



WSF

Cost Allocation Plan 2023.

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A. INTRODUCTION

“WARRIOR SQUAD FOUNDATION” is a non-profit organization located in Kotido Municipality, Karamoja Region. The organization administers a variety of programs funded by international, National, and Local agencies. WSF's intended impact is that children, youth, and communities in Karamoja realize their rights to be safe and healthy are expected to be achieved through our program areas Governance – peace & human rights; Livelihoods and food security; Natural resource- Environment and climate change; Inclusive and quality and Lifelong learning (Education); and Health & Nutrition.

Purpose:

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

This Cost Allocation Plan is based on the Direct Allocation method which treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

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

B. COST ALLOCATION METHODOLOGY

This proposed guide is for a Cost Allocation Plan which covers the period beginning January 1, 2023 and ending December 31, 2025. This proposal is based on the actual costs reconcilable to the financial statements for the fiscal year ending December 31, 2016. The status of our cost allocation plan is of the first time. This is our initial request for the approval of our cost allocation plan to be used in the year 2023 and further consultation shall still be ongoing to improve on the plan.

C. DIRECT COSTS

Direct costs are costs that can be easily identified specifically with a project or a given cost Centre and therefore are charged to that specific project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose. Further distribution is not required.

D. INDIRECT COSTS

Indirect costs are costs incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular project or activity. Indirect costs are grouped into common pool(s) and then distributed to benefiting activities by a cost allocation process.

General Approach

The general approach in allocating costs to particular grants and contracts is as follows:

- A. All allowable direct costs are charged directly to programs, grants, activities, etc.
- B. 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.
- C. 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.

E. COST POOL AND BASE FOR DISTRIBUTION

The organization has created an administrative cost (Indirect) Pool consisting of salaries, fringe benefits, and other costs. The Administrative cost (Indirect) Pool is charged with all the indirect costs as defined above. The pool is distributed to the various program activities on the basis of, (direct salaries, including vacation, holiday, and sick pay but excluding other fringe benefits expended on those activities; direct salaries and wages, excluding fringe benefits; direct salaries and wages, including fringe benefits.

G. DESCRIPTION OF ACCOUNTING SYSTEM

Warrior Squad Foundation accounts for Donor funds using the cash accounting basis whereby revenue is recognized and recorded when cash is received and expenditure is recognized when the cash is paid.

Modified cash basis of accounting is used to recognize some payables and receivables in the preparation of consolidated financial statements.

We have not made any significant changes during the proposal fiscal year 2016 to our accounting system, or to the definition or to the accounting treatment of any expense category.

Allocation of costs.

The following information summarizes the procedures that will be used by Warrior Squad Foundation beginning January to December 2017.

A. Compensation for Personal Services

Daily timesheets are prepared by all WSF employees and reflect an after-the-fact determination of the actual activity of each employee. The time sheets account for the employees' total activity during the pay period. Each individual signs their time sheet at the end of each pay period indicating that the distribution of activity on the time sheet represents a reasonable estimate of the actual work performed by the employee during the period covered by the time sheet.

Only staff engaged in the actual administration of the Organization are considered administrative staff. Administrative personnel costs and hours and salaries including vacation, sick, and holiday costs and hours

are allocated to programs based on the ratio of total program hours charged to each program by program personnel.

Vacation, sick, and holiday time is allocated to each program for each program employee by the accountant in proportion to the number of hours worked on each program in the period preceding the time leave was taken.

a. *Fringe Benefits*

Fringe benefits are allocated in the same manner as salaries and wages. Health insurance and other fringe benefits are also allocated in the same manner as salaries and wages.

b. *Travel Costs –*

Travel is charged directly to the program that benefits from the travel, or is allocated among programs according to the percentage of time that the staff person worked on each grant during the pay period in which the travel was taken. Administrative travel is an indirect cost allocated to the programs receiving benefits from the travel in proportion to the administrative salary allocation.

