

**FRA Visiting Committee for the Fermi National  
Accelerator Laboratory**

**Administration and Operations  
Support Review – 2009**

**August 3-5, 2009**

## TABLE OF CONTENTS

Team Members.....	3
Charge to the Committee .....	4
Background.....	5
Methodology and Approach.....	6
Observations, Noteworthy Practices, Recommendations, and Findings	
Business Services Section.....	7
Environment, Safety and Health Section.....	10
Facilities Engineering Support Section.....	13
Finance Section.....	15
Information Technology and Computing Division.....	18
Office of Quality & Best Practices.....	20
Workforce Development and Resources Section.....	22
Answers to Questions from the Charge.....	24
Conclusions.....	26

**FRA VISITING COMMITTEE  
FOR  
FERMI NATIONAL ACCELERATOR LABORATORY  
Batavia, Illinois**

**ADMINISTRATION AND OPERATIONS  
SUPPORT REVIEW**

**August 3-5, 2009**

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**FRA Visiting Committee for Fermilab  
Administration and Operations Support**

**May 7, 2009**

**Charge to the Committee**

Fermi Research Alliance, LLC (FRA) has established an annual Visiting Committee consisting of a diverse group of experts for the purpose of performing a three-day peer review of the Fermi National Accelerator Laboratory's (Fermilab's) administration and operations support activities. Administration and Operations external reviews are conducted annually at Fermilab at the behest of the FRA Board of Directors in order to continually improve Laboratory operations, integrate best practices into the Laboratory management culture and to apprise the FRA Board of Directors and FRA management of the status of administrative and operational support and related issues requiring further study and/or resolution.

The Visiting Committee is asked to review and evaluate the quality and effectiveness of Fermilab's administrative organizations and operations support systems, which specifically include: Quality and Best Practices; Environment, Safety & Health; Facilities Engineering Services; Business Services; Workforce Development and Resources; Information Technology; and Finance. While the review team will have discretion to pursue questions of interest, the format for the review will consist of presentations by Fermilab offices/Sections that specifically answer the following questions in no more than 2 slides per question:

1. How did your functional area fare last year (FY 2008) versus established performance measures? What steps are being taken to address deficiencies or sustain outstanding performance? What is your assessment of progress to date against FY 2009 performance measures and your projections of outcomes for the year on these measures?
2. How has the reorganization and consolidation of IT support services affected your area?
3. If your area is playing a role in the receipt and/or use of ARRA funds, are there issues (e.g. allocation, control, reporting) with this funding and if so, please describe them and associated potential impacts on your ability to execute mission objectives and how you plan to successfully manage them?
4. How is your unit implementing appropriate aspects of the Quality and Best Practices plan and are you on schedule?
5. What interaction has your unit had this fiscal year with corresponding operations staff at Argonne National Laboratory? What are your future plans for interaction, and what are your specific goals?
6. What specific steps have you taken to pursue cost-reduction opportunities (e.g., outsourcing, benefit price reduction, etc.)? What do you plan for the future? Were there lessons learned from your preparation for workforce reduction that have helped you or could help you in the future?
7. What specific achievements has your unit made in developing and sustaining a service culture? What do you plan for the future?

## 8. How are you addressing succession planning for your unit?

FRA tasks this Committee to assess the Laboratory's progress in these specific areas, to identify opportunities for improvement, and make recommendations to FRA and in turn to Laboratory management. These recommendations should be prepared informally in an oral closeout at the end of the peer review process and in a final written report to FRA no later than August 31, 2009.

### **BACKGROUND**

Fermilab is located in Batavia, Illinois and is managed and operated by the Fermi Research Alliance, LLC under contract with the U.S. Department of Energy (DOE). The Laboratory's mission is to advance the understanding of the fundamental nature of matter and energy by providing leadership and resources for qualified researchers to conduct research at the frontiers of high-energy physics and related disciplines. The Laboratory's most noteworthy research facility is the Tevatron which continues to operate at the world's highest center-of-mass energy. The DOE plans to continue to operate the Tevatron for user research in FY 2010. The facility may continue to operate beyond that point depending on funding opportunities, the outcome of re-start activities of the Large Hadron Collider at CERN planned for the fall of CY 2009, and other factors.

FY 2009 Congressionally-appropriated funding for Fermilab is approximately \$380M. In addition, the Laboratory has received \$102M in American Recovery and Reinvestment Act (ARRA) funding that is being used for investments in critical scientific infrastructure, research toward next generation particle accelerators, and continued development of a future neutrino experiment.

The Office of High Energy Physics (OHEP) in the DOE Office of Science (SC) is Fermilab's principal program and funding sponsor. DOE's Fermi Site Office (FSO) is co-located at the Laboratory and is assigned a set of contract administration responsibilities including important performance assessment duties under the Department's Performance Evaluation and Measurement Plan (PEMP) for Fermilab.

The FRA Visiting Committee for Administration and Operations Support is an important element of FRA's corporate strategy to assess the Laboratory's performance in functional areas that are critical to the Laboratory's mission success. The Committee is composed of consultants who bring a broad range of functional expertise and experience in laboratory management from the public and private sectors.

