

## Sale of Special Process Spares

- What** These guidelines define the methodology to plan and account for the production of special process spares on project funds, and the subsequent cost transfer of spares to Fermilab operations funds.
- Why** According to the EVMS guidelines, it is important for accounting purposes to track costs in the same Chargeable Task Code.

### 1 Background

Sometimes components required for the project and "off project spares" are produced simultaneously. These spares are expensive and often specialized components such as magnets that become part of the laboratory's inventory after the materials and the costs are transferred from the project. Simultaneous production takes advantage of economies of scale and custom production process.

### 2 Procedure

**Note:** Any mention of spares in this document is for reference purpose and only applicable to special process spares.

To ensure that the project has appropriate funding in the time frame needed for manufacturing the spares, the activities and costs for making all of the parts (production and special process spares) are included in the Resource Loaded Schedule (RLS). A subsequent activity is added showing the cost transfer of the spares to operations. This transfer is essentially a negative cost in the RLS. Therefore, the net effect on the Total Project Cost (TPC) is zero for the cost of the transferred spares.

For EVMS purposes, it is important to ensure that the costs for the initial manufacturing of the parts and the subsequent transfer of spares are in the same EVMS control account. For accounting purposes, all of these costs should also be tracked in the same Chargeable Task Code (CTC) to facilitate the subsequent transfer of costs off project to operations.

To ensure that the laboratory is budgeting for the transfer of the special process spares from the project to operations, the Project Manager (PM) should develop an agreement with the appropriate laboratory organization documenting the amount and timing (fiscal year) of the transfer.

### 3 Training

PMs should communicate the project spares policy to Control Account Managers (CAM), and ensure that it is covered in the CAM training.

### 4 Document Revision History

Date	Version	Author	Description
9/8/2014	1.0	Richard Marcum	This is the initial release of this document.