DOE Direct Programs

In this section

The following topics are covered in this section:

Topic	See Page
Budget Formulation	7-3-2

Introduction

The Budget Formulation portion of this procedure addresses the process used to prepare the Department of Energy Fixed Budget Submission.

Additional resources

Whenever possible, references to web sites containing information on other types of proposals have been included in this document. Information about DOE Orders and other guidance related to budget formulation appears in the Reference section of this document.

Budget Formulation

In this section

The following topics are covered in this section:

Topic	See Page
DOE Budget Book	7-3-4
Program Office Input	7-3-7
Checklist – Division Analyst	7-3-15
Checklist – Program Analyst	7-3-17
Off-cycle and Reimbursable Proposals	7-3-19
References	7-3-22

Introduction

The budget formulation process at the Laboratory incorporates several types of budget exercises. The most comprehensive is the DOE Field Budget Submission, commonly referred to as the Controller's Budget Book. Additionally, proposals for new and ongoing work are submitted throughout the year by programs funded from both DOE and non-DOE sources such as other federal agencies and private industry.

Policy

The Laboratory's DOE Budget is formulated in accordance with the DOE Unicall and DOE Order 130.1.

Budget Estimating Tool

All proposals are prepared using the Laboratory's Budget Estimating Tool (BET) to ensure that the uniform rates and calculation methods are used for all budgets.

Continued on next page

Budget Formulation, Continued

Exceptions to published rates

If it is necessary to formulate a budget using a rate different from the rate automatically loaded into BET, a written justification of the exception should accompany the proposal when it is submitted to the cognizant program office. In the case of proposals which are a part of the budget submission, a copy of the memo should be sent to the validation team.

Note: Electronic memos are acceptable as documentation. Exception memos are kept on file in the program office.

Exceptions to formulation policy

If a program office formulates its budget on a project management system with a pricing module, it may request that the same system be used to formulate its budget rather than BET. The rates and calculations used by the project management system must then be reviewed by the validation team to assure that they are consistent with BET. The results of the review will be documented in a memo to the chair of the Budget Book Committee with a copy to the program manager and business team leader (BTL).

Note: A pricing module, in this context, refers to that part of the project management system that is used to price resource estimates.

DOE Budget Book

In this section

The following topics are covered in this section:

Topic	See Page
Controller's Budget Book	7-3-4
Alternative Budgets	7-3-5
Budget Book Committee	7-3-6

Introduction

Laboratory program offices formulate their budgets in a variety of ways. Some assemble individual proposals prepared by the budget staff in the technical divisions while others rely on very little input from division offices. The Laboratory program offices who prepare alternative budgets do not rely on any assistance from the division offices.

Controller's Budget Book

The table below identifies the offices responsible for preparing the Controller's Budget Books and the DOE Assistant Secretaries to whom those budget books are submitted.

Source of Budget	DOE Assistant Secretary
NMSM Program Office	• Stockpile Management - Operating • Stockpile Management - Plant • Fissile Materials Disposition
Division Offices - Field Planning Proposals (FPP's)	Energy Efficiency and Renewable Energy
Division Offices - Field Work Proposals (FWP's)	• Environment Safety and Health • Energy Research • Fossil Energy • Nuclear Energy

Continued on next page

DOE Budget Book, Continued

Alternative budgets

Several DOE Assistant Secretaries require budgets that are *not* made up of individual proposals in either the FPP or FWP format. These alternative budgets are prepared at approximately the same time as the rest of the Controller's Budget Book. Summary information from alternative budgets is included in the Controller's Budget Book and provides the DOE Controller's Office with a comprehensive overview of the Laboratory's proposed budget.

The table below identifies the program offices that currently prepare alternative budgets and the DOE Assistant Secretaries to whom those budgets are submitted.

