



STATE OF RHODE ISLAND  
**DEPARTMENT OF ADMINISTRATION**  
**Enterprise Policy**

**Pandemic Recovery Office – CRF INDIRECT AND ADMINISTRATIVE COSTS – 2020**

**Pandemic Recovery Office**

**Coronavirus Relief Fund Indirect and Administrative Costs**

Date of Last Revision: July 28, 2020

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**1. Purpose**

The purpose of this Coronavirus Relief Fund Indirect and Administrative Costs Policy (“Policy”) is to provide guidance for the application of indirect cost rates and administrative costs to Coronavirus Relief Fund (“CRF”) awards. The intent of the Policy is to provide program or fiscal managers guidance on the applicability of indirect cost or administrative cost recovery.

**2. Applicability**

This Policy applies to all CRF Awards.

**3. Definitions**

**Administrative Cost or Indirect Cost** means necessary costs incurred by a recipient for administration, facilitation and/or oversight of a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited.

**CRF Award** means funding from the Coronavirus Relief Fund (“CRF”) established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act that a State Agency has been authorized to spend.

**CRF Direct Cost** means any expense or cost that can be specifically attributed to a particular project, program, or activity, or that can be directly and unequivocally assigned to such activities with a high degree of accuracy. CRF Direct Costs include, but are not limited to travel, equipment, supplies, goods and services directly benefiting the award-supported project or activity.

**Indirect Cost Rate** means an administrative cost percentage applied to invoices.

**State Agency** means any state agency, office, department, division, commission, board, council, or other entity of the state.

**Subaward** means an Award of federal funds provided by a State Agency to a Subrecipient for the Subrecipient to carry out part of a federally funded program. It does not include

payments to a contractor for goods and services or to an individual that is a beneficiary of a program. For further explanation of a Subaward, consult the definition in the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2. CF.R. § 200 *et seq.*

**Subrecipient** means an entity that receives a Subaward from a State Agency to carry out part of a federally funded program; but does not include an individual that is a beneficiary of such program.

#### 4. Policy

A. **State Agencies.** State Agencies may not charge indirect costs to CRF Awards. For CRF Awards, the only costs are CRF Direct Costs that represent an increase over previously budgeted amounts and are limited to what is necessary. CRF Direct Costs may include salaries and payroll expenses of state employees, but State Agencies may not charge salary or payroll expenses of state employees without specific authorization from the Office of Management & Budget.

B. **Subrecipients.** Subrecipients may not charge indirect or administrative costs to CRF Awards or Subawards.

- (i) Costs can be directly identified to the Covid-19-related activity stated in the contract with the Subrecipient or that can be directly assigned to such activities relatively easily and with a high degree of accuracy and are separately accounted for can be allowable. Such costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the award-supported project or activity.
- (ii) Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that usually are treated as indirect costs. These are necessary costs incurred by a recipient for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Such indirect costs are not allowable.

#### 5. Signature



July 28, 2020

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**Director, Pandemic Recovery Office**

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**Date**