

**BROOKHAVEN**  
NATIONAL LABORATORY

managed by Brookhaven Science Associates  
for the U.S. Department of Energy

www.bnl.gov

May 12, 2014

Ms. Aundrea Clifton  
Directives Point of Contact  
Business Management Division  
Brookhaven Site Office  
U. S. Department of Energy  
Building 464  
Upton, New York 11973

**SUBJECT: Retiring of Prime Contract Sidebar letters**

Dear Ms. Clifton:

Attached please find a package that contains several sidebar letters that are no longer applicable. These letters have become obsolete for various reasons which are detailed on the attached sidebar summary schedule. The BSA legal Office has concurred with this assessment. These letters will be placed in the prime contract home page under a section entitled archived.

We also have noted several additional actions that need to be taken and will handle these under separate cover. These are italicized in the action column of the attached summary schedule.

Should you require additional information regarding this request, the point of contact is B. Boyle, at extension 344-2750.

If you concur with this determination, please acknowledge by signing below.

Sincerely,



Suzanne M. Davidson  
Chief Financial Officer

cc: E. Landini/BHSO  
B. Boyle/BSA  
H. Todosow/BSA



Contracting Officer

6/04/2014  
Date

## DOE/BSA Sidebar Summary Schedule Contract No. DE-AC02-98CH10886

1998 Contract	1998 subject	Current Clause # 2/2/14	Comment	Action
Article 21	Printing Authorization (Color)	I.112 and H.4.(h)	Now covered by current clauses	Retire
Article 32(d)(2)	Communication Costs (expands definition)	I.137(J)	Now covered by current Clauses (FAR 31.201-2,3&4)	Retire
Article 32(d)(11)	Subscriptions to Trade, Business, Technical and Professional Publications	I.137(J)	Now covered by current Clauses (FAR 31.201-2,3&4)	Retire
Article 32(d)(15)	Cashing of Personal Checks	H.4(J)	Now covered by current clause	Retire <i>Investigate editing out cashier from H.4(J)</i>
Article 32(d)(16)	Litigation Expenses Necessary to Defend Any Member of the Contractor's Guard Force	H.4(a)	Now covered by current clause	Retire
Article 32(e)(5)	Maintenance of Corporate Offices at BNL	H.4 II.(c)	Not covered in current contract	Retire
Article 32(e)(25)	BSA corporate staff travel	I.137(J)	Now covered by current Clauses (FAR 31.201-2,3&4)	Retire
Article 32(e)(19)	Memberships	I.137(J)	Now covered by FAR 31.205-43	Retire
Article 32(e)(26)	Consultant Allowable Costs	I.93 and I.137(J)	Now covered by FAR 31.205-33	Retire
Article 37	System of Accounts	I.138(a)	Still Applicable; need to update letter.	Retire; New letter issued 3/4/2014. See Attached
Article 51	Financial Management Systems	I.142,H.4(i)	Now covered by h.4(i)	Retire
Article 62(a)	Management Controls	I.106,H.4(i)	Still Applicable; need to update letter.	Retire; New letter issued 3/4/2014. See Attached
Article 121(b)	Deliver completed standard Form (SF) 1413 to DOE Contracting Officer	I.32(d)(1)	Sidebar letter allows retention of SF1413 in procurement files; need to update letter if we want to continue.	Retire

ARTICLE 21 - DEAR 970.5204-19 PRINTING (APR 1984)

(a) To the extent that duplicating or printing services may be required in the performance of this contract, the Contractor shall provide or secure such services in accordance with the Government Printing and Binding Regulations, Title 44 of the U.S. Code, and DOE Directives relative thereto.

(b) The term "Printing" includes the following processes: composition, platemaking, presswork, binding, microform publishing, or the end items produced by such processes. Provided, however, that performance of a requirement under this contract involving the duplication of less than 5,000 copies of a single page, or no more than 25,000 units in the aggregate of multiple pages, will not be deemed to be printing.

(c) Printing services not obtained in compliance with this guidance shall result in the cost of such printing being disallowed.

(d) In all subcontracts hereunder which require printing (as that term is defined in Title I of the U.S. Government Printing and Binding Regulations), the Contractor shall include a provision substantially the same as this clause.

ARTICLES  
FROM 1998

ARTICLE 32 - DEAR 970.5204-13 ALLOWABLE COSTS AND FIXED FEE  
(MANAGEMENT AND OPERATING CONTRACTS) (JUN 1997)  
(DEVIATION)

(a) Compensation for Contractor's Services. Payment for the allowable costs as hereinafter defined, and of the fee(s), if any, as hereinafter provided, shall constitute full and complete compensation for the performance of the work under this contract.

(b) Fee(s). The fixed fee payable to the Contractor for the performance of the work under this contract with respect to the period commencing when the Contractor assumes full responsibility for the Laboratory, to and including September 30, 1998 is \$3,574,000.00. In addition, the Parties have agreed that the maximum amount that DOE will reimburse the Contractor for fees that are paid to Bechtel National, Inc., Waste Management Federal Services, Inc., and Duke Engineering and Services, Inc. for work through September 30, 1998 shall not exceed \$1,085,000.00. The type of fee (fixed, award, incentive, as appropriate) and fee amounts payable to the Contractor for the performance of the work under this contract with respect to the periods October 1, 1998 to and including September 30, 1999, October 1, 1999 to and including September 30, 2000, October 1, 2000 to and including September 30, 2001, and October 1, 2001 to and including November 16, 2002 are unspecified. As soon as practicable after October 1, 1998 and each subsequent October 1st (or sooner if the Parties shall agree), the Parties hereto shall negotiate an appropriate fee (fixed, award, incentive) and fee amount for each of the periods October 1, 1998 to and including September 30, 1999, October 1, 1999 to and including September 30, 2000, October 1, 2000 to and including September 30, 2001, October 1, 2001 to and including November 16, 2002. The parties agree that these fee negotiations will be conducted in accordance with the DOE fee policies set forth in the Department of Energy Acquisition Regulations in effect at the time of the annual fee negotiations. Pending agreement upon such fees, the Contractor shall continue performance of the work under this contract and shall be paid a provisional fee at 75% of the amount paid for the previous period. There shall be no adjustment in the amount of the Contractor's fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of

that work.

