

## DIVISION OF LOCAL ASSISTANCE



# CALTRANS OVERSIGHT INFORMATION NOTICE



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### Welcome to the COIN!

*This is a Caltrans Oversight Information Notice, or “COIN” for short. These short, single-topic bulletins are intended to provide outreach information and guidance to local agencies on issues pertaining to Federal-aid projects. They cover a wide variety of subjects, including discussions of findings resulting from process reviews by Caltrans and/or FHWA, changes in procedures or regulations, reminders of existing procedures or best practices, and other timely information. The goal is to ensure proper and timely delivery of Federal-aid projects.*

#### **TOPIC: Indirect Cost Allocation Plan/Indirect Cost Rate Proposal Submission**

An Indirect Cost Allocation Plan (ICAP)/Indirect Cost Rate Proposal (ICRP) is a document prepared by a Local Government Agency (LGA), or component thereof, to substantiate its request for the approval of a specific indirect cost rate or rates per the cost principles prescribed in Title 2 CFR Part 200.

LGA must submit the proposed rate or rates to Caltrans Independent Office of Audits and Investigations (IOAI) prior to invoicing for indirect costs. IOAI will then perform a high-level review to determine whether the ICAP/ICRP complies with the applicable cost principles. If it is determined that the LGA rate(s) do comply with applicable cost principles IOAI will send the rate acceptance letter to the LGA. The rate acceptance letter must be received by the LGA prior to the LGA billing for indirect costs. These reviews are subject to an audit at a later date.

If the LGA decides to invoice for another ICAP/ICRP for the following fiscal year (FY), it must be noted that **LGA must submit ICAP/ICRPs certification within six months after the close of the LGA’s FY** per 2 CFR 200 Appendix VII D 1 d. Submission of Indirect Cost Rate Proposals. Not complying with the above procedures may result in unreimbursed indirect costs.

For complete guidelines and instructions on ICAP/ICRP submission process, please visit the weblinks provided below:

- [Independent Office of Audits and Investigations](#)
- [LAPM Chapter 5: Invoicing](#)