

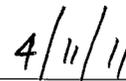
# Office of the Chief Financial Officer Assurance Plan

Fiscal Year 2011

Approved By:



Jeffrey Fernandez  
Lawrence Berkeley National Laboratory  
Chief Financial Officer



Date

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## RECORD OF REVISIONS

| <b>Rev. No.</b> | <b>Date</b> | <b>Description</b>  |
|-----------------|-------------|---|
| 1.0             | 03/18/11    | Replaced PEMP description with Quarterly Assurance Reporting description to update Section 5.1. |
| 2.0             | 03/18/11    | Replaced MCC with FMA to update Section 3.1 heading.  |
| 3.0             | 03/21/11    | Update Internal Audit Section 2.6 to IAS' current charter.                                      |
|                 |             |   |
|                 |             |   |
|                 |             |   |
|                 |             |   |

## **1.0 INTRODUCTION**

The LBNL Assurance Plan for the Office of the Chief Financial Officer (OCFO) is designed to ensure that LBNL financial, acquisition and property management systems are effective, meet contractual requirements, and support the LBNL mission. In implementing the elements of this Plan, a primary goal is to drive performance improvement by self-identifying, preventing, and correcting issues. LBNL will use this Plan to evaluate performance and the evaluation results will be used to demonstrate to DOE, the University of California (UC), and LBNL management that LBNL provides efficient, effective, and responsive financial, acquisition and property management.

## **2.0 INDEPENDENT ASSESSMENTS**

### **2.1 Department of Energy Financial Statement Audit**

Pursuant to 31 U.S.C. § 3515, Financial Statements of Agencies, the head of the agency is required to prepare and submit to the Congress and the Director of the Office of Management and Budget (OMB) an audited financial statement for the preceding fiscal year, covering all accounts and associated activities of each office and the agency not later than March 1.

KPMG, under contract with the Department of Energy (DOE) Office of Inspector General (OIG), conducts an audit of the consolidated financial statements of the DOE as of and for the fiscal year then ended September 30. In performing audits of Government entities, auditors are required to follow Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States (the "Yellow Book"). For financial statement audits, GAGAS incorporate the fieldwork and reporting standards of the American Institute of Certified Public Accountants (AICPA) and the Statements on Auditing Standards that interpret them.

The outside auditor performs work in close coordination and cooperation with the DOE OIG to achieve joint audit objectives. This work may include certain agency components and accounts that are material to the DOE financial statements. Audit work is performed sufficient to provide a report of the financial statements, internal controls, and compliance with laws and regulations. As part of the overall audit, the auditors may include an audit of Laboratory operating components, systems, processes, or accounts.

### **2.2 OIG Operations Audits and Reviews**

On an as needed or requested basis, the DOE OIG will perform audits of contractor financial operations to determine: (1) the reliability and usefulness of financial information reported to DOE and the reliability of the allowable cost

representations; (2) compliance with laws, regulations, and contract provisions that govern acquisition, management, and use of resources, or have a material effect on financial information; (3) whether internal controls are adequate to prevent, identify and report unallowable and unreasonable costs; and (4) the allowability of costs, either through a single audit or as steps within all other audits; and (5) if financial information is presented in accordance with established or stated criteria.

### **2.3 Government Accountability Office (GAO) Audits and Reviews**

As requested by congressional committees or subcommittees or as mandated by public laws or committee reports, the GAO will audit DOE operations, including its contractors. Generally, financial audits are conducted to determine whether federal funds are being spent efficiently and effectively. GAO will also investigate allegations of illegal and improper activities.

### **2.4 UC Financial Statement Audit**

At the time of PricewaterhouseCoopers' (PWC) annual audit of UC, certain agreed upon procedures are performed at the Laboratory to provide The Regents' Committee on Audit (the Audit Committee) and the management of UC with additional information on the Laboratory's processes and identify areas for improvement. The focus is on the risks that have a potential impact on financial reporting and controls that mitigate those risks. Generally, the expanded procedures cover the significant balance sheet accounts, overall control environment, including some of the key accounting cycles (i.e., cash/budgetary, charges, purchasing, transfers and payables, payroll, and receivables), and fraud review procedures.

The auditors will perform analytics, internal control evaluations and substantive testing. A review of all internal audit reports issued since the last review and inquiries with Laboratory management and internal audit of their awareness of any known instances of fraud may be conducted as well. Resulting recommendations for internal control improvements will be communicated to the Laboratory's Chief Financial Officer (CFO) for comment. A final report that includes management comments with departmental responses will be prepared and delivered to the Audit Committee.

