Lawrence Berkeley National Laboratory

Lawrence Berkeley National Laboratory

Title
Office of the Chief Financial Officer Strategic Plan 2008-2012

Permalink
https://escholarship.org/uc/item/88g7c377

Author
Various

Publication Date
2008-06-24

eScholarship.org Powered by the California Digital Library
University of California

LBNL/PUB-984

Berkeley Lab

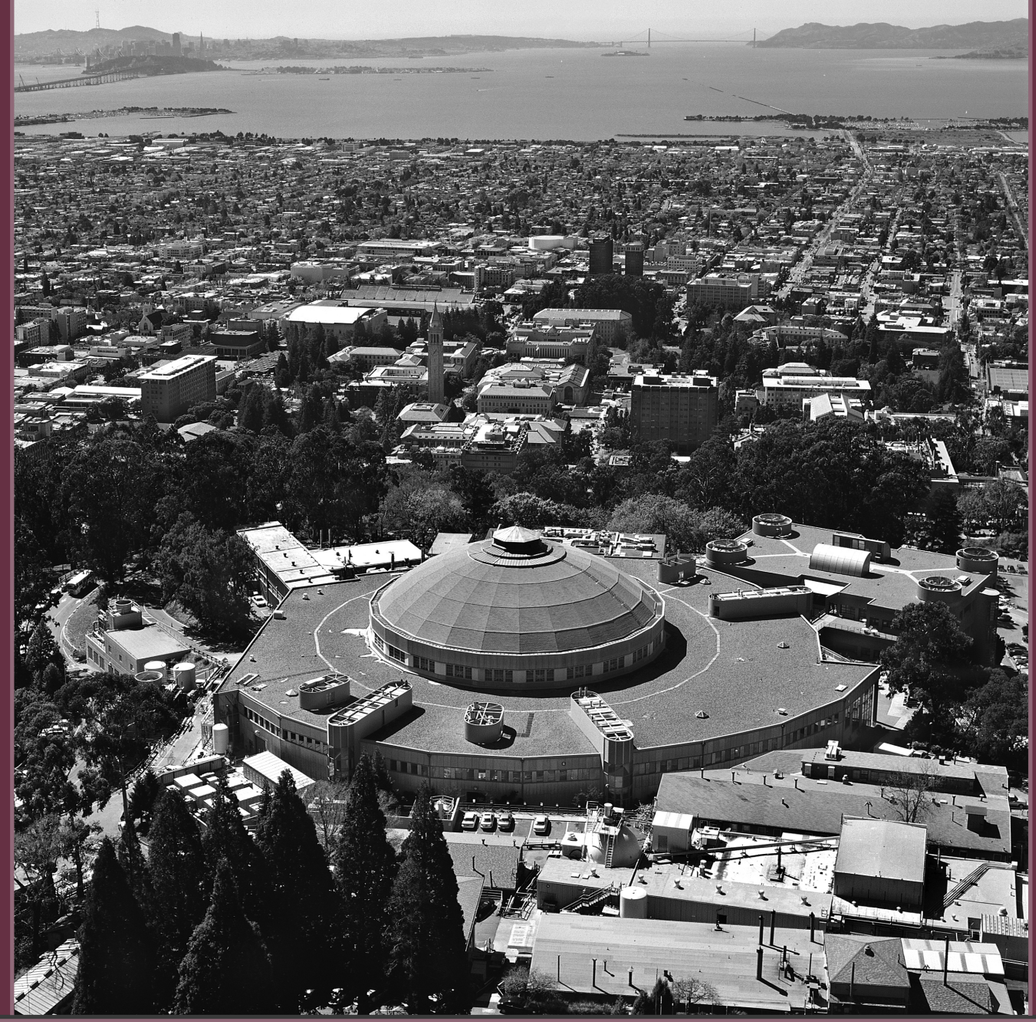
OCFO

Lawrence Berkeley National Laboratory

Office of the Chief Financial Officer

Strategic Plan

2008-2012



Ernest Orlando Lawrence
Berkeley National Laboratory

The Office of the Chief Financial Officer

Strategic Plan
2008-2012

OCFO Lawrence Berkeley National Laboratory
Office of the Chief Financial Officer

Executive Summary

This is an update to the Office of the Chief Financial Officer's (OCFO's) multi-year strategy to continue to build a highly effective, efficient and compliant financial and business approach to support the scientific mission of Lawrence Berkeley National Laboratory (LBNL). The guiding principles of this strategy are to provide the greatest capability for the least cost while continually raising the standards of professional financial management in service to the LBNL science mission.

