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National Laboratory

# LBNL FY25 INTERNAL AUDIT PLAN

The LBNL FY25 Internal Audit Plan describes the projects that will be performed in FY25 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. FY24 UCNL Home Office Costs

Based on DOE Contract 31 Clause H.4, the DOE Contracting Officer (CO) requests Internal Audit to perform an audit FY24 UCNL home office costs charged to LBNL. The CO provisionally approved FY24 home office costs for \$2,210,458. The audit will verify if such costs are allowable, allocable, and reasonable, and within the terms of the DOE Contract. The results of the audit form the basis for DOE's approval and final determination of UCNL home office costs for FY24.

### 2. FY25 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. Export Controls – Technology Control Plans

This is an effectiveness review of Technology Control Plans (TCP) requested by the Export Controls Office to ensure that internal protocols for handling export-controlled technologies are effective, including onsite controls and research information security. The review is an essential measure for maintaining regulatory compliance, operational integrity and stakeholder trust within the Lab's security and risk management program.

### 4. Intra-University Transactions – Joint Appointees

This is an audit of Intra-University Transactions (IUTs) to UC Berkeley for joint appointees in



Lawrence Berkeley  
National Laboratory

# LBNL FY25 INTERNAL AUDIT PLAN

support of the Lab's research projects. The scope will include a review of IUTs for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 44.1 (Intra-University Transactions). We will perform an audit of payments for the above IUTs during the period FY19 to FY23 to determine if the invoiced costs comply with the IUT agreements and are allowable and allocable.

## **5. Intra-University Transactions – GSRA Tuition and Fee Remissions**

This is an audit of IUTs to UC Berkeley for UC student tuition and fee remission for Graduate Student Research Assistants (GSRA). GSRA are graduate students with Lab appointments who assist the Lab's scientists with research and development. The scope will include a review of IUTs for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 44.1 (Intra-University Transactions). We will perform an audit of payments for the above IUTs during the period FY19 to FY23 to determine if the invoiced costs comply with the IUT agreements and are allowable and allocable.

## **6. Intra-University Transactions – Utilities**

This is an audit of IUTs to UC Berkeley for utilities provided to the Lab including water, electricity, steam heat, natural gas and sewage services. The scope will include a review of IUTs for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 44.1 (Intra-University Transactions). We will perform an audit of payments for the above IUTs during the period FY19 to FY23 to determine if the invoiced costs comply with the IUT agreements and are allowable and allocable.

## **7. Intra-University Transactions – Library Services**

This is an audit of IUTs to UC Berkeley for library services and scholarly resource content. UC Berkeley provides the Lab a variety of library services including collection development, managing access controls, cataloging and metadata of library resources, etc. The scope will include a review of IUTs for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 44.1 (Intra-University Transactions). We will perform an audit of payments for the above IUTs during FY23 to determine if the invoiced costs comply with the IUT agreements and are allowable and allocable.

## **8. Intra-University Transactions – UC Davis #7387767**

This is an audit of IUT agreement #7387767 to UC Davis for research and development in the establishment of anthracnose infection assays in their greenhouse and growth chamber, and other areas in accordance with the Statement of Work, Joint BioEnergy Institute Phase III: Feedstock Development. The scope will include a review of IUT transactions for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 44.1 (Intra-University Transactions). We



Lawrence Berkeley  
National Laboratory

# LBNL FY25 INTERNAL AUDIT PLAN

will perform an audit of payments for the above IUT during the period of performance to determine if the invoiced costs comply with the IUT agreements and are allowable and allocable.

## 9. **Montana State University Subcontract #7365998**

Based on Procurement Standard Practice 42.2 (Performance of Incurred Cost Audits), we will perform an incurred cost audit of Montana State University subcontract #7365998. This is a cost-reimbursement subcontract for research and development work to support the Ecosystems and Networks Integrated with Genes and Molecular Assemblies (ENIGMA) project. The scope will be the above subcontract valued at approximately \$2.2M to determine if invoiced costs comply with the subcontract terms and conditions, and are allowable, allocable, and reasonable under applicable federal cost principles.

## 10. **Vendor Payment Management – Vendor EFT Bank Information**

This is a review of controls over management of vendor bank information and related changes to prevent improper payments. The review coincides with the Lab Accounts Payable plan to implement a new vendor portal in PeopleSoft for all vendor payment information. This subject matter was listed in the DOE FY23 Risk profile under Vendor Management - risk of improper changes to vendor's EFT bank information via payment diversion fraud (vendor email compromise).

## 11. **UC Systemwide Audit – UCPATH Payments and Final Pay Controls**

As part of a UC Systemwide audit, we will review UCPATH payment controls to prevent and mitigate overpayments, and to process final payments for terminating employees.

## Advisory Review

### 12. **FY24 Incurred Cost Submission (ICS) Review**

This is an advisory review requested by the Lab OCFO as part of an internal quality assurance process for the ICS schedules prior to submission to DOE. We will perform an overall mathematical verification of the FY24 ICS schedules. The DOE Consolidated Service Center recommends this high-level review. This is not an audit of ICS cost data; the advisory review excludes substantive transaction testing.

## Supplemental Audits

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



Lawrence Berkeley  
National Laboratory

# LBNL FY25 INTERNAL AUDIT PLAN

## Audit Follow-Up

Verification of completion and evaluation of effectiveness of management actions performed 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.



Lawrence Berkeley  
National Laboratory

# LBNL FY25 INTERNAL AUDIT PLAN

## Required Projects

1. FY24 UCNL Home Office Costs
2. FY25 OMB A-123 IT General Controls

## Risk-Based Projects

3. Export Controls – Technology Control Plans
4. Intra-University Transactions – Joint Appointees
5. Intra-University Transactions – GSRA Tuition and Fee Remissions
6. Intra-University Transactions – Utilities
7. Intra-University Transactions – Library Services
8. Intra-University Transaction – UC Davis #7387767
9. Montana State University Subcontract #7365998
10. Vendor Payment Management – Payee EFT Bank Information
11. Systemwide Audit – UCPath Payments and Final Pay Controls

## Advisory Review

12. FY24 Incurred Cost Submission (ICS) Review

## Supplemental Audits

Projects to be determined based on emerging issues and management request

## Audit Follow-Up

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

## Investigations

Projects to be determined based on need and management request