c. Administrative travel costs that benefit all programs will be allocated based on a ratio of each program's salaries to total program salaries (see Example One). Travel costs that benefit only a few programs will be allocated to those programs based on the ratio of each program's salaries to the total of those programs' salaries (see Example Two).

d. Contractual Services and Professional Services Costs (such as consultants, accounting and auditing services)

Contractual services consisting of interpreter/rapporteur services, causal drivers, and consumer service contracts are charged directly to the programs benefiting from the services. Professional service costs are also charged directly to the program for which the service was incurred. Contractual and professional service costs that benefit all programs will be allocated based on a ratio of each program's expenses to total program direct expenses (see Example Three). Contractual and professional services that benefit only a few programs will be allocated to those programs based on the ratio of each program's direct expenses to the total of the selected program's direct expenses (see Example Four).

e. *Equipment*

Equipment that benefits all programs will be allocated based on a ratio of each program's direct expenses to total direct expenses (see example Three). If only a few programs benefit from the equipment, then an allocation of the depreciation costs will be based on a ratio of each program's direct expenses to the total of the selected programs' direct expenses (see example Four).

- f. Office Supplies, consumables, and Printing.

Office supplies and printed materials used for a specific program will be charged directly to that program. Costs that benefit all programs will be allocated based on a ratio of each program's direct expenses to total direct expenses (see Example Three). Costs that benefit only a few programs will be allocated to those programs based on the ratio of each program's direct expenses to the total of the selected programs' direct expenses (see Example Four).
- g. Facility Expenses including Facility Maintenance and Repair

Facility expenses can be allocated to each program based on a percentage of total program salaries charged to each program by program personnel. Square footage used in each program is an alternative to salaries on an allocation basis. Example Five shows how to allocate facility expenses based on square footage. In that example, the total square footage used by all personnel to total useable square footage is calculated. Facilities costs related to general and administrative activities are allocated to programs in a second step based on the ratio of program square footage to total program square footage.
- h. Insurance

Insurance needed for a particular program is charged directly to the program requiring the coverage. Other insurance coverage that benefits all programs is allocated based on a ratio of each program's expenses to total program expenses as shown in Example Three.
- i. Telephone/Communications:

Telephone calls are charged to programs if readily identifiable. Other telephone/communications expenses that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to total program expenses. Costs that benefit only a few programs will be allocated based on a ratio of each program's expenses to the total expenses of the selected.
- j. Training/Conferences/Seminars

Seminars are charged directly to one program or allocated among programs according to the percentage of time that the staff person attending the training, conference or seminar worked on each grant. Administrative training, conferences, or seminar expenses are allocated to each program based on the ratio of each program's personnel expenses to total program personnel expenses as shown in Example One if the entire center benefits or Example Two if only selected programs benefit.
- k. Other Costs (including dues, licenses, fees, etc.)

Other joint costs will be allocated on a basis determined to be appropriate to the particular costs.
- l. Unallowable Costs

Costs that are unallowable include alcoholic beverages, entertainment, fines and penalties, contributions. Lobbying and fundraising costs are unallowable, however are treated as direct costs and allocated their share of general and administrative expenses.

General and Administrative Costs

The underlying methodology for the allocation of general and administrative wage costs is actual time worked as indicated by a periodic time study.

The procedures for the allocation of general and administrative costs are:

- a. Total actual salary and fringe benefits spent directly for individual programs are charged directly to those programs, as indicated by the time study.
- b. Time allocated to the “shared” cost center is allocated through the agency's indirect cost pool.

All costs, other than direct costs, are allocated to various programs based on the ratio of budgeted program salaries to total program salaries. The calculated allocation percentages are adjusted yearly based on budget modifications.

