

Approved: 10-22-2015
Chg 1 (MinChg): 8-2-2018

**SUBJECT: MINOR CHANGE TO DOE O 413.2C, *LABORATORY DIRECTED RESEARCH
AND DEVELOPMENT***

1. EXPLANATION OF CHANGES. This change aligns the Order with Senate Report 114-236, as adopted by the Consolidated Appropriations Act of 2017; removes duplicative reporting requirements; adds a requirement recommended by the Advanced Science Computing Advisory Committee (ASCAC) Subcommittee on LDRD; and updates references.
2. LOCATIONS OF CHANGES:

Page	Paragraph	Changed	To
2	4.c.	DOE must annually concur on each LDRD project before the project is started or continued.	DOE/NNSA must concur on each LDRD project before the project is started and annually for continuations each fiscal year.
2	4.d.	The maximum funding level established for LDRD must not exceed the congressionally mandated limit of a laboratory's total operating and capital equipment budget for the year.	The funding level established for LDRD must be within the congressionally mandated limits of a laboratory's total operating and capital equipment budget for the year.
2	4.f.		Paragraph split into 4.f. and 4.g.
2	4.g.	...LDRD constitutes a final cost objective and must be treated in the same manner as non-LDRD final cost objectives in accordance with the site's normal cost accounting practices, with the exception that LDRD is not burdened with LDRD.	General and Administrative (G&A) costs must not be allocated to LDRD costs; however, other indirect charges should be allocated to LDRD in accordance with the contractor's approved cost accounting practices.
2-3	4.g.-k.	Renumbered.	4.h.-l.

Page	Paragraph	Changed	To
3	4.i.	The LDRD cost allocation methodology must be described in the Cost Accounting Standards disclosure statement and approved by DOE.	The LDRD cost accounting practices, including the method of accruing LDRD funding and practices regarding the assessment of indirect charges to LDRD, must be described in the Cost Accounting Standards disclosure statement and approved by DOE/NNSA.
3	4.k.(4)	fund general purpose capital expenditures with the exception of acquisition of general purpose equipment that is clearly required for the project and is not otherwise readily available from laboratory inventory.	fund general purpose capital expenditures except for the acquisition of general purpose equipment that is clearly required for the project and is not otherwise readily available from laboratory inventory.
3	4.l.(1)	include all discretionary research and development activities other than those provided for in a DOE/NNSA program or by specific designation in a DOE contract and	include all discretionary research and development activities other than those provided for in a DOE/NNSA program or by specific designation in a DOE/NNSA contract and
4	5.a.(3)	develops a set of LDRD program performance measures that are consistent among DOE/NNSA laboratories.	develops a set of LDRD program performance measures that are consistent among DOE/NNSA laboratories in coordination with CSOs or their representatives.
4	5.b.	Deputy Administrators	Deputy Administrator
4	5.b.(3)	site office manager	site/field office manager
4	5.c.	site office manager	site/field office manager
4	5.c.(4)	DOE must annually concur on each laboratory LDRD project before the project is started or continued.	DOE/NNSA must concur on each laboratory LDRD project before the project is started and annually for continuations each fiscal year.
4	5.c.(5)	Annually review and certify in writing to the CSO/Deputy Administrator, NNSA, whether the laboratory's method for accumulating LDRD funds is consistent with paragraphs 4d and 4e of this Order.	Annually review and certify in writing whether the laboratory's method for accumulating LDRD funds is consistent with paragraphs 4d and 4e of this Order.
4	5.d.	site office manager	site/field office manager

