



## Department of Energy

Brookhaven Site Office  
P.O. Box 5000  
Upton, New York 11973

JAN 12 2016

Mr. Peter Ferrara  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973

Dear Mr. Ferrara:

**SUBJECT:** REQUIRED INFORMATION SUBMITTAL: BROOKHAVEN NATIONAL LABORATORY (BNL) DISCLOSURE STATEMENT, GENERAL AND ADMINISTRATIVE (G&A) ALLOCATION BASE

**Reference:** Letter from P. Ferrara, BSA, to E. Landini, BHSO, Subject: Proposed BSA Disclosure Statement for FY 2016 – revision to July 27, 2015 letter, dated November 16, 2015

This letter briefly summarizes recent discussions of the referenced Disclosure Statement and requires submittal of information relative to the G&A allocation base(s). The information should be provided at your earliest convenience but no later than March 11<sup>th</sup>. Should you need additional time to ensure a complete and well documented response, please contact me to discuss an alternate date that would be acceptable to all concerned parties.

For a number of years, the BNL Disclosure Statement has described the use of a Modified Total Cost Base, for both the Traditional G&A and the Common Support G&A. Specifically, the referenced Disclosure Statement, on Continuation Sheet pages 5 and 6, Item 4.2.0 entitled "*G&A Pool – Allocation Base*", provides the required details of what costs are included and/or excluded from the respective bases. As has been discussed, it has recently come to my attention that this practice is no longer in accordance with current interpretations of former guidance documents regarding use of a Modified Total Cost Base. Therefore, it is necessary for you to reexamine and reevaluate your G&A allocation base(s) to ensure they are compliant with current Departmental guidance and Cost Accounting Standards (CAS), specifically CAS 410 – *Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives*.

As you conduct your analysis, it is recommended that you seek the advice of recognized CAS experts to ensure that any proposed revisions to your Disclosure Statement will be CAS compliant. Your submittal should include which of the three CAS compliant allocation bases (i.e., Total Cost Input; Value-Added Cost Input or Single Element Cost Input) shall be determined as the cost input base that best represents the total activity of your business unit. Additionally, your submittal should include the earliest timeframe that you could revise your practice to include a formal revision of your Disclosure Statement and the resultant rates. This timeframe should take into account, adequately addressing issues, concerns and mitigation activities to ensure that budgeted programs/projects are not materially affected.

Mr. Ferrara

-2-

Although it is considered unlikely, if your analysis concludes that your current practice does not require a change, you are still required to submit this decision in writing with adequate justification to support your determination.

It is understood that this analysis is not simple and that you may have several questions. Please do not hesitate to contact me or Jonathan Loh, of my staff, to ensure that your concerns are appropriately addressed as you develop your response.

Sincerely,

A handwritten signature in cursive script that reads "Evelyn Landini".

Evelyn Landini, Director  
Business Management Division  
Contracting Officer

cc: J. Loh, SC-BHSO  
B. J. Carreras, BSA  
A. Russo, BSA  
T. Schlagel, BSA