

ಸಮುದಾಯ ಆರೋಗ್ಯ ಜಾಗ್ತಿ, ಸಂಶೋಧನೆ ಮತ್ತು ಕಿರ್ಯಾ ಸಂಸ್ಥೆ

Society for Community Health Awareness, Research and Action - SOCHARA

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Society for Community Health Awareness, Research and Action (SOCHARA)

Common Cost Policy

A common cost policy is a business policy that allows multiple departments to share expenses, or common costs, without being individually responsible for the full cost. Common costs are business expenses that benefit multiple departments, processes, or products, but can't be traced back to a single person or team.

Common costs are business expenses that multiple departments share. Usually, common costs aren't attributable to a single individual, product or team. Instead, they might benefit multiple departments, processes or business offerings.

Indirect Cost Rate Proposal General Information Organizations seeking reimbursement for indirect costs are required to establish a Cost Policy Statement (CPS) and submit the CPS with each indirect cost rate proposal. As a result, as accounting policies and/or recordkeeping changes occur, the impact of those changes to the CPS must be evaluated and incorporated, as necessary. The information provided below is an example of a CPS and is only intended to be used as guidance. Grantees must use the specific facts and circumstances related to their operations and may choose a format best suiting their organization's situation.

In the example below, the following assumptions are made:

- The Organization name is ABC Organization.
- ABC Organization uses the direct allocation basis to charge individual cost elements. If an entity's accounting procedures track costs in a manner allowing certain costs that would have otherwise been considered indirect costs, to be allocated to specific grants / contracts / projects, the direct allocation basis is an appropriate basis to be used in calculating an indirect cost rate. In the example, review for insight as to the types of accounting procedures an organization might establish to direct charge costs that would be considered indirect costs if no tracking or allocation methodology was established.

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It is important to note that a CPS must include a detailed description of all cost elements in the indirect cost proposal, as well as the cost method allocation methodology. Your organization may use far more or fewer cost elements, or cost elements significantly different from those listed in the example below. General Accounting Policies A. Basis of Accounting - Accrual Basis B. Fiscal Period - July 1 through June 30 (your 12 month fiscal period). C. Allocation Basis for Individual Cost Elements - Direct Allocation Basis D. Indirect Cost Rate Allocation Base – Total Direct Costs E. Adequate internal controls are maintained to ensure no costs are charged both directly and indirectly to grants or contracts. F. Costs and revenues are accumulated in accounts coded for the purpose and type of expense. All costs are required to be supported with detailed documentation.

II. Description of Cost Allocation Methodology Salaries and Wages Auditable records are maintained to support salaries and wages, regardless of whether those costs are charged directly or indirectly to grants / contracts / projects. A supervisory review is performed and documented by an individual knowledgeable about whether the hours and/or compensation is reasonable for the work performed. For Managers that are responsible for supervising direct employees are allocated based on number of FTEs. 1. Direct Costs – Most employees direct charge their salary costs since their work is specifically identifiable to specific grants / contracts / projects, or other activities. 2. Indirect Costs – Some employees perform necessary services indirectly benefitting the activities of the organization, as a whole, and therefore charge their time as indirect costs. 3. Mixed Charges – Some employees divide their time across organization activities, performing some services directly benefitting specific grants / contracts / projects, or other activities, while also performing services necessary and beneficial to all programs. These employees charge their salary costs to both direct and indirect activities. Fringe Benefits Compensated absences, including vacation, sick, and holidays are considered salaries and wages and, as such, are recorded as salaries and wages when used. No separate claims are made for these costs. Compensated absences earned, but not used, are accrued and recorded in the period earned. All employees are covered by Social Security, workers' compensation insurance and unemployment compensation insurance Employees working 1,000 hours or more per year are also eligible for the following fringe benefits: 1. Health insurance 2. Life insurance 3. Matching contributions to a 401(k) plan Fringe benefits are tracked by individual employee and charged directly or indirectly in the same manner as salary and wages. Rent Building rental costs are allocated based on square footage and are charged as direct and indirect costs based on whether the space is occupied by staff whose salaries are directly charged or by staff whose salaries are indirectly charged. Costs for space occupied by staff whose salaries are charged on a mixed basis are allocated on a mixed basis in the same ratio as their salaries are allocated. For all common areas, such as conference rooms, reception areas, hallways and restrooms, costs are recorded as indirect costs. Utilities & Janitorial Services Natural gas, electric utilities and janitorial are allocated based on square footage and are charged as direct and indirect costs based on whether the space is occupied by staff whose salaries are directly charged or by staff whose salaries are indirectly charged. Costs for space occupied by staff whose salaries are charged on a mixed basis are allocated on a mixed basis in the same ratio as their salaries are allocated.

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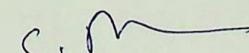
Printing and Publications Direct charge to program or grant needing printing or publications. Accounting Fees Accounting codes (including codes assigned to administrative functions) are required account for professional accounting fees directly to a particular program. Costs that are not identified directly to a program are charged indirectly. Auditing Fees Auditing fees are prorated as direct costs to each program covered in the Single Audit based the number of programs (grants). Contracted Labor Contracted labor direct charge their salary costs since their work is specifically identifiable to specific grants or programs Supplies To the maximum extent possible, office costs such as supplies and laptop computers are direct charged to the grant / contract / project using the item. Supplies and laptop computers used by FTE staff engaged in indirect activities are charged on an indirect basis. Travel Travel costs may be charged as either direct or indirect costs depending on the purpose of the trip. Conferences and Conventions Conference and Conventions are charged as either direct or indirect depending on the purpose of the conference or convention. For training conferences or conventions that attendance is mandatory as a condition of the grant. Cell Phones & Communications Based upon FTE classification. Direct FTE phone charges are prorated according to salary and wage breakdown of direct programs (12 Direct FTEs & 3 Indirect FTEs) Equipment Rental Direct charge to program or grant needing equipment rental to complete project scope. Only one equipment rental was needed for Program A in 2017. Depreciation Depreciation costs related to Buildings, to the extent possible are allocated based on square footage and are charged as direct and indirect costs based on whether the space is occupied by staff whose salaries are directly charged or by staff whose salaries are indirectly charged. Costs for equipment used by programs are charged on a mixed basis and are allocated in the same ratio as salaries are allocated. Depreciation costs on equipment purchased with grants funds are identified as unallowable. Postage and Shipping All costs are minimal and charged as indirect Food Direct charge to program or grant requesting food services for residential clients.

Unallowable Costs Internal controls have been established to ensure unallowable costs, as defined in 2 CFR Part 200.400 (including, but not limited to mortgage interest, conference & conventions, capital items and fundraising fees) are not charged to grant awards.

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