



Lawrence Berkeley
National Laboratory

LBNL FY24 INTERNAL AUDIT PLAN

The LBNL FY24 Internal Audit Plan describes the projects that will be performed in FY24 based on contractual requirements and results of our annual risk assessment. In addition to these projects, the plan also allocates resources as needed to potential supplemental projects, audit follow-up, and investigations that may arise during the year. A summary list of all the projects can be found at the end of the document.

Internal Audit follows the principle of a flexible audit plan that includes adequate resources set aside for varying risk coverage and possible adjustments in the project mix should the need arise to respond effectively to evolving risks and emerging issues during the year.

Required Projects

1. FY23 UCNL Home Office Costs

Based on DOE Contract 31 Clause H.4, the DOE Contracting Officer (CO) requests Internal Audit to perform an audit FY23 UCNL home office costs charged to LBNL. The CO provisionally approved FY23 home office costs for \$1,930,677. The audit will verify if such costs are allowable, allocable, and reasonable, and within the terms of the contract. The results of the audit form the basis for DOE's approval and final determination of UCNL home office costs for the year.

2. FY24 OMB A-123 IT General Controls

This is an audit of selected information technology (IT) controls to support compliance with the Office of Management and Budget Circular A-123 (OMB A-123) requirements related to financial reporting, and as a component of the Federal Managers Financial Integrity Act (FMFIA). OMB A-123 defines management's responsibility for ensuring adequate internal controls reside within the financial processes and reporting structure throughout the Lab.

Risk-Based Projects

3. Audit of Perma-Fix Subcontract #7599224

Based on requirements in Procurement SP 42.2 (Allowable/Incurred Cost Audits), we will perform an incurred cost audit of Subcontract #7599224 with Perma-Fix Environmental Services, Inc. This is a time and materials subcontract for demolition and remediation of buildings 4 and 14 under Old Town Phase VI project. The scope will be Perma-Fix's subcontract valued at approximately \$9M to determine if invoiced costs comply with the subcontract terms and conditions, and are allowable, allocable, and reasonable under applicable federal cost principles.

4. Talent Retention Management

We will perform an assessment of the Lab's retention efforts and related process to effectively



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address turnover in critical and difficult-to-replace positions during the post COVID-19 pandemic period. Workforce management is listed in DOE's risk profile and various industry publications that reflect labor market constraints and evolving employees' expectations impacting employee retention, including employee well-being, flexible work arrangements, compensation and career advancement.

5. Work Planning & Control (WPC) - Electrical Energization Activities in Maintenance Projects

We will perform an assessment of WPC execution and safety measures for electrical energization activities related to maintenance projects. The assessment's objective is to determine adequacy of work planning and execution process including supervision, safety procedures, training and awareness to prevent electrical accidents from energization activities. We will reference the results of a DOE review and lessons learned from an electrical accident resulting in serious injury at a nearby national lab in December 2022.

6. FY24 Time and Effort Reporting

This is an assessment of time and effort reporting controls that affect the accuracy and reliability of labor hours charged to projects. Labor charging is a consistent topic listed in DOE's fraud risk profile regarding excess hours reported that were not actually worked. We will evaluate the Lab's time and effort reporting process for compliance with policies, procedures and internal controls designed to ensure the accuracy and reliability of labor hours reported as incurred and charged to projects, consistent with cost allowability requirements in the DOE contract and other sponsored project agreements.

7. FY24 Procurement Card Controls

We will perform a review of the PCard process to assess the effectiveness of controls that ensure PCard charges are valid, allowable and in compliance with policy and guidance. PCard is listed in DOE's fraud risk profile regarding the use of PCard to pay for non-business expenses. The Lab's total amount of PCard transactions in FY22 was approximately \$19M, which has been trending higher every year.

8. FY24 Controls Assessment and Monitoring

In coordination with the Controller's Office, we will perform an assessment of key controls to address issues, questioned costs, and opportunities for improvement from prior audits. As recommended by GAO and DOE, data analytics will be used to evaluate controls over a wide range of transactions, and will leverage lessons learned from the OIG Incurred Cost (ICE) audit. This assessment is part of the Lab's measures under the FMFIA for ongoing evaluations on the adequacy of internal accounting and administrative controls.



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Advisory Review

9. FY23 Incurred Cost (ICE) Submission Review

This is an advisory review requested by the OCFO as part of an internal quality assurance process for the ICE schedules prior to submission to DOE. We will perform an overall mathematical verification of ICE schedules and a walkthrough of the data to their source information. DOE Consolidated Service Center also recommends this high-level review. This is not an audit of ICE cost data; the advisory review excludes substantive transaction testing.

10. CY23 Senior Management Group Executive Compensation & Outside Professional Activities

This advisory review will include the data accuracy of the Lab's 2023 Annual Report of Executive Compensation submitted to UCOP. Each year, UC fulfills its requirement to present a report to the State Legislature and to the public on the compensation of its senior managers. UCOP requires that each campus and national laboratory submit an annual report on compensation for a specific population. For the Lab, the reporting population includes members of the Senior Management Group and division directors whose compensation meet the annual reporting threshold.

Supplemental Audits

Projects to be determined based on emerging and evolving risks, issues and management requests for ad hoc reviews.

Audit Follow-Up

Verification of completion and evaluation of effectiveness of management actions taken as a result of prior audits.

Investigations

Investigation of whistleblower complaints and potential improper governmental activity, requested by Lab management, Locally Designated Official, and the Investigation Workgroup.



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Required Projects

1. FY23 UCNL Home Office Costs
2. FY24 OMB A-123 IT General Controls

Risk-Based Projects

3. Audit of Perma-Fix Subcontract #7599224
4. Talent Retention Management
5. Work Planning & Control - Electrical Energization Activities in Maintenance Projects
6. FY24 Time and Effort Reporting
7. FY24 Procurement Card Controls
8. FY24 Controls Assessment and Monitoring

Advisory Review

9. FY23 Incurred Cost (ICE) Submission
10. CY23 SMG Executive Compensation & Outside Professional Activities

Supplemental Audits

Projects to be determined based on emerging issues and management request

Audit Follow-Up

Evaluation of various management actions taken as a result of prior audits

Investigations

Projects to be determined based on need and management request