Two developments occurred in the last year that had major impacts on the Laboratory's administrative and operations support structure. First, in February 2009, the Director announced a reorganization of the information technology functions in which the MIS unit (formerly assigned to the Finance Section) was integrated into the Computing Division under an acting Chief Information Officer. This integration and centralization of IT resources and services is a dramatic change for the Laboratory. Secondly, the Laboratory has been allocated more than \$100M in ARRA funding which adds new challenges for effective and efficient use of Government funds. The FRA charge to the Committee recognizes these new developments and requests an assessment of how well the Laboratory is addressing related challenges.

## COMMITTEE MEMBERS

Team members include experts with functional and organizational expertise consistent with the FRA charge. The Committee includes experience from private industry, DOE's national laboratories, and the DOE in the fields of business management, human resources, ES&H, facilities management, quality assurance, information technology, finance and budget. The team also includes a member of the FRA Board of Directors, who has many years of experience at the Laboratory and with the scientific and user communities.

## METHODOLOGY AND APPROACH

The review process included information gathering through a variety of processes: briefings, interviews, document reviews, and observations of on-site activities. Data collection methods were qualitative in nature, and specifically included:

- **Briefings** – The Visiting Committee was briefed by the Laboratory Director, Chief Operating Officer, Acting Chief Information Officer, and Section Heads, a process which was interactive and included question-and-answer segments and included the answers to questions posed by the Committee prior to the Review.
- **Interviews** – More than fifty Fermilab staff members and DOE Fermi Site Office personnel were interviewed during the course of the assessment. Interviewees included a diverse range of both operations and administrative support staff, as well as their customers (representatives of the mission-related organizations who use Section services).
- **Document Reviews** – The team reviewed key Laboratory documents particularly in the area of Quality and Best Practices.

The Committee was divided into seven segments for purposes of interviewing and report writing, based on team members' specific areas of expertise and experience, and each was assigned a major focus area: Facilities Engineering, ES&H, Finance, Workforce Development & Services, Business Support Services, Quality and Best Practices and Information Technology.

The results were divided into four categories:

- **Observations** – Significant items gleaned from the formal presentations and the interviews that we wish to acknowledge.
- **Noteworthy Practices** – Practices and procedures identified in one Section that either are significantly beneficial to the operation of the Laboratory or could be applied by other Sections to improve their performance.

- **Recommendations** – Areas identified by the Committee that have room for improvement and should be addressed by Section personnel and other Laboratory personnel where appropriate.
- **Findings** – Serious deficits in need of immediate action that have the potential for negative outcomes in performance. These are often issues that can only be dealt with by Laboratory senior management.

As shown in this report, these categories were not all applicable to every organization and every charge question.

## **OBSERVATIONS, NOTEWORTHY PRACTICES, RECOMMENDATIONS, AND FINDINGS**

Following are the Committee's assessments of the Laboratory's performance at the Section/Division level. Responses to charge questions are addressed in each organizational section below except for questions 5 ("interactions with Argonne National Laboratory"), 6 ("cost reduction"), and 7 ("service culture") which are addressed as cross cuts later in the report.

### **Business Services Section (BSS)**

The Committee interviewed the BSS Head as well as representatives from Procurement, Property, and Travel. Feedback was also obtained from customer representatives and the FSO. Overall, the Committee was impressed with the level and quality of service that BSS provides to the Laboratory. Although Fermilab is not facing furloughs or reductions in staff as it did last year, funding continues to be constrained for BSS operations and staffing. At the same time, additional project funds from ARRA provide a challenge to ensure that these additional funds are managed effectively.

### **Observations**

The Committee found that, with minor exceptions, BSS met or exceeded established performance measures for FY 2008 and expects to meet or exceed its FY 2009 performance measures. Based on interviews with BSS personnel, it is evident that BSS has a strong culture of continuous improvement which has helped BSS perform at high levels notwithstanding limited resources. While there is the occasional problem or issue, BSS customers are very complimentary of the overall services that BSS provides.

With respect to the reorganization and consolidation of IT support services, BSS believes it continues to receive adequate IT support. This does not mean that there are no concerns. The Committee notes that whenever there are significant changes in how an organization does business, it is normal for customers to have concerns as to whether they will receive the same level of service as it did previously and BSS is no exception. One of the BSS priorities for the future involves the implementation of Oracle iProcurement and BSS hopes that it will receive the necessary support to do this.

ARRA funding will affect BSS primarily in the procurement area. There was some initial concern about its readiness to manage the procurements for the construction projects that were to receive ARRA funding. However, the procurement organization now believes that it is ready to support these projects. Procurement personnel also noted that they actively participate in the advance planning for projects and that the technical groups, for the most part, provide the procurement organization a heads-up when planning future work.

