



Department of Energy

Washington, DC 20585

April 30, 2007

MEMORANDUM FOR INGRID A. KOLB

DIRECTOR, OFFICE OF MANAGEMENT

THRU:

WALTER S. HOWES

ACTING DIRECTOR, OFFICE OF INFORMATION RESOURCES

PAUL BOSCO

DIRECTOR, OFFICE OF ENGINEERING AND CONSTRUCTION
MANAGEMENT

FROM:

JAMES T. CAMPBELL

ACTING CHIEF FINANCIAL OFFICER

SUBJECT:

Request Revision of DOE O 430.1B, "Real Property Asset Management"

PURPOSE:

To change the overhead funding requirement for Institutional General Plant Projects (IGPP). DOE O 430.1B currently states on page two of Attachment 6 that the program will have the contractor chief financial officer or comptroller certify that "the overall indirect budget will not increase to fund IGPP. Funds can be reallocated within the indirect budget to fund IGPP requirements."

We recommend changing the IGPP funding requirement language to the following: "Impacts to the indirect budgets will be carefully considered in the authorization of IGPP projects to ensure that funding for other critical overhead activities is not adversely impacted while ensuring relative stability for overall indirect rates between fiscal years."

JUSTIFICATION:

In the process of reviewing guidance on IGPP funding we find DOE O 430.1B, "Real Property Asset Management," to be out of step with our current position. We believe that revising this order will allow the labs more flexibility in maintaining their facilities. Currently, site contractors are forgoing certain overhead spending in order to accommodate IGPP funding. The original intent of the IGPP funding limitation was to keep overhead under control. However, there are other control mechanisms in place, such as contractual and performance metrics for controlling overhead spending.



In addition, this limitation places a burden on smaller labs that do not have the available funds to reallocate within the indirect budget to fund IGPP requirements. Therefore, this provision might prohibit the smaller labs from participating in IGPP.

We find that the Department has enough historical experience with IGPP that we can recommend alleviating the initial requirement to maintain overall indirect budgets. This requirement was initiated by the Office of Budget (CF-30) in 2002 when the Department had little experience with IGPP.

The proposed directive change does not duplicate existing laws, regulations or national standards and it does not create an undue burden on the Department.

IMPACT: After much consideration, we determined that a minimal impact on the indirect budgets may exist. The requested revision may result in a limited increase to the overall indirect budgets.

CONTACT: Patricia J. Hodson, Director, Office of Financial Policy (202) 586-9217.

DECISION:

Concur: _____

Nonconcur: _____

Timeframe: _____ 30 days _____ 60 days _____ 90 days _____ 120 days

Date: _____