Kings Community Action Organization
Administrative Policy

AP 4150
Finance

Cost Allocation Plan

Purpose: To provide a policy for allocation of costs to the various sources of funding received by Kings Community Action Organization.

Definitions

Direct Cost: Those costs that can be identified specifically with a particular final cost objective, such as a Federal Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Shared Costs: Those costs benefiting multiple programs.

Indirect Cost: Those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

Policy

Direct costs are charged exclusively to the award or program receiving the direct benefit of the expenditure.

Shared costs are allocated to the benefiting programs using cost pools. Cost allocation methodologies must assign costs proportionally and equitably to all applicable funding sources. The allocation of costs to various sources of funding should be completed in the simplest, most straightforward way of allocating costs fairly.

Costs shall be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources. Shared costs will be allocated on the most meaningful measures or relevant activity measures available.

Indirect cost pools are established to facilitate equitable distribution of indirect expenses to the cost objectives served. An Indirect Cost Rate Proposal is submitted to KCAO’s cognizant agency for approval on an annual basis. The approved indirect cost rate is used when determining the overhead applied to each award or program.
The Executive Director or his/her designee may develop administrative guidelines to enforce a fair and consistent application of this policy.

Adopted by Board of Directors: May 17, 2017