



**Department of Energy**

Washington, DC 20585

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MEMORANDUM FOR GENERAL JOHN GORDON,  
UNDER SECRETARY FOR NATIONAL  
NUCLEAR SECURITY ADMINISTRATION

ROBERT G. CARD, UNDER SECRETARY FOR  
ENERGY, SCIENCE AND ENVIRONMENT

FROM: BRUCE M. CARNES, DIRECTOR  
OFFICE MANAGEMENT, BUDGET  
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SUBJECT: Institutional General Plant Projects (IGPP)

Recently, I asked the Chief Financial Officers at Albuquerque, Oak Ridge and Richland, along with staff at Headquarters, to review funding mechanisms for facilities and infrastructure. This review was prompted by a request from various sites to utilize IGPP as a funding source for new construction projects at multi-program sites that are of a general institutional nature and required for general purpose site-wide needs. A typical example is a cafeteria serving multiple users.

The review team examined existing funding alternatives in the Department against Department of Defense models where there is a separate budgeting and reporting code for military construction projects. During the review, the Administration introduced its Draft Bill on Budgeting and Managing for Results which would, if adopted, change how Federal agencies budget for and financially manage their facilities. Given the Administration initiative, the review team concluded that IGPP funding represented an acceptable interim funding tool through Fiscal Years 2002, 2003 and 2004, until such time as new funding methodologies for facilities and infrastructure are adopted by the Department.

The attached guidance package documents the rigor for the approval of an IGPP, and is the same guidance developed in consultation with and applicable to NNSA's pilot at Sandia National Laboratory.

Questions regarding the attached guidance may be referred to Jim Cayce, Office of Engineering and Construction Management (ME-90) at 202-586-0072.

**Department Of Energy**  
**Guidance for Approval of Institutional General Plant Projects (IGPP)**  
**February 2002**

**Background**

Institutional General Plant Projects (IGPPs) are miscellaneous minor (i.e., less than \$5 million) new construction projects of a general institutional nature benefiting multiple cost objectives and required for general purpose site-wide needs. IGPPs do not include projects whose benefit can be directly attributed to a specific or single program.

Examples of IGPPs are:

- Multi-programmatic/inter-disciplinary scientific laboratory
- Institutional training facility
- Site-wide maintenance facilities and utilities
- New roads
- Multi-programmatic office space
- Multi-programmatic facilities required for "quality of life" improvements

The House Appropriations Committee (HAC) Report accompanying the FY 1998 Energy and Water Development Appropriations Bill contains a provision encouraging the DOE to implement an accounting procedure for the equitable distribution of costs associated with general purpose capital requirements as follows: "*Capital Equipment and General Plant Projects* - The Committee eliminated capital equipment and general plant projects as separate budget accounts 2 years ago to provide more flexibility to the Department to maintain facility and laboratory infrastructure. An enhancement to this flexibility would permit the equitable distribution of costs associated with general-purpose capital requirements to all site programs by allowing these costs to be distributed in a manner consistent with other general institutional expenses. The Committee encourages the Department to implement this accounting procedure."

**IGPP scope and applicability**

Consistent with the HAC Report language cited above, this DOE guidance applies to approved IGPP's through Fiscal Years 2002, 2003 and 2004, or until such time as new funding methodologies for facilities and infrastructure are adopted by the Department.

**IGPP funding criteria**

The following funding criteria applies to future IGPP's:

- Is consistent with DOE's existing threshold and capitalization criteria and the GPP definition contained in the DOE Accounting Handbook;
- Results in a renewed and revitalized infrastructure with:
  - A cost beneficial impact on a site's operations;
  - A replacement or upgrade to a core utility, land, and facility that is no longer reliable;

- Improved productivity or efficiency in a core utility, land, and facility; and,
- Significantly strengthening institutional ES&H activities.
- Cannot equitably and cost effectively be allocated to a specific program and supports multi-programmatic and/or inter-disciplinary programs;
- Supports a site's strategic objectives which transcends multiple programs for which there are no other appropriate sources of GPP funds; and,
- Enables/facilitates world-class science and technology (e.g., attraction and retention of scientific and technical workforce).

