

**Financial Management Systems Improvement Council
(FMSIC) Meeting Notes
Marriott Crystal Gateway Hotel, Arlington, VA
April 14, 2009
(with subsequent updates)**

Attendees: Mike Besancon-ANL, Cindy Conger-Fermilab, Marty Conger-PNNL, Peggy Davis-Savannah River Nuclear Solutions, Jim Eakins-LANL, Rande Finkley-National Securities Technologies LLC, Nancy Fitchpatrick-DOE OR, John Hauser-BNL, Jennifer Hackett-DOE ORO, Mike Mauer, Brian Morishita-INL, Al Moser-LLNL, Brian Sack-INL

Guests: Jeffrey Fernandez-LBL, Ed Maestas-NNSA (for Bill Stenseth), Betsy O'Connor-ANL, Linda Rakow-LLNL, Greg Turner-ORNL,
Not present: Ron Ragland-BWXT Y12, Bill Stenseth-NNSA,

Future of FMSIC

The Council discussed the future of FMSIC and concluded that it probably cannot continue to succeed without representatives from the DOE CFO's office actively engaged. The letter from DOE CFO Steve Isakowitz was discussed in which he suggested the dissolution of FMSIC in favor of a DOE CFO led governing body and in the letter he solicited feedback from the lab CFO's and DOE Field CFO's in regards to his proposal. In the past the Deputy CFO actively participated on the Council but has not participated since last year's ACM.

During this discussion numerous issues, comments, and suggestions were made about a successor to FMSIC:

- The CFO is leaning towards creating a body that would focus on DOE CFO strategic issues. FMSIC members supported the value of such a group.
- In response to the CFO request for comments on the dissolution of FMSIC only five Council members had responded (Note: others have since responded).
- It was discussed that perhaps the role of FMSIC (or its successor) could be to serve as an implementation arm of the DOE CFO group. FMSIC would execute operational and tactical issues in support of the proposed governing body.
- It was suggested that the All-Contractors Meeting be continued in some form to enable the sharing of best practices.
- If we are to reconstitute FMSIC consider adding PSO representatives to the Council.
- If realigned with the new CFO council, possibly consider renaming FMSIC.
- The Council believes that many current activities performed by FMSIC offer solid value to the Department and should continue.
 - Clearinghouse
 - Functional Cost Peer Review Team
 - Best practices and benchmarking

- Communication across the DOE contractor community
- Working groups of subject matter experts to address issues and implement improvements to the benefit of the department.

Marty Conger, FMSIC Chair, subsequently met with Steve Isakowitz and Owen Barwell with one topic of discussion being the future of FMSIC. It was clear at the meeting that feedback to Steve and Owen was for the most part supportive of retaining the functionality of FMSIC under any new construct. Given this feedback and that a new governing body has yet to be formulated, it is the intent of the Council to operate FMSIC under the current charter and continue to address the issues of importance to FMSIC stakeholders at least until a new construct is operational and it is determined how the highly valued aspects of FMSIC are imbedded.

EFCOG and FMSIC Collaboration

Al Moser reported on the developing partnership between EFCOG (Energy Facilities Contractors Group) and FMSIC to work issues of common interest. As reported in prior meeting minutes, EFCOG supports partnering with FMSIC to leverage FMSIC's financial management capabilities. Pam Horning (LLNL), the EFCOG Chairperson, proposed to the EFCOG board the benefits of collaboration between EFCOG and FMSIC and the board concurred. Mike Bebon (BNL) will champion EFCOG's collaboration with FMSIC and in that role he attended the 2009 FMSIC ACM. The three initial areas targeted for collaboration and the status are as follows:

- (1) Cost estimating - Al attend the EFCOG cost estimating meeting at INL the first week of May as the FMSIC representative. Al also met with Barry Berkowitz, DOE HQ Director of Cost Analysis, and as a result of this meeting, Barry presented at the 2009 FMSIC ACM on his office's capabilities.
- (2) Cost of doing business – This is a topic of interest to both SC and NNSA. SC is focused on cost drivers and mitigation efforts and NNSA is looking at the possibility of a common WBS aligned with functional cost categories. A joint working group has yet to be formed.
- (3) Pensions - Marty and Pam Horning will stay abreast of this issue and establish a working group, if appropriate.

In support of this collaboration, Marty Conger attended EFCOG's strategic planning meeting during the first week of May, in Las Vegas. At that meeting EFCOG also agreed to team with FMSIC on:

- (4) Standard charging practices for Safeguards & Security – This is intended to address diverging contractor/site practices for what is charged to direct versus indirect. Launching a working group is contingent on appropriate DOE sponsorship of the effort.
- (5) Earned Value Management System (EVMS) Certification and Labor Charging - Recent EVMS Certification reviews sponsored by the Office of Engineering and Construction Management (OECM) have suggested that a record all hours worked time system was required for EVMS certification.