OCFO Vision

To enable scientific discovery, the Office of the Chief Financial Officer will provide leadership, excellent services, and responsive solutions to its Laboratory partners.

OCFO Values

- Be safe and encourage others to be safe.
- Treat every person with whom we come into contact with respect and dignity.
- Consider our valued customers as if they could choose to find another source for our services. Prove to them that given the choice, they would come to us first.
- Demonstrate by our individual actions the way we want the entire OCFO to operate.
- Take full responsibility for the quality of the OCFO's performance by making things better.
- Accept full ownership and follow through with all customer inquiries.
- Give each other open, direct, and timely feedback on what we want from each other.
- Recognize achievement and celebrate success.
- Teamwork should prevail – think "we" not "I".
- Our job is to make others successful.

The Strategy

The OCFO strategy includes the following areas of action:

I. Support the Laboratory's efforts to increase scientific funding. Develop innovative processes and tools to support new paradigms for doing science.
II. Identify and implement maximum cost reductions, efficiencies, and funding opportunities.
III. Create and sustain partnerships that will make us more effective with, and highly valued by, our internal and external customers.
IV. Maximize the Laboratory's return on its investment in information technology for OCFO applications. Provide timely, accurate, and complete financial and resource reporting to enable scientific divisions to manage their projects more accurately and effectively.
V. Provide assurance that our financial controls are sound and of the highest caliber.
VI. Conduct workforce development that links recruitment, training, and development decisions to organizational goals.
VII. Enhance our internal communication using state-of-the-art technology to reach a broad audience across all levels of the OCFO ensuring that all employees are well-informed.

I. Support Laboratory Efforts To Increase Scientific Funding

1. Develop Divisional Planning Process for Laboratory Director

The CFO will work with the Director of Planning and Development to develop a multi-year program review and planning and budget process that identifies and aligns the financial strategy with the scientific direction of the Lab.

2. Workforce Management Analysis

We will develop reports in the BLIS Reporting System (BRS) containing Full Time Equivalent (FTE) data, and we will train the financial and business communities in their use.

FTE data generated by project from productive hour data is a powerful tool in managing a division's workforce especially in the LBNL environment, where each PI makes localized workforce allocation decisions based on short-term funding profiles.

At the aggregate level, FTE data would allow Lab Senior Management to shape the plan and strategy for the Lab's total workforce, as well as identify opportunities for policy changes. FTE data also provides a key tool in validating and analyzing institutional overhead collections, since labor costs make up ~80% of the G&A base.

3. Improve Sponsored Research Administration Capabilities

LBNL has a large portfolio of non-DOE work and has a strategic interest in increasing this portfolio. Non-DOE sponsored work is increasingly important as the Lab pursues strategic initiatives that will transform the Lab in the years ahead. If DOE funding stabilizes or shrinks, the non-DOE funded research work will become even more critical to further the scientific mission of the Lab. In addition, Lab generated intellectual property is producing a growing stream of discretionary revenue that can be used to further long-term Lab goals. The resources and processes to manage private sector funding are currently split among divisions and departments.

We will work with DOE and our scientific divisions to develop new and innovative ways to work with our external sponsors to enable our scientists to enrich their scientific capabilities by breaking down barriers to doing business with the Lab.

Systems will be utilized in a more efficient manner to enable proposals to be developed, routed, tracked and submitted to our sponsors. As part of the ongoing strategy, we will continue to identify the barriers and challenges and develop solutions in managing an increasing Work For Others (WFO) portfolio. (see eSRA strategy under IT)

4. Strategically Enhance and Refine Our Cost Distribution Structure

Currently our indirect rate structure is viewed as very complex, and is difficult to understand and/or explain. Given our proximity to, and shared workforce with, UC Berkeley (UCB), the differences between the Lab and the University's indirect rate structures may put us at a competitive disadvantage with our scientific strategic initiatives.