Another area in which BSS has been actively involved is Fermilab's Quality and Best Practices initiative. BSS has appointed a QA Representative and is on track to complete its actions from the 2006 audit. With respect to QA program implementation, actions taken to date include but are not limited to assessing a baseline sample of processes, identifying Corrective Action Plans, initiating development of the identified Corrective Action Plans, and serving on the Director's Council on Integrated Assurance. BSS is also preparing to respond to the DOE data call for the September 2009 audit.

With respect to interactions with Argonne National Laboratory (ANL), BSS continues to look for ways to collaborate with its ANL counterparts. The areas of interaction are primarily in information resources, transportation, procurement, property, and accommodations. Examples include but are not limited to:

- Participating in ongoing meetings with Records Management staff;
- Adding more than 60 ANL job postings to the HEP jobs database;
- Visiting the University of Chicago with ANL to discuss library collaboration;
- Assisting ANL traffic/shipping to identify freight forwarders and movers;
- Providing advice and procedures to ANL for fleet management reporting and utilization;
- Receiving procurement and shipping assistance from ANL regarding U.S. Department of Commerce duty-free entry application procedures in connection with the NOvA project at a potential cost savings of \$760,000; and
- Recycling ANL electronics.

BSS plans to continue to pursue interactions with ANL. While many of the interactions have consisted of information exchanges, there are some that have resulted in real efficiencies and/or cost savings.

In an effort to stretch existing resources further, BSS regularly looks for ways to achieve efficiencies and cost reduction. In addition to the use of ANL duty-free entry application procedures mentioned above, BSS has implemented an award-winning electronics recycling program which, as mentioned above, includes ANL's electronics. Other efforts include implementing the new electronic travel authorization/voucher system, e-commerce for procurement, and exceeding the targets for reduction in annual petroleum consumption and alternative fuel usage. Another on-going global-wide effort (includes CERN, DESY, other national laboratories) that BSS is pursuing is open access to various scientific journals that are currently very expensive. Under this arrangement, there would be no subscriptions. The journals would be paid fees up front by the laboratories and

universities and, in return, the scientists would have access to the journals at a lower overall cost.

A high priority future initiative for BSS is implementing Oracle iProcurement. It will offer Fermilab the ability to 1) replace the Pro-Card Front End System and 2) implement “On-line, Just-In-Time Catalogue Ordering” which offers the opportunity to reduce both stockroom inventory and perhaps the number of ProCard transactions.

As noted above, BSS customers have been complimentary of the services they received. BSS has not only established a strong service culture but it is very conscious of the need to reinforce this culture. One indication of this commitment is the positive response to the recommendations of this committee in 2008. These recommendations were in the areas of succession planning, advance acquisition planning, continued exploration of cost reduction opportunities, and continued implementation of travel management improvement initiatives. Each of these areas is important to continuing the high level of service the BSS customers have come to expect. With the exception of succession planning, each of these subjects has been addressed in the above narrative.

While BSS is part of the overall Fermilab succession planning effort, BSS is also taking steps to address succession planning from within. BSS realizes that its demographics are not good and has a staffing plan in place to address this. Hiring opportunities are being used to bring in new talent whenever possible. For example, one new procurement individual has been hired and one more is expected. The BSS Head also considers training to be important and has set aside funds to accommodate training.

### **Noteworthy Practices**

Electronics recycling at Fermilab is an award-winning program. Eight years ago, the BSS Property Office established a laboratory-wide effort to reuse and recycle old electronics. In 2003, an Electronic Equipment Recycling Pilot Program was created in which Fermilab would take and recycle all of ANL’s electronics. By 2005 the program had grown to a point that Fermilab reused and recycled 200,000 pounds of electronics per year that would have otherwise gone into a landfill. During FY 2008, Fermilab more than doubled the amount of used electronics disposed of in three categories: donations to schools, sales to recyclers and reuse on site. The total increase between FY 2007 and FY 2008 of nearly 400 percent helped Fermilab earn the Federal Electronics Reuse and Recycling Campaign award for FY 2008. Fermilab was honored at a White House Award Ceremony in December 2008.

Other awards received in connection with this program have been:

- The DOE Office of Science Best in Class Pollution Prevention Award for 2005 and 2006;
- The DOE Pollution Prevention Star Award in 2005; and
- The U. S. Environmental Protection Agency 2009 Bronze-Level Award for its leadership in the Federal Electronics Challenge during calendar year 2008.

The practical benefits of the program are environmental protection, reduced landfill costs and revenue to offset the cost of property operations.

### **Recommendations**

BSS should continue to use hiring opportunities to bring in new talent to bolster succession planning efforts. This will be critical to maintaining and enhancing the quality of services that BSS provides to Fermilab.

BSS should continue to pursue system improvements to achieve cost reduction, cost avoidance, and operational efficiencies, e.g. Oracle iProcurement. While this is a good approach regardless of resource levels, it is particularly important in a resource constrained environment.

### **Findings**

There were no findings.

### **Environment, Safety and Health (ES&H) Section**

This report is based on interviews with senior Fermilab leadership, representatives from Divisions and Sections, members of the Laboratory Safety Council, and the ES&H Section. ES&H continues its strong performance and the Laboratory has selected solid leadership to succeed Bill Griffing and Mary Logue. Essential services continue to be provided to and well received by Fermilab divisions and sections.

