April 15, 2014

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Fermilab has received notice from the Department of Energy (DOE) that included in the Laboratory’s FY 2014 financial plan is a separate item in the amount of **$«Budget».00** designated for your university’s work at the Laboratory.

This may or may not be a new method of funding your experimental work at Fermilab. In either case, in order that we both can better understand how to proceed with the handling of your funds within our DOE contract, the following specific terms and conditions are applicable:

1. It should be emphasized that these funds are treated as a separate operating cost ceiling within our contract and, as such, cannot be exceeded. Therefore, when charges by your group equal or exceed the amount made available by the DOE, the account will immediately be closed for further charges until the DOE has provided additional funds via a Fermilab financial plan change. If the account is closed, your University must accept the financial responsibility by way of a Purchase Order (P.O.) and establish an Accounts Receivable account. When funding your account with a P.O., the account may also be closed if your home institution fails to make payment per the terms of the invoice (i.e. Net 30 days), or exceeds the dollar threshold of the P. O. The lab will process financial plan changes and increase your account balance in the same month in which funding is received from DOE. However, it may take several months between when you learn of an increase and when the funds are actually provided by DOE. The lab cannot increase your balance until the funding is received in our contract.
2. Charges will include a provisional ***Indirect Allocation***, necessary to reimburse the Laboratory for its indirect expenses (e.g. Procurement, Accounting, Shipping and Receiving, Information Systems, Stockrooms, Site Taxi Service, etc.). Three rates will apply as follows:
	1. Materials/Service (MSA) Acquisition Rate -- a provisional rate of 5.0% (21.28% after G&A) allocated on all external purchases of goods and services;
	2. Common Site Support (CSS) Rate -- a provisional rate of 33.50% (54.19% after G&A) allocated on all internal labor and related cost, including service centers;
	3. General and Administrative (G&A) Rate -- a provisional rate of 15.50% allocated on all charges including the indirect allocations in 2.a. and 2.b.
3. Labor charges will be subject to the Laboratory’s provisional **Labor Burdens**. Labor Burdens are necessary to reimburse the Laboratory for costs associated with benefits provided to its employees. Labor Burdens are charged based upon Monthly or Weekly time worked costs. Burdened labor is charged CSS and G&A allocations (see above). Non-Divisional employees do not have Program Support costs included in their Labor Burdens (see below). The fully loaded rates charged to **Time Worked** for Non-Divisional employees are as follows:
	1. Fully Loaded **Monthly** Time Worked – **Non-Divisional** 140.71%
	2. Fully Loaded **Weekly** Time Worked – **Non-Divisional** 148.97%

In addition, a provisional **Program Support** burden is also charged by the lab based upon **Time Worked**. Each of our four Divisions has a Program Support allocation (Accelerator, Computing, Particle Physics, and Technical) to cover the costs associated with central division administration, departmental management, central computing support, and certain travel and training. CSS and G&A costs are also allocated to Program Support charges. The fully loaded rates charged to **Time Worked** for employees in the four divisions are as follows:

1. Fully Loaded **Monthly** Time Worked – **Accelerator** Division 208.11%
2. Fully Loaded **Weekly** Time Worked – **Accelerator** Division 218.69%
3. Fully Loaded **Monthly** Time Worked – **Computing** Division 165.38%
4. Fully Loaded **Weekly** Time Worked – **Computing** Division 174.49%
5. Fully Loaded **Monthly** Time Worked – **Particle Physics** Division 170.80%
6. Fully Loaded **Weekly** Time Worked – **Particle Physics** Division 180.10%
7. Fully Loaded **Monthly** Time Worked – **Technical** Division 192.46%
8. Fully Loaded **Weekly** Time Worked – **Technical** Division 202.50%

The provisional rateswill go into effect each October 1st. There will be an annual retroactive adjustment to actual (variance distribution) at September 30, 2014 and possible periodic adjustments throughout the year. Major changes in funding, budgetary allocations, or the Laboratory’s allocation methodology could necessitate a rate change (increase or decrease) and/or a variance distribution during the year, subject to the Director’s Office approval. A document identifying the current year provisional rates is available on the Fermilab Accounting Department website and can be found at **https://sharepoint.fnal.gov/org/fin/FormsRates/Shared%20Documents/CurrentYearBurdenRates.pdf**

1. Although these funds are designated for operating-type expenses, DOE does allow the procurement of property items up to $500,000 with “operating funds” under its capitalization policy. However, the physical accountability and control of property still remains the responsibility of FRA/Fermilab. Therefore we discourage the use of these funds for items requiring physical accountability and control.