(c) Allowable Costs. The allowable cost of performing the work under this contract shall be the costs and expenses that are actually incurred by the Contractor in the performance of the contract work in accordance with its terms, that are necessary or incident thereto, and that are determined to be allowable as set forth in this paragraph. The determination of allowability of cost shall be based on:

(1) Allowability and reasonableness in accordance with FAR 31.201-2(d) and 31.201-3;

(2) Standards promulgated by the Cost Accounting Standards Board, if applicable; otherwise, generally accepted accounting principles and practices appropriate to the particular circumstances; and

(3) Recognition of all exclusions and limitations set forth in this clause or elsewhere in this contract as to types or amounts of items of cost. Allowable costs shall not include the cost of any item described as unallowable in paragraph (e) of this clause except as indicated therein. Failure to mention an item of cost specifically in paragraphs (d) or (e) of this clause shall not imply either that it is allowable or that it is unallowable.

(d) Examples of Items of Allowable Cost. Subject to the other provisions of this clause, the following examples of items of cost of work done under this contract shall be allowable to the extent indicated:

(1) Bonds and insurance, including self-insurance, as provided in the clause entitled, Insurance--Litigation and Claims.

(2) Communication costs, including telephone services, local and long-distance calls, telegrams, cablegrams, postage, and similar items.

(3) Consulting services (including legal and accounting), and related expenses, as approved by the Contracting Officer, except as made unallowable by paragraphs (e)(16) and (e)(26).

(4) Reasonable litigation and other legal expenses, including

counsel fees, if incurred in accordance with the clause of the contract entitled, Insurance - Litigation and Claims, and the DOE approved contractor litigation management procedures (including cost guidelines) as such procedures may be revised from time to time, and if not otherwise made unallowable in this contract.

(5) Losses and expenses (including settlements made with the consent of the Contracting Officer) sustained by the Contractor, in the performance of this contract and certified, in writing, by the Contracting Officer to be reasonable, except the losses and expenses expressly made unallowable under other provisions of this contract. Such certification will not be unreasonably withheld.

(6) Materials, supplies, and equipment, including freight transportation, material handling, inspection, storage, salvage, and other usual expenses incident to the procurement, use and disposition thereof, subject to approvals required under other provisions of this contract.

(7) Patents, purchased design, license fees, and royalty payments to the extent expressly provided for under other provisions in this contract or as approved by the Contracting Officer, and preparation of invention disclosures, reports and related documents, and searching the art to the extent necessary to make such invention disclosures in accordance with Article 99, Patent Rights, and the cost of DOE funded technology transfer in accordance with paragraph c., Allowable Costs, of Article 102, Technology Transfer Mission.

(8) Personnel costs and related expenses incurred in accordance with the personnel appendix (Appendix A) which is hereby incorporated by reference and made a part of this contract. It is specifically understood and agreed that said personnel appendix sets forth in detail personnel costs and related expenses to be allowable under this contract and is intended to document those personnel policies, practices and plans which have been found acceptable by the Contracting Officer. It is further understood and agreed that the Contractor will advise the Contracting Officer of any proposed changes in any matters covered by said policies, practices or plans which relate to this item of cost, and that the personnel appendix may be modified from time to time, in writing, by mutual agreement of

the Contractor and Contracting Officer without execution of an amendment to this contract for the purpose of effectuating any such changes in, or additions to, said personnel appendix as may be agreed upon by the Parties. Such modifications shall be evidenced by execution of written numbered approval letters from the Contracting Officer or his representative. Types of personnel costs and related expenses to be incorporated into the personnel appendix, or amendments thereto, are as follows:

(i) Salaries and wages; bonuses and incentive compensation; overtime, shift differential, holiday, and other premium pay for time worked; nonwork time, including vacations, holidays, sick, funeral, military, jury, witness, and voting leave; salaries and wages to employees in their capacity as union stewards and committeemen for time spent in handling grievances, or serving on labor management (Contractor) committees; provided, however, that the Contracting Officer's approval is required in each instance of total compensation to an individual employee at an annual rate of \$80,000 or more, when it is proposed that a total of 50 percent or more of such compensation be reimbursed under DOE cost type contracts. Total compensation, as used herein, includes only the employee's base salary, bonus, and incentive compensation payments;

(ii) Legally required contributions to old-age and survivors' insurance, unemployment compensation plans, and workers compensation plans, (whether or not covered by insurance); voluntary or agreed-upon plans providing benefits for retirement, separation, life insurance, hospitalization, medical-surgical and unemployment (whether or not such plans are covered by insurance);

(iii) Travel (except foreign travel, which requires specific approval by the Contracting Officer on a case-by-case basis); incidental subsistence and other allowances of Contractor employees, in connection with performance of work under this contract (including new employees reporting for work and transfer of employees, the transfer of their household goods and effects and the travel and subsistence of their dependents);

(iv) Employee relations, welfare, morale, etc.; programs including incentive or suggestion awards; employee counseling services, health or first-aid clinics; house or employee publications; and wellness/fitness centers;

(v) Personnel training, (except special education and training courses and research assignments calling for attendance at educational institutions which require specific approval by the Contracting Officer on a case-by-case basis); including apprenticeship training programs designed to improve efficiency and productivity of contract operations, to develop needed skills, and to develop scientific and technical personnel in specialized fields required in the contract work;

(vi) Recruitment of personnel (including help-wanted advertisement), including service of employment agencies at rates not in excess of standard commercial rates, employment office, travel of prospective employees at the request of the Contractor for employment interviews; and

(vii) Net cost of operating plant-site cafeteria, dining rooms, canteens, and lodging facilities, attributable to the performance of the contract.

