

## Non-Cognizant CPA Indirect Rate Audit Report

A certified public accountant (CPA) prepares an annual audit report which addresses indirect cost rates. The report is issued under standards of the Uniform Guidance and Generally Accepted Government Auditing Standards (GAGAS) or Generally Accepted Auditing Standards (GAAS). The Indirect Rate Audit Reports need to be conducted for the fiscal year prior to the contract performance period start date and must be within one year of the subaward's contract period of performance.

The following information must be provided and meet the following conditions:

- The report must be prepared by a CPA.
- Issued under standards of the Uniform Guidance and Generally Accepted Government Auditing Standards (GAGAS) or Generally Accepted Auditing Standards (GAAS).
- Inclusive of a Statement of Direct Labor, Fringe Benefits, and General Overhead or Other Indirect Costs Rates.
- Involving the Independent Auditor's Report on Internal Control over Financial Reporting.
- Produced within one year of the subaward's contract period of performance.

### Resource:

MnDOT Office of Financial Management – Grants Unit, [MnDOT Subrecipient Guide](#)

## Not Charging Indirect Costs

A grantee may elect not to charge indirect costs. Only costs directly related to the awarded project/program can be reimbursed and no indirect costs should be listed as direct costs. With this methodology, the organization does not recoup indirect costs.

The grantee must certify that they will not charge indirect costs. A completed and signed certification form from the organization is required. See [Governmental Organization Certificate of Indirect Costs](#) or [Non-Profit Organization of Certificate of Indirect Costs](#) for the correct form to complete.

Even though the grantee is not charging indirect costs, the grantee is still required to submit the grant budget. The grant budget is reviewed to verify allowability of costs and to verify the budget does not include indirect costs or rates.

### Resource:

MnDOT Office of Financial Management, Grants Unit, [MnDOT Subrecipient Guide](#)