### **2.5 DOE Berkeley Site Office (BSO)**

The DOE BSO will perform oversight activities to validate that financial, acquisition and property management contract requirements are effectively met. Oversight is performed primarily through assessments and reviews throughout the fiscal year to support its annual evaluation of the Laboratory's financial acquisition and property management performance. Assessment topics are generally planned and calendared at the start of the performance year.

## **2.6 Internal Audits**

Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve Laboratory operations. It assists Laboratory management in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control and governance processes.

The mission of Internal Audit Services (IAS) is to assess and monitor the Laboratory community in the performance of their oversight, management and operating responsibilities in relation to governance processes, systems of internal controls, and compliance with laws, regulations, contracts and Laboratory, UC, and DOE policies.

IAS has been granted authority through its charter and the UC Internal Audit Management Charter approved by the Regents of UC. IAS functions under the policies established by the Regents and Laboratory management under delegated authority. IAS is authorized full, free and unrestricted access to personnel of the Laboratory and information including records, computer files, and property required in the performance of audits. The work of IAS is unrestricted except where limited by law. IAS is free to review and evaluate all policies, procedures, and practices of any Laboratory activity, program, or function.

The IAS Manager reports functionally to the UC Regents through the University's Senior Vice President/Chief Compliance & Audit Officer, and reports administratively to the Laboratory Director. The Audit Committee serves in an advisory capacity to the Laboratory Director in providing overall guidance and oversight of the Internal Audit function.

To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment or independence. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal auditors have unrestricted access to the Laboratory Director, Laboratory Audit Committee, University's Senior Vice President and Chief Compliance and Audit Officer, UC Regents, and the UCOP Laboratory Management Office for significant and important matters which may require their immediate attention.

Internal Auditors shall take directly to the University's Senior Vice President and Chief Compliance and Audit Officer, any credible allegations of significant wrongdoing (including any wrongdoing for personal financial gain) by or about the Laboratory Director or a Laboratory executive, or any other credible allegations that, if true, could cause significant harm or damage to the reputation of the University, DOE or the Laboratory. Any such matters will be reported to The Board of Regents' or Committee on Compliance & Audit Chair at the discretion of the University Chief Compliance & Audit Officer. These reporting relationships ensure departmental independence, promote comprehensive audit coverage and ensure adequate consideration of audit recommendations.

## **2.7 Peer Reviews**

### **2.7.1 Financial Management**

Peer reviews are conducted on behalf of key stakeholders to evaluate the effectiveness of financial processes and practices. Examples include controls, strengths, areas for improvement, integration within other OCFO departments and the Laboratory community, leadership, competency and strategic management. The reviews will be performed by a team of financial managers and professionals from industry and government. The team will provide a report of its findings that include best practices, notable activities and recommendations for improvement.

### **2.7.2 Procurement**

Under the sponsorship of the DOE and National Nuclear Security Administration (NNSA) Senior Procurement Executives, the Procurement Evaluation and Re-engineering Team (PERT) conducts contractor purchasing system reviews and provides support to the DOE Contractor Purchasing Council (CPC) and the NNSA Contractor Forum. In order to assist DOE, NNSA and contractors in meeting the requirements of a credible purchasing system, the PERT has established the Independent Peer Review Program to provide professional assistance and support in performing independent system validations and verifications.

The Independent Peer Review Program involves periodic review of contractor purchasing systems by an independent team of Federal and contractor personnel. The review is intended to be a comprehensive review of the purchasing system and, as applicable, related business systems, using standardized criteria as a guideline and other measures as requested by the contracting officer and the contractor purchasing manager.

The use of the independent peer review is intended to ensure that independence and objectivity are maintained in the assessment process, and that there are no financial, organizational, or personal relationships that would prevent a peer

reviewer from rendering fair and impartial findings or observations when conducting an assessment.

Every three years, PERT's Peer Review Team performs a review by a team of acquisition managers and professionals from organizations similar to the Laboratory and DOE. The team will provide a report of its findings that include best practices, notable activities and recommendations for improvement. The last PERT Peer Review was performed in June 2010.

### **2.7.3 Property Management**

The Personal Property and Motor Vehicle Management System Assessment is conducted by DOE's Chicago Operations Office and is structured into two general parts: Part 1 – Personal Property Management and Part 2 – Motor Vehicle Management.

The Personal Property Management Assessment of the Laboratory's Property Management System is conducted to validate that the Laboratory is addressing, in an acceptable manner, the DOE Property Management Order 580.1 Contractor Requirements Document (CRD), 41 CFR 109 for High Risk Property, other property related contract clauses, and any pertinent DOE policy guidance.

The assessment is scheduled to be conducted once every three years. The assessment team is made up of property managers and professionals from organizations similar to the Laboratory and DOE. The team will provide a report of its findings that include best practices, notable activities and recommendations for improvement.

