



Lawrence Berkeley  
National Laboratory

# LBNL FY26 INTERNAL AUDIT PLAN

The LBNL FY26 Internal Audit Plan describes the projects that will be performed in FY26 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. FY25 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 home office costs of \$2,365,775 for the 12-month period through September 30, 2025. 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 FY25.

### 2. FY26 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. Conflict of Interest

This is an assessment of the adequacy of controls in the Lab's Conflict of Interest (COI) program to oversee compliance with Lab/UC policy and DOE requirements (Contract 31 Clause I.110, I.92) for outside business activities and conflicts of interest. The review will include COI program tracking and renewals workflow, required disclosure of financial interest and business activities in outside entities, and execution of the COI management plans. Our review will also consider the Contracting Officer's approval of the COI program. Conflict of Interest was listed in the DOE Fraud Risk Profile.



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### 4. Frontier Energy Subcontract #7428376

This is an audit of time and materials subcontract #7428376 to Frontier Energy for field study and research on various heating, ventilation, and air conditioning (HVAC) systems and technologies in the United States. The scope will include a review of the subcontract with an award value of approximately \$2.7M for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 42.2 (Performance of Incurred Cost Audits). We will perform an audit of payments for the subcontract during the period of performance to determine if the invoiced costs comply with the agreement and are allowable and allocable.

### 5. Intra-University Transaction #7495418 – Dark Energy Spectroscopic Instrument (DESI) Project

This is an audit of IUT #7495418 to UC Berkeley – Space Sciences Laboratory for support of the DESI Operations Program to provide management, software, engineering, science, and administrative support. The scope will include a review of the IUT with an award value of approximately \$6.4M 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 IUT during the period of performance up to FY25 to determine if the invoiced costs comply with the IUT agreement and are allowable and allocable.

### 6. Intra-University Transaction #7562496 – Quantum Systems Accelerator Project

This is an audit of IUT #7562496 to UC Berkeley for research in all three primary thrusts of the QSA scientific roadmap. The scope will include a review of the IUT with an award value of approximately \$8.2M 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 IUT during the period of performance to determine if the invoiced costs comply with the IUT agreement and are allowable and allocable.

### 7. Engineering Remediation Resources Group Subcontract #7551229

This is an audit of subcontract #7551229 to ERRG for environmental remediation services for Building 79 Demolition and Site Preparation project. The scope will include a review of the subcontract with an award value of approximately \$10.6M for compliance with the DOE Contract (Appendix G) and Procurement Standard Practice 42.2 (Performance of Incurred Cost Audits). We will perform an audit of payments for the above subcontract during the period of performance to determine if the invoiced costs comply with the agreement and are allowable and allocable. The audit scope will recognize the previous internal audit of ERRG and will focus on payments that have not been previously audited.



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## Advisory Review

### 8. FY25 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 FY25 ICS schedules. The DOE Consolidated Service Center also 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.

## 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.



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# LBL FY26 INTERNAL AUDIT PLAN

## Required Projects

1. FY25 UCNL Home Office Costs
2. FY26 OMB A-123 IT General Controls

## Risk-Based Projects

3. Conflict of Interest – Conflict of Commitment
4. Frontier Energy, Inc. Subcontract #7428376
5. Quantum Systems Accelerator (QSA) Scientific Roadmap IUT #7562496
6. Dark Energy Spectroscopic Instrument (DESI) Project IUT #7495418
7. Engineering Resources Remediation Group (ERRG) Subcontract #7551229

## Advisory Review

8. FY25 Incurred Cost Submission (ICS) Review

## Supplemental Audits

Projects to be determined based on emerging issues and management requests.

## 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 requests.