

Financial Management Systems Improvement Council  
FMSIC Meeting Notes  
Marriott Crystal City Ronald Reagan Hotel  
Arlington, VA  
August 5, 2009

**Attendees:** Marty Conger-PNNL, Peggy Davis-Savannah River Nuclear Solutions, Jim Eakins-LANL, Rande Finkley-National Securities Technologies LLC, Brian Morishita-INL, Al Moser-LLNL, Ron Ragland-BWXT Y12, Brian Sack-INL, Tim Southard-DOE OR

**Guests:** Tony Bleach-PPPL, Gary Concannon-SNL, Jeffrey Fernandez-LBL, Dennis Newby-ORNL, John Wall-DOE HQ

**Not present:** Mike Besancon-ANL, Cindy Conger-Fermilab, John Hauser-BNL, Jeffrey Kallio-SNL

**Key Issue:** The majority of the meeting was focused on the future of FMSIC in light of the decision of the DOE CFO to withdraw sponsorship of FMSIC. Given the significance of the discussion the meeting was open to all concerned contractors.

**Conclusion:** After an in-depth discussion of the value FMSIC has provided to the contractor community the group decided to continue FMSIC as an entirely contractor sponsored group. Further, the group decided to restructure the Council and replace the DOE Council positions with Contractor representatives. DOE staff will still be invited to participate at their discretion and we expect some will likely do so to the extent they see value in their participation. Since Steve Isakowitz indicated he wanted to continue the Clearinghouse, this outcome will provide the ongoing funding support for the Clearinghouse, which makes up the majority of the FMSIC budget.

It was decided to hold the next FMSIC meeting (rescheduled to November 18) as planned but invite other contractors to join the Council on a self select basis. Existing Council members could leave the Council if they so choose. The cost of operating FMSIC will be split among the reconstituted Council members. A few decisions pending decisions from a reconstituted Council include 1) revised charter and scope 2) meeting locations - possibly rotating 3) consider renaming FMSIC and 4) sponsorship of an All Contractors Meeting (ACM). Tentatively until the revised council is convened the intent is to continue the FMSIC name and plan for an ACM in April.

**Action:** If you would like your DOE prime contractor operation represented on the Council, please contact Marty Conger, FMSIC Chair ([martin.conger@pnl.gov](mailto:martin.conger@pnl.gov)). Council members are expected to be CFO's, Controllers or other senior financial managers of the contractor.

One thing not addressed by the DOE-CFO was the future of the Functional Cost Peer Reviews conducted by FMSIC chartered teams that review each site's Functional Cost submittal on a three year rotating basis. Functional Cost reporting has served DOE well

in proactively addressing questions from Congress, OMB and the like. The peer reviews ensured the reporting was consistent among locations. As of late the peer reviews have only found minor issues resulting in few recommendations for improvement, reflecting a mature process for Functional Cost reporting. So unless we hear otherwise from the DOE CFO's office, we intend to discontinue the Functional Cost Peer reviews for now but might consider revisiting in a few years if the CFO's office is so inclined. The group did express a concern that over time practices will diverge and the data will become less valuable.

A few other notable items that surfaced in the discussion:

- The CFO has formed a CFO Council that is comprised of CFOs from many of the major DOE labs. The focus of the CFO Council will be on strategic issues and the lab membership loosely parallels that of the National Laboratory Directors Council (NLDC). The NLDC's entire body does not meet regularly but its executive committee does to conduct business. The NLDC has the ear of Secretary Chu and the CFO Council has the ear of Steve Isakowitz.
- The FMSIC Clearinghouse, FMSIC working groups and the FMSIC All-Contractors Meeting were identified by the meeting attendees as having high value and should be retained.
- The interface between EFCOG and FMSIC needs to be clarified particularly in light of the CFO's decision to withdraw its support of FMSIC. Marty Conger, FMSIC Chair will apprise Pam Horning, EFCOG Chairperson, of FMSIC's status and discuss maintaining FMSIC's relationship with EFCOG. Given some of the strong common interests between EFCOG and FMSIC such as adequate pension funding, Safeguards & Security direct funding/charging practices and total time reporting the meeting attendees agreed upon the need to maintain a relationship with EFCOG.
- Meeting attendees noted that it was helpful to have the Oracle User Group meeting in conjunction with the ACM.
- The next two FMSIC meetings will be held in DC. After that a decision will be made by the reconstituted Council whether or not to rotate the location of future FMSIC meetings as was done in the past.
- The group believed some participation by DOE in FMSIC was desirable even if DOE is not formally part of the Council. The group suggested inviting a representative from Office of Policy, NNSA, and one or more field offices (ORO has identified Tim Southard). We need to engage the A123/FMA lead (previously Dean Childs) and continue a relationship with Warren Huffer, particularly with the evolution of I-Manage and associated implications to the contractors. DOE staff interested in an association with FMSIC are encouraged to contact Marty Conger or Brian Morishita.
- 2010 All Contractors Meeting – The group decided to continue planning for an ACM but to avoid scheduling during the last week in March/first week of April. Last two weeks of April are most desired.

