

Reclamation Manual

Policy

Subject: Final Cost Allocation

Purpose: Establish the requirement that final cost allocations are to be performed upon completion of construction of a project.

Authority: Reclamation Project Act of 1939, Section 9, as amended.

Contact: Contract Services Office, D-5600

- 1. Objectives of Final Cost Allocations.** A final cost allocation is to be performed when construction of a project is determined to be substantially complete. This allocation will determine reimbursable and non-reimbursable costs and apportion these costs among the various project purposes. The objective is to ensure that costs are allocated to project purposes in accordance with Reclamation law and that reimbursable costs are assigned to the appropriate beneficiaries for repayment. Interim cost allocations performed during the planning and construction of the project may not be used to determine the final repayment obligation.
- 2. Responsibility for Conducting Final Cost Allocations.** Regional Directors should conduct a review of their projects and determine which of them need final cost allocations. They should also establish schedules for completion of these final cost allocations and ensure that sufficient funding is programmed. In addition, priority will be given to maintaining the files for cost allocations and supporting documentation to ensure they are current and accessible. The files should include the supporting documentation to demonstrate how the allocation was derived. The final cost allocation and the supporting documentation should provide the basis for repayment obligations included in contracts and serve as a basis for project reallocations to be performed if water demands and uses change in the future. As future projects are completed, the Regional Directors are to ensure that final cost allocations are performed upon completion of construction.
- 3. Review of Final Cost Allocations.** Regional Directors will review all final cost allocations. Subsequent to this review, the Regional Director will submit the final cost allocation to the Office of Program and Policy Services with a recommendation for review and approval by the Commissioner. Reviews will address technical adequacy and adherence to Reclamation policy.