### **Observations**

Fermilab has recently selected the Section Head and Deputy Section Head of the ES&H Section to replace Bill Griffing and Mary Logue. The selections of Nancy Grossman and Martha Michels from within the Laboratory are notable. These two individuals have excellent qualifications and experience both within the ES&H Section and line Divisions of the Laboratory. The Committee believes both will effectively carry on the ES&H program successes of their predecessors. We also note that having ES&H professionals within line organizations gives Fermilab an expanded pool from which to draw for future recruitments. These are generally people who can “hit the ground running” upon joining the ES&H Section.

FY 2009 PEMP performance for the ES&H program should be more than satisfactory. However, and as the Laboratory is well aware, accident rates are up somewhat and will likely decrease the contract performance grade in the TRC and DART measures. Though higher, these rates still place Fermilab in the middle of SC lab performance (as measured by FY 2009 Q2 performance posted on the DOE SC website) and reflect admirable long-term reductions. Other PEMP performance is very strong and should offset decreases in TRC and DART performance such that Fermilab should maintain a strong ES&H PEMP grade. An analysis of the accidents and leading safety indicators for the same period, however, show little correlation. The Committee believes the down-turn in safety

statistics should have been somewhat predictable by leading indicators but was not. See further discussion in “Recommendations.”

ES&H completed its Contractor Assurance System (CAS) which is part of the overall institutional quality assurance (QA) effort. The ES&H CAS passed a DOE FSO review, subject to a reasonable corrective action plan. The designated ES&H Section quality assurance representative (QAR) actively participates in Fermilab’s “integrated” QA program and is a member of the Quality Assurance Council. The “As Is” issues generated from the Fermilab QA self assessment are aggressively being closed out and the issues assigned to ES&H from the original FY 2006 DOE audit of DOE Order 414.1C – Quality Assurance have all been closed out.

Committee interviews of ES&H customers as well as other interviews conducted by the ES&H committee member indicate a strong service culture for ES&H. The line plays a substantial role in developing ES&H policy and guidance. There are also many ES&H professionals who work for the divisions. This helps create line ownership of ES&H and builds a strong relationship with the Laboratory-wide ES&H program.

Senior Laboratory management reviews accidents during its weekly Scheduling Meeting. This helps to assure attention at the highest levels to the analysis, cause, and preventative measures for each accident. It is, however, an informal program and the Committee believes it should be formalized (see “Recommendations”).

Fermilab has an active vehicle safety program. The security force enforces the vehicle code and issues citations. Users understand vehicle code compliance is a condition of the privilege of driving on site.

In large measure, DOE SC has dictated contract performance measures over the last few years. Yet, the Laboratory and DOE’s FSO have collaborated on the development of some measures tailored to Fermilab. The Committee hopes this continues and perhaps even grows in the development of future year contract performance measures.

Committee charter issues not addressed as Observations or Noteworthy Practices:

- IT Consolidation: The ES&H Section believes it has long needed more IT support and is hopeful the CD consolidation will afford it more. That said, the Committee notes the easy on-line accessibility of ES&H documents that makes them available to employees, users, and even other laboratories. The Committee should evaluate Laboratory-wide satisfaction with IT support next year.
- Interactions with ANL: There have been many interactions during the year and they are productive. In fact, the respective radiation protection programs rely on “peer reviews” and ANL and Fermilab are natural candidates for each other. Additionally, the ES&H staff of each organization respects the other which facilitates beneficial exchanges. A long list of specific accomplishments was included in Martha Michels’ ES&H presentation.

- **Cost Reduction:** The Committee reviewed the candidate cost reduction projects with the ES&H staff. The ES&H Section leadership believes there are sound reasons why each was rejected, based somewhat on the uniqueness of Fermilab hazards. It isn't difficult to accept these types of arguments in such efforts. ES&H organizations of many DOE SC laboratories have used the same reasoning in their analyses. Nonetheless, the Committee urges Fermilab to continue evaluating cost reduction measures, especially with ANL as a partner in such efforts.

Determining the number of staff needed to effectively implement an ES&H program is difficult. The ES&H Section leadership believes that further staff reductions would put its program at risk. Years back, the GAO did a study of ES&H staffing at the SC laboratories. It might be worth revisiting this study or encouraging a new staffing study among the DOE SC laboratories to ensure staffing is on a par with Fermilab's sister DOE SC laboratories.

### **Noteworthy Practices**

Fermilab has closely monitored accident rates this year and responded with a strategy to raise awareness of hazards experienced in the FY 2009 accidents. This program, "Take Five for Goal Zero" was well publicized and has the support of Director Oddone and ES&H Section Head Grossman. It is notable that the original recommendation for the program came from the line. The Laboratory has ensured the DOE FSO was well informed of this program too. Doing so helped maintain the admirable effective relationship Fermilab enjoys with the FSO.

