

**Uttaran**

# Cost Allocation Policy

**Community Mobilization**

**Poverty Eradication**

**Environmental Justice**

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01	Date: 02 November 2020		
	Approved by on behalf of executive board	Shahidul Islam Director	Sarder Md. Rezaul Karim Chairman
	Recommended by	Haridas Malakar, Coordinator (Accounts and Finance)	

  
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The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that Uttaran will use to allocate costs to various programs, grants, contracts and agreements.

Uttaran Cost Allocation Plan is based on the Direct and Indirect Cost Allocation method.

The Direct Allocation Method treats all direct costs can be attributable clearly for a program. These costs are those costs except general administration and general expenses. The general administrative and general expenses costs will be charged as Direct Allocation if the office and staff are used totally for a specific program. Hence, the direct costs are those that can be identified specifically with a particular final cost objective.

The Indirect costs are those that have been incurred to fulfill the common or joint objectives and cannot be readily identified with a particular program. In general the indirect costs are allocated to different programmes in the organization.


Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by Uttaran Management.

## General Approach

The general approach of Uttaran is allocating costs to particular grants and contracts are as follows:

1. All clearly identifiable and allowable direct costs are charged directly to the respective programs, grants, activity, etc.
2. All allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.
3. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. using a base that results in an equitable distribution.

  
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## Allocation of Costs:

The following information summarizes the procedures that will be used by Uttaran beginning of Project preparation. This will be reviewed if needed in a certain time subject to the agreement of Uttaran donors, board and management:

### A. Compensation for Personal Services:

Documented with employment and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done.

Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see example 2).

1. Fringe benefits (Compensation and other costs) are allocated in the same manner as salaries and wages. Insurance and other fringe benefits will also allocated in the same manner as salaries and wages.
2. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

### B. Travel Costs:

Allocated based on purpose of travel. All travel costs (local and out- of-town or international) are charged directly to the respective program for which the travel was incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Travel costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

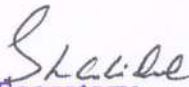
### C. Professional Services Costs (such as consultants, accounting and auditing services):

The professional services costs are allocated to the program according to the benefit from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program' expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program' expenses to total expenses (see Example4).

### D. Office Expense and Supplies (including office supplies and postage) –

The office expenses and supplies will be allocated based on usage. Expenses used for a specific program will be charged directly to the respective program. Costs that benefit more than one program will be allocated to those programs based on the ratio

  
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of each program' s expenses to the total of such expenses (see Example 3).

**E. Equipment**–The Equipment Cost will be charged directly to the respective project. The shared equipment costs will be charged proportionate to the project budget. Uttaran depreciates equipment when the initial acquisition cost exceeds Taka xxxxx. Items below the costs are reflected in the supplies category and charged to the respective project in the purchase year. Unless allowed by the awarding agency, equipments purchases are recovered through depreciation. Depreciation costs for allowable equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of the depreciation costs will be based on the ratio of each program' expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

**F. Printing (including supplies, maintenance and repair)-**

The printing expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based the ratio of the costs to total expenses. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program' expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program' expenses to total expenses (see example 4).

**G. Insurance –**

If any insurance is needed for a particular program will be charged directly to the respective program. Other insurance coverage that benefits all programs is allocated based on the ratio of each program's expenses to total expenses (see example 4).

**H. Telephone/Communications–**

Long distance and local calls are charged to programs if readily identifiable. Other telephone or communication expenses that benefit more than one program will be allocated to those programs based on the ratio of each program' s expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program' expenses to total expenses (see example 4).


**I. Facilities Expenses–**

The facilities expenses will be allocated based upon usable square foot age. The ratio of total square foot age used by all personnel to total square foot age is calculated. Facilities costs related to general and administrative activities are allocated to program based on the ratio of program square footage to total square footage (see example 5).

**J. Training/Conferences/Seminars –**

The training/conference/seminars cost will be allocated to the program benefiting from the training, conference so seminars. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of

  
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such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example2).

**K. Other Costs (including licenses, fees, etc.)–**

Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. (Grantee should describe methodology for applicable costs).

**L. Unallowable Costs –**

Costs those are unallowable immediately such as bad debts, if any, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties. Lobbying and fundraising costs are unallowable, however, are treated as direct costs and allocated their share of general and administrative expenses.

**Examples of allocating methodologies:**

**Example 1**

Expense Amount = Tk. 5,000

Costs that benefit two or more programs will be allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total of such personnel costs, as follows:

Programs	Personnel Costs (Taka)	%	Amount Allocated (Taka)
A	20,000	20%	1,000
C	30,000	30%	1,500
E	50,000	50%	2,500
Total	100,000	100%	5,000

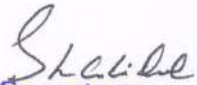
**Example 2**

Expense Amount = Taka 10,000

Costs that benefit all programs are allocated based on a ratio of each program's personnel costs (salaries & applicable benefits) to total personnel costs as follows:

Grant	Personnel Costs	%	Amount Allocated (Taka)
A	20,000	13%	1,300
B	10,000	7%	700
C	30,000	20%	2,000
D	40,000	27%	2,700
E	50,000	33%	3,300
Total	150,000	100%	10,000

  
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### Example 3

Expense Amount = Taka 4,000

Costs that benefit two or more specific programs, but not all programs, cost will be allocated to those programs based on the ratio of each program's expenses (direct costs other than salaries & benefits) to the total of such expenses, as follows:

Grant	Program Expenses	%	Amount Allocated (taka)
A	120,000	30%	1,200
C	130,000	33%	1,320
E	150,000	37%	1,480
Total	400,000	100%	4,000

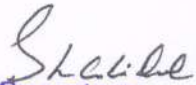
### Example 4

Expense Amount = Taka 8,000

Costs that benefit all programs will be allocated based on a ratio of each program's salaries to total salaries as follows:

Grant	Program Expenses	%	Amount Allocated (taka)
A	120,000	18%	1,440
B	110,000	17%	1,360
C	130,000	20%	1,600
D	140,000	22%	1,760
E	150,000	23%	1,840
Total	650,000	100%	8,000

  
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## Example 5

Facilities Expense Amount = Taka 10,000

Facilities costs are allocated based on square footage. Square footage for each program and general and administrative activity is considered in the analysis. General and administrative facilities costs are further allocated to each program based on the square footage of each grant program to the total square footage of all grant programs. The calculation is as follows:

Grant	Square Footage	%	Amount Allocated	G&A Allocated	Total Amount Allocated (taka)
A	300	30%	3,000	340	3,340
B	100	10%	1,000	110	1,110
C	200	20%	2,000	220	2,220
D	200	20%	2,000	220	2,220
E	100	10%	1,000	110	1,110
G&A	100	10%	1,000	0	0
Total	1,000	100%	10,000	1,000	10,000

  
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