## **3.0 SELF ASSESSMENTS**

### **3.1 Financial Management Assurance (FMA) Program**

The FMA Program comprises the plans, methods, and procedures used to support meeting DOE's missions, goals, and objectives and, in doing so, supports performance-based management. In addition to supporting DOE's mission functions, the FMA Program supports other legislative requirements such as the Chief Financial Officers Act, the Inspector General Act of 1978, as amended, the Federal Financial Management Improvement Act of 1996 (FFMIA), the Federal Information Security Management Act of 2002 (FISMA), and the Improper Payments Information Act of 2002 (IPIA).

To support the consistent assessment of internal control, DOE has established process cycles around which assessments will be performed. The process cycles are: Budget to Close (B2C), Procure to Pay (P2P), Quote to Cash (Q2C), Projects

to Assets (P2A), Enterprise Resource Management (ERM), Special Purpose (SPC), and Entity Controls (EC).

Guidance for the FY11 FMA Program provides direction to comply with the Federal Manager's Financial Integrity Act (FMFIA) and OMB Circular A-123 to help ensure that the Secretary's Annual Assurance Statement is accurate and adequately supported. FY11 guidance requires testing of all High Combined risks identified in the FY11 assessment scope by the FMA tool that have not been tested in the last three years.

The OCFO will implement the FMA Program for LBNL. For FY11, the effort will take place between March 1 and July 15.

## **3.2 Management Self Assessments**

### **3.2.1 Financial Management**

The OCFO Financial Management Self-Assessment program allows organizations responsible for financial management to discern clearly its strengths and areas in which improvements can be made and culminates in planned improvement actions which are then monitored for progress.

Assessment topics are generally identified during the first quarter and completed by the end of the same fiscal year. Assessments are coordinated by the OCFO and team membership can include OCFO, Division, or Laboratory Directorate personnel as appropriate. It is a systematic and regular review of financial management activities and processes designed to fill gaps where audits are not targeted or have not been covered timely and/or fulfill DOE requests. Generally, results are referenced against requirements established by contract, regulations, DOE directive, Laboratory policy, and sound financial management practices.

### **3.2.2 Procurement**

Internal self-assessments are accomplished through the Procurement System Evaluation Plan which is established to measure the effectiveness of the Laboratory's Purchasing System and its internal controls to ensure compliance with contractual, statutory, regulatory, policy and procedural requirements.

Assessment coverage includes various types of categories of acquisitions and contractual activities performed by Laboratory Procurement personnel, including ongoing procurement card transaction analyses. The Procurement System Evaluation Schedule is developed, approved by the Procurement and Property Manager and provided to the BSO at the start of the fiscal year.

The self-assessments are performed under the direction of Laboratory's Procurement and Property Manager and the Procurement Policy and Assurance Manager. The self-assessment review team will include Procurement personnel, including Procurement supervisory and management personnel.

For FY11, Procurement will complete, by September 30, two Random Sample Post-Award Reviews; Low Value Purchases (\$25K and under) and High Value Purchases (\$100K and over). Random Sample Post-Award Reviews are reviews of randomly selected subcontract awards against established criteria. Throughout the fiscal year, Procurement will conduct Pre-Award Reviews, Group Manager Judgment Sample Reviews, and the Procurement Card Transactions reviews.

### **3.2.3 Property Management**

Property Management self assessments are conducted each year to allow Property Management to discern clearly its strengths and areas in which improvements can be made and culminates in planned improvement actions which are then monitored for progress.

Assessment topics are generally identified at the beginning of the first quarter and completed by the end of the same fiscal year. Assessments are coordinated by the Property Management and team membership can include OCFO, Facilities, Division, or Laboratory Directorate personnel as appropriate. It is a systematic review of management activities and processes designed to fill gaps where audits are not targeted or have not been covered timely and/or fulfill DOE requests. Generally, results are referenced against requirements established by contract, regulations, DOE directive, Laboratory policy, and sound property management practices. In FY11 three self-assessments will be conducted: (1) Warehouse Operations/Equipment Held for Future Projects (EHFFP), (2) Receipt and tagging of accountable property procured as "LOT Orders", and (3) Feasibility of continued use of the Laboratory Property Review (LPR), which is being piloted this year as an approved inventory methodology.

Inventories are performed as part of the Laboratory's personal property management activities to assess accuracy of information about the location and status of property. Also to ensure that the assets recorded physically exist, determine if unrecorded or improperly recorded transactions have occurred, and identify any excess, defective, or obsolete assets on hand.

An accuracy assessment is required to be provided in the categories listed below:

- Equipment – Any item of personal property having a unit acquisition cost of \$5,000 or more and having the potential for maintaining its integrity (i.e., not expendable due to use) as an item.