Fermilab recognized the need to augment construction safety staff in anticipation of increased activity resulting from ARRA funds. To "get ahead of the curve," the ES&H Section hired an additional specialist and quickly partnered with FESS to ensure work under ARRA funding will be done safely. It is also notable that the previous ES&H Section Head, Bill Griffing, spent time at the Laboratory following the appointment of the new Section Head, assisting with the transition and better documenting the NEPA process to support the ARRA funded efforts.

### **Recommendations**

ES&H should develop more meaningful leading indicators of ES&H performance. The Committee suggests developing a program to sample and assess hazard planning and conduct of work within controls as two possible leading indicators. The Committee is aware of prior efforts within the SC laboratories in this area and encourages the ES&H Section to revisit them.

Of course, Fermilab should continue to closely monitor accident rates. This should be done not just as a contract performance measure but also to evaluate the effectiveness of the "Take Five for Goal Zero" program. Of course, should the "Take Five for Goal Zero" program not be effective, the ES&H Section will need to develop new safety strategies.

At this time of employee performance appraisals and individual development plans, the Committee recommends the new ES&H Section leadership encourage and support

attainment of relevant ES&H certifications. Examples include Certified Health Physicist, Certified Industrial Hygienist, and Certified Safety Specialist. Such personal and professional achievement can raise the “standard of practice” and motivate/retain staff.

As already stated, the “Take Five for Goal Zero” program should be evaluated for its effectiveness. If effective, the ES&H Section should consider formally incorporating it into the FESHM (Fermilab ES&H Manual) within the hazard analysis section. The section as currently written focuses more on hazard analysis requiring formality and at times written permits. Yet many of the accidents suffered in FY 2009 fall outside of the hazard levels spoken to in the FESHM.

The Committee also believes the senior management review of accidents (done at weekly Scheduling Meetings) should be documented in the FESHM. That formalization should describe the accident analysis methodology (if not described elsewhere) and how 1) management, 2) the facility condition, and 3) the employee contributed to the accident. Too often, analyses focus only on employee behavior and performance. (One caveat here is that no one from the Committee was able to hear such discussions at the Scheduling Meeting. We base this recommendation on the absence of formal description of the program.)

Finally, some employees with whom the Committee spoke wanted better ways (especially cash) to reward contributions to safety by staff. These concerns came from staff who may not have been aware that the formal Fermilab Rewards and Recognition program (see the WDRS website) allowed for exactly that. That program should be jointly publicized to Fermilab management by the WDR and ES&H sections as having applicability to safety contributions.

## **Findings**

There were no findings.

## **Facilities Engineering Support Section (FESS)**

This report is based on interviews with senior Laboratory leadership, Project Managers, and members of the FESS team. In summary, FESS continues to be a strong performing team that focuses on the ongoing and long term needs of the Laboratory.

## **Observations**

Performance measures for FY 2009 are on track. Overall, the team has a very strong service attitude and demonstrates good communication with all Laboratory Divisions and Sections. This was mentioned several times during the interviews. It was also noted the team is very responsive to high priority activities such as safety efforts and Laboratory operation projects.

FESS continues to be actively engaged in the Laboratory QA effort. The team has completed their “As-Is” analysis and has developed corrective action plans for identified gaps. Work is underway to complete the action plans.

National laboratories are moving to a new Mission Readiness standard for maintenance spending. The FESS team has been actively peer reviewing other laboratories’ efforts. To date FESS has attended four other national laboratory reviews. This will pay large dividends when FESS prepares for their own initiative.

This year, FESS strengthened its use of the planning/scheduling function to measure actual work performance against plan, analyzing deviations. This focus and measurement has improved overall task performance and lowered costs for the Laboratory.

One of the major roles of FESS is to design and/or review the design of new facilities and major facility modifications. Since the cost of the Engineering team must be recovered by charging the Laboratory Divisions and Sections an hourly fee, it can discourage groups to seek a full engineering review.

Given the limited resources of FESS, clear direction on site-wide project priorities by senior leadership, especially with shifting DOE efforts, would further build upon the team’s overall high performance.

### **Noteworthy Practices**

FESS has done an excellent job this year in preparing for the release of ARRA funding. This new funding represents almost a five-fold increase in typical GPP funding and will significantly increase FESS’ workload. To help ramp up for this effort, FESS has leveraged many 3rd party resources such as architectural/engineering firms and construction contractors. Further, working with the Procurement team, FESS has included flow-down provisions for DOE reporting requirements, freeing additional time for project management.

FESS has continued to expand existing technology platforms to leverage limited personnel and resources. Most notably, this was accomplished through the use of two systems, Metasys and GIS. In the future, FESS should consider linking CAD and other “as-built” design data into the GIS.

### **Recommendations**

As the Laboratory moves past the decommissioning of the Tevatron and onto new science programs, the Committee highly recommends that FESS have a strong voice in the planning and execution of these efforts. There are several long term benefits by including FESS in these early planning efforts. First, new Laboratory infrastructure could be properly planned and budgeted as part of new major science projects. Additionally, after a thorough review and updating as necessary, existing infrastructure could also be considered as a sustainable alternative to new systems. And finally, the Laboratory redevelopment could be used as an opportunity to create a long term Site Master plan, clearly identifying buildings to be reused and/or demolished.