(9) Repairs, maintenance, inspection, replacement, and disposal of Government-owned property and the restoration or clean-up of site and facilities to the extent approved by the Contracting Officer and as allowable under paragraph (f) of the clause of this contract entitled, Property.

(10) Subcontracts and purchase orders, including procurements from Contractor-controlled sources, subject to approvals required by other provisions of this contract.

(11) Subscriptions to trade, business, technical and professional periodicals, as approved by the Contracting Officer.

(12) Taxes, fees, and charges levied by public agencies which the Contractor is required by law to pay, except those which are expressly made unallowable under other provisions of this contract.

(13) Utility services, including electricity, gas, water and sewage.

(14) Indemnification of the Pension Benefit Guaranty Corporation, pursuant to the Employee Retirement Income Security Act of 1974, in accordance with FAR 31.205-6(j)(3)(iv).

(15) Establishment and maintenance of financial institution accounts in connection with the work hereunder, including, but not limited to, service charges, the cost of disbursing cash, necessary guards, cashiers, and paymasters. If payments to employees and visitors are made by check, facilities and arrangements for cashing checks may be provided without expense to the employees and visitors, subject to the approval of the Contracting Officer.

(16) Subject to the approval or ratification, in writing, of the Contracting Officer, litigation expenses (including reasonable counsel fees and the premium for bail bond) if incurred in accordance with the clause of the contract entitled, Insurance--Litigation and Claims necessary to defend adequately any member of the Contractor's internal guard force against whom a civil or criminal action is brought, where such action is based upon lawful act or acts of the guard undertaken by him in the general course of his duties for the purpose of accomplishing and fulfilling the official duties of his employment.

(17) Rentals and leases of land, buildings, and equipment owned by third parties, allowances in lieu of rental, charges associated therewith and costs of alteration, remodeling and restorations where such items are used in the performance of the contract, except that such rentals and leases directly chargeable to the contract shall be subject to such approval by the Contracting Officer as set forth in Appendix G.

(18) Stipends and payments made to reimburse travel or other expenses of faculty members, students and others who are not employed under this contract but are participating in research, educational or training activities under this contract to the extent such costs are incurred in connection with Contracting Officer approved fellowship, or other research, educational or training programs.

(19) Payments to educational institutions for tuition and fees or institutional allowances in connection with Contracting Officer approved fellowship or other research, educational or training programs.

(20) Expenditures by the Contractor to reimburse other employers for payments (including, but not limited to, salaries) to or for the benefit of their employees loaned to the Contractor for and engaged in the performance of the Contractor's undertaking

hereunder.

(21) Costs incurred or expenditures made by the Contractor, as directed, approved or ratified by the Contracting Officer and not unallowable under any other provisions of this contract.

(22) Subject to any other limitations on allowability contained in this contract, including paragraph (e) below, costs incurred and expenditures made by the Contractor=s Board of Directors, its members, committees, panels and support personnel in connection with performance of work under this contract.

(e) Examples of Items of Unallowable Costs. The following examples of items of costs are unallowable under this contract to the extent indicated:

(1) Advertising and public relations costs designed to promote the Contractor or its products, including the costs of promotional items and memorabilia such as models, gifts and souvenirs, and the cost of memberships in civic and community organizations; except those advertising and public relations costs:

(i) Specifically required by the contract;

(ii) Approved, in advance, by the Contracting Officer as clearly in furtherance of work performed under the contract;

(iii) That arise from requirements of the contract and that are exclusively for recruiting personnel, acquiring scarce items for contract performance, disposing of scrap or surplus materials, the transfer of Federally-owned or originated technology to State and local governments and to the private sector, or acquisition of contract-required supplies and services; or

(iv) Where the primary purpose of the activity is to facilitate contract performance in support of the DOE mission.

(2) Bad debts (including expenses of collection) and provisions for bad debts arising out of other business of the Contractor.

(3) Bidding expenses and cost of proposals except for such expenses and costs which are incurred pursuant to the provisions of the contract, including but not limited

to Article 18, Agreements to Perform Non-DOE Activities.

(4) Bonuses and similar compensation under any other name, which:

(i) Are not pursuant to an agreement between the Contractor and employee prior to the rendering of the services or an established plan consistently followed by the Contractor or,

(ii) Are in excess of those costs which are allowable by the Internal Revenue Code and regulations thereunder, or

(iii) Provide total compensation to an employee in excess of reasonable compensation for the services rendered.

(5) Central and branch office expenses of the Contractor, except as specifically set forth in the contract.

(6) Commissions, bonuses, and fees (under whatever name) in connection with obtaining or negotiating for a Government contract or a modification thereto, except when paid to bona fide employees or bona fide established selling organizations maintained by the Contractor for the purpose of obtaining Government business.

(7) Contingency reserves, provisions for.

(8) Contributions and donations, including cash, Contractor-owned property and services, regardless of the recipient.

(9) Depreciation in excess of that calculated by application of methods approved for use by the Internal Revenue Service under the Internal Revenue Code of 1954, as amended, including the straight-line declining balance (using a rate not exceeding twice the rate which would have been used had the depreciation been computed under the straight-line method), or sum-of-the-years digits method, on the basis of expected useful life, to the cost of acquisition of the related fixed assets less estimated salvage or residual value at the end of the expected useful life.

