

Reclamation Manual

Policy

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| Subject: | Final Cost Allocations |
| Purpose: | Establish the requirement that final cost allocations are to be performed upon completion of construction of a project, for the benefit of ensuring that final cost allocations are conducted effectively and in accordance with applicable authorities. |
| Authority: | Reclamation Project Act of 1939 (Act of August 4, 1939; 53 Stat. 1187). |
| Approving Official: | Commissioner |
| Contact: | Mission Assurance and Protection Organization (84-50000) |

1. **Introduction.** 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 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 shall not be used to determine the final repayment obligation.
2. **Applicability.** This Policy applies to all Reclamation staff responsible for performing final cost allocations pursuant to the Reclamation Project Act of 1939 (53 Stat. 1187).
3. **Policy.** When the construction of a project is determined to be substantially complete, Reclamation will perform final cost allocations in accordance with the parameters outlined below.
4. **Requirements.** Regional directors shall review their projects to determine which projects need final cost allocations, establish a schedule for completion of these final cost allocations, and ensure that sufficient funding is available. 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 shall include the supporting documentation to demonstrate how the allocation was derived. The final cost allocation and the supporting documentation shall 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 ongoing projects are completed, regional directors are to ensure that final cost allocations are performed upon completion of construction.
5. **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 Mission Assurance and Protection Organization with a recommendation for review and approval by the Commissioner. Review by the Mission Assurance and Protection Organization will address both technical adequacy and adherence to Reclamation

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requirements, in particular Reclamation Manual Directive and Standard, *Project Cost Allocations* (PEC 01-02).

6. **Definitions - Final Cost Allocation.** When construction of a project is determined to be substantially complete, a final cost allocation is performed to determine actual reimbursable and non-reimbursable costs and is the basis for assignment of costs to beneficiaries for repayment.
7. **Review Period.** The originating office will review this release every 4 years.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____