Page	Paragraph	Changed	To
5	6.h.	Added.	h. FY 2001 Energy and Water Development Appropriations Conference Report (H. Rpt. 106-998) directs the DOE Chief Financial Officer to develop and execute a financial accounting report of LDRD expenditures by laboratory and weapons production plant.
5-6	6.h.-k.	Renumbered.	6.i.-l.
6	6.m-6.p	Added.	<p>m. National Defense Authorization Act, 2016, P.L. 1144-92, Division C, Section 3115 requires LDRD at national security laboratories to be between 5-7%.</p> <p>n. National Defense Authorization Act, 2017, P.L. 114-328, Division C, Section 3119, establishes a three year pilot where national security laboratories cannot allocate G&A on LDRD.</p> <p>o. Senate Report 114-236, as adopted by the explanatory statement for the Consolidated Appropriations Act, of 2017, which directs DOE to ensure that laboratory operating contractors do not allocate G&A onto LDRD.</p> <p>p. OMB Circular A-11, Section 84, 2(c) defines research and experimental activities as creative and systematic work undertaken in order to increase the stock of knowledge and to devise new applications using available knowledge.</p>
6	7.	<p>7. <u>DEFINITIONS.</u></p> <p>a. Final Cost Objective. A cost objective which has allocated to it both direct and indirect costs, and in the organization's accumulation system, is one of the final accumulation points.</p>	Deleted.

Page	Paragraph	Changed	To
6	8.	Renumbered.	7.
CRD 1	1.c.	DOE must annually concur on each laboratory LDRD project before the project is started or continued.	DOE/NNSA must concur on each laboratory LDRD project before the project is started and annually for continuations each fiscal year.
CRD 1	1.d.	The maximum funding level established for LDRD must not exceed the congressionally mandated limit of a laboratory's total operating and capital equipment budget for the year.	The funding level established for LDRD must be within the congressionally mandated limits of a laboratory's total operating and capital equipment budget for the year.
CRD 1	Footnote 1 (from 1.d.)	Added.	The Consolidated Appropriations Act, 2014, P.L. 113-076 sets the maximum LDRD funding level to 6% of the total operating and capital equipment budget of a laboratory and the National Defense Authorization Act, 2016, P.L. 114-92, Division C, Section 3115 required national security laboratories to use 5-7% of funds provided for national security purposes to be collected for LDRD.
CRD 2,	1.e.(2)	DOE	DOE/NNSA
CRD 2	1.f.	LDRD constitutes a final cost objective and must be treated in the same manner as non-LDRD final cost objectives in accordance with the site's normal cost accounting practices, with the exception that LDRD is not burdened with LDRD.	General and Administrative (G&A) costs must not be allocated to LDRD costs, however other indirect charges should be allocated to LDRD in accordance with the contractor's approved cost accounting practices.
CRD 2	Footnote 2 (from 1.f.)	Added.	Senate Report 114-236, as adopted by the explanatory statement for the Consolidated Appropriations Act, of 2017, which directs DOE to ensure that laboratory operating contractors do not allocate G&A onto LDRD.
CRD 3	1.i.(1)	DOE	DOE/NNSA
CRD 3	3.	DOE/NNSA site office manager	DOE/NNSA site/field office manager

Page	Paragraph	Changed	To
CRD 3	4.	Submit an annual written report on the laboratory's LDRD activities to the CSO/Deputy Administrator, NNSA, and the responsible DOE/NNSA site office manager within 6 months after the end of the fiscal year. The annual report must include an overview of the program as well as a short summary of each funded project. Additionally, each laboratory must provide a report on completed projects to the Office of Scientific and Technical Information.	Provide a report on completed projects to the Office of Scientific and Technical Information.
CRD 3	5.	Report annually on the standard LDRD program performance measures, and collect and provide other data on the LDRD program as negotiated with the CSO/Deputy Administrator, NNSA.	Maintain short and long-term performance indicators for the LDRD program at the laboratory, including the shared set of program performance measures developed by the Cognizant Secretarial Officers and coordinated by the Director, Office of Science.
CRD 3	6.	Added.	Collect and provide other data on the LDRD program as negotiated with the CSO/Deputy Administrator, NNSA, including data necessary to complete the annual LDRD Report to Congress.
CRD 3	6.-9.	Renumbered.	7.-10.
CRD 3	8.	NNSA Deputy Administrator	Deputy Administrator, NNSA
CRD 3	10.	DOE/NNSA site office manager	DOE/NNSA site/field office manager