Source of Budget	Type of Budget	DOE Assistant Secretary
NWT Program Office	Budget Review Briefing Book	Defense Programs
EM Program Office	Ten-Year Plan	Environmental Restoration and Waste Management
NIS Program Office	Lifecyle Plan	Nonproliferation and National Security

Note: Guidance for alternative budgets is published by the DOE Assistant Secretary of each individual program. Some guidance may be distributed with the DOE Unicall as well.

Continued on next page

DOE Budget Book, Continued

Budget Book Committee

The Budget Book Committee which oversees the preparation of the Controller's Budget Book is appointed in December and meets weekly in January and February, less frequently in March. The Committee is chaired by the principle point-of-contact for the Laboratory and is composed of

- a representative from each program office who prepares a budget book,
- two representatives from the budget staff of a technical division,
- at least one representative from the validation team in the accounting department, and
- a backup to the point-of-contact who assists the committee chair.

The Committee assigns tasks to the various members of the Committee, depending on the job assignment and the level of expertise required, and makes decisions about policy with the concurrence of Laboratory management. The Committee is specifically tasked with

- setting policy for the current budget submission;
- organizing the necessary training for budget analysts;
- completing the validation exercise both for BET and the individual programmatic books;
- reviewing the DOE Unicall and communicating any changes to the field analysts,
- publishing the Laboratory Unicall,
- performing a management review of both the Controller's and program office budget books;
- reviewing the budget book process for possible improvements.

The Committee also prepares a report by DOE Assistant Secretary to assist each division in estimating the timeframe for the budget process. The report is distributed via e-mail to division BTLs. Copies are also available from the Committee Chair or Assistant Chair.

Program Office Input

In this section

The following topics are covered in this section:

Topic	See Page
Programmatic Budget Call	7-3-8
Program Office Review	7-3-9
Budget Book Data Matrix	7-3-9
Proposal Pricing	7-3-10
Technical and Financial Review	7-3-11
Signatures	7-3-11
Budget Book Assembly	7-3-12
Validation and Final Review	7-3-12
Crosscuts	7-3-13
Supplemental Justification Materials	7-3-14

Introduction

The program office staff is responsible for preparing the program office budget book and developing budget book procedures based on individual budget requirements. These procedures are most useful to program offices whose budgets consists of individual FWP's prepared by the budget staff of a technical division, but can be adapted for use by any program.

Continued on next page

Program Office Budget Book, Continued

Programmatic Budget Call

The Programmatic Budget Call is issued jointly by the Technical Program Manager and the Laboratory Budget Officer and is distributed to identified principal investigators (PIs); identified division budget contacts, including the backup divisions budget contacts; and Budget Book Committee Chair and Assistant Chair. Attachments to the Programmatic Budget Call could include the following:

- a budget book data matrix which contains new initiatives and Laboratory funding targets;
- written technical guidance issued by the DOE Program Office;
- the Laboratory's summary of any verbal guidance from the DOE Program Office;
- ES&H Documentation for Proposals, Form #1308
- blank field work proposals (FWPs), if used;
- instructions for completing FWPs
- signature forms, and
- deadlines-draft schedule to be modified by the Budget Book Committee.

Note: Program offices in the field that do not require that proposals be prepared using BET will enter proposals into the system at the program office level. The use of BET is required for all budget books.

Continued on next page

Program Office Budget Book, Continued

Program office review

The individual proposals that make up the program office budget are reviewed by the program manager for both technical content and consistency with available program guidance. The purpose of the program review is to

- convey technical guidance from the DOE Assistant Secretary to each DOE program, the budget analysts, and the principle investigators (PIs) working on the proposals for that budget submission;
- provide guidance to the PI in preparing the narrative or technical description of the proposed work; and
- provide guidance to the Division budget contacts by creating a budget book data matrix that contains Laboratory funding targets, by division, for the budget year and proposed new initiatives to be added to the funding matrix.

Note: A program office review takes a minimum of two weeks, longer if the program office plans to price all proposals.