We will provide an institutional capability to analyze our cost distribution structure that provides senior management flexibility in decision making. Using our decision support models, we will provide alternatives that more closely align our cost distribution structure with the strategic direction of science at the Lab, as defined by senior management.

5. **Participate in the UCB/LBNL Joint Research Initiative**

   The OCFO will continue to provide leadership to the UCB/LBNL Joint Research Initiative to help improve working relationships and facilitate joint research interactions between the UC Berkeley campus and the Lab. The primary objective will be to identify areas related to finance and cost issues where changes to policies and practices would better facilitate joint research interactions.

II. Identify And Implement Maximum Cost Reductions, Efficiencies, And Funding Opportunities

This is a core focus of the OCFO strategy for creating a highly efficient and effective approach to managing the cost of operations for the Laboratory.

1. **Supply Chain Management**

   The objective of Supply Chain Management is to enhance the Laboratory's scientific competitiveness through optimization of business resources, processes, and activities while achieving a cost savings of $30M as committed by the University of California (UC) under the Prime Contract 31, and meeting DOE's small business subcontracting goals. Supply Chain Management is comprised of a series of initiatives focusing on the entire process from source-to-pay. These include organizational re-alignment, process improvement, opening of communication channels, improvement of electronic systems, and, through strategic sourcing, leveraging and reducing the institutional acquisition cost of products and services.

   Ultimately, the system will integrate procurement (including requisitions), receiving, transportation, property management, accounts payable, general ledger, shipping, and salvage functions into one seamless system (purchase to property retirement).

   Procure-to-Pay process re-engineering will identify process and system deficiencies where bottlenecks, inefficiencies, and work-around processes exist. The goal will be to correct process flow to maximize efficiency and effectiveness, implement sound business practice, and incorporate strong internal controls that will enable operations and programs to get their work done seamlessly.

   Several areas of improvement already identified for change are the certifications process, and disbursement/procurement roles and responsibilities. We will also evaluate and understand the capabilities of the procurement system to determine if there are tools able to help us solve some of our challenges.

2. **Property Management and Accounting**

   Property Management's roles and responsibilities will be redefined and the current workload will be realigned and redistributed among and between divisions. Clearly defined lines of responsibility and accountability will flow from the highest senior management down through line management and ultimately to each individual employee.

In order to facilitate more accurate and accountable property management, the OCFO will provide the divisions with the tools necessary to accomplish this objective. The Property Management Improvement Project (PMIP) will establish a system that is primarily decentralized and consistent with Federal and Departmental Property Management Regulations and the requirements of Contract 31. This will enable the divisions to better manage their own property by giving them the authority to process transactions in the new system, and we will fully train all property representatives on the new system.

We will also be improving the interface between property accounting and property management. We will ensure that property management, property accounting, and the divisions maintain effective communication. We will review all processes that lie within the procurement-to-asset cycle to ensure sound business practices and strong internal controls are in place. Because of the many and disparate organizations involved with these interfaces we will review, map and analyze it to identify improvements. Several areas already identified include the fabrication process including depreciation, Capital Work in Process (CWIP), and asset capitalization.

3. Travel Management Systems and Processes

The LBNL travel system and processes have been reviewed over the past year. A new business model has been identified and organizational and process changes have begun. We will implement a new PeopleSoft travel reimbursement system by July 2008. The new system will be more user-friendly and provide better information to the field and travel operations. We will continue to review the travel disbursements operation for further process improvements and efficiencies.

4. Controller's Office Transformation

The financial accounting function summarizes the financial management of the institution's assets, liabilities, and residual equity. The core of accounting is general accounting which captures the financial commitments and results of the institution's operations for internal and external reporting.

Financial statements are fed financial data from multiple sources across the institution. This necessitates that the processes and internal controls surrounding those sources of data remain accurate and reliable to the Controller and the CFO. It is important to regularly monitor and ensure that proper controls are in place. It is through proper assessment and testing of controls that the Controller can provide an assurance that processes work as expected to protect institutional assets and properly state liabilities.

We have an opportunity to increase efficiency through process improvement and automation of manual processes. Taking full advantage of financial system capability is a vital component of the Controller's Office transformation.