Work For Others (WFO)

As one of the prior year FMSIC priorities, Ron Butters (LLNL) was tasked to lead a working group to examine WFO and recommend improvements to the WFO process. Team members included Chad Glines-NNSA, Al Moser-LLNL, Bruce Simanton-PNNL, Jennifer Crooks-SNL, Erlan Leitz-INL, Duey Swenson-NTS, Mike Frieze-ORNL, and Jim Eakins, LANL. The group has prepared a report with many solid recommendations. However, the Council concluded that given the change in administration and several other conflicting initiatives the time is not right to move out on the recommendations and will instead monitor the evolving agenda of the new administration to evaluate if/when the recommendations might be aligned with its priorities.

Total Time Reporting

In recent Earned Value Management System (EVMS) certification reviews OECM has identified that a practice of recording all hours worked is necessary to certify a contractor's EVMS system. LANL was the first lab to face this issue and changed their labor practices. Cindy Conger reported that Fermilab is also going through an EVMS review and this issue had surfaced. It was agreed by the Council that FMSIC needs to address this issue if Total Time reporting continues to be stated as a condition of EVMS certification. Peggy Davis reported that SRNS is going through recertification and has offered to lead a working group as appropriate. As noted earlier, FMSIC and EFCOG have agreed to collaborate to address this issue.

ARRA (Recovery Act) Funding

Council members discussed how they were handling ARRA funding. This was also an interactive topic at the ACM meeting. It was noted that fraud training is being required for stimulus funding in some areas.

Council members developed an ARRA best practices list that includes the following:

- Create an ARRA point of contact and a supporting team
- Consider an update to the M&O Contract with the newest version of the Buy American Act clause if ARRA work includes significant procurements (excludes commercial off the shelf items)
- Identify if ARRA funding is the driver for a new hire on personnel requisitions
- Flow down ARRA clauses and reporting requirements on subcontracts
- Obtain site office approval of ARRA practices

Internal Audit Reports

Jim Eakins (LANL) noted there is a lack of visibility of internal audit reports and their findings within the contractor community. Consistent with FMSIC's charter, it might be desirable to have a web index of the internal audits that were conducted at each site with a short synopsis and an identified person to contact. This would allow contractors to evaluate findings at other locations for applicability to their circumstances. The Council liked this proposal and agreed explore further at the next meeting.

Institutional Research Equipment

The Council discussed the need for institutional research equipment – research equipment needed for general capabilities that no single client will fund. It was suggested that one option is a policy similar to IGPE for institutional research equipment. LBL and SNL use org burden for this type of equipment. PNNL uses a tax on WFO to fund this need based on WFO under investing in capital equipment. SNL is interested in funding research equipment capabilities via some broad based mechanism. The Council agreed to evaluate the need for such a mechanism and may consider chartering a working group.

Replacement of FMSIC Members

The Council is still short of DOE members. The Office of Policy, one more field office, and a service center are missing. It was decided to defer action on filling these vacancies until we better understand how FMSIC will fit into the overall governing body under consideration by the DOE CFO.

Conference Management Orders Working Group

Laurie Wong, LANL is now leading this working group. She issued a survey through the Clearinghouse to the contractors and has been compiling the results in time for a recent DOE travel manager meeting. The best practices the team published is on the FMSIC website. Team members include Rich Crowley, former Chair (ANL), Sharon Eason (Y12), Linda Sinatra (BNL), and Rob Breneman (PNNL). The group is working on defining the attributes of a conference (noting that the order defines what a conference is not). An interactive format for determining if a meeting is a conference has been drafted. Once the Council reviews and approves these products, they will also be posted on the FMSIC website.

Inter-Entity Working Group

Hughie Thomas, DOE ORO, gave an update and demo on this effort during the ACM. Team members include Rich Crowley, former Chair (ANL), Jeff Leamont (PNNL), Larry Wilkins (WGSR), Shannon White (Y12), Linda Sinatra (BNL), Hughie Thomas (DOE-OR), new Chair, and Pam Mitchell (LLNL). Any contractor interested in moving to this electronic payment mechanism for work among Integrated Contractors or between the Contractors and DOE Offices should contact Hughie on 865-576-0910.

Highlights from the All Contractors Meeting (ACM) - April 15 & 16

Please see the presentations from the ACM on the FMSIC website

The top priorities for attendees at the ACM for FMSIC to address were as follows (based on a weighted voting system).

1. AARA Consistency & Uniformity of Approach among Contractors
2. S&S Security Charging Practices - Indirect vs. Direct including Cyber Security
3. Cost of Doing Business
4. Pension Funding and Management Issues (including possible direct funding)
5. Total Time Reporting and EVMS Certification

6. Benchmarking & Survey of Best Practices

The Council is considering the FMSIC role in these issues and which topics warrant a working group.