Examples of Allocation Methodology

Calculation of general administrative and joint or shared cost allocation percentage:

Example One

Administrative Expense Amount = 10,000/=

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

Grant	Personnel Costs	%	Admin. Allocated
A	84,650,928	35%	3,500
B	79,146,000	32%	3,200
C	74,952,953	31%	3,100
D	5,247,000	2%	200
Total	243,996,881	100%	10,000

Example Two

Administrative Expense Amount = 5,000/=

Administrative Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total personnel costs of the selected programs, as follows:

Grant	Personnel Costs	%	Amount Allocated
A	84,650,928	35%	1,750
B	79,146,000	34%	1,700
C	74,952,953	31%	1,550
Total	238,749,881	100%	\$5,000

Example Three

Expense Amount = 28,000

Costs that benefit all programs will be allocated based on a ratio of each program's direct expenses to total program expenses before administrative allocations as follows:

Grant	Program Expenses	%	Amount Allocated
A	120,000	18%	5,040
B	110,000	17%	4,760
C	130,000	20%	5,600
D	140,000	22%	6,160
E	150,000	23%	6,440
Total	650,000	100%	28,000

Example Four

Expense Amount = 4,000

Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's direct expenses to the total expenses of the selected programs before administrative allocations as follows:

Project	Program Expenses	%	Amount Allocated
C	130,000	31	1,240
D	140,000	33	1,320
E	150,000	36	1,440
Total	420,000	100%	4,000

Example 5

Facilities Expense Amount = 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:

Project	Square Footage	%	Amount Allocated	G&A Allocated	Total Amount Allocated
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

H. INDIRECT SALARIES

Listed below are the positions, functions, and actual salaries for the people who comprise the Administrative Services (Indirect) Pool. These positions are charged the applicable percentage to Administrative Services.

Position and % Indirect	Function	Salary
Executive Director (100%)	General Management, resource mobilization. Supervision and reporting	
Program Manager (100%)	General management, resource mobilization, supervision and reporting	
Human Resource Manager (100%)	Clerical support to the Executive Director and Administrative Assistant responsible for personnel information, payroll processing.	
Finance and Administration manager r (100%)	General financial management, resource mobilization, supervision and reporting	
Finance Officer (100%)	Accounting and bookkeeping, payroll checking and general processing.	
Office Assistant (50%)	Cleaning and general maintenance, store management.	

Procurement and Logistics (100%)	Logistical and procurement	
Drivers (100%)		
Security Officers (100%)		
	Total Administrative Services (Indirect) Pool Salaries:	

Schedule A – Elements of Cost

Elements of Cost		Methodology of Allocation
Contractual services		Actual usage
Depreciation/use allowance		Indirect cost
Equipment rental and maintenance		Square footage
Equipment		Purchasing of office furniture for use in performing administrative services based on
Equipment / minor repair		Actual usage
Program materials		Direct cost
Insurance		Actual usage
Occupancy		Central office repairs and utilities on basis of square footage used for administrative services
Office supplies		Office and janitorial supplies for administrative and program services
Other expenses		Based on administrative services actual use
Postage		Actual usage
Professional fees		Accounting and audit services, payroll processing services, charged on work performed for administrative services
Program supplies		Charged to project as costs are incurred; direct cost
Printing		Actual usage
Telephone		Based on actual usage/ Direct program cost
Travel		Actual usage

Cost Allocation Plan Certification

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief that:

- (1) The information contained in the Plan dated _____ was prepared in accordance with acceptable best practice.
- (2) The costs have been accorded consistent treatment in accordance with generally accepted accounting principles,
- (3) An adequate accounting and statistical system exists to support claims that will be made under the Plan,
- (4) The information provided in support of the Cost Allocation Plan is accurate, and
- (5) All unallowable costs have been excluded from allocations.

I declare that the foregoing is true and correct.

Organization: _____

Signature: _____

Name of Official (printed): _____

Title: _____

Date of Execution: _____

(Signed by the official having the authority to negotiate cost allocation plans for the Organization, or by a higher level official.)