



FEMA

October 21, 2014

Garry Jones
Deputy Assistant Director
Texas Department of Public Safety
State Administrative Agency
P.O. Box 4087
Austin, TX 78773-0270

Dear Deputy Assistant Director Jones:

At your request, we have reviewed our previous position on negotiated indirect cost rates for the Councils of Government (COGs) which are subgrantees of the Texas Homeland Security State Administrative Agency for Homeland Security Grant Program Funding. In previous correspondence from our office dated June 12, 2013, we stated that a negotiated indirect cost rate would only be allowable if it was negotiated with a federal cognizant agency. After a comprehensive review of the documentation provided by your office we have reversed our initial determination. It is appropriate for the State of Texas to negotiate indirect cost rates for their subgrantees who do not receive direct federal funding and the negotiated rates will be honored. For the purposes of financial monitoring, the development of the indirect cost rate agreements between the State of Texas and the subgrantees should be well documented.

During the review of the provided materials, an additional question came up concerning the appropriate category to charge the indirect costs to for COGs with an indirect cost rate that was negotiated by the State. The COGs may charge the indirect costs to the appropriate category that allowed them to be charged. As an example, a COG performing planning functions would charge their indirect costs against planning as that is the category which allowed the indirect costs to be incurred. The same would be true for other categories such as training or exercise.

I hope I have addressed all of your questions. Should there be additional questions please feel to contact David McCoy at david.mccoy3@fema.dhs.gov or by calling (940) 383-7324.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Brouil".

ds Christian Montz, Director
Grants Management Division
DHS/FEMA Region 6