(10) Dividend provisions or payments and, in the case of sole proprietors and partners, distributions of profit.

(11) Entertainment, including costs of amusement, diversion, social activities; and directly associated costs such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities; costs of membership in any social, dining or country club or organization, except the costs of such recreational activities for on-site employees, as may be approved by the Contracting Officer or provided for elsewhere in the contract. Costs made specifically unallowable under this cost principle are not allowable under any other cost principle.

(12) Fines and penalties, except, with respect to civil fines and penalties only, if the Contractor demonstrates to the Contracting Officer that (i) Such a civil fine or penalty was incurred as a result of compliance with specific terms and conditions of the contract or written instructions from the Contracting Officer; or (ii) Such a civil fine or penalty was imposed without regard to fault and could not have been avoided by the exercise of due care.

(13) Government-furnished property, except to the extent that cash payment therefor is required pursuant to procedures of DOE applicable to transfers of such property to the Contractor from others.

(14) Insurance (including any provisions of a self-insurance reserve) on any person where the Contractor under the insurance policy is the beneficiary, directly or indirectly; insurance against loss of or damage to Government property as defined in Article 68, Property, except as authorized by the Contracting Officer; and insurance covering any cost which is unallowable under any provision of this contract.

(15) Interest, however represented (except (i) Interest incurred in compliance with other contract clauses including Article 39, State and Local Taxes, or (ii) imputed interest costs relating to leases classified and accounted for as capital leases under generally accepted accounting principles (GAAP), provided that the decision to enter into a capital leasing arrangement has been specifically authorized and approved by the DOE in accordance with applicable procedures and such interest costs are recorded in an appropriately specified DOE account established for such purpose), bond discounts and expenses, and costs of financing and refinancing operations.

(16) Legal, accounting, and consulting services and related

costs incurred in connection with the preparation and issuance of stock rights; organization or reorganization; prosecution or defense of antitrust suits; prosecution of claims against the United States; contesting actions or proposed actions of the United States; and prosecution or defense of patent infringement litigation (unless initiated at the request of DOE, or except where incurred pursuant to the Contractor's performance of the Government-funded technology transfer mission and in accordance with Article 54, Insurance--Litigation and Claims).

(17) Losses or expenses:

(i) On, or arising from the sale, exchange, or abandonment of capital assets, including investments;

(ii) On other contracts, including the Contractor's contributed portion under cost-sharing contracts;

(iii) In connection with price reductions to and discount purchases by employees and others from any source;

(iv) That are compensated for by insurance or otherwise or which would have been compensated for by insurance required by law or by written direction of the Contracting Officer but which the Contractor failed to procure or maintain through its own fault or negligence;

(v) That result from willful misconduct or lack of good faith on the part of any of the Contractor's managerial personnel [as that term is defined in Article 1(h)];

(vi) That represent liabilities to third persons that are not allowable under the clause of this contract entitled, Insurance--Litigation and Claims; or

(vii) That represent liabilities to third persons for which the Contractor has expressly accepted responsibility under other terms of this contract.

(18) Maintenance, depreciation, and other costs incidental to the Contractor's idle or excess facilities (including machinery and equipment), other than reasonable standby facilities.

(19) Memberships in trade, business, and professional organizations, except as approved by the Contracting Officer.

(20) Precontract costs, except as expressly made allowable under other provisions in this contract.

(21) Independent Research and Development Costs excluding Laboratory Directed Research and Development or unless specifically provided for elsewhere in this contract.

(22) Selling costs, except to the extent they are determined to be reasonable and to be allocable to the contract. Allocability of selling costs to the contract will be determined in the light of reasonable benefit to the agency program arising from such activities as technical, consulting, demonstration, and other services performed for such purposes as applying or adapting the Contractor's product for agency use.

(23) Storage of records pertaining to this contract after completion of operations under this contract, irrespective of contractual or statutory requirement for the preservation of records.

(24) Taxes, fees, and charges in connection with financing, refinancing, or refunding operations, including listing of securities on exchanges, taxes which are paid contrary to Article 39, State and Local Taxes; Federal taxes on net income and excess profits; special assessments on land which represent capital improvement; and taxes on accumulated funding deficiencies of, or prohibited transactions involving, employee deferred compensation plans pursuant to Section 4971 or Section 4975 of the Internal Revenue Code of 1954, as amended, respectively.

(25) Travel expenses of the officers, proprietors, executives, administrative heads and other employees of the Contractor's central office or branch office organizations concerned with the general management, supervision, and conduct of the Contractor's business as a whole, except to the extent that particular travel is in connection with the contract and approved by the Contracting Officer.

(26) Salary or other compensation (and expenses related thereto) of any individual employed under this contract as a consultant or in another comparable employment capacity who is an employee of another organization and concurrently performing work on a

full-time annual basis for that organization under a cost-type contract with DOE, except to the extent that cash payment therefor is required pursuant to the provisions of this contract or procedure of DOE applicable to the borrowing of such an individual from another cost-type Contractor.

(27) Travel by commercial aircraft or travel by other than common carrier that is not necessary for the performance of this contract or the cost of which exceeds the lesser of the lowest available commercial discount airfare, Government contract airfare, or customary standard (coach or equivalent) commercial airfare. Airfare costs in excess of the lowest such airfare are unallowable, except when such accommodations:

- (i) Require circuitous routing;
- (ii) Require travel during unreasonable hours;
- (iii) Excessively prolong travel;
- (iv) Result in increased cost that would offset transportation savings;
- (v) Would offer accommodations not reasonably adequate for the physical or medical needs of the traveler; or
- (vi) Are not reasonably available to meet necessary mission requirements.