#### **Budget execution, and reporting process**

##### Budget execution and reporting process

The following minimum activities and general timeframes will apply to the DOE IGPP budget execution and reporting process:

- An IGPP stand-alone cost collection and distribution mechanism will be established and maintained or incorporated into an appropriate existing cost collection and distribution mechanism to assure adequate project(s) tracking and accountability;
- The financial management system will provide an IGPP reporting capability that will provide affected site organizations with monthly status updates on funds, costs, collections, commitments, and uncosted balances;
- The site will issue quarterly IGPP status reports to the DOE Field/Area Office that contain financial management and project milestone completion information for each IGPP, as well as the program as a whole. These reports should be submitted to the DOE Field Office no later than 30 days after financial information becomes available from the site's financial management system; and,
- The DOE Field Offices will conduct operational awareness reviews with affected sites, as appropriate.

##### **IGPP cost controls, funding sources, thresholds, and limitations**

- **Cost controls** – The overall indirect budget will not increase as a result of the IGPP Program. Funds can be reallocated within the indirect budget to pay for site wide requirements, within the guidelines of this policy, but will not add to the overall indirect budgets.
- **Funding sources** - a stand-alone IGPP cost collection and distribution mechanism will be established or incorporated into an existing mechanism that assesses DOE operations and maintenance and non-DOE work-for-others costs. DOE line item capital equipment and construction projects costs will be excluded from the cost collection and distribution mechanism. This stand-alone or existing mechanism will assure adequate tracking and accountability for IGPP costs, collections, and projects.

**IGPP cost controls, funding sources, thresholds, and limitations (continued)**

- Uncosted balances - uncosted funding balances provided by a site's distributed cost collection mechanism may not be carried over into the next fiscal year and must be returned to their funding sources via a rate reduction. IGPPs that transcend 2 fiscal years must be factored into the site's IGPP rates for both years.
- Open commitments at fiscal year end - open commitments (e.g., contracts/purchase orders issued) will carry over into the following fiscal year and must be considered in arriving at the amounts available for the site's cost ceiling for the following year.
- Indirect funds will not be utilized for the IGPP Program at the expense of maintenance or any other essential facility management programs, currently funded out of the indirect budget.
- Sites are reminded that IGPP funds are not intended to be used in incremental segments to construct larger facilities including, for example, segmentation of a parking lot or utility system from the main structure they are designed to support; or segmenting should be, from a planning, location, and use standpoint, a single facility into separate segments located within close proximity to each other. In other words, each IGPP must provide a complete and usable facility to satisfy mission need at the site. As part of each IGPP, the DOE Field/Area Office Site Manager shall personally certify that the project is not part of an incremental segment such that the total would exceed the current authorized ceiling of \$5 million. This certification shall be provided to the HQ Program office prior to the commencement of each project and made a part of each project file.

**IGPP accounting guidelines**

The DOE existing capitalization criteria and threshold levels, as well as the definition of general plant projects as contained in the DOE Accounting Handbook, are applicable to this IGPP policy. Implementation of this policy will result in the allocation of IGPP costs to the site's funding sources cited in the previous sections. A stand-alone cost collection and distribution mechanism will be established or an existing mechanism will be used to assure that there is adequate tracking and accountability for IGPPs from inception to the recording of an asset.

**Compliance with Cost Accounting Standards (CAS)**

Implementation of this IGPP Policy must be in compliance with the following CAS:

- CAS 401 - Consistency in Estimating, Accumulating, and Reporting Costs
- CAS 402 - Consistency in Allocating Costs Incurred for the Same Purpose
- CAS 409 - Depreciation of Tangible Capital Assets
- CAS 418 - Allocation of Direct and Indirect Costs

The contractor must clearly identify in its Disclosure Statement those costs that will be IGPP funded and ensure that such funding is consistently applied for all such costs that are incurred for the same purpose and in like circumstances. In those instances where there are similar types of costs which are sometimes accounted for as direct and sometimes accounted for as indirect, the contractor must set forth in the Disclosure Statement the specific criteria and circumstances for making such distinctions.

**Major roles and responsibilities**

**The Office of Management, Budget, and Evaluation/CFO, Office of Engineering and Construction Management (OECM) shall:**

- Provide guidance and oversight for IGPP policy;
- Coordinate any corporate issues with Program offices; and,
- Develop permanent facilities and infrastructure funding policy consistent with Administration and Congressional direction.

**Each DOE site utilizing the IGPP process shall:**

- Establish the necessary managerial oversight to ensure contractor compliance with the provisions of this attachment; and,
- Review the quarterly budget execution status reports, ensure that they are correct, and submit them to OECM, ME-90.

**Contractors shall:**

- Execute IGPP's within the provisions of this guidance; and,
- Track IGPP's separately, and submit quarterly budget execution status reports their respective Federal Field/Area office contacts.