## *Current Issues*

The following is a recap of issues discussed in the meeting.

- Total Time Reporting and EVMS Certification - Clarifying guidance on total time reporting is in the process of being developed and circulated among DOE staff and the CFO Council for review and comments. The initial policy letter by the DOE-CFO suggested total time reporting was required by Cost Accounting Standards and could only be waived based upon a materiality study. This policy change appeared to be driven by the Office of Engineering and Construction Management (OECM) which had taken the position that Total Time reporting is required for Earned Value Management System (EVMS) certification. Several contractors had initiated changes to total time charging practices in response to OECM reviews, most choosing a proration approach. This issue caught the attention of the NLDC which encouraged DOE to reconsider this policy. The DOE-CFO's office has indicated OECM will defer to the revised CFO policy which is expected to clarify that total time reporting is encouraged but not required. PNNL engaged a former member of the CAS board, Lou Rosen, who was instrumental in the drafting CAS 418 to provide an opinion that CAS 418 does not require total time reporting. Anyone wishing to get a copy of Lou's white paper may contact Marty Conger.
- ARRA Practices and Reporting - Guidance on ARRA reporting requirements continues to evolve. Most of the contractors reported using varying practices for reporting based on sometimes conflicting guidance from different areas of DOE. It was reported that in a CFO Council call Owen Barwell mentioned DOE was aware of the risk the different practices may cause and is tentatively planning a meeting to of both DOE and Contractors to discuss and/or reconcile reporting practices. It was also noted that a best practices is for a contractor to assign one overall point of contact for all ARRA issues and also have a cross functional team designated to support the POC in addressing ARRA issues.
- Joint Appointments – A little over a year ago an IG audit looked at practices at ORNL and ANL for joint appointments (University staff having a part time position at a DOE Lab and vice versa) and questioned if the practices met full cost recovery requirements. Some joint appointments were funded via subcontract with special overhead treatment. PNNL and ORNL are exploring using a shared labor approach that moves away from a subcontract vehicle and effectively treats the appointee as being a part time employee of both institutions while being on the payroll and benefits of the home organization. LLNL is interested in joining PNNL and ORNL in exploring this. If others want to participate, contact Brian Morishita.
- Missing laptops - Attendees discussed how missing laptops were handled at their site. Many of the sites have a 30 day wiping policy that deletes a missing laptop's access to their network after 30 days notice. PNNL and INL will share their missing laptop policy with LLNL. If others wish to have a copy of these polices, contact Brian Morishita.

- Change in Federal Travel Regulations - A new policy was recently published that requires the deduction of continental breakfasts from a traveler's meal allowance per diem. Other changes strengthen the automatic deduction of conference provided meals from the daily meal allowances unless an employee has a physician's statement exempting that employee from eating conference provided meals.

### **FMSIC Working Groups**

- Inter Entity Electronic Billing/Payment – Tim Southard asked the group if the contractors are ready for this process to be rolled out at the beginning of FY10. Meeting attendees agreed that they were ready and Tim noted that Hughie Thomas will prepare for an October 1, 2010 deployment.
- Conference Management - A conference management tool has been developed by the FMSIC Conference Management Working Group and is currently being tested. This tool consists of a series of questions to help the user determine whether or not an event is considered a conference as defined by the current Conference Management Order. Once fully tested this tool will be made available and will also be on the FMSIC website.  
([https://inlportal.inl.gov/portal/server.pt/gateway/PTARGS\\_0\\_1252\\_44142\\_0\\_0\\_18/080509conferencemanagement.pdf](https://inlportal.inl.gov/portal/server.pt/gateway/PTARGS_0_1252_44142_0_0_18/080509conferencemanagement.pdf))
- Hackett Benchmarking - Four labs (PNNL, ORNL, ANL and NREL) have recently joined the NNSA sites on the finance benchmarking that is being conducted by The Hackett Group. Among the NNSA sites Pantex, Y-12 and KCP were determined to be best in class based in select areas based on the data compiled across NNSA contractors. Brian will contact Christy Higgins, The Hackett Group, to ask Hackett to present the consolidated results at the next ACM. Several contractors noted there was solid value in participating in the Advisory Services offered by Hackett.
- Potential New Working Groups – The group discussed possible new working groups including determining/publishing best practices for managing Pension Assets/Liabilities and developing Common Safeguards and Security Charging Practices. Both may offer opportunity to partner with EFCOG. These working groups will be evaluated at the November meeting.

### ***Next FMSIC Meeting***

The Next FMSIC Council Meeting will be held on November 18, 2009 at the Marriott Gateway Hotel, Arlington, VA.