



## Dear Nonprofit Partner,

The City of New York is striving to keep you apprised of developments in the roll out of the Indirect Cost Rate Funding Initiative. You can expect to receive weekly emails from us in the weeks leading up to the **November 18<sup>th</sup> official launch date**. If you are new to these emails, you will find background information on the initiative clearly labeled. If you are up to speed on the Initiative, you can scroll directly to the Update section.

### Background on the Indirect Cost Rate Funding Initiative

In February 2019, the City of New York adopted the [Health and Human Services Cost Policies and Procedures Manual](#) (Cost Manual) to standardize cost allocation practices for health and human service providers contracting with the City. The Fiscal Year 20 Adopted Budget established an indirect cost rate funding initiative based on the Cost Manual. The Mayor's Office of Management and Budget and Mayor's Office of Contract Services formed a City Implementation Team (CIT) to design the implementation and roll-out of the indirect initiative and established a Provider Work Group to advise them. The CIT is currently revising Sections II and VI of the Cost Manual to reflect the indirect cost rate funding initiative. We urge providers to become familiar with Sections III – V.

### Update - New CPA Verification Letter Template Now Available

The CIT's revision of Section II of the Cost Manual includes replacing the Certified Public Accountant (CPA) Verification Letter Template with the [Independent Accountant's Report](#). The Independent Accountant's report conforms to CPA practice standards and will serve as validation of an organization's indirect cost rate. You can find this new resource on the [Indirect Investment Webpage](#). The City of New York wishes to acknowledge The New York State Society of Certified Public Accountants' Not-for-Profit Organizations Committee for its feedback on the Independent Accountant's Report.

If a Provider has an indirect cost rate higher than 10%, the Provider may claim its higher rate through submitting to the City a federal Negotiated Indirect Cost Rate Agreement or an Independent Accountant's Report completed by an independent CPA. If a Provider chooses to pursue an Independent Accountant's Report, it will need to provide its CPA with a schedule of indirect cost rate based on its most recent available schedule of functional expenses. The City offers an [indirect cost rate worksheet](#) to support Providers in the development of a Schedule of Indirect Cost Rate (see final tab in the worksheet). This worksheet is also available on the Indirect Investment webpage.

For more information about the indirect cost rate claiming process and timeline, please watch the [Indirect Rate Implementation Briefing Video](#) from the City's October 7th Briefing. You may also contact us for assistance at the Mayor's Office of Contract Services.

Sincerely,  
The City Implementation Team

