



Resource Adjustments

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part I

Title:	Resource Adjustments
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Summary

The purpose of this policy is to define the requirements and procedures to be followed for preparing, approving, and processing resource adjustments at Lawrence Berkeley National Laboratory (LBNL).

A resource adjustment is an online process in which to transfer costs from one LBNL project or account to another.

A **labor adjustment** (transferring the cost of effort from one project or account to another) is **also considered a resource adjustment** and is subject to the same requirements set forth in this policy.

Policy

This policy is applicable to all LBNL staff responsible for preparing, approving, or processing resource adjustments.

Training conducted by the Office of the CFO on resource adjustment procedures is a **pre-requisite** for any employee who prepares resource adjustments.

A resource adjustment must meet the following criteria:

- Necessary
- Appropriate
- Fully documented and justified

Resource adjustments over the approval threshold must be approved by at least one designated approver (see Approval Criteria below).

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Resource adjustments should be completed no later than **90 days** after the original entry in either the Financial Management System (FMS) or the Human Resources Information System (HRIS).

When entering resource adjustments in FMS, a general ledger (GL) journal ID should not be used more than once in the same accounting period. It can, however, be used again in subsequent months (e.g. monthly recharges).

Appropriate resource categories are to be used to make any necessary resource adjustments, regardless of the amount.

The preparer's **name and telephone extension** should be included on the adjustment (preferably in the description field).

A *single* resource adjustment is not to be used for *multiple* purposes. For example, one resource adjustment should not encompass several entries on several journal lines. A separate resource adjustment with a separate GL journal ID should be entered for each distinct reason.

Criteria Definitions

Necessary

A resource adjustment is necessary when the costs, as originally recorded, apply to any of the following circumstances:

- Charged to an intermediate cost objective and need to be allocated to a final cost objective (e.g., distribution of recharge rates).
- Coded improperly, thereby charging an incorrect project, suspense/dropout project, or an inappropriate resource category.
- A justifiable and appropriate decision was made to change the project for which a resource was to be allocated.

Appropriate

A resource adjustment is appropriate when costs are reasonable (using prudent business judgment), allocable to the receiving project (i.e., project receives benefit), and are not expressly unallowable costs as defined in DOE Contract 31, per the Federal Acquisition Regulation (FAR).

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Examples of Justifications for Resource Adjustments

Appropriate	Inappropriate
<ul style="list-style-type: none">• Correcting errors such as labor dropouts.• Changes in the use of goods/ services.• Recharges or other periodic redistribution of shared costs.• Accruals to meet the Generally Accepted Accounting Principles (GAAP) matching principle (costing in correct period).• Better allocation of cost to benefiting entities/projects.• Accommodating a sponsor-initiated change in funding specifications such as a B&R recast or a new WFO contract number.• DOE-mandated adjustments.	<ul style="list-style-type: none">• Transferring costs to a non-benefiting project. This could result from a poor choice of recharge distribution base.• An adjustment that misclassifies costs in the receiving project. Example: Charges to an inappropriate resource category.• Transferring costs from an overrun project to another unrelated project/funding source. Example: Transferring costs from a WFO project to a DOE project.

Procedure

Documentation Requirements

Documentation for each resource adjustment is to be maintained by the originating Division. Detailed justification should be attached to all resource adjustments prior to approval.

The documentation should clearly

- Support each entry (amount) listed on the resource adjustment
- Display all of the appropriate project ID numbers
- Display all cross-Divisional approvals

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Appropriate justification and documentation is required for each resource adjustment entered. A specific explanation and rationale for the purpose of the resource adjustment (reason original entry was incorrect and why adjustment is necessary) must be included.

The following are guidelines for specific types of resource adjustments and the appropriate documentation required.

Labor Adjustments

- Corrected timesheets signed by the employee and approved by the supervisor are required as documentation for all labor resource adjustments and clearance of dropout accounts, unless the adjustment is an administrative correction; i.e., data entry error (see *Correcting Errors* below).
- Documentation that supports the specific reason as to why the original entry was incorrect, and why the adjusted entry is appropriate.
- Labor Resource Adjustment Report, indicating the debits and credits of the adjustment and the appropriate supporting rationale.

Labor Dropouts

- Documentation as to the correct project to which time should be charged.
- Copy of an approved corrected time sheet (if applicable).
- Copy of an email (or signed document) from the employee whose time is being changed or adjusted, indicating the correct project ID in which to charge the time.
- Labor Resource Adjustment Report, indicating the debits and credits of the adjustment and the appropriate supporting rationale.

