General and Administrative (G&A) Expenses

Brief

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<th>Title:</th>
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BRIEF

Policy Summary

This policy provides guidance for the accumulation and allocation of General and Administrative (G&A) expenses to final cost objectives at Berkeley Lab. G&A expenses will be budgeted and accounted for on a consistent basis, accumulated in a separate G&A cost pool, and allocated in a practical and equitable manner to the final cost objective, in accordance with Cost Accounting Standards (CAS) and the Energy and Water Development Appropriations Act of 2006.

Who Should Read This Policy

All Berkeley Lab employees with financial responsibilities

To Read the Full Policy, Go To:

The POLICY tab on this wiki page

Contact Information

Indirect Budget Manager

Policy

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POLICY

A. Purpose

This policy provides guidance for the accumulation and allocation of General and Administrative (G&A) expenses to final cost objectives, in accordance with Cost Accounting Standards (CAS) and the Energy and Water Development Appropriations Act of 2006.

B. Persons Affected

All Lawrence Berkeley National Laboratory (Berkeley Lab) employees with financial responsibilities

C. Exceptions

None

D. Policy Statement

G&A expenses, which represent costs of the management and administration of Berkeley Lab as a whole, will be:

- Appropriately budgeted and accounted for on a consistent basis
• Accumulated in a separate G&A cost pool
• Allocated in a practical and equitable manner in reasonable proportion to the beneficial or causal relationship of the costs to final cost objectives
• Allocated to Laboratory Research and Development (LDRD) projects pursuant to the Energy and Water Development Appropriations Act, 2006, PL 109-103, accompanying Conference Report, HR 109-275

The Budget Office will identify G&A cost elements and group cost elements in a separate G&A cost pool. Applicable costs are those that represent the cost of the management and administration of Berkeley Lab as a whole.

Because inclusion of material and subcontract costs would significantly distort the allocation of the G&A expense pool in relation to the benefits received, a value-added cost input is determined to be the allocation base that best represents total activity of Berkeley Lab. The G&A expense pool for a cost-accounting period is allocated to final cost objectives of that cost-accounting period by means of a value-added cost input base, except as provided in the following statement:

The allocation of the G&A expense pool to any particular final cost objectives that receive benefits significantly different from the benefits accruing to other final cost objectives will be determined by special allocation.

Any costs that do not satisfy the definition of G&A expenses, but have been classified as G&A expenses, can remain in the G&A expense pool unless they can be allocated to cost objectives on a beneficial or causal relationship that is best measured by a base other than a value-added cost input base.

G&A expenses are allocated to cost objectives using pre-established G&A rates. The rates are based on forecasted costs for the applicable cost-accounting period, generally Berkeley Lab’s fiscal year.

The pre-established rates are monitored throughout the fiscal year. If a material variance is anticipated, the pre-established rate will be revised to ensure the variance is reallocated to the original cost objectives in the proportion it was originally recovered.

E. Roles and Responsibilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
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</thead>
<tbody>
<tr>
<td>Budget Office</td>
<td>The Budget Office will conduct the formulation and coordination of the G&amp;A expense pool and allocation base. G&amp;A expense-rate forecasts, establishment of the predetermined rate for the applicable cost accounting period(s), and revisions to the pre-established rate will be coordinated and executed through the Budget Office.</td>
</tr>
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F. Definitions/Acronyms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Allocate</td>
<td>To assign an item of cost, or a group of items of cost, to one or more cost objectives. This term includes both direct assignment of cost and the reassignment of a share from an indirect cost pool.</td>
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<tr>
<td>Cost Input</td>
<td>The cost, except G&amp;A expenses, that for program costing purposes is allocable to the production of goods and services during a cost-accounting period</td>
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<tr>
<td>Cost Objective</td>
<td>A function, organizational subdivision, program, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, projects, etc.</td>
</tr>
<tr>
<td>Final Cost Objective</td>
<td>A cost objective that has allocated or assigned to it both direct and indirect costs and is one of the final cost accumulation points. Examples of final cost objectives are grants and contracts.</td>
</tr>
<tr>
<td>General and Administrative (G&amp;A)</td>
<td>Any management, financial, and other expense incurred by or allocated to the Laboratory that is for the general management and administration of the Laboratory as a whole. G&amp;A expense does not include management expenses whose beneficial or causal relationship to cost objectives can be more directly measured by a base other than the established value-added cost input base.</td>
</tr>
<tr>
<td>Total Cost Input (TCI)</td>
<td>The cost, except G&amp;A expenses, that for costing purposes represents the total activity of the Laboratory during a cost-accounting period</td>
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<tr>
<td>Value-Added Cost input</td>
<td>TCI less material and subcontract costs</td>
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G. Recordkeeping Requirements

None
H. Implementing Documents

None

I. Contact Information

Indirect Budget Manager

J. Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision</th>
<th>By whom</th>
<th>Revision Description</th>
<th>Section(s) affected</th>
<th>Change Type</th>
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<tr>
<td>3/25/2013</td>
<td>1.1</td>
<td>L. Freeman</td>
<td>Review completed 12/5/2012, no changes</td>
<td>Pub &amp; next review dates</td>
<td>Minor</td>
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<tr>
<td>1/2/2012</td>
<td>1</td>
<td>Lundell</td>
<td>Reformat for wiki</td>
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Document Information

DOCUMENT INFORMATION

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<tr>
<th>Title:</th>
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<td>11.02.002.000</td>
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<td>Policy Area:</td>
<td>Budget</td>
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<tr>
<td>RPM Section (home):</td>
<td>Financial Management</td>
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<td>Section 11.28</td>
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<td>Functional Division</td>
<td>OCFO</td>
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<td>RPM Section 11.28</td>
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Source Requirements Documents

- DOE Order 522.1, Pricing of Departmental Materials and Services
- Cost Account Standards Board (CASB) Disclosure Statement, Lawrence Berkeley National Laboratory
- Cost Accounting Standard 402, Consistency in Allocating Costs Incurred for the Same Purpose
- Cost Accounting Standards (CAS) 410, Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives
- Cost Accounting Standard 418, Allocation of Direct and Indirect Costs

Implementing Documents

None