The OCFO will undertake a step-by-step approach to the transformation of the Controller's Office:

- *Process improvement and strengthening of internal controls*. This will entail an expert review of our current key accounting processes and provide "best

practice" recommendations for those processes and accompanying internal controls.

- *Financial software systems implementation review*. The LBNL financial systems are run on PeopleSoft (PS) financials and project accounting. The current configurations use a custom modification that feeds all data into the general ledger which feeds the project costs into the project accounting module which is not a best practice. Using PeopleSoft best practices, we will review a re-implementation that enables a dual GL and projects feed. The system will also be reviewed for utilization of additional capabilities.

- *Leverage system capability to meet improved processes*. We will develop a deep understanding of the PeopleSoft capability and identify process improvements and efficiencies, with the goal of taking advantage of system capabilities to eliminate as many manual and redundant processes as possible. Cash management, accounts payable, travel expense reimbursement, and the employee/miscellaneous expense reimbursement (Request for Issuance of Check) will be reviewed for streamlining.

- *Staff training and development.* We will invest in our staff by improving specific core competencies through continuous training and development and by appropriate cross-training. By doing this we will ensure that future demands and systems advances can be met with a highly skilled workforce.

5. Benchmarking

The OCFO will benchmark its financial processes and departments vs. other DOE labs and Hackett Best-In-Class organizations. As a support organization, this exercise in benchmarking will benefit the entire Laboratory by making us more cost effective and efficient and reduce the overall cost of doing business.

We will determine the appropriate Labs to participate in our study, and an LBNL benchmarking team will be formed. The team will analyze data and identify trends, issues, and opportunities. Findings and recommendations from the team will be presented to the CFO.

III. Create And Sustain Partnerships That Will Make Us More Effective With, And Highly Valued By, Our Internal And External Customers

We will continue to build and maintain strong relationships with our DOE partners, customers, sponsors, and colleagues. We will continue our outreach effort with the scientific community to share their work with the financial community by inviting them to discuss their research efforts at OCFO Town Hall meetings in a lecture series format. We will also continue to seek scientific participation on important process improvement committees such as travel, property and procurement.

We will work to strengthen our relationship with our DOE partners in the Berkeley Site Office (BSO) by continuing regular meetings with staff from both offices. We will have a presence at all relevant national meetings, such as the Financial Management Systems Improvement Council (FMSIC), the Accounting Managers Meetings, the DOE National Laboratories Budget Officers' Meetings, and National Procurement Managers' Meetings to further enhance relationships with

colleagues and customers from across the DOE complex.

1. **Internal Partnerships**

   In order to create and sustain partnerships with our internal customers, we will make sure that there is shared ownership to problem solving. We will include the divisional key scientific and business staff in all systems designs, requirement analyses, policies and approaches. The CFO will spend more time with the Division Directors and Associate Lab Directors (ALDs) in order to provide alternatives for more flexibility in costing to assist them in becoming more competitive when seeking out new scientific opportunities.

2. **External Partnerships**

   In order to better enable scientific discovery, we will partner with our UC colleagues to break down the bureaucratic barriers to doing business between our organizations. Working with the Vice Chancellor of UC Berkeley, and the Deputy Director of the Laboratory, we have formed cross-functional teams to find new and innovative ways to move people and money between the Lab and the various UC campuses.

   We will continue to nurture relationships and communications with DOE and the University of California Office of the President (UCOP). We are enhancing our relationship with UCOP by having frequent interactions with, and presentations to, UCOP's Contract Assurance Council (CAC). We will also continue to seek advice and support from UCOP's Laboratory Administration Office. A priority of the OCFO is to maintain frequent interactions with the DOE Chicago Field Office to share issues and identify flexible approaches to doing business that require DOE approval and support science.

   We will work with other DOE Laboratories' CFOs to compare and better understand cost structures and cost drivers across National Laboratories so that we can help the Office of Science (SC) to better understand our business in order to reduce costs.