While infrequent, there may be opportunities to improve procurement results by identifying and communicating single bid situations with the Divisions and Sections as soon as possible. If communicated early, the Divisions may be able to modify their requirements enough to rebid, expanding the qualified and interested pool of vendors.

FESS should proactively work with the Divisions and Sections to review all critical equipment on a yearly basis. As part of this review, FESS should recommend a procurement/replacement strategy for equipment at the end of its useful life. This should include the use of on-site spares.

A perennial challenge for FESS is to continue supporting DP-18 (Director's Policy on building design standards) by championing its use and educating the Laboratory as to its benefits. To help facilitate the use of this DP, FESS should consider the development and roll out of a DP- 18 checklist. This checklist could be used to determine; 1) if DP-18 is required and 2) clearly identify what data is required for FESS' review.

## **Findings**

There were no findings.

## **Finance Section**

This report is based on interviews with senior Laboratory leadership, representatives from Divisions and Sections, and an extensive interview with the Chief Financial Officer. The restructuring of the Information Technology area and the introduction of funding from the ARRA have presented unique challenges to Finance who has successfully responded to these challenges and continues to perform in a responsive, professional manner.

## **Observations**

Finance is on track to meet or exceed the contract Performance Measures. When the funding reduction was announced in December 2007, Finance had several open positions and was not able to hire replacements. Last year's review recommended the restoration of one position in Finance and one position in MIS (then a part of Finance) and both positions were restored in FY 2009.

The Laboratory is embarking on a Quality Assurance program. As a Management and Operating contractor of the Department of Energy, the Laboratory is required to comply with OMB Circular A-123, "Management's Responsibility for Internal Controls." The detailed documentation and testing involved for compliance provides ample information to satisfy any robust Quality Assurance program. Therefore, Finance is not only prepared to implement the Quality Assurance program but most likely is fully implemented.

Interactions between Fermilab and Argonne continue to expand. Though not yet successful, the laboratories have worked together on several travel initiatives, including attempting to extend the favorable contracting agreement between Argonne and United

Airlines to Fermilab. The communication and interactions between the laboratories have increased and the two CFO's meet regularly, sharing best practices and searching for economies.

This year Finance has developed some goals for responding to questions and concerns raised by Division and Section employees. Finance attempts to respond to all inquiries within one day and, other than one remark on last minute requests for budgetary information, there were no negative comments about financial operations.

### **Noteworthy Practices**

Though the budgeting process at Fermilab seems to be long standing and well defined, the participation and resulting understanding of the scientific and indirect budgets among all Laboratory leaders is unusual and extremely positive. Typically, scientific budgets are reviewed separately from the budgets of indirect organizations and the scientific areas have little understanding or input into the indirect budgeting process. Fermilab's ability to encourage and expect this interaction is noteworthy.

Finance has been implementing Fermilab Time & Labor, a system that combines effort and payroll time reporting, for several years. Though the system is not yet fully implemented, a system that combines reporting requires substantial changes to internal processes, must encompass the requirements of reporting to final cost objectives and satisfy payroll reporting requirements at the same time, and ultimately increases efficiency by reducing reporting redundancies. Implementing this system is a significant accomplishment.

Finance holds monthly meetings with financial representatives from all areas of the Laboratory and the CFO meets regularly with Laboratory leaders as well. This open communication provides for better understanding of the financial requirements and operations, and provides a means for financial representatives to stay connected to changes, understand their roles in the Laboratory's financial operations, and strengthens internal controls.

### **Recommendations**

A high priority recommendation is to assure that the IT consolidation does not jeopardize the Laboratory's internal controls environment. The most important aspect of any financial area is the strength and reliability of internal controls. With significant reliance on automation and computer systems, the necessary IT controls, including formalized change management procedures and documented authorization for system changes, provide the foundation for internal controls. Also, in FY 2010, the Laboratory's sole contract Performance Measure in the financial area is the assessment of the internal controls environment. If the IT controls are not in place and functioning as intended, the integrity of the financial reporting will be damaged.

Another priority recommendation is to complete the implementation of the Fermilab Time and Labor system. Running multiple systems is costly and inefficient, not to mention stressful on the staff. The FY 2008 DOE performance assessment of the

financial area was downgraded due to the lengthy implementation and it is likely that the implementation will be incomplete by the end of FY 2009. Full implementation of the system should be completed as soon as possible. We note that the primary responsibility for full implementation of the FTL system lies with the Laboratory's Chief Information Officer and the Computing Division now that the former MIS group has been merged into that Division.

The influx of funding from the AARA presents special challenges and requires increased oversight to assure proper spending of the funds and to eliminate any possibility of waste, fraud, or abuse. The use of these funds will be audited. Though the spending controls in place at Fermilab today are probably sufficient, additional oversight is recommended. A review of cost at month-end or a review of procurements would be beneficial. Should an audit uncover any unauthorized spending, the lack of additional or special oversight on these funds by Finance will be noticed.

