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OVERHEAD POLICY

HATOF Foundation

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1. Policy Objective

Overhead or indirect costs are a necessary part of executing projects and programs. This Policy intends to set out guidelines and principles for making recoveries to cover the unfunded or indirect costs of tasks associated with external funds. The Policy aims to ensure uniformity of the project application process to ensure fairness between and /among partners. This Policy covers the allowable level of overhead cost that can be charged on project or program agreements with partners on their funding.

2. Policy Statement

HATOF's Policy aims to claim overhead or indirect costs on a project or program for the period covered by the partner agreement. This Policy is applicable once HATOF has agreed on its fees to recover under the specific partner agreement. This Policy is effective starting 1 September 2019, and it will be subjected to review after two years of implementation and periodically after that.

3. Background

Overhead or indirect costs are expenses incurred by HATOF in the conduct of project but that are not easily identified as specific expenses to a project. Generally, indirect costs are defined as administrative or other expenses that are not directly allocable to a particular activity or project; instead, they are related to overall general operations and are shared among projects and functions. While the definition of overhead costs is subject to some interpretation, HATOF has listed individual overhead costs (this is not an exhaustive list) contained in Appendix A.

4. Definition of Terms

4.1. Direct Costs

That is expenses directly incurred for the specific project or program. Examples include salaries for project or program staff, travel expenses, materials, and consultants required to execute the grant. HATOF would incur costs such as these if the project or program did not exist.

4.2. Overhead/ Indirect Costs:

Expenses necessary to support an organization's general operation, which is thus shared across projects or programs. HATOF would have incurred these expenses in some amount with or without

a specific project or program funds. However, while not incurred solely because of a project or program, they are necessary for the organization to execute it. Examples of indirect costs are in **Appendix 1**.

4.3.Overhead Rate

Indirect Cost Rate = Budgeted Indirect costs/ Budgeted Total Direct Costs (e.g., personnel, sub-awards, supplies, equipment, etc.). This Policy applies to all project and program contracts and external funding agreements. Overhead costs are generally charged according to the procedures and rules of the granting agency. However, it is recognized that not all funds permit overhead charges, and some funds (e.g., small grants) may not have the capacity to cover such costs. Nevertheless, all projects and programs come along with indirect costs, and the sponsoring agency is expected to cover that, whenever possible.

Call for project proposals, or concept notes may or may not include the applicant institution's maximum allowable indirect costs. HATOF will charge a minimum flat rate of 20% based on the project's total direct costs outlined in the funding contract. HATOF can also build the overhead charges into other expenses incase a distinct line element for overhead budgets does not appear on a contract or funding claim.

In cases where funding agencies do not allow overhead charges or only allow charges less than 20%, HATOF must submit, along with the funding proposal, a copy of a statement from the organization's funding agreement policy on overheads or administration charges. Overhead charges less than the 20% flat rate charge require the approval of the Chief Executive Officer.

5. Finance and Administration

HATOF's audited or official indirect overhead rate must be calculated based on the total indirect costs of HATOF as a percentage of the total eligible direct costs (as outlined in Appendix A). Where necessary, HATOF will review the audited or official indirect overhead rate annually and keep full records to substantiate this rate.

6. Monitoring:

The Policy may be assessed and evaluated as part of a formal review process or internal audit carried out within HATOF. The Financial Unit will monitor the implementation of this Policy

in the context of the regular audits it carries out. Both the funders and HATOF should adequately document the overhead rate applied to the project.

7. Information requests:

All interested persons should request clarification or interpretation of HATOF's Project Management at atenviron@hotmail.com.

APPENDIX A

Direct Costs:

Depending on the specific terms of the agreement, HATOF may include the following as direct costs if they are directly attributable to a particular project or activity and can be directly measured:

Alterations and renovations	When space is altered for a specific project or activity
Capital Equipment	<ul style="list-style-type: none"> ▪ The cost of purchasing equipment that is needed to conduct a project ▪ HATOF can include only newly acquired equipment hardware that is specific to a project or activity as direct costs ▪ The depreciation cost of all existing equipment is included under indirect expenses.
Communication	Telecommunications and postage expenses related to a project or activity
Facilities	New facilities are acquired for a specific project or activity. The cost of renting space may also be included.
Personnel Costs	<p>It is salaries for staff members involved in the project or activity and directly attributable administrative support, legal or accounting function, with special and measured effort on the project.</p> <p>HATOF can determine the salary figure using the current salary rate or a lesser rate depending on the project size. But the multi-year project should allow a percentage for salary increases.</p> <p>Personal costs may also include fringe benefits of staff. Under the specific agreement or contract, these benefits are usually estimated as an average percentage of salaries and wages. Multi-year projects will need to make allowance for bonuses and inflationary increases (e.g., 1% per year).</p>
Service contracts and consultants	It is the costs for services outsourced to external organizations, service providers, or consultants.
Services	The costs for services are directly attributable to a project or activity, including repair and maintenance of equipment.
Supplies	It includes all supplies such as printing, stationery, small equipment, etc. and utilities relating to specific project activities.
Travel	Travel can include transport costs, accommodation costs, per diems, cost of meetings, and workshops.
Other costs	<p>May include:</p> <ul style="list-style-type: none"> ▪ Donor-required audits ▪ Training or Professional Development ▪ Reference materials, including books, subscriptions, etc.

Indirect Costs:

Indirect costs or overheads relate to the costs of an organization's general operations shared among projects, activities, or functions and are not directly attributable to a specific project or activity.

Indirect costs may include:

Administration	These may include; <ul style="list-style-type: none">• Executive management and administrators• Material management (e.g., tracking procurement, inventory management, shipping)• General-ledger accounting• Grants accounting,• Financial management• Internal audits• Research management• Support services• Intellectual property management• Information and communication services• Legal services• Human resources services• Security• Secretarial support• Other shared resources not directly attributable to the project/ activity
Office space and equipment	Depreciation General maintenance Operation of office space and significant Equipment Running costs for building space can include electricity, water, cleaning, landscaping, and insurance.
IT	Use of existing Equipment and provision of IT support, e.g., centralized IT systems and networks.
Other	Auditing fees, Security services Liability insurance Quality assurance and marketing and branding

Date: August 2, 2019

Samuel Dotse



Chief Executive Officer