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Grant Officer's Memorandum 01-17

MEMORANDUM FOR: HOMELESS VETERANS PROGRAM GRANTEES  
ALL VETERANS' EMPLOYMENT AND TRAINING STAFF

FROM: THOMAS C. MARTIN   
Grant Officer  
Employment and Training Administration

SUBJECT: Updated Information Regarding the Negotiated Indirect Cost Rate (NICRA), Modified Guidance Regarding Grant Modifications, and SF 425 Reporting

**Negotiated Indirect Cost Rate (NICRA)**

In accordance with the Uniform Guidance, 2 CFR 200.56, indirect costs are those costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost specifically benefited. Grantees have two options to claim reimbursement of indirect costs.

**Option 1:** You may use a NICRA or Cost Allocation Plan (CAP) supplied by the Federal Cognizant Agency. If you do not have a NICRA/CAP or have a pending NICRA/CAP, and in either case choose to include estimated indirect costs in your budget, you are required to submit an acceptable indirect cost proposal or CAP to your Federal Cognizant Agency to obtain a provisional indirect cost rate. If DOL is your cognizant agency, these documents should be submitted to DOL's Division of Cost Determination (DCD). Contact information for the DCD is available at <http://www.dol.gov/oasam.boc/dcd/>. In addition, the grantee must notify its Grant Officer Technical Representative (GOTR) that the documents have been submitted.

**Option 2:** Any organization that has never received a negotiated indirect cost rate, with the exceptions noted at 2 CFR 200.414(f), may elect to charge a de minimis rate of 10% of modified total direct costs which may be used indefinitely. This methodology must be consistently used for all Federal awards until such time as you negotiate for any indirect cost rate, which you may do as any time.

In the absence of a NICRA or CAP approved by DOL or the cognizant agency,<sup>1</sup> any estimated indirect costs specified on the SF-424A, Section B, Object Class Category "j", are restricted and may not be used for any purpose until the awardee provides a signed copy of the NICRA or CAP. Upon receipt of a NICRA or CAP, the VETS Grant Officer will issue a grant modification to the award to remove the restriction to on those funds.

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<sup>1</sup> Unless the grantee has opted to use and qualify for the de minimis rate.

If you need to seek a budget modification, please follow the procedures outlined in the Terms and Conditions of the grant award, Attachment F, Section III. Additionally, please review the NICRA and CAP requirements at 2 CFR part 200 for additional information on how to comply.

### **Modifications**

Effective with the receipt of this memorandum, homeless veterans program grantees are **no longer required** to submit a modification request for the following purposes:

1. Line item budget changes which amount to less than 10% of the total budget; or
2. Change of grant recipient address.

Please note that although a modification is no longer required, grantees should provide their GOTR with a narrative statement and revised SF-424 or SF-424A for monitoring purposes. Modification requests for all other changes to the cost, scope, or conditions of the grant are still required. It is important to underscore that each grantee should maintain communication with your GOTR to inform them of your intentions and to continue to properly report all changes in the appropriate quarterly reports.

### **SF 425 Reporting**

Starting with grants that received a homeless veteran's award through the 2016 competition a different Payment Management System (PMS) financial category was used. This financial account conversion **eliminates the SF-425 reporting requirement in the PMS system** for grantees that received an award as part of the 2016 competition. Those grantees will continue to be required to submit a quarterly SF-425 in eGrants. This conversion is part of an effort to ensure compliance with 2 CFR 200.335 and to relieve duplicative reporting burden. However, all HVRP grantees that received their award prior to the 2016 competition, but have continued to receive option year funding, will be required to report both in the PMS and the eGrants systems through the life of their grant.

This information will be further detailed in a Veterans' Program Letter (VPL) to be issued in the near future. Please contact your GOTR with any immediate questions or concerns.