Individual Contractor determinations of nonavailability of commercial discount airfare or Government contract airfare will not be contested by DOE when the Contractor can reasonably demonstrate such nonavailability or, on an overall basis, that established policies and procedures result in the routine use of the lowest available airfare. However, in order for air travel costs in excess of customary standard airfare to be allowable, the Contractor must justify and document the applicable condition(s) set forth above.

(28) Special construction industry "funds" financed by employer contributions for such purposes as methods and materials research, public and industry relations, market development, and disaster relief, except as specifically provided elsewhere in this contract.

(29) Late premium payment charges related to employee deferred

compensation plan insurance.

(30) Facilities capital cost of money. (CAS 414 and CAS 417).

(31) Contractor costs incurred to influence either directly or indirectly --

(i) Legislative actions on any matter pending before Congress, a State legislature, or a local legislature; or

(ii) Federal, State, or local executive branch action on regulatory and contract matters, other than costs incurred in regard to contract proposals, as described in the "Legislative Lobbying Cost Prohibition" clause of this contract.

(32) Commercial automobile rental expenses, unless approved by the Contracting Officer or authorized by Appendix A.

(33) Costs incurred in connection with any criminal, civil or administrative proceeding commenced by the Federal Government or a State, local or foreign government, as provided in the Clause entitled, "Cost Prohibitions Related to Legal and Other Proceedings", incorporated elsewhere in this contract.

(34) Costs of alcoholic beverages.

(35) Contractor employee travel costs incurred for lodging, meals and incidental expenses which are not in accordance with Appendix A.

(36) Premium Pay for wearing radiation-measuring devices for Laboratory and all-tier cost-type subcontract employees.

(37) Costs incurred in connection with any employee action, as provided in Article 35, Costs Associated with Whistleblower Actions (Special).

(38) Notwithstanding any other provision of this contract, the costs of bonds and insurance are unallowable to the extent they are incurred to protect and indemnify the Contractor and/or subcontractor against otherwise unallowable costs, unless such insurance or bond is required by law, the express terms of this contract, or is authorized in writing by the Contracting Officer. The cost of commercial insurance to protect the Contractor against the costs of correcting its own defects in

materials or workmanship is an unallowable cost.

(39) Costs of gifts; however, gifts do not include awards for performance or awards made in recognition of employee achievements pursuant to an established Contractor plan or policy.

(40) The costs of recreation, except for the costs of employees' participation in company sponsored sports teams or employee organizations designed to improve company loyalty, team work, or physical fitness.

(41) Salaries or other compensation of the Contractor's Board members, or that of members of subcommittees of the Board who are employees of the Contractor, Battelle Memorial Institute, the Research Foundation of State University of New York, State University of New York at Stony Brook and the six Core Universities.

ARTICLE 37 - DEAR 970.5204-9 (AL 93-2) ACCOUNTS, RECORDS, AND INSPECTION (JUN 1996) (MODIFIED)

(a) Accounts. The Contractor shall maintain a separate and distinct set of accounts, records, documents, and other evidence showing and supporting (1) all allowable costs incurred, (2) collections accruing to the Contractor in connection with the work under this contract, other applicable credits, and fixed fee accruals under this contract, and (3) the receipt, use, and disposition of all Government property coming into the possession of the Contractor under this contract. The system of accounts employed by the Contractor shall be satisfactory to DOE and in accordance with generally accepted accounting principles consistently applied.

(b) Inspection and audit of accounts and records. All books of account and records relating to this contract shall be subject to inspection and audit, by DOE or its authorized representative in accordance with the provisions of Article 94, Access to and Ownership of Records, at all reasonable times, before and during the period of retention provided for in paragraph (d) below, and the Contractor shall afford DOE proper facilities for such inspection and audit.

(c) Audit of subcontractors' records. The Contractor also agrees, with respect to any subcontracts, (including fixed-price or unit-price subcontracts or purchase orders) where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor of any tier, to either conduct an audit of the subcontractor's costs or arrange for such an audit to be performed by the cognizant government audit agency through the Contracting Officer.

(d) Disposition of records. Except as agreed upon by the Government and the Contractor, all financial and cost reports, books of account and supporting documents, system files, data bases, and other data evidencing costs allowable, collections accruing to the Contractor in connection with the work under this contract, other applicable credits, and fee accruals under this contract, shall be the property of the Government, and shall be delivered to the Government or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct during the progress of the work or, in any event, as the Contracting Officer shall direct upon completion or termination of this contract and final audit of accounts hereunder. Except as otherwise provided in this contract, including the provisions of Article 94, Access to and Ownership of Records, all other records in the possession of the Contractor relating to this contract shall be preserved by the Contractor for a period of three (3) years after final payment under this contract or otherwise disposed of in such manner as may be agreed upon by the Government and the Contractor.

(e) Reports. The Contractor shall furnish such progress reports and schedules, financial and cost reports, and other reports concerning the work under this contract as the Contracting Officer may from time to time require.

(f) Inspections. The DOE shall have the right to inspect the work and activities of the Contractor under this contract at such time and in such manner as it shall deem appropriate.

(g) Subcontracts. The Contractor further agrees to require the inclusion of provisions similar to those in paragraphs (a) through (g) and paragraph (i) of this clause in all subcontracts (including fixed-price or unit-price subcontracts or purchase orders) of any tier entered into hereunder where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor.

(h) Internal audit. The Contractor agrees to conduct an

internal audit and examination, satisfactory to DOE, of the records, operations, expenses, and the transactions with respect to costs claimed to be allowable under this contract annually and at such other times as may be mutually agreed upon. The results of such audit, including the working papers, shall be submitted or made available to the Contracting Officer.

