



Lawrence Berkeley
National Laboratory

Lawrence Berkeley National Laboratory
Office of the Chief Financial Officer
Procurement & Property Management Dept.
One Cyclotron Road, MS: 971 PROC
Berkeley, CA 94720

October 12, 2011

Ms. Maria C. Robles
U.S. Department of Energy, Berkeley Site Office
1 Cyclotron Road, Mail Stop 90R1023
Berkeley, CA 94720

Subject: FY 2012 Procurement System Evaluation Schedule

Dear Ms. Robles:

The Berkeley Laboratory Procurement System Evaluation Plan (SEP) provides that the Procurement and Property Management Department will measure the effectiveness of its purchasing system and internal controls to ensure compliance with applicable contractual, statutory, regulatory, policy, and procedural requirements by conducting risk-based self-assessments of its purchase order, subcontract, and agreement transactions and of the procurement transactions of the Distributed Purchasing Unit. This Schedule describes the self-assessment activities that we propose to conduct during FY 2012 under the Procurement Balanced Scorecard Model Index Plan.

Pre-Award Reviews

Pre-Award reviews will be conducted by Procurement Group Managers and through Contract Review Boards (CRBs). As described in the SEP, Group Manager Supervisory reviews will be conducted for all awards and modifications exceeding a subcontract administrator's signature authority. All solicitations, awards, and modifications meeting the criteria for a CRB will be reviewed as provided in LBNL Standard Practice 4.9, *Contract Review Board*. Systemic findings from these reviews will be resolved immediately. CRB minutes for Calendar Year 2011 will be reviewed in February 2012 to assess any related training needs.

Post-Award Reviews

Group Manager Judgment Sample Reviews: A review of 15% of each subcontract administrator's written award and modification transactions over \$25,000, which are within their signature authority, will be conducted.

Random Sample Post-Award Reviews:

Two random sample reviews will be conducted during the fiscal year:

- **Labor Standards and Subcontractor Safety:** The assessment will examine a random sample of Laboratory subcontracts/agreements to determine their extent of adherence to Davis Bacon Act, Service Contract Act, and E-Verify requirements. Files will also be examined to determine whether subcontractor safety assurance provisions have been included in the subcontract and insurance requirements have been addressed, when applicable. The sample universe will include new purchases that were awarded during the period October 1, 2010 – September 30, 2011. A review checklist will be developed in November 2011 and provided to DOE and UCOP for their review and approval. The review will be scheduled once approvals are obtained. The sample universe will exclude agreements with the University of California campuses (IUTs), Federal and DOE Contractor Orders, and eBuy and purchase card transactions.
- **Price Reasonableness:** The sample universe will include all new purchases \$25K and over that were awarded during the period October 1, 2011 – March 30, 2012. This review will be started in May 2012. The sample universe will exclude contract labor, Federal and DOE Contractor Orders, and eBuy and purchase card transactions.

A Self-Assessment Team roster and Plan/Agenda, along with associated worksheets and checklists, will be provided to the DOE Contracting Officer and UCOP prior to each random sample Post-Award Review.

Optional Judgmental Reviews

Procurement may elect to conduct additional self-assessment reviews of selected types of transactions, based on its determination during the year that certain activities warrant such reviews. The types of transactions that could be selected for review include those that are high-dollar, high-risk, safety-related, etc. The transactions for such optional reviews would generally be selected on a judgmental sample basis.

Procurement Card Transaction Reviews

These reviews will be conducted on a periodic basis as described in the SEP.

Other Planned Reviews

Internal Audit Services

FY 2011 Cost Allowability Audit: Internal Audit Services will conduct its annual audit of cost allowability, as required by Contract 31. DOE OIG relies on this internal audit in their sign-off of the Laboratory's annual Statement of Costs Incurred and Claimed.

Procurement Card Audit: Internal Audit Services will assess the adequacy of established internal controls and procedures that ensure that procurement card transactions are authorized, supported, and in compliance with all applicable Laboratory policies and regulations.

Subcontract Proposal Audits: Internal Audit Services has budgeted hours to evaluate the reasonableness and allowability of costs proposed by subcontractors in significant fixed price proposals. At this point in time, it is anticipated that the audits will be conducted at the request of Procurement.

Business Process Review of a Selected Division: Internal Audit Services will assess the controls over selected business processes identified by management representatives from the Division, Office of the Chief Financial Officer, Office of Contract Assurance and others.

Reports and Resolution of Comments and Findings

Only CRB review comments will be compiled and reviewed as part of the Pre-Award Review function. A report covering the February 2012 assessment of Calendar Year 2011 CRB comments and plans for required corrective actions will be submitted to DOE and UCOP in March 2012.

A report summarizing the nature of Group Manager Judgment Sample Review findings for indicators of potential training and system needs will be submitted to DOE and UCOP in July 2012. This report will cover the review of April 1, 2011 – March 31, 2012, awards.

Within 30 days after completion of the random sample Post-Award Reviews, a summary of findings and resolutions will be compiled and submitted as required by the SEP.

Results of the Procurement Card Transaction Reviews will be summarized in the quarterly Balanced Scorecard Reports.

Procurement Quality Index for Balanced Scorecard

Only random sample Post-Award Reviews and Optional Judgmental Reviews that are similarly scored will be used to calculate the Procurement Quality Index for the Balanced Scorecard. Average scores for each review will be multiplied by its ratio to the total number of transaction samples and then added together for an overall score.

If you have any questions, please call me at (510) 486-6019.

Sincerely,



Derrol J. Hammer, Manager
Procurement & Property Management Department

Ms. Maria Robles

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Copies: Terry Hamilton, LBNL
James Hirahara, UCOP
Michele Mock, LBNL
Ira Nishibayashi, LBNL
John O'Neill, LBNL
John Speros, LBNL