IV. Maximize The Laboratory's Return On Investment In Information Technology For OCFO Applications

The overall goal of the OCFO's IT strategy is to maximize the Laboratory's return on its investment in information technology. Four key strategies will be pursued as follows:

1. **Develop an OCFO IT Strategic Plan**

   This plan will lead to the identification and clarification of roles and responsibilities, creation of an overall systems development roadmap, and development of a system change management (governance) model. We will ensure that business process reengineering will precede automation.

2. **Improve Functional Manager Awareness and Understanding of Systems Capabilities**

   We will develop a strong understanding of systems capabilities. We will incorporate the knowledge gained into business process automation initiatives.

3. Strengthen Decision Support Capabilities

Providing timely, accurate and complete financial and resource reporting will enable scientific divisions to more effectively manage their budgets and workforce planning. Decision support (data and reporting) considerations will be integrated with each information systems development project. To accomplish this objective value-added data will be added to, and integrated within, the institutional data warehouse, and additional reports and data analysis tools will be deployed.

4. Implement New Information Systems

Several key information systems implementation projects are under way which will strengthen the Laboratory's financial and business processes. These include Supply Chain Management, the Budget and Planning System, and the new Travel & Expense system. Future planned systems development includes an electronic sponsored research administration system and an initiative to report effort costs on a weekly basis.

- *Supply Chain Management*. The systems objectives of this initiative include completing the offering of eBuy/vendor punch-outs, reinventing the Federal Express and Pcard systems, and improving the availability of procurement-related data and reports.

- *Budget and Planning System*. The OCFO will implement a comprehensive planning & estimating system that will make critical institutional planning and management information available electronically and in a timely fashion, and integrate it with other LBNL financial systems and DOE financial systems. It will ultimately end the reliance on Divisional "shadow" systems.

- *Travel & Expense System*. Widespread dissatisfaction with the Gelco travel system continues. We are moving forward with plans to replace it with the Oracle/PeopleSoft Travel and Expenses module. The new system will ensure intuitive, user-friendly front-end capabilities.

- *Electronic Sponsored Research Administration System (eSRA)*. The Laboratory's business environment for non-DOE Sponsored Research is becoming increasingly complex and competitive. The proposed eSRA system will provide for comprehensive, integrated sponsored research administration covering the full life cycle of pre- and post-award processes including proposal development.

- *Weekly effort reporting*. Significant improvements are needed in timekeeping and effort reporting practices, labor adjustments, and policies and procedures. The current electronic system does not allow for ease-of-use by our Lab and campus community and provides no institutional or divisional ability to manage time. After assessing current practices and identifying root cause issues, a redesign of the time and effort reporting system will be completed. This work will result in a more efficient and user-friendly system of reporting time and costs that will be adopted by the entire Lab community. The culture shift from monthly to weekly reporting will be a challenge, but the benefit to the scientist of having weekly cost data could be significant. Because of the scope of this project, a firm project schedule cannot be estimated at this time, but we are anticipating a two year timeframe.

- *Procurement Reporting*. At approximately $200M/year, procurement is the Lab's second largest expense category. The current procurement reporting environment is not keeping up with changing business systems and practices and is not meeting the information needs of divisions or the OCFO. The OCFO, in partnership with the IT Division, will lead a phased, multi-year project to provide decision-makers and business support staff with summary and detailed level life cycle procurement reports, operational reports for buyers and other OCFO staff, and procurement data integrated with other business data.

V. Provide Assurance That Our Financial Controls Are Sound And Of The Highest Caliber

As our sponsors' requests for assurances become more stringent, the OCFO needs to position the Laboratory to substantiate that our financial controls are sound and of the highest caliber.

The OCFO will document financial processes and embark on a continual process improvement initiative. We will continue to develop financial policies and procedures that assure that the Lab remains in compliance with all Federal, State, and UC requirements. We will continue to train and educate the Laboratory community on their responsibilities and accountabilities for financial management of Lab resources. We will continue to develop self-assessment programs to measure the strength of the internal control environment.

To further strengthen our overall financial capabilities, we will closely integrate all OCFO financial professionals both in the central office and field operations. Working collaboratively, the Budget Office and the Field Operations Unit will continue to develop broader and deeper technical skill sets as well as gaining an appreciation of institutional and divisional perspectives and requirements. We will define strong performance standards and competencies, and continue to enhance analytical capabilities for all financial analysts ensuring a robust understanding of financial requirements including funds control and budget management.