- Sensitive Items – Items, regardless of value, that require special control and accountability because of susceptibility to unusual rates of loss, theft, misuse, or due to national security and export control considerations. Laptop computers, personal digital assistants, other information technology equipment and removable components with memory capability are some examples of sensitive items.
- Precious Metals – A wall to wall inventory is performed each year for all DOE defined precious metals precious metals: gold, silver, platinum, palladium, rhodium, iridium, ruthenium and osmium.
- Stores – Inventory based on cycle counting where all items are physically counted at different times during the second quarter.
- High Risk Property – Property that, because of its potential impact on public health and safety, the environment, national security interest, or proliferation concerns, must be controlled and disposed of in other than the routine manner.
- Controlled Substances – An inventory of controlled substances, as required by the Laboratory's Controlled Substance Security Plan, is conducted each year.

A wall-to-wall inventory of the Laboratory's personal property is performed every three years. When a wall-to-wall inventory is not performed, a statistical sampling method is deployed. The sampling method is required to be statistically valid and performed on an annual basis. For FY11, a statistical sampling method will be used. The inventory will be performed and completed by June 30.

### **3.3 IAS Advisory Services**

IAS may be requested to perform advisory services for various areas of financial, acquisition and property management. Advisory services are activities designed to mitigate risk, improve operations, and/or assist management in achieving its business objectives, in which the nature and scope of the engagements are agreed upon with the management of the subject matter being evaluated. Examples include informational resources, counsel, advice, facilitation, process design, and training.

## **4.0 PERFORMANCE MEASURES**

### **4.1 Performance Evaluation and Measurement Plan**

The Performance Evaluation and Measurement Plan (PEMP) primarily serve as DOE's basis for review of the contractor's high priority outcome assessment for incentive fee and term extension. The performance evaluation provides a standard by which to determine whether the Laboratory is managerially and operationally in control of the Laboratory and is meeting the mission requirement and performance expectations/objectives of the Department as stipulated within the contract.

The PEMP appraisal process institutes a common structure and scoring system across all of the Office of Science laboratories. Structured around eight performance goals, the appraisal process emphasizes the importance of delivering the science and technology necessary to meet the missions of the DOE; of operating the Laboratory in a safe, secure, responsible and cost-effective way; and of recognizing the leadership, stewardship and value-added provided by the senior leadership of the Laboratory and UC. Input is solicited from all the major sponsors of work at the Laboratory.

Goal 6: Deliver Efficient, Effective, and Responsive Business Systems and Resources that Enable the Successful Achievement of the Laboratory Mission(s), includes Financial Management (6.1), Acquisition Management (6.2), and Property Management (6.3) as Objectives.

6.1 Provide an Efficient, Effective, and Responsive Financial Management System(s)

Notable Outcome: Demonstrate efficient and effective execution of all American Recovery and Reinvestment Act (ARRA) activities at the laboratory.

6.2 Provide an Efficient, Effective, and Responsive Acquisition Management System

6.3 Provide an Efficient, Effective, and Responsive Property Management System

## **4.2 Financial Management Performance Measures and Balanced Scorecards**

### **4.2.1 Financial Management Performance Measures**

Delivering efficient, effective and responsive financial management systems and resources that enable the successful achievement of laboratory missions is a key objective of the OCFO. Financial Management Performance Measures are a strategic planning and management tool to monitor organization performance against operational/functional goals. Performance measures ensure alignment with the Laboratory's financial management activities and systems.

Performance measures are structured to assess key financial management elements: effectiveness of financial management systems, internal controls, and reporting.

#### **4.2.2 Balanced Scorecard Model Index Plans**

The balanced scorecard is a strategic planning and management system/tool that is, for certain systems/organizations, required by DOE Headquarters (HQ) to monitor organization performance against strategic goals. As required, DOE HQ performance measures are localized to ensure better alignment with Laboratory business activities and systems.

The Procurement and Property Management Balanced Scorecard (BSC) Model Index Plans are structured as single, comprehensive instruments designed to provide systematic, ongoing measurement and evaluation of the Laboratory's acquisition and property management systems. Use of the BSC Model Index is agreed to at the start of the fiscal year by the Laboratory's Procurement and Property Management Functional Team Leaders, the BSO, and the UCOP Laboratory Management Office. The Procurement and Property Management Balanced Scorecard Matrices that displays the measures are included as Attachment C and Attachment D respectively.

