



## General & Administrative Expenses

Lawrence Berkeley  
National Laboratory

Financial Policies and Procedures

Part I

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### Summary

The purpose of this policy is to provide guidance for the accumulation and allocation of General and Administrative (G&A) expenses to final cost objectives.

### Policy

G&A expenses, which represent costs of the management and administration of the Laboratory 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 LDRD projects pursuant to the Energy and Water Appropriations Act, 2006, PL 109-103, accompanying Conference Report, HR 109-275

### Procedures

- The Budget Office will identify G&A cost elements and group cost elements into a separate G&A cost pool. Applicable costs are those that represent the cost of the management and administration of the Laboratory as a whole.
- Since 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 the Laboratory. 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 paragraph:

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

- Any costs which 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 which 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 the Laboratory's fiscal year.
- The pre-established rates are monitored throughout the fiscal year. If analysis of anticipated conditions discloses a material variance for the fiscal year, the pre-established G&A rate will be revised to ensure that the anticipated variance is disposed of by allocating them to cost objectives in proportion to the costs previously allocated to these cost objectives by use of the pre-established G&A rate.

### **Roles and Responsibilities**

Formulation and coordination of the G&A expense pool and allocation base will be conducted by the Budget Office. G&A expense rate forecasts, establishment of the pre-determined rate for the applicable cost accounting period(s), and revisions to the pre-established rate will be coordinated and executed through the Budget Office.

### **Authority**

- Department of Energy (DOE) Prime Contract 31
- Cost Account Standards Board (CASB) Disclosure Statement, Lawrence Berkeley National Laboratory
- Energy and Water Appropriations Act, 2006, PL 109-103, Conference Report, HR 109-275
- [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](#)

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- [DOE Order 522.1, Pricing of Departmental Materials and Services](#)

### Contacts

- Manager, Indirect Budgets

### Glossary

- **Allocate:** 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.
- **Cost input:** The cost, except G&A expenses, which 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 which has allocated to it both direct and indirect costs and is one of the final accumulation points.
- **General and Administrative (G&A):** Any management, financial, and other expense which is incurred by or allocated to Laboratory and which is for the general management and administration of the Laboratory as a whole. G&A expense does not include those management expenses whose beneficial or causal relationship to cost objectives can be more directly measured by a base other the established value-added cost input base.
- **Total Cost Input (TCI):** The cost, except G&A expenses, which for costing purposes represent the total activity of the Laboratory during a cost accounting period.
- **Value-added cost input:** Total Cost Input less material and subcontract costs.