General and Administrative (G&A) Expenses

Brief

| Title: General and Administrative (G&A) Expenses |
|-------|-----------------------------------|
| Publication date: 8/13/2018 |
| Effective date: 8/13/2018 |

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.

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

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 terms of Contract 31.

B. Persons Affected

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

C. Exceptions

None

D. Policy Statement

1. General

G&A expenses represent costs of the management and administration of Berkeley Lab as a whole. G&A expenses 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.

2. Cost Pool
   a. The Budget Office will identify G&A cost elements that represent the cost of the management and administration of Berkeley Lab as a whole and group those cost elements in a separate G&A cost pool. Examples of the functions in G&A include senior management, Human Resources, Office of the Chief Financial Officer activities, Internal Audit, Office of Institutional Assurance and Integrity, and Legal.
   b. Cost elements may include labor and other operating expenses associated with the above functions.
   c. The G&A pool shall not include research and development (R&D) activities.
   d. The cost pool shall not include expenses which are unallowable per the Federal Acquisition Regulations (FAR) or the terms of Contract 31.
   e. Capital equipment cannot be purchased with G&A funds.

3. Distribution Base
   a. 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.

4. Rate Execution and Monitoring
   a. G&A expenses are allocated to cost objectives using pre-established G&A rates. The rates are based on forecasted costs for the applicable fiscal year.
   b. 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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<tbody>
<tr>
<td>Budget Office</td>
<td>• Leads the formulation and coordination of the G&amp;A expense pool and allocation base. • Executes the G&amp;A expense-rate forecasts, establishes the predetermined rate for the applicable cost accounting period(s). • Prepares and analyzes monthly indirect cost pool collection projections. • Coordinates and executes approved revisions to the pre-established budget and rate. • Submits the forward pricing rates to the appropriate DOE office for approval. • Identifies cost accounting practice changes, makes appropriate Cost Accounting Standards Board (CASB) Disclosure Statement revisions, and submits changes to the appropriate DOE office for approval.</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>• Recommends G&amp;A pool and rate changes when warranted to support achievement of institutional priorities and objectives. • Communicates the approved G&amp;A budget and rate.</td>
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<tr>
<td>Lab Director</td>
<td>• Approves G&amp;A rates to support achievement of institutional priorities and objectives.</td>
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<tr>
<td>Deputy Director for Operations</td>
<td>• With guidance from the Director or designee and input from the CFO, approves the G&amp;A budget in alignment with institutional priorities and objectives.</td>
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<tr>
<td>Division Leadership</td>
<td>• Executes to its budgeted costs, monitoring costs to budget.</td>
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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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</tbody>
</table>
**Capital Equipment**
Movable personal property with an anticipated service life of two years or more and a cost of $500,000 or more, which substantially retains its original characteristics. Capital equipment does not include application software, maintenance, repair, warranties, real property improvements, or related personal property.

**Cost Input**
The cost, except G&A expenses, that for program costing purposes is allocable to the production of goods and services during a cost-accounting period.

**Cost Objective**
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.

**Final Cost Objective**
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 DOE or other sponsor-funded projects contracts and grants.

**General and Administrative (G&A)**
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&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.

**Total Cost Input (TCI)**
The cost, except G&A expenses, that for costing purposes represents the total activity of the Laboratory during a cost-accounting period.

**Value-Added Cost Input**
TCI less material and subcontract costs.

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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>8/08/2018</td>
<td>2</td>
<td>L. Freeman</td>
<td>Updated Section D for clarity; Added detailed R&amp;Rs</td>
<td>D, E</td>
<td>Major</td>
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<td>3/25/2013</td>
<td>1.1</td>
<td>L. Freeman</td>
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<td>Pub &amp; next review dates</td>
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<td>1/2/2012</td>
<td>1</td>
<td>Lundell</td>
<td>Reformat for wiki</td>
<td>All</td>
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**Document Information**

**DOCUMENT INFORMATION**

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<th>General and Administrative (G&amp;A) Expenses</th>
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<tbody>
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<td>11.02.002.000</td>
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<tr>
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<td>Budget</td>
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<td>RPM Section (home)</td>
<td>Financial Management</td>
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<td>RPM Section (cross-reference)</td>
<td>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 Standard 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