 **No property procured with these funds may leave the site without Fermilab approval. Fermilab is to be promptly notified of lost or missing property.**

1. In addition to the property described in item #4 above, the Laboratory also has a class of property deemed s**ensitive**. Sensitive property is defined as: items of property that are susceptible to being taken for personal use and/or that are readily saleable for cash, such as computers, photographic equipment etc., or property that is categorized by the DOE as High Risk. The Fermilab Property Office maintains a list of Sensitive property items.

 Physical accountability and control of Sensitive property is the responsibility of FRA/Fermilab and these items are subject to an annual physical inventory. **We prohibit the use of these funds for acquiring Sensitive property unless custody of the property is assigned to a Fermilab employee.**

1. Airfare and other travel related costs, both foreign and domestic, are governed by and reimbursed under the Laboratory’s Travel Policy. See Travel Office website at **http://bss.fnal.gov/travel/university\_travel.html.**

**Please note that due to increasing constraints and reporting criteria associated with conference travel, HEP has concluded that effective on October 1, 2013, DOE funds in the university service accounts may not be used for conference related travel expenses (see attached email from DOE).**

All non-conference travel expenses can be paid/reimbursed with these funds provided the travel is directly related to research and supporting activities that are part of Fermilab’s mission, subject to the following conditions:

* 1. Because Fermilab’s contract with DOE requires us to procure the lowest available commercial airfare, **all airfares must be procured through the Fermilab Travel Office**. This assures the traveler has met the requirement of obtaining the lowest available commercial airfare. Any deviation from this may result in the request for reimbursement to be denied.
	2. Travelers procuring airfare through the Fermilab Travel Office must use a Fermilab Travel Authorization form (TA) and Cost Estimate (CE) form.
	3. If foreign travel is allowable and required, the following requirements apply:
1. Users of the Laboratory expending DOE funds from the Laboratory’s financial plan must initiate their trip request for approval of foreign travel through the Principal Investigator to which they are assigned.
2. A copy of the approved Travel Authorization form and trip request in the DOE Foreign Travel Management System (FTMS) is necessary before our Travel Office can process your travel request.
3. Approval for all foreign travel must be obtained from the Laboratory Directorate and from DOE.
4. Requests are to be submitted a minimum of **30 days** prior to expected departure to allow time for the appropriate reviews and country clearance process.
5. Air travel must comply with the “Fly America Act”, which in summary means that United States air carriers must be used if available, regardless of cost.
6. Each purchase/contract will require the proper completion of a standard Fermilab Purchase Requisition form, approval by a formally authorized signer on the account and, if the action is ≥ $50,000, it must have the approval of the Chief Financial Officer.
7. Stipend/salary expenses are not allowed. Fermilab will not pay compensation to non-employees on behalf of other institutions.
8. Although DOE has designated these funds for FY14, Fermilab does allow User Institutions to carry over any unused funds into the next fiscal year. However, this is contingent upon DOE restoring the unexpended funds with "budget outlay" in the subsequent period. In the past DOE has done this, but this practice is always at risk. The most prudent approach is to use all the funds in the fiscal year granted. Although if funds are provided late in the fiscal year, this may not be possible.
9. The provisions of Fermilab’s contract with DOE govern the expenditures made from these funds.

With the exceptions noted above, I believe you will be able to make purchases and expend money in much the same way you would under your contract administered by your home university.

To assist you in administering your account, we will provide monthly statements for the account, comprised of the following reports:

1. A cost analysis summarizing the direct and indirect costs both for the current month and for the year-to-date and the balance of funds remaining.
2. A detailed cost statement itemizing current month charges, including P.O. numbers where applicable.
3. A detailed stores issues list for the month showing the item, quantity, dollar amount, and name of person to whom items were issued.

You need to provide a **Project number** and **Task number** or, for travel-related expenditures, a **Travel Code**, to procure goods and services at the Laboratory. The Project and Task numbers and travel code for the funds described herein are:

**Project number: 17**

**Task number: «Task\_Number»**

**Travel code: «Travel\_Code»**

The Travel Code is required at the Fermilab Travel Office, and by the Laboratory’s direct-billed travel vendors such as Avis Car Rental, West Suburban Limousine, and certain local hotels, in lieu of the project/task.

Please let our Accounting Department know the names of those authorized to use your DOE funds and their authorized charge (dollar limitation) level as soon as possible. If you have any further questions, please contact Michael F. Rhoades, Chief Accounting Officer, at (630) 840-5807, or Barb Callahan, Accounting Associate, at (630) 840‑3244.

Very truly yours,

Cynthia S. Conger

Chief Financial Officer

cc: M. Rhoades

 B. Callahan