By having strong financial controls and a reputation for financial integrity, the Laboratory will be better positioned to attract future research dollars.

1. OMB A-123

LBNL performed a risk assessment per 2005 DOE guidance on OMB A-123 implementation. The risk assessment identified high, medium, and low level risk areas and related internal controls. The high risks were assessed in FY2006 and the medium and low risks were assessed in FY2007. We will continue to identify, assess, and test the institutional/operational risks and control environment. We will ensure that the responsibility for assessment and maintenance of the controls is a primary function of the leads in each assessable business unit. We will also ensure periodic testing of the controls required to ensure that they are operating as intended.

2. Review of Internal Controls

As part of the Controller's Office transformation initiative, the accounting processes will be assessed for adherence to sound business practice. Along with this assessment, internal controls will be reviewed, and recommendations made, for improvements as necessary. In FY2007 the Controller reviewed accounts payable, travel accounting, and cash management processes. Implementation of recommendations will move forward in FY2008. Additional processes will be reviewed as resources become available.

3. Self Assessments

Self assessments provide the opportunity for the Laboratory to assess controls, mitigate risk, improve processes, and promote sound business practices. The OCFO will continue to select high-risk areas of financial processes to be included in an annual OCFO Self Assessment Plan. The plan will include all divisions in partnership with the Office of Contract Assurance (OCA) and with concurrence from DOE. The results of each assessment will be documented and reviewed by the CFO and OCFO Management. Corrective actions will be identified and entered into the Laboratory's Corrective Action Tracking System (CATS) to be monitored through completion. A final report for each self assessment, identifying strengths as well as opportunities for improvements, will be developed by the OCFO and shared with division management.

4. Funds Management

Funds management is a critical business function at LBNL. The OCFO will provide leadership in the development and implementation of a Lab-wide funds management capability through its systems, policies, procedures, and training initiatives. Specifically, the OCFO, in partnership with other LBNL organizations, is in the process of implementing a new, comprehensive, centralized, integrated Budget and Planning System that includes funds management (brought on-line in FY2007), project planning, and institutional planning capabilities, combined with powerful reporting and analytical tools.

Once completed, the integrated Budget and Planning system will provide the capability to analyze the relationship of funding to project planning and actual costs and will ensure that adequate institutional controls are implemented. In addition, the OCFO will continue to develop Lab-wide financial polices and procedures, such as the Stop Work Policy, that promotes stronger funds management and control practices. Finally, the OCFO has instituted a training module for the Laboratory's resource and business management communities in FY 2007 on funds control policies, procedures, and best practices for widespread use in the divisions. This training module will be extended and provided to the Laboratory's scientific community beginning in FY 2008.

VI. Conduct Workforce Development That Links Recruitment, Training, And Development Decisions To Organizational Goals

The goal of the OCFO's Human Capital Strategic Plan is to build a model workplace for the 21st century that incorporates attracting, developing, engaging, and retaining our top talent. We strive to create a performance culture focused on individual and organizational accountability that will enhance and secure the future of the OCFO. We will align our reward system with our main strategic objective which is to support the achievement of LBNLs programmatic goals and priorities.

1. Review Workforce Management Program

One of the most important tasks of the senior management team is to focus on workforce planning, its alignment with the strategic objectives of the OCFO, and also to understand the benefits of long term planning. Objectives would be to evaluate the "people" resources of the organization and determine specific competencies, appropriate cross-training, and succession planning, keeping in mind that our reward system will align with our business strategy.

VII. Enhance Our Internal Communication

We will be taking a fresh look at how we communicate to our employees to make them feel more included and informed about important issues in the OCFO. We will be looking at content, frequency, types of communication, and new technological ways to disseminate it. Keeping staff informed will make them feel more aligned with our organization and its strategic goals.

1. **Communication Committee**

   We will appoint a Communications Committee that will be made up of a cross-section of employees in the OCFO. They will meet for a designated amount of time to develop the OCFO Communications Plan. This committee will give input on how we can best plan our town hall meetings, give advice on what may be the best means of communication, how often and how much information should be communicated, and any other issues that revolve around how we communicate to our staff.