The balanced scorecard is structured to view the organizations from four perspectives. Metrics are developed, and data is collected and analyzed relative to these perspectives:

- *Customer* – This perspective captures the ability of the organization to provide quality goods and services, effective delivery, and overall customer satisfaction.
- *Internal Business* – This perspective provides data regarding the internal business results. The data allows managers to know how well the business is running and whether its services lead to financial success and satisfied customers.
- *Financial* – Generally, metrics based on this perspective allow insight into how effective implementation and execution of strategy are contributing to bottom-line improvement. This perspective captures cost efficiency, delivering maximum value to the customer for each dollar spent.
- *Learning and Growth* – This perspective measures employee alignment with organizational goals and objectives and their satisfaction with the work environment and the organization's professionalism, culture and values. (Note: Metrics for this perspective are not included in the FY11 Property Management Balanced Scorecard.)

## **5.0 REPORTING**

### **5.1 Quarterly Assurance Report**

Operations Division Departments prepares a Quarterly Assurance Report for BSO, UCOP, and LBNL Management. Each Assurance Report provides an overview of LBNL performance and recent assurance activities, including activities detailed in the (Ops Division/Department) Assurance Plan; performance against the PEMP's Goals, Objectives, and Notable Outcomes; and related activities. This report provides the basis for a quarterly tri-party Assurance meeting with counterparts from BSO and UCOP. Following meetings of each Operations' function; senior BSO, UCOP, and LBNL Management meet to discuss significant risks and concerns and corresponding mitigations.

### **5.2 Federal Manager's Financial Integrity Act**

The FMFIA requires agencies to establish and maintain internal control. The agency head must annually evaluate and report on the control and financial systems that protect the integrity of Federal programs. The requirements of FMFIA serve as an umbrella under which other reviews, evaluations and audits should be coordinated and considered to support management's assertion about the effectiveness of internal control over operations, financial reporting, and compliance with laws and regulations.

The University of California Office of the President's (UCOP) Laboratory Management Office will issue an opinion regarding the Laboratory's system of internal accounting and management controls in effect during the fiscal period. Included with its internal control assertion is information about the internal accounting and management controls, reportable issues, and corrective action plans provided by the Laboratory Director based on input from OCFO management and staff.

### **5.3 DOE Management Representation Letter**

A Management Representation Letter is provided by the Laboratory Director on an annual basis to the BSO Site Manager, in response to the Government Management Reform Act of 1994, requiring Federal agencies to prepare and audit Department-wide financial statements. To comply with this act, the OCFO submits annual financial statements to the audit firm KPMG through the DOE OIG for audit. In order to formulate an opinion on DOE's financial statements, auditing standards require the OIG to obtain representations from senior DOE and M&O contractor management. The Management Representation Letter provides assurance for the fair presentation of the statements, in conformity with the OMB and U.S. Generally Accepted Accounting Principles (GAAP).

### **5.4 Management Representation Letter for PWC**

A Management Representation Letter is also provided on an annual basis from the OCFO to PWC, in connection with the UC Financial Statement Audit. The purpose of the letter is to assure the fair presentation of certain liabilities, revenues and expenses was provided to PWC on behalf of UC in conformity with US GAAP.

## **5.5 FMA Program**

The FMA Program reporting to DOE is generally for milestone accomplishments throughout the fiscal year on predefined dates and at year end for statements of assurance. Guidance for the FY11 Assurance Statements requires that the FMFIA, Revised OMB Circular A-123, and American Recovery and Reinvestment Act (ARRA) are provided in one letter.

## **6.0 ISSUES MANAGEMENT**

The OCFO assurance activities include the utilization of the Laboratory's Issues Management Program (IMP). This program encompasses the continuous monitoring of work programs, performance to promptly identify issues to determine their risk and significance, their causes, and to identify and effectively implement corrective actions to ensure successful resolution and prevent the same or similar problems from occurring.

Issues are program and performance deficiencies, nonconformance, or findings that may be identified through employee discovery, self-assessments, internal audits, or external reviews. These issues are managed according to the requirements of LBNL PUB-5519(1), *LBNL Issues Management Program Manual*. At a graded approach, proper issues management includes causal analysis, development and implementation of corrective actions, and verification and validation of corrective action implementation and effectiveness.

### **6.1 Corrective Action Tracking System**

As part of the Laboratory's IMP, all financial, acquisition, and property management issues and associated corrective actions (except for those that are immediately corrected or rectified) are entered into the LBNL Corrective Action Tracking System (CATS) database. The CATS is an online tool used to identify, track, and resolve issues and their associated corrective actions as well as verify the implementation of those corrective actions. This database, accessible from anywhere in the world, enables LBNL employees to identify, track, manage, resolve, and search for issues and associated corrective actions.

All LBNL personnel are responsible for identifying issues that may require correction, improvement, or management attention for inclusion into the CATS database.

