CHAPTER 21

REVOLVING FUND ACCOUNTING FOR GENERAL AND ADMINISTRATIVE (G&A) OVERHEAD

21-1. General. General and administrative (G&A) overhead accounts are used to record costs of either a general or administrative nature. G&A overhead includes costs incurred by administrative organizations in accomplishing their functional responsibilities and corporate costs of a general nature which cannot be directly attributed to specific projects. G&A overhead is distributed based upon direct labor charges to programs, projects, and reimbursable orders, as well as Revolving Fund plant, shops and facilities, and flat rate supervision and administration (S&A) work items.

21-2. Policy for General and Administrative Overhead.

a. Labor Costs. Labor costs of employees assigned to G&A organizations will be charged to the G&A overhead work item for that organization. Exceptions are as follows:

(1) Office of Counsel. Services of Counsel in direct support of the Clean Water Act of 1977 will be charged to General Regulatory functions. Services of attorneys in direct support of project-related real estate activities will be charged to the project.

(2) Equal Employment Opportunity (EEO). Labor, travel and per diem costs for EEO counseling services provided to other organizational elements will be charged to the departmental or G&A overhead account for the requesting organization.

(3) Safety and Occupational Health. Technical services readily identifiable with a specific project, such as development of work plans; pre-design investigations; designs; activity hazard analyses; hazardous, toxic and radioactive waste (HTRW) site safety and health plans; industrial hygiene services for HTRW, asbestos, lead and other hazardous materials abatement activities and safety and industrial hygiene surveys, inspections and environmental evaluations at projects will be charged directly to the projects. Projects will not be charged directly unless the support required (1) is mandated by USACE requirement and (2) has been requested and coordinated with the project manager and the functional chief. Predetermined project support requirements will be budgeted by the project manager.

(4) Emergency Response. Labor of employees assigned to G&A organizations will be charged to the assigned G&A organization work item. Exceptions are as follows:

(a) Overtime in support of response activities under Public Law (PL) 84-99 will be charged to 96X3125, Flood Control and Coastal Emergencies.

(b) Regular labor and overtime for employees assigned to G&A organizations who are deployed to a disaster site in support of a Federal Emergency Management Agency (FEMA) mission, including planning and response team (PRT) members deployed or assigned in accordance with PRT rotation policy.

(c) For employees assigned to and performing G&A functions at the supported site overtime which is directly related to FEMA mission assignments will be charged to the FEMA mission assignment for regional activation. Additional guidance is contained in EP 37-1-6, Resource Management Functional Guide for Civil Emergency Management Programs.

(5) Labor of employees assigned to G&A organizations on loan to another organization within the same US Army Corps of Engineers (USACE) Command/Regional Business Center (RBC) will be charged to the borrowing organization. Labor of employees assigned to G&A organizations on loan to another USACE Command/RBC or another Federal agency will be charged to the borrowing activity.

(6) Transatlantic Programs Center and Huntsville Center are authorized to direct charge G&A labor to projects consistent with HQUSACE approvals.

b. Non-labor Costs.

(1) The following costs of G&A organizations will be charged to G&A overhead work items: suggestion and incentive awards; voluntary separation or retirement incentives; permanent change of station (PCS) costs; tuition; travel; transportation of things; space costs; communications; expendable property costing less than the capital threshold; assets costing less than the Plant Replacement and Improvement Program (PRIP) threshold; equipment ownership costs; support contracts; all other expenses related to functions normally performed by the G&A organization.

(2) The G&A organization work item also includes the cost of G&A support services purchased from another USACE activity or

another Federal agency; these costs will not be redistributed to other departmental or G&A organization work items.

(3) The costs of EEO arbitration services or investigations conducted by other agencies, as well as claim settlements or awards, will be charged to the overhead account of the organization in which the issue arose.

21-3. General and Administrative Overhead Distributions (Income).

a. General. G&A overhead will be distributed on effective labor charged directly to projects, programs, and reimbursable orders, and to Revolving Fund plant, shops and facilities, and flat rate supervision and administration (S&A) work items. In order to ensure that overhead is applied to all customers in a consistent manner, G&A overhead may only be waived in accordance with the exceptions below. Any other requests for exception will be forwarded to CERM-F for approval.

b. Exceptions. G&A overhead will not be applied to the following:

(1) Labor charged to departmental overhead (RF61) work items.

(2) Labor of executive, advisory, and administrative employees charged to G&A overhead (RF60) work items.