Budget Book Data Matrix

To prepare for the program review, Laboratory program budget analysts may choose to review existing programs and prepare a budget book data matrix. If so, the matrix should include the following:

- existing programs;
- current year funding, by program;
- beginning of year (BOY) balance, if known;
- President's Budget funding, if available;
- proposal numbers;
- current PI;
- suggested lead division, plus other divisions involved;
- space for funding target data; and
- existing proposals as well as proposals prepared during the preceding year.

If BET is consistently used for off-cycle proposals, those proposals should be easily identifiable by using the list functions in BET.

Note: A checklist to assist you in preparing for the program office review is available at http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html.

Continued on next page

Program Office Budget Book, Continued

Proposal pricing

The PI estimates the resources necessary to complete the work described in the narrative or technical description of the proposed work. These resources typically include staff time, capital equipment purchases, any other large contracts, and other expenses such as travel and materials. The budget analyst enters this information into BET to ensure that all proposals are priced consistently in the Controller's Budget Book.

The steps for pricing proposals are outlined in the table below:

Step	Action
1	Proposals are priced using the following tools: • Basis of Estimate form (completed by the PI) • Budget Book Data Matrix (distributed with the Programmatic Budget Call), and • Budget Estimating Tool (BET) **Note:** The Basis of Estimate form is located at http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html
2	Information from the Basis of Estimate form is entered into BET. **Note:** Refer to the documentation for BET to enter the information from the Basis of Estimate form into BET. Cost categories appear in the same order on both forms.
3	The price calculated by BET is verified to ensure it matches the target price on the Budget Book Data Matrix. If the two prices do not match, the proposal should be revised in one of the two ways: • negotiate with the Laboratory Program Manager for a target more in line with the work scope proposed by the PI, or • recalculate the supportable level of effort dictated by the Laboratory Budget target as shown on the Budget Book Data Matrix and rewrite the text to agree with the revised work scope.
4	Print a Worksheet Detail Report using BET. Attach the Worksheet Detail Report to the narrative or technical description of the proposed work. Submit both the Worksheet Detail Report and the narrative to the program office.

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Program Office Budget Book, Continued

Technical and financial review

Proposals and summary information prepared for each budget book undergo a technical review and a financial review. The table below describes what each review entails:

Technical Review	The program manager reviews the technical content of all proposals and reviews and updates the introductory material for the budget book. The introductory material includes the following: • letter of transmittal, jointly signed by the Laboratory Program Manager and the Budget Officer; • abstract; and • introduction.
Financial Review	The program budget analyst ensures that • the field work proposals (FWP) data is entered correctly; • FWPs using BET are printed and signed by the Laboratory Program Manager; • financial information in the body of the proposal agrees with FWP data (it is best not to cite specific figures in the text of the proposal); • proposals are summed and checked against the Budget Book Data Matrix using the PSE option from the BET reports menu; • BOY balances agree with the Budget Book Data Matrix and the table prepared by the Budget Book Committee team and Assistant Chair.

Signatures

The following signatures are required for all proposals:

- Laboratory Program Manager,
- Laboratory Principle Investigator,
- Program Budget Analyst, and
- Other signatures as required by the individual program offices.

Continued on next page

Program Office Budget Book, Continued

Budget Book assembly

The program office assembles the Program Office Budget Book. The complete Budget Book shall include the following:

- cover letter;
- introductory material (prepared by the program office);
- field work proposals (FWPs);
- construction data sheets, if any (prepared by the construction analyst)
- Consolidated Summary of Estimates form (may be produced on BET); and
- escalation data, if necessary.

Validation and final review

Budget Books are submitted to BUS-3 for validation and final review. The Validation Team validates the rates and factors used, sums the proposals, and checks the results against the summary tables. BUS-3 ensures that all items on the checklist have been addressed. Outstanding issues will be directed to either the program budget analyst or the program manager depending on whether the issues are financial or programmatic in nature.