The Office of Science laboratories had the opportunity to measure the performance of their financial operations in a formalized, independent benchmarking study. Fermilab chose not to participate in the study. This formal benchmarking study presents a unique opportunity to measure operations against true DOE peers as well as industry best practices. If the chance to participate is presented again, Fermilab should participate and take advantage of the opportunity to identify strengths and weaknesses in relation to other similar DOE laboratories.

There are significant opportunities for increased automation in the travel area. An on-line travel booking tool could save more than 50% per transaction in travel agency fees. The recent implementation of travel forms is an improvement, but true automation of travel authorizations and expense reports with electronic workflow presents many cost saving opportunities. The automation eliminates paper, manual routing, signatures, and filing. Further financial benefits can be realized in the availability of travel data. A fully automated system can provide the data necessary to negotiate preferred rates with airline, hotel or car rental vendors, and can also identify recurring policy exceptions or other areas that have a negative financial impact on the Laboratory.

One additional full time employee is recommended in the Budget area. DOE and Laboratory management have increased requirements on the Budget program, requesting more data, different views of the data, and with more urgency. Organizational burdens were introduced recently, but analysis of these costs is lacking. Also, the Laboratory must consider implementing a Laboratory-wide budgeting tool to improve consistency in the budgeting and the ability to compile and analyze the data quickly and efficiently. These increased demands require additional resources.

Finally, Fermilab runs a weekly payroll. Transitioning to a bi-weekly payroll would reduce the costs of processing payroll by close to 50%. Also, the current pay rules are complex and simplifying the pay rules can really improve efficiency. Though many organizations do not like the idea of outsourcing payroll processing, it can be substantially less expensive than processing the payroll in-house.

## **Findings**

There were no findings.

## **Information Technology and the Computing Division**

In previous reviews of Fermilab Administration and Operations Support, representatives from the Computing Division (CD) have been interviewed as customers for services provided by the Sections. In this review, the Committee treated the CD as a provider of services to a number of customers. This is due to the Laboratory's recent steps to consolidate Information Technology (IT) services into the CD, to be overseen by a Chief Information Officer (CIO), a new position in the Directorate, who also serves as the head of the CD.

The Committee heard a report from the acting CIO which addressed the consolidation of IT services, FY 2009 performance measures, ARRA funding projects in which the CD is involved, the CD's participation in the Laboratory's Quality and Best Practices plan, interactions with Argonne, cost reduction opportunities, succession planning in the CD, and the CD's changing role as a provider of IT services to customers. The presentations from the service sections of the Laboratory (BSS, FESS, etc.) covered their reactions to and concerns about the IT restructuring, and this topic was addressed in interviews with representatives from the other Divisions. In addition, the Committee interviewed senior staff members in the CD who are particularly involved in the restructuring of IT services at the Laboratory.

At the time of this year's review, the reorganization of IT services was in progress but not complete. The CD is partitioned into four quadrants entitled Future Programs and Experiments, Scientific Programs, Scientific Computing Facilities, and Lab and Scientific Core Services; the reorganization primarily affects the latter quadrant. Actions to date include the consolidation of 10 Particle Physics Division desktop support personnel with CD helpdesk services and, perhaps most significantly, the consolidation of the Management Information Services group, formerly overseen by the Chief Financial Officer, into the CD's Lab and Scientific Core Services. A revised organizational chart for that quadrant had been released just days before the review. The Committee was informed of further planned work that includes the consolidation of certain Technical Division IT support personnel into the CD.

## **Observations**

### *IT services reorganization*

Since the reorganization of Fermilab's IT services is ongoing, the Committee viewed a snapshot of work in progress. It will take some time for the Laboratory to realize the effect of the reorganization and to judge how it will profit from a more streamlined and centralized IT organization that eliminates historical duplication and redundancy of efforts and expertise. Customers of IT support services expressed a wide range of sentiments, from optimism to uncertainty to confusion to indifference, in this transition period. Future review committees for Fermilab Administration and Operations Support

will likely be exposed to a reorganized CD in a stable state with its IT service reach more fully understood and in place for its customers.

The Committee appreciated the hard work that went into the reorganized Lab and Scientific Core Services quadrant of the CD. The new organization chart resulted from a thorough analysis and inventory of IT service areas, the people with expertise in these areas, and the way different services are linked. The chart delineates four departments with names adjusted to reflect the realignment and consolidation of services. CD and former MIS staff members appeared to have been fully engaged in the development of the newly reorganized service quadrant.

The Committee was presented with a long list of IT projects that need immediate attention – the full implementation of the FTL, the upgrade to PeopleSoft, the management dashboard, the ISO20000 certification, etc. – but a prioritized plan for completing these projects in the framework of reorganized IT services and resources was not apparent.