## **6.2 Trending and Data Analysis**

Cognizant Managers are responsible for ensuring analysis of issues, individually and collectively, in order to identify programmatic or system issues and to identify recurrence of issues, generic issues, trends and vulnerabilities at a lower level before significant problems result. The requirements for trend code assignment, and data collection, analysis, and trending is performed in accordance with LBNL/PUB-5519 (3), *Data Monitoring and Analysis Program Manual*.

## **7.0 LESSONS LEARNED AND BEST PRACTICES**

A Laboratory-wide lessons learned and best practices program exists that provides a systematic approach towards continuous improvement. The OCFO will develop and evaluate lessons learned and best practices and distribute them to appropriate parties, including OCFO and Division Business Management and others as appropriate. As appropriate, the OCFO integrates lessons learned and best practices into its practices, guidelines, and training programs.

**ATTACHMENT A**

**UC CONTRACTOR ASSURANCE  
SYSTEM DESCRIPTION SECTION REFERENCE**

| <b>UC CONTRACTOR ASSURANCE<br/>SYSTEM DESCRIPTION</b> |                | <b>OCFO ASSURANCE PLAN</b>                |                |
|---|----------------|---|----------------|
| <b>Section Description</b>                            | <b>Section</b> | <b>Section Description</b>                | <b>Section</b> |
| <b>Independent Assessment</b>                         | <b>3.3.2</b>   | <b>Independent Assessment</b>             | <b>2.0</b>     |
| <b>Self Assessments</b>                               | <b>3.3.1</b>   | <b>Self Assessments</b>                   | <b>3.0</b>     |
| <b>Performance Metrics</b>                            | <b>3.4</b>     | <b>Performance Measures</b>               | <b>4.0</b>     |
| <b>Reporting</b>                                      | <b>3.6.2</b>   | <b>Reporting</b>                          | <b>5.0</b>     |
| <b>Issues Management</b>                              | <b>3.5</b>     | <b>Issues Management</b>                  | <b>6.0</b>     |
| <b>Lessons Learned and Best Practices</b>             | <b>3.6.3</b>   | <b>Lessons Learned and Best Practices</b> | <b>7.0</b>     |

## ATTACHMENT B

### FY11 LABORATORY OPERATIONS PERFORMANCE MEASURES FOR THE OFFICE OF THE CHIEF FINANCIAL OFFICER

- **Total Overhead Costs as Percent of Total Operating Costs**  
Gauge of Overhead costs as percent of Total Operating costs used as a long term cost trending tool
- **Direct FTE Ratio**  
Ratio of Direct to Indirect FTEs
- **Days to Process Procurements <\$100k**  
Cycle time for number of days to process procurements <\$100k