(i) Comptroller General

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(3) Nothing in this contract shall be deemed to preclude an audit by the General Accounting Office of any transaction under this contract.

ARTICLE 51 - (AL 93-2) FINANCIAL MANAGEMENT SYSTEM (MODIFIED)

The Contractor shall maintain and administer a financial management system that includes the currently existing integrated accounting system and (1) is suitable to provide proper accounting in accordance with DOE requirements for assets, liabilities, collections accruing to the Contractor in connection with the work under this contract, expenditures, costs, and encumbrances; (2) permits the preparation of accounts and accurate, reliable financial and statistical reports; and (3) assures that accountability for the assets can be maintained. The Contractor shall submit to DOE for written approval an annual plan for new financial management systems and/or subsystems and major enhancements and/or upgrades to the currently existing financial systems and/or subsystems. The Contractor shall notify DOE thirty (30) days in advance of any planned implementation of any substantial deviation from this plan and, as requested by the Contracting Officer, shall submit any such deviation to DOE for written approval before implementation.

ARTICLE 62 - DEAR 970.5204-20 (AL 93-2) MANAGEMENT CONTROLS (AUG 1993) (MODIFIED)

(a) The Contractor shall be responsible for maintaining, as an integral part of its organization, effective systems of management controls for both administrative and programmatic functions. Management controls comprise the plan of organization, methods and procedures adopted by management to reasonably ensure that: The mission and functions assigned to the Contractor are properly executed; efficient and effective operations are promoted; resources are safeguarded against waste, loss, mismanagement and unauthorized use or misappropriation; all encumbrances and costs that are incurred under the contract and fees that are earned are in compliance with applicable clauses and other current terms, conditions, and intended purposes; all collections accruing to the Contractor in connection with work under this contract, expenditures, and all other transactions and assets are properly recorded, managed, and reported; and financial, statistical, and other reports necessary to maintain accountability and managerial control are accurate, reliable, and timely. The systems of controls employed by the Contractor shall be documented and satisfactory to DOE. Such systems shall be an integral part of the Contractor's management functions, including defining specific roles and responsibilities for each level of management, and holding employees accountable for the adequacy of the management systems and controls in their areas of assigned responsibility. The Contractor shall, as part of the internal audit program required elsewhere in this contract, periodically review the management systems and controls employed in programs and administrative areas to ensure that they are adequate to provide reasonable assurance that the objectives of the systems are being accomplished and that these systems and controls are working effectively.

(b) The Contractor shall be responsible for maintaining, as a part of its operational responsibilities, a baseline quality assurance program that implements documented performance, quality standards, and control and assessment techniques.

ARTICLE 121 - FAR 52.222-11 SUBCONTRACTS (LABOR STANDARDS) (FEB 1988) (MODIFIED)

- (a) The Contractor or subcontractor shall insert in any subcontracts the clauses entitled, "Davis-Bacon Act", "Contract Work Hours and Safety Standards Act-Overtime Compensation", "Apprentices and Trainees", "Payrolls and Basic Records", "Compliance with Copeland Act Requirements", "Withholding of Funds", "Subcontracts (Labor Standards)", "Contract Termination-Debarment", "Disputes Concerning Labor Standards", "Compliance with Davis-Bacon and Related Act Regulations", and "Certification of Eligibility", and such other clauses as the Contracting Officer may, by appropriate instructions, require, and also a clause requiring subcontractors to include these clauses in any lower tier subcontracts. The prime Contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with all the contract clauses cited in this paragraph.
- (b) (1) Within fourteen (14) days after award of the contract, the Contractor shall deliver to the Contracting Officer a completed Statement and Acknowledgement Form (SF 1413) for each subcontract, including the subcontractor's signed and dated acknowledgement that the clauses set forth in paragraph (a) of this clause have been included in the subcontract.
- (2) Within fourteen (14) days after the award of any subsequently awarded subcontract the Contractor shall deliver to the Contracting Officer an updated completed SF 1413 for such additional subcontract.

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144(h)



Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

SIBERAR LTR  
1994

March 1, 1998

See H.4 (h)

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, New York 11973-5000

Dear Dr. Marburger:

**SUBJECT: PRINTING AUTHORIZATION**

Brookhaven National Laboratory is authorized to certify, prior to the printing individual jobs, that the use of more than one color of ink fulfills a specific functional need in accordance with the guidance provided in the Government Printing and Binding Regulations, Title 44 of the U.S. Code and DOE directives related thereto. This approval is granted subject to receipt, on an annual basis, of a report on all multicolor printing activities supported with DOE funds.

Sincerely,

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G Fess, BSA



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Department of Energy  
Brookhaven Group  
Building 484  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

NO Pm FAR NOW

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, New York 11973-5000

Dear Dr. Marburger:

**SUBJECT: COMMUNICATION COSTS**

In connection with the execution of Contract No. DE-AC02-98CH10886, the parties have agreed that similar items of communication costs covered in Article 32, Section (d) (2) include delivery fees and the operational costs for the facilities and equipment necessary to operate communication equipment including telephone, facsimile and teletype, radiogram, electronic mail, video conferencing and cellular phone.

Sincerely,

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA



I. 137 (J)  
FAR 31



Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

ASST LAB DIRECTOR FOR

JUL 23 9 48 AM '98

FINANCE &  
ADMINISTRATION

July 22, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: SUBSCRIPTIONS TO TRADE, BUSINESS, TECHNICAL AND  
PROFESSIONAL PUBLICATIONS**

DOE has reviewed the list of the subject publications and has determined that they are a benefit to the work of the Laboratory. In accordance with Article 32 (d) (11) to contract DE-AC02-98CH10886 Brookhaven National Laboratory is authorized to continue these subscriptions and may add to the existing list consistent with providing a benefit to the work being performed under the prime contract as approved by the Assistant Laboratory Director for Finance and Administration.