Continued on next page

Program Office Budget Book, Continued

Crosscuts

Crosscuts are used by DOE Headquarters organizations to consolidate the total amount being budgeted for a functional cost which is funded by numerous programs. Copies of crosscuts are usually submitted simultaneously with the Controller's Budget Book on April 1st of each year.

The chair of the Budget Book Committee makes crosscut preparation assignments. Guidance and submission schedules vary from year to year. It is critical that financial analysts assigned to prepare crosscut schedules consult the current DOE Budget Handbook before submitting crosscut data. Guidance for preparing individual crosscuts appears in Chapter IV of the Crosscuts of the DOE Budget Formulation Handbook.

The crosscuts submitted with the FY99 Controller's Budget and their due dates appear in the table below:

Crosscuts	Comments
Environmental, Safety & Health	Replaced by Five-Year Plan
Safeguards & Security	Due April 1
Information Management	Due April 11 via World Wide Web
Note: Information Management is located at http://www.lanl.gov/cic/ddcic/planning-docs/im2000	

Note: The DOE Budget Formulation Handbook is located at http://bus.lanl.gov/bus3/fmh/s1toc.pdf

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Program Office Budget Book, Continued

Supplemental justification materials

Supplemental justification materials are requested from each laboratory, facility, and contractor as part of the Unicall. The chair of the Budget Book Committee makes assignments for supplemental justification materials.

Supplemental justification materials are prepared as part of the Controller's Budget Book and are submitted in accordance with Chapter III of the DOE Budget Formulation Handbook. Guidance and submission schedules vary from year to year; it is critical that financial analysts assigned to prepare supplementary justification materials consult the current DOE Budget Formulation Handbook before submitting these materials.

The table below provides a sample schedule of the supplemental justification materials required by the DOE as part of the FY99 Budget Submission:

Supplemental Justification Materials	Comments
Uncosted Obligations	Replaced by annual review
Motor Vehicle Statement	Due April 15
Reimbursable Work	Due April 15
Cost or Work for Others	Due April 15
Aircraft Statement	Not applicable
Surplus Facilities Management	Due April 15
Isotopes Inventory Transaction	Due April 15
Planned Acquisition of Fixed Assets	Due July 15
Financial Management Activities	Due April 15
Landlord	Not applicable
Allocable/Indirect Costs	Not currently required

Note: The DOE Budget Formulation Handbook is located at http://www.lanl.gov/bus-3/fmh/s1toc.pdf

Checklist - Division Analyst

In this section

The following topics are covered in this section:

Topic	See Page
Division Analyst	7-3-15
Resources	7-3-15
Checklist	7-3-16

Division Analyst

The division analyst is responsible for communicating budget book preparation procedures and standards to the PIs in their division, pricing the FWPs prepared by the PIs in their division, and reviewing the FWPs before they are submitted to the program offices.

Resources

The table below identifies the materials that provide specific information about what to do and who to contact when working on the DOE Budget submission.

Document(s)	Source	Purpose
Budget Book information for the division	BUS-3	These files list the programs in each division that are part of the budget submission for the STB and CITPO offices. Their budget submissions are prepared at the division level, usually by the PI's budget staff. **Note:** Because the volume of work varies for this task by division, BUS-3 prepares these files to help the divisions prioritize their work.
Data Matrix	Laboratory Program Office	STB and CITPO prepare a matrix that provides the guidance funding numbers for their project(s). These matrices provide target numbers for BOY, FY97, FY98, and FY99 for operating funds and capital equipment. These numbers should be used in pricing proposals for the guidance column. The matrix also contains all the necessary data for the completion of page one of the FWP. **Note:** PIs that would like to include a higher number in the revised column for any year should discuss this option with the responsible Laboratory and DOE program managers.

