



**Financial Management Systems Improvement Council
Meeting Notes
Hyatt Regency Bethesda
Bethesda, MD
November 19, 2002**

Attendees: Mike Bartos-ANL, Tom Baranouskas-PNNL, Jim Campbell-DOE HQ, Ralph Bonner-SNL, Bruce Chrisman-Fermilab, Nancy Fitchpatrick-DOE OR, Paul Grefenstette-WSRC, Jim Herring-LANL, Brian Morishita-INEEL, Ron Ragland-BWXT Y12, Brian Sack-BNL, Phil Schultz-LLNL

Guests: Bonnie Apodaca-SNL, Marty Conger-PNNL, Mark Israel-BNL, Rick Lloyd, DOE HQ,

Not present: Paul Keele-DOE ID, Dean Olson-DOE AL, Paul Rosenkoetter-INEEL

- Ralph Bonner announced that he was retiring in December and that Bonnie Apodaca would replace him on the Council.
- Paul Grefenstette announced that he had taken a new position that includes management responsibilities over WRSC, WIPP and West Valley. The Council member indicated unanimously to retain Paul as the FMSIC Chairman.
- **CFO Organizational Changes.** Campbell was appointed Deputy Director for Management, Budgets and Evaluation as well as the Deputy CFO for the Department of Energy. (see org chart). Lyn Henderson retired from his position as the Budget Director.
- **Outsourcing.** 927 positions within DOE have been identified as possible positions to be outsourced. Of this total 150 of these positions reside within the financial services organization. This is part of President Bush's efforts to eliminate 425,000 positions within the federal government. Paul Anderson of SR will chair the director of financial

outsourcing and Dean Olson and Nancy Fitchpatrick will be on the most efficient organization team.

- **NNSA Performance Efficiency Initiative.** A bottoms up review of all non-commercial practices to see what can be eliminated is being conducted.
- **Functional Cost.** Is DOE still using this report? Paul Grefenstette will determine the cost of preparing this report and conducting the cost of peer reviews. He will write a letter to Jim Campbell asking if the report and peer reviews are still necessary. If the reviews are still necessary he will request help from other contractors to serve on the peer review teams.
- **Financial Statements.** The 2001 Performance and Accountability Report will go out shortly. DOE received a clean opinion with no material weaknesses. However, there were some reportable conditions that included (1) performance reporting with a tie into financial systems. (2) Environmental liabilities and active facilities. Problems with error rates in terms of square footage and contamination. The data in FIMS will be scrubbed to reduce error rates. (3) Unclassified information systems security. Penetration type testing and disaster recovery were reportable conditions. (4) WAPA needs to file timely and accurate reporting of financial statements. 2002 Financial Statements. Interim statements are due on March 31. The next requirement will be the these statements must be generated on a quarterly basis. Driving these reporting requirements is the needs to put financial systems in place that can easily generate financial statements. Financial statements for FY-2002 will be accelerated by 30 days. FY-2004 statements will be due n November 15, 2004. Emphasis will be on more controls up front rather than after the fact. No plans to move up the close out of year-end. A working group to look at environmental liabilities has been created. KPMG Audit Planning Session (see attachment).
- **IGPP.** A draft policy has been developed and is being reviewed at HQ. Sandia currently has two prototype IGPP projects and Lawrence Livermore has one.
- **Erroneous Payments.** This activity is part of the President's Management Agenda. Although not considered as a problem in DOE, the department will still participate with other agencies in reviewing for erroneous payments. This will come in the form of self assessments at each service center and one contractor from each service center. Guidance for this effort will be coming out at the end of this week.
- **LDRD.** Appropriations for FY-2003 will include restrictions for LDRD.
- **BMIS Phoenix Project.** Michael Fraser is no longer project manager for this and is the project manager for the human resource and outsourcing projects. Laura Kramer is now the project manager. The project is on schedule and is looking at a phased implementation approach. Funding this year for the project is \$10M. The interface for the contractor feeds was built. Data has been loaded and tested. The assumption is that the data format for the DISCAS feed will not change. Communication of the

project is through the BMIS Phoenix newsletter and their websites. Also, the top 10 issues facing this project are available on their website.

- **Safeguards & Security Methodology.** Mark Israel reported that a survey was conducted to review how S&S charging was being done and the funding preference. The first preference is to fund S&S 100%. The second preference is fund in full but to treat it as DOE added factor (see attachment). Mark will summarize the survey findings and circulate among the FMSIC members. Paul Grefenstette will write a letter to Jim Campbell expressing the Council's preference. There is a need to work out budget execution problems if the funding does not go through WN-ZN.
- **Emergency Funding for DOE or WFO Projects.** (See attachment). This is a model currently used by LLNL and provides for five days of emergency funding.
- **BRC Update.** John Pescosolido was unable to attend today's meeting and report on the BRC. The BRC is changing its charter by eliminating program office representatives and expanding the field office representatives from 4 to 7. Will also expand the number of contractor representatives from 4 to 5. They would also like to have permanent representation on FMSIC and also have a representative from FMSIC to the BRC.
- **FMSIC Activities and Discussion of the Continuation of FMSIC.** Major current activities include that FMSIC provides input are the BMIS Phoenix project, Outsourcing, and LDRD. There was a general consensus that FMSIC should continue but needs to determine how it can provide service to the CFO office. Also, a process needs to be put in place that would facilitate immediate communication of data needs, issues and general requests. In the past Betty relied upon the FMSIC Clearinghouse to communicate with FMSIC members when needing data on a same day basis. It was also decided that a "public relations" package was needed to familiarize the financial community of FMSIC's capabilities.
- **Disaster Recovery.** Backup capabilities and technologies are being examined at LLNL for their financial management systems. (see attachment)
- **FMSIC Chairmanship.** Jim Lopez announced that he will be taking another position at LLNL and that he will no longer be part of FMSIC. An election was held and Jim Herring was elected as FMSIC Chairman-Elect. Paul Grefenstette will assume the current chairmanship and will serve a two year term.
- **Functional Cost.** The accuracy, collection and reporting of functional costs were discussed. Suggestions to improve this reporting and resolution of unresolved differences between the peer review team and the reviewed site should be sent to Jim Campbell. The peer review team has scheduled their reviews for the current fiscal year with the intent of conducting reviews of each site every three years. It was decided against moving safeguards and security costs to mission direct. It was also decided that whichever site does the work is the one who should report WFO costs.

- **BMIS Phoenix Update.** The BMIS Phoenix project has been replaced with I-Manage and STARS ([see handouts](#)). With the completion of the Mitre study a decision was made to expand the project so that it would include the replacement of the DOE corporate business management systems and to integrate financial, procurement, budgetary, personnel, and program and performance information. Christopher Simpson, Director, Office of Management Analysis was appointed to oversee this effort.
- **New Model Contract.**
- **Budget Results Council.** It was decided that FMSIC will assume the responsibilities of the now defunct Budget Results Council. Paul Grefenstette and Jim Herring will mention this to Jim Campbell.
- **Next FMSIC Meeting.** The next FMSIC meeting will be held in Bethesda in June or July. A BMIS Phoenix update meeting is also tentatively scheduled in conjunction with the FMSIC meeting.