This authorization is granted subject to receipt, by November 30<sup>th</sup> of each year, of the current year's listing of subscriptions supported by DOE funds.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert P. Gordon".

Robert P. Gordon, Director  
Business Management  
Division  
Contracting Officer

cc: H. Grahn, BSA ✓  
G. Fess, BSA



Department of Energy  
 Brookhaven Group  
 Building 464  
 P.O. Box 5000  
 Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
 Brookhaven Science Associates, LLC  
 Brookhaven National Laboratory  
 Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: CASHING OF PERSONAL CHECKS**

In connection with the execution of Contract No. DE-AC02-98CH10886, the parties have agreed regarding Article 32, Section (d)(15) on the following Brookhaven National Laboratory (BNL) Fiscal Office Cashier's policy regarding the cashing of personal checks:

Drafts for Brookhaven National Laboratory payroll, travel advances, travel expense reimbursement, and honoraria/stipends drawn on The Chase Manhattan Bank (or other contracted DOE letter of credit financial institution), are honored by the Teacher's Federal Credit Union at the on site branch office for anyone presenting an employee or guest identification card. Therefore, the BNL Cashier will cash such drafts only during such hours that the Credit Union is not open for business. These instances will include, for example, but not necessarily be limited to, the cashing of drafts for BNL shift workers.

Visitors and guests of the Laboratory can cash personal checks at the BNL Cashier, if they are drawn on financial institutions other than Teachers Federal Credit Union, up to a maximum limit of \$200. In certain unusual circumstances, at the discretion and with the approval of the Laboratory Fiscal Officer or Assistant Fiscal Officer, personal check of employees as well as checks in excess of \$200, as required by the circumstances, may be cashed by the BNL Cashier.

Such instances of check cashing for employees, visitors and guests shall be performed at no cost to those persons, and the incidental operating costs related thereto shall be deemed allowable costs under the contract.

Sincerely,

Robert P. Gordon, Director  
 Administrative and Financial  
 Management Division  
 Contracting Officer

cc: H. Grahn, BSA  
 G. Fess, BSA



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Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: CONTRACT NO. DE-AC02-98CH10886, ARTICLE 32 (d)(16)**

Article 32 (d) (16) cites as an example of allowable costs litigation expenses necessary to defend any member of the Contractor's guard force against whom a civil or criminal action is brought, where such action is based upon lawful act or acts of the guard undertaken in the general course of his duties for the purpose of accomplishing and fulfilling the official duties of his employment. Since these costs are allowable only if incurred in accordance with Article 54, Insurance – Litigation and Claims and approved or ratified by the Contracting Officer, the parties have agreed to the following in connection with the interpretation and administration of this provision.

Any request for approval/ratification must include a determination by BSA that (i) the guard's action giving rise to the civil or criminal action must reasonably appear to have been performed within the scope of his/her employment, and (ii) that it is in the best interests of the Laboratory to pay for the guard's litigation expenses. The parties further agree that in interpreting the term "lawful" due consideration shall be given to whether a member of the Contractor's internal guard force acted in good faith and reasonably believed such action to be in the general scope of his or her employment to accomplish official duties and, in addition, in criminal actions had no reasonable cause to believe that his or her conduct was unlawful. The termination of any civil action or proceeding by judgement or settlement shall not in itself create a presumption that any such guard did not act in good faith for a purpose which he or she reasonably believed to be within his or her scope of employment and official duties. The termination of any criminal action or proceeding by conviction or upon a plea of nolo contendere, or its equivalent, shall create a rebuttable presumption that such guard did not have reasonable cause to believe that his or her conduct was lawful.

Finally, in connection with any federal criminal proceeding against a member of the Contractor's internal guard force, BSA recognizes that Contracting Officer approval of the allowability of litigation expenses will be further predicated on the Contracting Officer determining that such reimbursement is in the best interests of the United States.



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Dr. John H. Marburger, III

-2-

March 1, 1998

If you agree with the foregoing, please indicate by execution of the Acceptance Block below.

Sincerely,



Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Office

ACCEPTED:

BY:

  
Henry G. Beahn

Chief Financial Officer

(Title)

Brockton Science Associates, Inc.

June 22, 1998

(Date)

cc: H. Chalk, BSA

G. Fraz, BSA

ART 32, (e)5-H 4 II e  
ART 32, (e)25-III.137(J)



Department of Energy  
Brookhaven Group  
Building 484  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: MAINTENANCE OF CORPORATE OFFICES AT BNL**

In connection with Article 32, subparagraph (e)(5), of Contract No. DE-AC02-98CH10886, the parties have agreed that Brookhaven Science Associates, LLC (BSA) may use space at Brookhaven National Laboratory, rent free, for the maintenance of a corporate office. In addition, the cost of normal support for the office, including, without limitation, furniture, equipment, supplies, maintenance, custodial services, utilities accounting, procurement fiscal and other support services shall be deemed allowable costs under the contract. Should it appear that there will be a substantial increase in the space required for the corporate office, or in the expense of the support functions as described above, BSA will bring such increase to the attention of DOE and the matter will be subject to reexamination by the parties.

Furthermore, the allocation of the cost of BSA corporate staff for travel expenditures directly incurred for work performed under the contract, shall be allowable costs under Article 32, subparagraph (e)(25) of the contract.