## ATTACHMENT C

### FY11 PROCUREMENT BALANCED SCORECARD MATRIX

| Performance Measures/Measured Activities  | Target/Stretch Goal   | Result | Target or Stretch Goal Met   | Yes/No |
|---|---|--------|--|--------|
| <b>Customer Perspective</b>   |   |        |  |        |
| <b>1.1 Internal Customer Satisfaction Rating</b>  |   |        |  |        |
| 1.1.1 % of Satisfied Internal Customers (Using Transactional Surveys)   | Target = 92.0%<br>Stretch Goal =<br>≥ 95.0% of customers responding to survey are satisfied <u>or</u><br>> 92.0% - < 95.0% of customers responding to survey are satisfied and notable internal customer service activities have been conducted by Procurement during the year.   |        | <input checked="" type="checkbox"/> Target Met<br><br><input type="checkbox"/> Stretch Goal Met        |        |
| <b>Internal Business Processes Perspective</b>  |   |        |  |        |
| <b>2.1 Assessing Systems Operations (Effective Internal Controls)</b>   |   |        |  |        |
| System Self-Assessment Program  | Average of File Scores<br>Target = 90.0%<br>Stretch Goal = ≥ 99.0%  |        | <input checked="" type="checkbox"/> Target Met<br><input checked="" type="checkbox"/> Stretch Goal Met |        |
| <b>3.1 Measuring Supplier Performance (Effective Supplier Management)</b>   |   |        |  |        |
| 3.1.1 Key Supplier Management/Strategic Sourcing  | Average Score Achieved by Laboratory Key Suppliers<br>Target = 3.50 Points<br>Stretch Goal = ≥ 4.00 points  |        | <input checked="" type="checkbox"/> Target Met<br><input checked="" type="checkbox"/> Stretch Goal Met |        |
| 3.1.2 Key Supplier Timeliness of Deliveries   | Percentage of Key Suppliers Providing Timely Delivery<br>Target = 84.0%<br>Stretch Goal = ≥ 95.0%   |        | <input checked="" type="checkbox"/> Target Met<br><input checked="" type="checkbox"/> Stretch Goal Met |        |
| <b>4.1 Measuring Effectiveness</b>  |   |        |  |        |
| 4.1.1 Utilization of Alternative Procurement Approaches   | Two of the three targets must be met or exceeded:<br>- % of Transactions Placed By End-Users<br>- % of Transactions Placed Through Rapid Purchasing Techniques<br>- % of Transactions Placed Through Electronic Commerce<br>Target = ≥ 60%<br>Target = ≥ 90%<br>Target = ≥ 35%  |        | <input checked="" type="checkbox"/> Target Met   |        |
| 4.1.2 Average Cycle-Time for Transactions   | All three targets must be met or exceeded:<br>- Average Cycle Time (Days), Transactions > \$150K<br>- Average Cycle Time (Days), Transactions ≤ \$150K<br>- Average Cycle Time (Days), Overall<br>Target = 25 - 30 days<br>Target = 6 - 9 days<br>Target = 8 - 11 days  |        | <input checked="" type="checkbox"/> Target Met   |        |
| 4.1.3 % of dollars on transactions > \$150K placed through Effective Competition.   | Target = 50.0%<br>Stretch Goal = ≥ 70.0%  |        | <input checked="" type="checkbox"/> Target Met<br><input checked="" type="checkbox"/> Stretch Goal Met |        |
| <b>5.1 Socioeconomic Commitments</b>  |   |        |  |        |
| Small Business Concerns (% of socioeconomic subcontracting in the following categories):<br><br>Small Business - Target Goal = 47.0%/Subcontracting Plan Goal = 50.2%<br>Small Disadvantaged Business - Target Goal = 5.0%/Subcontracting Plan Goal = 5.0%<br>Women-Owned Small Business - Target Goal = 5.0%/Subcontracting Plan Goal = 5.0%<br>HUBZone Small Business - Target Goal = 3.0%/Subcontracting Plan Goal = 3.0%<br>Veteran-Owned Small Business - Target Goal = 2.0%/Subcontracting Plan Goal = 3.0%<br>Service-Disabled Veteran-Owned Small Business - Target Goal = 2.0%/Subcontracting Plan Goal = 3.0% | Target = Meets or exceeds 3 of the 6 socioeconomic subcontracting goals.<br><br>Stretch Goals:<br>- Meets target and exceeds socioeconomic goal by 10% for 2 of the 6 socioeconomic categories, <u>or</u><br>- Meets or exceeds 5 of the 6 Subcontracting Plan goals, <u>or</u><br>- Demonstrates the Laboratory's outreach efforts by exceeding FY 2010 socioeconomic results for 5 of the 6 socioeconomic categories. |        | <input checked="" type="checkbox"/> Target Met<br><br><input type="checkbox"/> Stretch Goal Met        |        |
| <b>Learning and Growth</b>  |   |        |  |        |
| <b>6.1 Employee Alignment and Satisfaction</b>  |   |        |  |        |
| Employee alignment (Note: Employee Satisfaction will not be measured this FY).  | Target = 98.0%  |        | <input checked="" type="checkbox"/> Target Met   |        |
| <b>Financial</b>  |   |        |  |        |
| <b>7.1 Optimum Cost Efficiency of Purchasing Operations (Cost-to-Spend Ratio)</b>   |   |        |  |        |
| % of purchasing organization cost compared to total procurement obligations   | Target = < 2.75%<br><br>Stretch Goal = Achieves ratio no more than 0.25 above the FY 2008 benchmark.  |        | <input checked="" type="checkbox"/> Target Met<br><br><input type="checkbox"/> Stretch Goal Met        |        |

