



Pat Quinn, Governor

Illinois Department of Human Services

Michelle R.B. Saddler, Secretary

Office of the Secretary

401 South Clinton Street • Chicago, Illinois 60607  
100 South Grand Avenue East • Springfield, Illinois 62762

September 13, 2011

Dear Provider Partners:

Please use this memo to help clarify the requirements for completing the Indirect Cost Rate Proposal (ICRP). This requirement places the burden on DHS. As a recipient of federal funds from the U.S. Department of Health and Human Service grants, DHS is responsible for establishing indirect cost rates for its sub-recipients.<sup>1</sup> The ICRP is a complementary component of the FY12 annual budget process, and this component is required of most providers unless directed below. (This includes providers who have Fee-for-Service agreements and Fixed-rate grants).

If a provider falls under one of the criteria below, an ICRP will NOT have to be completed:

- You completed the detailed budget template (the "long form").
- You submitted the one-page budget summary WITH a copy of your Federally-approved indirect cost rate
- You are a provider that receives less than \$250,000 in annual grant awards from DHS.
- There are situations in which the providers would not have indirect costs:
  - Indirect costs are not allowed to be charged to federal programs;
  - The providers only provide one service, therefore all costs are direct;

To address some of the concerns about the complex nature of the detailed budget template, DHS has now posted an ICRP Packet. This is the same documentation that the Federal Government requests. The ICRP Packet is comprised of seven (7) documents: a checklist, reference materials (3) and three (3) documents to actually fill out and sign. Please review all of the documents in the Packet and complete the ones that require provider input. This information can be found at <http://www.dhs.state.il.us/page.aspx?item=29741>.

The Indirect Cost Proposal will need to include the following:

- A copy of the checklist
- Signed certifications (included in the example proposal)
- A copy of the prior year audited financial statements (if these statements were submitted to DHS as part of the requirements from last year, then you do not need to resubmit)
- A copy of the 990 for the prior year that can be traced to audited statements above or, if an audit was not required, a copy of the prior year 990
- A contact person, name and phone number

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<sup>1</sup> U.S. Department Health and Human Services Grant Policy Statement, January 1, 2007. In the section entitled, "Reimbursement of Indirect Costs," states in the second paragraph of Section II-28 "The recipient is responsible for establishing indirect cost rates for its subrecipients do not have a current, applicable rate negotiated by a cognizant Federal agency."

In accordance with the contract agreement, the ICRP must be completed and submitted to DHS within ninety (90) days of contract execution; since the contract action date is July 1, the ICRP is due by September 30 but we will allow Providers to submit these packets by October 31<sup>st</sup> (but please note that no further extensions will be granted).

Please submit the ICRP to [DHS.DHSOCA@illinois.gov](mailto:DHS.DHSOCA@illinois.gov). For any questions, please contact Steven Shaw at [Steven.E.Shaw@illinois.gov](mailto:Steven.E.Shaw@illinois.gov).

Our staff has been working hard to meet our obligations and we again want to thank each of you for your patience, diligence and cooperation as we introduce these new requirements as part of the contracting process. We appreciate working with each of you as we endeavor to serve some of the most vulnerable residents of our State with diminished resources.

Sincerely,

A handwritten signature in black ink, appearing to read "Grace Hong Duffin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Grace Hong Duffin  
Chief of Staff, Illinois Department of Human Services