(3) Labor of executive, advisory, and administrative employees charged to reimbursable orders funded by G&A overhead at another USACE command. The description on the customer order should indicate that a G&A work item is the funding source and that the work should be exempt from overhead.

(4) Labor of executive, advisory, and administrative employees charged to reimbursable orders issued by USACE Major Subordinate Commands in accordance with the terms of a negotiated support agreement for administrative services.

(5) Labor charged to area/resident office overhead (RF64) work items (CETAC only).

(6) Labor charged to cooperative administrative support unit (CASU) revolving fund work items.

(7) Labor charged to Centers of Expertise (RF52) work items.

(8) Labor charged to Consolidated Support Centers (RF55) work items.

(9) Regular labor of Department of the Army interns.

(10) Exceptions (1), (3), and (5) above do not apply to CETAC when performing extensive, long-term reach-back support for another USACE OCONUS command.

21-4. Requirement for Single or Multiple G&A Overhead Rates.

a. General. A single G&A overhead rate will generally be used to distribute G&A overhead costs to all programs, projects, and reimbursable orders.

b. Exceptions.

(1) Separate civil and military G&A overhead rates will be established when specific civil or military costs would result in a difference in the rate of one percent (1%) or more above the single (combined) rate. For RBC using regional G&A rates, the necessity for two rates is determined at the regional level.

(2) Engineer Research and Development Center (ERDC) will establish separate military and civil G&A overhead rates due to receipt of base operations funding for military overhead activities.

21-5. Regional G&A Overhead Rates.

a. Regional Business Centers use a regional cost pool for development of regional overhead rates. A regional rate will be established for purposes of distributing G&A overhead costs throughout the region.

b. Regional rates do not apply to the Pacific Ocean Division, OCONUS districts, centers, or laboratories; however, the standard G&A overhead account structure will be used, excluding activities authorized to operate unique G&A overhead accounts.

c. Each district will formulate the initial budget requirements for direct and indirect costs. District budgets are consolidated at the RBC level in order to develop the regional operating budget and subsequently determine the regional overhead rates.

d. The Regional Program Budget Advisory Committee (RPBAC),

or like board, will review budgeted and actual costs and income on no less than a quarterly basis. District performance in a regional rates environment is measured by comparing actual costs with the approved operating budget. Regional performance is measured by comparing total cost for each overhead pool with total income. Nominal balance requirements for regional cost pools apply at the regional level. The Division Commander is responsible for ensuring that the RBC takes appropriate management action to meet the nominal balance requirement by the end of the fiscal year (constrain spending, increase or decrease rates, rebate, etc.).

21-6. Management and Analysis of G&A Overhead Accounts.

a. Operating Budgets are prepared for all G&A overhead accounts in accordance with ER 37-1-24, Financial Administration, Operating Budgets. Overhead rates are established based on expense and income projections for the G&A cost pool in accordance with the approved operating budget. In order to ensure that all applicable statutory requirements are met, operating budgets are constructed to achieve a fiscal year end balance of zero for the G&A cost pool. An end-of-year balance falling within a range of plus or minus one percent (1%) of current year expenditures, exclusive of joint cost credits, is considered to be within the “nominal balance” range. Quarterly nominal balance targets are established to facilitate accomplishment of the fiscal year-end goal.

b. Expense/income reviews will be conducted no less than quarterly to determine whether the budget projections are on track and the existing rate(s) are properly set. Reviews will also be conducted when it becomes known that: (1) a major expenditure, such as a move to a new building or leased space, will be delayed until the next fiscal year; (2) that it will be necessary to make a major unplanned expenditure, such as Voluntary Early Retirement Authority (VERA)/Voluntary Separation Incentive Program(VSIP) payments, during the current fiscal year; and/or (3) the projected income included in the operating budget and rate computations will either not materialize or significantly exceed the anticipated amount. Commanders must ensure that work item managers (or the managing regional board) take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews, in order to meet the nominal balance requirement.

c. At the end of each fiscal year, G&A overhead accounts will be analyzed to determine the degree of effectiveness with

which they are managed and to ensure that all statutory requirements are met. Any balance which falls outside the nominal balance range or exceeds a special year-end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will be subject to censure by the Commander. For regional cost pools, a balance outside the nominal balance range, as a minimum, will be subject to censure by the Chief of Engineers.

21-7. General and Administrative Overhead Procedures. Accounting procedures for G&A overhead accounts are available at http://www.usace.army.mil/inet/functions/rm/finance/finance.htm.