as outlined in award requirements.
- (6) If **[Insert recipient organization legal name]** does negotiate a rate or exceed the established threshold, this de minimis 15 percent rate will cease and a new rate will become effective. We agree to notify FTA of the effective change immediately.

I declare that the foregoing is true and correct.

Signature of Official: _____

Name of Official: _____

Title of Official: _____

(Must be executive, financial officer, or equivalent of agency)

Date: _____

Telephone No.: _____

E-mail: _____

NOTE: This certification should be submitted annually

Attachment D to SOP A.2.8 De Minimis Rate Certification

Instructions for De Minimis Rate Request

Indirect costs are those charges that are incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives. To uniformly apply this provision across the Regions, FTA has developed the “Request to Elect de Minimis Rate” for use. This template outlines some of the requirements included in the Uniform Guidance (2 CFR part 200, as accepted by DOT under 2 CFR part 1201). The template requires the grantee (or applicant) to provide assurance regarding eligibility, understanding of requirements, and applicability of costs. This instructional document provides additional guidance and instruction to ease the completion of the request.

There are three certifications included on the request. The first certification is taken from the Uniform Guidance and outlines the condition under which the de minimis rate can be requested. The second is in regard to the organization’s financial system. This certification is included to ensure that the organization is capable of tracking and charging indirect costs across the organization. The third certification is in regard to the organization’s understanding of what indirect costs are and what they entail. Specifically included are the definition of indirect costs, reporting requirements, and the threshold that requires a specific rate to be obtained.

Please note:

- The request must be completed on the organization’s letterhead.
- The fiscal year to elect the rate should be the recipient’s fiscal year during the performance period of the applicable award(s). If this is a multi-year award, it should be for the first year of the award(s). This would allow for a finite period and reflects the method for an actual request.
- The recipient, grantee, or applicant uses its legal name when completing the request. This should be the same name that is included in the application and used in SAM.gov.
- The signatory official should be an executive, financial officer, or equivalent of the agency. This would be a similar official who provides the signature for the certification and assurances.
- The requesting organization should recertify its request annually, until the de minimis rate is no longer requested, or until the organization meets the threshold to determine a specific rate.

Once this request is supplied, FTA staff review it for completeness and reasonable accuracy. The Regional Offices provides the requesting organization a letter, similar to what is supplied to organizations negotiating a formal rate, noting receipt of the certification and planned application to Federal awards. This document is uploaded into the electronic grants management system and the rate noted in application and reporting documentation, as it is with other approved rates. The de minimis rate may be claimed as long as the requesting organization remains eligible.

It should be noted that if there is an existing Federal approved Cost Allocation Plan (CAP) or Indirect Cost Rate Proposal (ICRP) in place, this agreement must be honored until its expiration. This means that the recipient cannot have two different indirect cost rates at the same time. Because some recipients are electing to use the rate after establishing an approved CAP or ICRP, the effective fiscal year notification provides documentation to support changing from the previously approved rate. Also, this base may differ from existing rates or require that the recipient understand the application costs that may or may not be included in FTA awards but may be included in awards in other Federal awards.

The de minimis rate may be used indefinitely and claimed as long as the requesting organization remains eligible. Annual notification should be supplied to confirm eligibility and reflect the annual review process for ICRP agreements. The applicant or recipient is not required to supply further supporting documentation justify the rate, finalize indirect cost calculation or other related supporting accounting items for the initial or subsequent election(s).

Attachment D to SOP A.2.8

FTA 5010.1F (Pages VI-16/17):

An applicant or recipient is eligible to apply a de minimis indirect cost rate of up to 15 percent if they receive less than \$35 million in Federal funding. The recipient is authorized to determine the appropriate rate up to this limit. The percent de minimis selected is applied to modified total direct costs (MTDCs). Unlike CAPs and ICRPs, when electing the de minimis rate, the cognizant agency for indirect costs is not required to review costs, plans, and agreements. The de minimis rate may be used for an indefinite period of time once elected, but organizations must still be compliant with the financial threshold in future fiscal years. Organizations may elect the de minimis rate even if previously holding a negotiated rate.