Continued on next page

Checklist - Division Analyst, Continued

Resources (continued)

Document(s)	Source	Purpose
Budget Book schedule	LANL Unicall	This document lists the dates on which proposals are due to the Laboratory.
Budget calls	STB and CITPO offices	These documents contain specific technical and financial information for each Budget Book, including the attached FWP checklist.

Checklist The checklist below will assist the division analyst in organizing and prioritizing work during the budget formulation process.

Action	Check
As soon as possible (certainly by January)	
Prepare a list of all proposals expected to be prepared, including the PIs' who are responsible for proposals.	
Contact the STB and CITPO Program Offices to ensure that no new initiatives (proposals for work not currently funded) are planned	
Become familiar with BET, if necessary.	
Upon receipt of the programmatic Budget Call from the LANL program office (probably early February)	
Prepare a schedule for working with the PIs	
Schedule meetings with each PI to work on proposal(s).	
After meeting with the PIs (probably in February)	
Enter the information from the Data Matrix into BET in consultation with the PI	
After receiving the FWP packages from the PIs (probably in February)	
Verify that all attachments specified, plus the Task Description and Milestone Schedule, are included with the proposal (the division analyst is not responsible for reviewing technical documents.)	
Review each FWP using the checklist from the Budget Call, if provided and ensuring that the budget figure in the text agrees with page two of the FWP	
Finally . . .	
Deliver all proposals to the Program Office on (or ahead of) schedule.	

Checklist - Program Analyst

In this section

The following topics are covered in this section:

Topic	See Page
Program Analyst	7-3-17
Checklist	7-3-17

Program Analyst

The program analyst is responsible for

- presenting budget book preparation procedures and standards to the individual program office technical staff;
- reviewing or preparing pricing documents and programmatic guidance for the individual program's budget book;
- issuing the programmatic budget call; and
- assembling and reviewing the final budget submission documents before submitting them to the BUS-3 core.

Checklist

The checklist below will assist the program analyst in organizing and prioritizing work during the budget formulation process.

Action	Check
As soon as possible (certainly during January)	
Contact the DOE Program Office to ask about the status of the Budget Book and whether the budget and reporting codes will be changing.	
Review the previous years' Budget Book to determine format; prepare a list of questions for both the DOE and Laboratory Program Offices.	
Meet with Program Managers to assign responsibilities and plan tasks	
Prepare a data matrix, if the Program Office uses one, that includes BOY and Capital and Construction funds.	
Become familiar with the Budget Estimation Tool, if necessary	
Identify everyone who will have input to the Budget Book and meet with them to work on their section.	
Schedule time to work with the Program Office staff, allowing extra time for unscheduled delays.	
When the Budget Book committee is appointed (probably in January)	
Attend the Budget Book Committee meetings.	

Continued on next page

Checklist - Program Analyst, Continued

Checklist (continued)

Action	Check
When the program's budget guidance is issued (probably early February)	
Review the DOE Program Office's Budget Call for format changes and budget guidance.	
Obtain necessary financial guidance by contacting the DOE Program Office or by locating it on the World Wide Web.	
Locate the DOE section of the President's Budget on the World Wide Web.	
Issue a Budget Call to the divisions, if necessary, which includes the Data Matrix and FWP Checklist, if used. (Check with the divisions that budget analysts may be away on vacation or travel.).	
When the FWP narratives and/or resource estimates are prepared (probably early March)	
Enter the necessary information into BET in consultation with the Program Manager	
Verify that all financial information in the Budget Book is internally consistent and agrees with BET	
Finally . . .	
Deliver the Budget Book to BUS-3 for validation and printing on (or ahead of) schedule.	

Off-Cycle and Reimbursable Proposals

In this section

The following topics are covered in this section:

Topic	See Page
Proposal Preparation	7-3-15
Proposal Pricing	7-3-16
Off-Cycle Proposals	7-3-17
Reimbursable Proposals	7-3-17

Introduction

Throughout the year, staff members working for both DOE and reimbursable programs receive requests for proposals. These individual proposals are prepared using the same tools and methods as those proposals included in the Controller's Budget Book.