Correcting Errors

- Copy of the ledger entry and documentation of the original entry (purchase order, time sheet, etc.), if available.
- Reason for the error (data entry error, incorrect information, etc.).
 - If the error was administrative (i.e., data entry), a corrected notation on existing documentation is sufficient, but should be reviewed for accuracy and appropriateness.

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- If the error was caused by a systemic problem, indicate root cause and corrective actions taken to prevent reoccurrence.
- For labor errors, include the Labor Resource Adjustment Report, indicating the debits and credits of the adjustment and the appropriate supporting rationale.

Periodic Service Center Recharges or Cost Re-distribution

- Obtain advance authorization from Office of the CFO (Budget Office).
- The basis for the distribution of cost (at a minimum) should be a justifiable estimate of benefits received by users (e.g., hours of service provided, number of employees benefiting, square feet of space occupied, etc.).

Changes in the Use of Goods/Services

- Obtain documentation of original entry.
- Indicate the service or materials/equipment to which the cost is related.
- Document why the cost was charged to the original project and why the adjustment to another project is more appropriate.

Other Types of Resource Adjustments

- Obtain documentation of original entry.
- Indicate reason for performing resource adjustment and why it is necessary and appropriate.

Confirmation

- A copy of an email confirmation sent to the authorized requestor is appropriate documentation, to be retained with the other supporting data.

Resource Category 57000 (Adjustments)

- Category 57000 is **not** to be used for resource adjustments. The only exception is for the use of the Budget or Controller's Office for specifically approved discretionary purposes.

Record Retention

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All documentation is subject to audit and must be retained for **three years** from the end of the fiscal year in which it was processed, in accordance with LBNL archiving policies, the National Archives and Records Administration, and DOE Contract 31.

Approval Threshold

The value of a resource adjustment is equal to the **total** of its debits **or** credits for all direct costs **actually being transferred** from one project ID to another; applied burdens are not included. To determine the value of a multiple-line resource adjustment, the total of all debit or credit lines should be used, where the debit and credit amounts are charged to different project IDs.

A labor resource adjustment must include **all applicable pay periods** for an employee's time in determining the approval threshold.

The approval threshold for all resource adjustments (including labor adjustments processed in HRIS) is **\$5,000**. Resource adjustments of **\$5,000** or more **require approval** from a designated approver (see Approver Criteria below). The approver of a resource adjustment exceeding the approval threshold cannot also be the preparer.

Exceptions

- Supervisory approval is not required for month-end reversing entry/accrual adjustments by the Office of the CFO.
- A single, annual approval is appropriate for recurring resource adjustments such as those supporting periodic service center recharges. Subsequent approvals during the fiscal year are not required.

Resource adjustments for amounts under the approval threshold must adhere to the same documentation and justification standards; however, supervisory approval is not required.

Any resource adjustment involving more than one Division requires notification to all Divisions impacted **prior to initiating the adjustment**. If such an adjustment meets or exceeds the amount of the *approval threshold*, approval must be obtained from designated approvers in all Divisions impacted *prior* to recording the transaction as *valid* in FMS.

Subordinate departments making a resource adjustment on behalf of a Division (such as the Office of the CFO) should obtain adequate supporting documentation prior to making the requested adjustment.

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Approver Criteria

Division Directors are responsible for designation of authorized persons to review and approve adjustments in the Divisions.

Where practical, an original approval signature will be obtained for any resource adjustment in for which the value meets or exceeds the approval threshold. However, if sufficient information on the adjustment can be made available to the reviewer, approval by email is acceptable.

The designated approver must have signature authority appropriate to the amount of the resource adjustment.

The designated approver is responsible for ensuring that the resource adjustment meets the criteria as stated in this procedure (i.e., necessary, appropriate documentation).

Recurring resource adjustments, such as those supporting periodic service center recharges, or re-distribution of shared costs, are to be reviewed and approved in advance of each fiscal year by the Office of the CFO. Once approved, subsequent approvals for resource adjustments made in the current year are not required.

Contacts

- [General Accounting Office](#)
- [Budget Office](#)

Glossary

- **Generally Accepted Accounting Principles (GAAP):** A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the [Financial Accounting Standards Board \(FASB\)](#) and the [Federal Accounting Standards Advisory Board \(FASAB\)](#).
- **Journal ID:** A transaction identification number in FMS.
- **Project ID:** A numbering system used to report costs associated with funded activities at the Laboratory.
- **Resource Adjustment:** An online process in which to transfer costs from one LBNL project or account to another. A labor adjustment is also a resource adjustment.