Sincerely,

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA



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I.137 (3)  
FAR Part 31



**Department of Energy**

Brookhaven Area Office  
Building 464  
P.O. Box 5000  
Upton, New York 11973

ASST LAB DIRECTOR FOR

AUG 17 4 02 PM '98

FINANCE &  
ADMINISTRATION

August 17, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates  
Brookhaven National Laboratory  
Upton, NY 11973

Dear Dr. Marburger:

**SUBJECT: BROOKHAVEN NATIONAL LABORATORY MEMBERSHIPS  
CONTRACT DE-AC02-98CH10886**

Reference: Letter, Ogeka/Gordon, dated August 14, 1998, subj: Brookhaven National Laboratory Memberships.

DOE has reviewed the Brookhaven National Laboratory procedures for membership approval and the listing of memberships covering fiscal year 1998. DOE has determined that the memberships are of direct benefit to the work of the Laboratory. In accordance with Article 32, subparagraph (e)(19) of the prime contract, Brookhaven National Laboratory is authorized to continue these memberships and may register memberships in other comparable trade, business, technical, and professional organizations as the need arises and as approved by the Assistant Laboratory Director for Finance and Administration in accordance with the Membership Approval Process outlined in the referenced letter.

By November 30<sup>th</sup> of each year, BNL is to provide to DOE a listing of the current year's memberships in each of the aforementioned organizations.

Should you have any questions regarding this matter, please feel free to call me at extension 3346.

Sincerely,

Robert P. Gordon, Director  
Business Management Division  
Contracting Officer

cc: G. Ogeka, BNL  
G. Fess, BNL

I. 93  
005



Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: CONSULTANT ALLOWABLE COSTS**

This will confirm our advanced understanding with respect to subparagraph (e)(26) of Article 32 of Contract No. DE-AC02-98CH10886, that no payment made by Brookhaven Science Associates, LLC (BSA) to any individual employed under this contract as a consultant or in another comparable capacity, shall be an unallowable cost pursuant to said subparagraph (e)(26), provided the individual receiving said payment has represented in writing to BSA that he or she is not an employee of another organization and concurrently performing work for that organization on a full-time basis under a cost-type contract with DOE.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert P. Gordon".

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA



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Department of Energy  
Brookhaven Group  
Building 484  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: SYSTEM OF ACCOUNTS**

This letter is in connection with execution of Contract No. DE-AC02-98CH10886 and pertains to Article 37. Based on the results of both previous and recent financial appraisals and audits of specific aspects of your financial systems, the Department of Energy considers the current system of accounts employed by Brookhaven Science Associates, LLC (BSA) for Brookhaven National Laboratory to be satisfactory and maintained in accordance with generally accepted accounting principals consistently applied.

Should you have any questions regarding this matter, please feel free to contact me at (516) 344-3346.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert P. Gordon".

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA



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I.142  
H.4.6



Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: FINANCIAL MANAGEMENT SYSTEMS**

In connection with the execution of Contract No. DE-AC02-98CH10886, the parties have agreed that Brookhaven National Laboratory's financial management system covered in Article 51 consists of the following subsystems: budget, payroll, accounts receivable, accounts payable, cost distribution, general ledger, and the financial aspects of the capital equipment and fixed assets system, as well as such other subsystems as may be eventually agreed to by the parties. The parties have further agreed that only those new subsystems and/or major enhancements or upgrades exceeding \$250,000 require approval by DOE in accordance with the specified annual plan.

Sincerely,

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA



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Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973-5000

Dear Dr. Marburger:

**SUBJECT: MANAGEMENT CONTROLS**

In connection with the execution of Contract No. DE-AC02-98CH10886, the parties have agreed that the major systems of control, consisting of the Laboratory's Integrated Purchasing and Accounts Payable System, Budget and Accounting System, Payroll System, Accounts Receivable System, Capital Equipment System, and the Fixed Asset System, referenced in Article 62, paragraph (a), Management Controls, are satisfactory to DOE.

Sincerely,

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA





Department of Energy  
Brookhaven Group  
Building 464  
P.O. Box 5000  
Upton, New York 11973

March 1, 1998

Dr. John H. Marburger, III  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, New York 11973-5000

Dear Dr. Marburger:

**SUBJECT: RETENTION OF STANDARD FORM (SF) 1413**

In connection with the execution of Contract No. DE-AC02-98CH10886, the parties have agreed that BSA shall fulfill the requirements of Paragraph (b) of Article 121 by retaining copies of SF 1413 in the procurement files of applicable subcontracts. These files will be available for DOE review.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert P. Gordon".

Robert P. Gordon, Director  
Administrative and Financial  
Management Division  
Contracting Officer

cc: H. Grahn, BSA  
G. Fess, BSA



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## Department of Energy

Brookhaven Site Office  
P.O. Box 5000  
Upton, New York 11973

Revised LTR  
I.1398 + I.106

Ms. Suzanne Davidson  
Chief Financial Officer  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, New York 11973

MAR - 4 2014

Dear Ms. Davidson:

**SUBJECT: STATUS OF BROOKHAVEN SCIENCE ASSOCIATES (BSA), LLC FINANCIAL SYSTEMS**

Based on the most recent internal and external reviews of Brookhaven National Laboratory (BNL) and our current understanding and observations of BSA's, the management and operating contractor of BNL, financial practices, the financial management system of accounts and management controls of those accounts are operating in accordance with DOE's Prime Contract requirements.

Please note that this notice does not preclude the possibility of current internal control weaknesses, unallowable costs and instances of contract and regulatory non-compliance that may be disclosed at a later date by internal or external audits. Nor does this protect BSA against fines, penalties or unallowable costs associated with audits or reviews that may disclose internal control weaknesses during the contract period.

If you have any questions, please contact John Meadows of my staff at extension 3430.

Sincerely,

Evelyn Landini,  
Director Business Management Division  
Contracting Officer

cc: J. Meadows, SC-BHSO  
BJ. Carreras, BSA  
K. Fox, BSA