



October, 2014

To Whom It May Concern:

Virginia Commonwealth University (VCU) is applying for funding from your organization and has prepared the attached proposal. We have been informed that federal domestic assistance funds will fully or partially fund this project if awarded to you as a Pass-through entity. The *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (also referred to as 2 CFR 200 or simply "Uniform Guidance") takes effect with awards issued on or after December 26, 2014. Consistent with the OMB Uniform Guidance, we have prepared our Subrecipient proposal budget utilizing the applicable Facilities & Administrative rate from VCU's current negotiated rate agreement, located at this url: <http://www.controller.vcu.edu/cost/DHHSrates.htm>.

The following *Uniform Guidance* excerpts are provided to support our subrecipient costing proposal and the responsibility of your organization as the pass-through entity:

§ 200.414 Indirect (F&A) costs

(c) Federal Agency Acceptance of Negotiated Indirect Cost Rates

- (1) The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or a single Federal award only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on documented justification as described in paragraph (c)(3) of this section.
- (2) The Federal awarding agency must notify OMB of any approved deviations.
- (d) Pass-through entities are subject to the requirements in § 200.331 Requirements for pass-through entities(a)(4).

§ 200.331 Requirements for pass-through entities

- (a) ...the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government, or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this Part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this Part.

If your organization will be unable to reimburse VCU for its full indirect costs due to (1) Federal statutory or regulatory limit, or (2) Federal awarding agency head exception, please provide VCU with evidence of the documentation for our proposal record.

Thank you in advance for your compliance with the federal Uniform Guidance regulations. We look forward to partnering with your organization.

Sincerely,

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