

**Inter-Agency Agreements**  
*Guidelines for Handling High Indirect Costs*

- Government entities intending to charge up to 10% as their indirect cost rate will be approved.
- The Agreement Monitor may approve of an indirect cost rate of up to 15%, but should inquire of the basis of any rate above 10% before deciding if the rate is fair and reasonable.
- If the indirect cost rate is above 15%, the Agreement Monitor should solicit a written justification statement and forward the same to OPASS, along with the proposed Attachment A, the Scope of Work (SOW), and Attachment B, the Budget.
- The Director of OPASS, or designee, may approve indirect costs of up to 25% if adequate justification is supplied, but will not approve indirect costs of more than 25%.
- If the indirect rate request is not approved by OPASS, it will be forwarded for review and consideration by the DHMH Chief Fiscal Officer, or designee, and the Secretary, or designee.
- If the indirect cost rate is approved, the packet will be signed and returned to the program for your records. The full IA template and accompanying documents should then be sent back to OPASS for processing or for submission to the Department of Budget and Management (DBM).
- Some governmental entities seeking funding from DHMH may wish to seek prior authorization for their rates before entering into an IA. They may do so by forwarding the SOW and Budget to OPASS along with the indirect cost justification request. Requests for pre-approval may or may not be granted.
- The DHMH indirect cost approval process is independent of the approval process conducted by DBM for IAs with Maryland universities of \$500,000 or more over the life of the contract.

- If an indirect rate is rejected, the program has several options:
  - Negotiate a lower indirect cost with the Government entity;
  - Investigate other Government entities to obtain a lower indirect cost; or
  - Consider another contract method, i.e., competitive procurement.

Please do not communicate with DBM directly.

*All paperwork surrounding IAs should be sent to Lauren Dennstaedt in  
**Word format***

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THANK YOU.