Limitation on Costs Paid to Vendors

I. **Purpose:** The purpose of this policy is to affirm that the Erie County Restorative Justice Coalition (ECRJC) will pay no more than 10% indirect or administrative costs associated with contracted services of any type. This policy will apply primarily to contractors such as institutions of higher education who are providing evaluation and research services, but it is not limited to this type of contract. As ECRJC moves forward in realizing the strategic intent to be the leader in restorative practices in Western New York, it is anticipated that ECRJC will be purchasing more research-related services from educational institutions. Many of the institutions have federally negotiated indirect costs which they may charge to any agency for which they provide contracted services.

II. **Regulations/Standards:** All that apply.

III. **General Policy**
   a. **Definitions**
      i. **Indirect costs:** Indirect costs are those costs which are not readily identifiable with a particular cost objective but nevertheless are necessary to the general operation of an organization. Examples of indirect costs include, but are not limited to rent, depreciation and utilities, and the salary and related expenses of individuals working in the accounting, personnel, and purchasing functions. Indirect costs cannot be charged directly to a cost objective but must be allocated on an equitable distribution base. Indirect costs are generally distributed through the development and application of an indirect cost rate.

      ii. **Federally-negotiated indirect cost rate:** An indirect cost rate or percentage (indirect cost pool/direct cost base) used to distribute indirect costs to all cost centers benefiting from those costs which has been negotiated by an organization with their cognizant federal agency. Unless specifically assigned by the Office of Management and Budget, the federal agency with the preponderance of direct funding is normally the cognizant federal agency of an organization.

      iii. **Vendor/Consultant/Contractor:** A non-employee or organization which provides specialized or technical assistance or services on a contractual or fee basis.

IV. **Procedures**
   a. When initiating discussions with institutions or organizations which may have a federally negotiated indirect cost rate, ECRJC staff will immediately inform the potential contractor that ECRJC has a policy which precludes paying greater than 10% indirect or administrative costs to a service contractor.

   b. ECRJC staff will provide the potential contractor with a copy of this policy and negotiate the contract for services within the provisions of this policy.

V. **Effective Dates:** This policy is effective October 18, 2021, voted on by the Board of Directors.