of 10 Targets Met  
 of 7 Stretch Goals Met  
 Total Targets + Stretch Goals Met

## ATTACHMENT D

### FY11 PROPERTY MANAGEMENT BALANCED SCORECARD MATRIX

| Customer Perspective          |  |       |    |  |   |   |            |     |
|-------------------------------|--|-------|----|--|---|---|------------|-----|
| 1.1.1                         | Customer Satisfaction  | 1.1.1 | 4  | Customer Feedback and Satisfaction Survey                                    | Measures the extent of customer satisfaction with the quality of property management services provided. (Customers, both internal and external can be measured on one survey).  | 80.0%   | 5          | TBD |
| Internal Business Perspective |  |       |    |  |   |   |            |     |
| 2.1.1                         | Property Management Accounting and Control - Inventory Results       | 2.1.1 | 5  | Property Management Accounting and Control - Equipment/Accountable Property  | Measures the extent to which the accountable equipment property subject to physical inventory was located during inventory.   | 98.0%   | 15         | TBD |
| 2.1.2                         |  | 2.1.2 | 6  | Property Management Accounting and Control - Sensitive Property Items        | Measures the extent to which Sensitive property items subject to physical inventory were located during inventory.  | 99.0%   | 15         | TBD |
| 2.1.3                         |  | 2.1.3 | 7  | Property Management Accounting and Control - High Risk Property              | Measures the extent to which items defined as High Risk subject to physical inventory are located during the inventory.   | 100.0%  | 15         | TBD |
| 2.2.1                         | Property Management Accounting and Control - Property Identification | 2.2.1 | 8  | Personal Property Accounting and Control - High Risk Property Identification | Measures the reporting and recording of High Risk property in the property system within 15 days of receipt from any source of acquisition.   | 100.0%  | 3          | TBD |
| 2.2.2                         |  | 2.2.1 | 8  | Personal Property Accounting and Control - Sensitive Property Identification | Measures the reporting and recording of Sensitive property in the property system within 15 days of receipt from any source of acquisition.   | 98.0%   | 3          | TBD |
| 2.2.3                         |  | 2.2.2 | 9  | Personal Property Accounting and Control - Equipment/Accountable Items       | Measures the reporting and recording of Equipment property in the property system within 30 days of receipt from any source of acquisition.   | 98.0%   | 6          | TBD |
| Financial Perspective         |  |       |    |  |   |   |            |     |
| 3.1.1                         | Property Management Utilization Excellence                           | 3.1.1 | 10 | Motor Vehicles Utilization   | Measures the extent to which the motor vehicle fleet is effectively utilized.   | 94%   | 15         | TBD |
| 3.1.2                         |  | 3.1.2 | 11 | Property Utilization - Non Motor Vehicle Assets                              | Measures the extent to which property assets are utilized through the effective redeployment and use of internal excess property and external excess acquisitions to meet contractor mission requirements.  | 75% of the previous three year average or \$ 445,544                      | 5          | TBD |
| 3.2.1                         | Property Management Program Improvements                             | 3.2.1 | 12 | Review and Improvement of Property Management System                         | Measures the property management system improvements that are implemented through a variety of processes, including self-assessments, benchmarking, lessons learned or related programs. This includes system improvements resulting in more effective use of computer technology - software or hardware. | Identify and implement improvements                                       | 10         | TBD |
| 3.3.1                         | Property Disposal  | 3.3.1 | 13 | Property Disposal Effectiveness  | Measures the amount of property made available as excess and transferred to another entity, which can be measured by either acquisition cost or number of items excessed and transferred.   | 90% of the most recent five year average. Target for FY2011 is \$ 842,899 | 4          | TBD |
| 3.3.2                         |  | 3.3.2 | 14 | Property Disposal - Sale of Surplus Property                                 | Measure is the percent of property sold within 60 days of being offered for sale by the contractor. (Does not apply to property sent to GSA to be sold).  | 90% of items sold with 60 days of being offered                           | 4          | TBD |
| <b>TOTAL POINTS</b>           |  |       |    |  |   |   | <b>100</b> |     |

**ATTACHMENT E**

**FY11 CONSOLIDATED ASSESSMENT SCHEDULE**

| <b>Assessment Title</b>   | <b>Date Performed</b>  | <b>Performed By</b>  |
|---|--|--|
| DOE Financial Statement Audit   | Throughout year - completed by 3/1 of following fiscal year  | DOE External Auditor - KPMG  |
| UC Financial Statement Audit  | Performed annually - date varies   | UC External Auditor - PWC  |
| DOE Berkeley Site Office Oversight Activities   | Varies   | DOE - Berkeley Site Office   |
| Internal Audits   | Per IAS Audit Plan   | LBNL IAS   |
| Financial Management Assurance  | Completed by 7/16  | LBNL Management  |
| <b>Management Self Assessments</b><br><br><i>Financial Management</i><br>– Joint Genomics Institute<br>– Resource Adjustments<br><br><i>Procurement</i><br>– Pre-Award Reviews<br>– Group Manager Post Award Reviews<br>– Procurement Card Transactions<br>– Random Sample Post Award Reviews<br><br><i>Property Management</i><br>– Statistical Sample Inventory<br>– Warehouse Operations and EHFP<br>– “LOT” Orders<br><br>– Use of LPR as an Approved Inventory Methodology | Completed by 9/30<br>Throughout FY<br><br>Throughout FY<br>Throughout FY<br>Throughout FY<br>Completed by 9/30<br><br>Completed by 6/30<br>Completed by 9/30<br>Completed by 9/30<br><br>Completed by 9/30 | OCFO – Financial Management/IAS<br>OCFO – Financial Management<br><br>OCFO – Procurement<br>OCFO – Procurement<br>OCFO – Procurement<br>OCFO – Procurement<br><br>OCFO – Property Management<br>OCFO – Property Management<br>OCFO – Property Management, Procurement, and Receiving<br>OCFO – Property Management |