



Recharges

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part I

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Primary contact: Manager, Indirect Budgets

Summary

The purpose of this policy is to provide all Laboratory recharge centers with a common framework for the equitable and accountable distribution of user charges, which are based on the costs of the facilities, goods and services provided.

Overview

A recharge center provides specific scientific facilities (i.e., 88 Inch Cyclotron), technical capabilities (i.e., Engineering Shops) or general services (i.e., Telephone Service) to multiple users where subscribers have discretion over the amount of service used.

Policy

A recharge center is appropriate when the costs of the provided services/facilities would not be equitably distributed on a broader or more general allocation base. Therefore, recharges are not appropriate when adequate cost distribution can be better realized through a broader allocation base and/or (due to regulations, Laboratory policy, or other constraints); the users of the service have no control or discretion over the service provided.

Research and Development activities are not appropriate for recharges.

Recharges are appropriate when the following conditions and/or circumstances are present:

- Provides a more precise allocation of costs to users based on the benefits received
- Encourages optimal use of a service or resource
- Assists in the evaluation and control of the cost of a service
- Assures equitable costing that complies with Cost Accounting Standards (CAS)

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Procedures

Criteria for Development and Application of Recharge Rates

Costs of providing the service for a fiscal year are identified, estimated and reviewed. Options for gaining greater cost efficiencies and alternative methods of service delivery should both be considered as cost control mechanisms.

Demand for the service; i.e., the estimated user (distribution) base should be projected based on best available forecast data. The distribution base selected should be a reasonable measure of the benefits users received from the service and should result in an equitable allocation of the service's costs to its users (i.e., users are charged for what they get). In addition, the estimated base volume should reflect the anticipated actual usage of the service rather than the number of units of the service available or service capacity.

If a measure of the benefits users receive is unavailable or impractical to ascertain, a measure of the output of the recharge center's activities is acceptable. In addition, where a single unit of output will not reflect the proportional consumption of resources in circumstances where the level of resource consumption varies materially among the units of output produced, the output measure should be modified or more than one output measure should be used.

Following is a hierarchy of three allocation measures appropriate for recharge centers listed in descending order of preference:

- A measure of activity or resources consumed (e.g., labor hours, machine hours or square footage)
- An output measure (e.g., number of printed pages for a print shop, number of purchase orders processed by a purchasing department or number of machines maintained)
- A surrogate for consumption (e.g., number of personnel, labor or total dollars or square feet of the unit receiving the service)

A preliminary rate is developed on a ***break-even basis*** for Laboratory users. The objective is to establish rates that will recover exactly the costs of providing the services or products. Every effort will be made to ensure that at fiscal year end, cumulative recovery equals cumulative costs of providing the services or products. Recharge Managers are required to monitor execution throughout the fiscal year. If material variance is forecasted, rates and/or budgets will be appropriately revised to allocate the variance. Additionally, Recharge Center Managers are required to submit rate change proposals to the Budget Office for review and approval prior to implementation.

Estimated costs for the fiscal year and the projected distribution base volume must be developed in an auditable manner that incorporates best available data and considers prior year cost/recovery variance. Any rate that has consistently over or under

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recovered costs must be evaluated during the formulation stage to address the chronic cause for these variances.

The recharge center should be established on the basis that the recharge center must assign costs accurately (i.e., one recharge center cannot subsidize another recharge center). It is not acceptable to plan or transfer any over/under recovery in one cost center to another cost center.

It is the responsibility of the organization that sponsors the recharge rate to assure that, where appropriate, the rate charged for service offered to the Laboratory is competitive within local commercial markets. If the level of the proposed rate cannot be justified and supported from a good business perspective, the sponsoring organization must consider options for improving the cost structure or consider suspension of the service in favor of utilizing an outside vendor.

The costs of administering the recharge (development of the rate and distribution of user charges) should not be of such magnitude to negate the benefits received from the more precise distribution of the recharge center's costs. To this end, automated systems should be used to the maximum extent practical in distributing costs to users.

Authority

- [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 418, Allocation of Direct and Indirect Costs](#)
- Department of Energy (DOE) Contract 31
- [DOE Order 522.1, Pricing of Departmental Materials and Services](#)

Contacts

- Manager, Indirect Budgets

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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 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.