Proposal preparation

The program offices work with the principle investigator (PI) to prepare off-cycle and reimbursable proposals**.** The PI contacts the division budget staff as soon as possible after determining that an off-cycle or reimbursable proposal needs to be prepared**.** The budget analyst requests the necessary proposal information from the sources identified in the table below:

Proposal Information	Source
Proposal number	Program office
Program code or Budget and Reporting category	PI or program office
Target budget for all years involved in the proposal	PI or program office
PI's best estimate of the resources needed to complete the work	PI

Continued on next page

Off-Cycle and Reimbursable Proposals, Continued

Proposal pricing

The PI estimates the resources necessary to complete the work described in the narrative or technical description of the proposed work. These resources typically include staff time, capital equipment purchases, any other large contracts, and other expenses such as travel and materials. The budget analyst enters this information into BET to ensure that all proposals are priced consistently.

The steps for pricing proposals are outlined in the table below:

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>1</td><td>The proposal is priced using the following tools:

• Basis of Estimate form, completed by the PI,
• Budget Estimating Tool (BET), and
• Target budget information specified in the table below:

<table>
<tr><th>If the proposal is . . .</th><th>then the target budget information is obtained from the . . .</th></tr>
<tr><td>prepared for the budget book,</td><td>Budget Book Data Matrix.</td></tr>
<tr><td>an off-cycle proposal,</td><td>program office staff.</td></tr>
</table>

Note: The Basis of Estimate form is located at http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html</td></tr>
<tr><td>2</td><td>Information from the Basis of Estimate form is entered into BET.

Note: Refer to BET documentation to enter the information from the Basis of Estimate form into BET. Cost categories appear in the same order on both forms.</td></tr>
</table>

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Off-Cycle and Reimbursable Proposals, Continued

Proposal pricing (continued)

Step	Action
3	The price calculated by BET is verified to ensure that it matches the target price provided by the program office. If the two prices do not match, the proposal is revised in one of two ways: • negotiate with the Laboratory Program Manager for a target more in line with the workscope proposed by the PI, or • recalculate the supportable level of effort dictated by the Laboratory Budget target, rewrite the text to agree with the revised workscope, and complete a revised Basis of Estimate form.
4	Print a Worksheet Detail Report using BET. Attach the Worksheet Detail Report to the narrative or technical description of the proposed work. Submit both the Worksheet Detail Report and the narrative to the program office.

Off-cycle proposals

The final proposal package for an off-cycle proposal shall contain the following:

- the two-page FWP form,
- the narrative and attachments specified on the FWP form,
- an ES&H form for new work (Form #1308, ES&H Documentation for Proposals),
- a copy of the Worksheet Detail Report for reference, and
- a cover letter signed by both the Laboratory Budget Officer and the Program Manager.

Reimbursable proposals

BET can also be used to price reimbursable proposals. Resource data is entered into BET exactly as it is for DOE proposals except

- a reimbursable proposal type is specified as such and
- a reimbursable form is required to submit a reimbursable proposal.

Note: Information on how to prepare reimbursable proposals is located at http://iosun.lanl.gov:7000/devl/htmls/wfomenu.html

References

Budget Formulations	DOE Order 130.1, Budget Formulation http://www.explorer.doe.gov:1776/cgi-bin/w3vdkhgw?./tmp/qryYTCa006jj;neword-133
Contractor Requirements	DOE Order 130.1, Budget Formulation - Contractor Requirements http://bus.lan.gov/bus3/fmh/s1toc.pdf
BET Documentation	Budget Estimating Tool documentation http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html
Basis of Estimate Form	Basis of Estimate form http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html
ES&H Form 1308	ES&H Documentation for Proposals http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html
Review Checklist	A checklist for the program office review http://www.lanl.gov/Internal/divisions/bus/bus-7/ltd/unicall.html