#### *Performance measures*

The Committee was reminded that the FY 2008 performance measure for core business systems (grade B in measure 6.4) suffered from the delays in the full implementation of the Fermilab Time and Labor (FTL) system, but that other measures received more positive ratings, for example, A- for cyber security (measure 8.2) and A- for meeting and exceeding network bandwidth goals (measure 7.0). Concerns about the FY2009 performance measures are foreseen in the areas of (i) business systems, unless the timeline for full implementation of the FTL can be adjusted, and (ii) cyber security, based on the “marginal” rating the Laboratory received in a recent cyber security audit that called for tighter IT systems management. The Committee appreciated the timely response to the audit that resulted in the “Tune It Up” campaign. The Committee observed the need for continued attention to IT performance measures as the reorganization of IT services progresses. Along these lines, the Committee was informed that the Laboratory will be developing a Cyber security Contractor Assurance System as part of the overall IQABP and compliance with DOE Order 226.1.

#### *Quality and Best Practices*

The CD has been an active participant in Quality and Best Practices (QBP) activities. Four corrective action plans were developed and will be completed on schedule, two best practices were identified, and processes to assess in the upcoming year have been chosen. The Committee observed that new opportunities for QPB assessment in the CD will arise as the reorganization of IT services is completed and implemented.

#### **Recommendations**

With the reorganization of IT services, the Laboratory is now in a position to capitalize on the newly centralized structure. We recommend that the Laboratory follow the implementation of the newly structured services to the customer level, providing support where needed. Judging the effects of the IT reorganization should be a visible element of the charge for future review committees for Administration and Operations Support, especially those that will be convened in FY 2010 and FY 2011.

The Committee recommends that the Laboratory and the CD develop the strategy, governance structure, specific action items, and milestones for implementing IT services Laboratory-wide that capitalize on the reorganized CD. This is an opportunity that can lead to more streamlined and cost effective IT services if properly managed and overseen.

The Committee recommends that IT projects needing immediate attention, some of which are listed above, be prioritized. Resources should be allocated to these projects so that successful completion, in a timely manner, is assured.

The CD should continue to address the specific concerns of customers who may need to continue to manage some or all of their IT systems locally. The Committee heard specific examples of such systems from FESS (the Metasys System), the Accelerator Division (various accelerator control systems) and the Technical Division (various control systems used in technical R&D).

The CD should ensure that the control structures important to systems formerly in the MIS department, especially financial systems, remain intact as they are integrated into the Lab and Scientific Core Services quadrant of the Division.

The Committee recommends that the Laboratory establish an internal IT Management Steering Committee as part of the governance of IT services. Advising the CIO about the prioritization of projects mentioned above should be an element of the charge for this Steering Committee.

The Laboratory should consider enlisting external counsel from institutions (universities, laboratories, companies) which have recently implemented centralized administration of IT services. There are success stories which can guide progress at the Laboratory.

As the search for the permanent CIO progresses, the Committee recommends that the Laboratory consider whether there are advantages to having a separate CIO and Head of the Computing Division. This would result in a management structure that parallels, for example, the separate Associate Director for Accelerators and Head of the Accelerator Division.

The Committee recommends that the Laboratory and the CD continue open communication about the reorganization of IT services and its implications on customer satisfaction and concerns.

### **Findings**

There were no findings.

### **Quality and Best Practices (OQBP)**

In addition to hearing a presentation on the activities of the Office of Quality and Best Practices (OQBP), the Committee interviewed the EG&G staff assigned to support the office as well as other Section and Division personnel regarding their participation in Fermilab's Integrated Quality Assurance Program (IQAP). The Committee received

copies of various documents including the Fermilab Integrated Contractor Assurance Program, Dr. Oddone's August 15, 2008 letter to the DOE Fermi Site Office regarding Fermilab's plans for the QA Program implementation, the Graded Approach Procedure dated October 2008, and the QA Program Summary for FY 2009, FY 2010, and FY 2011.

## **Observations**

The OQBP expects the FY 2009 performance measures to be met. These measures can be summarized as follows: 1) demonstrate implementation of an approved Fermilab IQAP and effective compliance with DOE Order 414.1C, Quality Assurance; 2) complete the Laboratory-wide "As-Is" QA baseline activity and the resultant Corrective Action Plan on an approved schedule; and 3) appoint, train, and activate QA Representatives to support implementation of the QA Program and work toward full compliance with DOE Order 414.1C under the approved IQAP and graded approach.

There has been significant progress since the 2008 FRA Visiting Committee's finding that FRA was not compliant with DOE Order 414.1C. Since then, accomplishments include:

- A DOE approved IQAP;
- Appointed, trained, and activated QA Representatives;
- A completed "As-Is" Assessment; and
- Development of a Graded Approach Procedure.

Other activities have included addressing the 26 findings from the 2006 audit, selecting the ANSI/ASQ Z1.13 standard which allows for a graded approach, preparing for the September 2009 audit, and providing the FSO with a briefing on the program every 60 to 90 days. The 26 findings from the 2006 audit are expected to be closed prior to the upcoming September audit.

Interviews with Section and Division personnel revealed uneven buy-in to the program across Fermilab. Implementing a QA program represents a major culture change which is going to take some time. On the positive side, the QA Representatives that the Committee talked to have a real desire to get added value and increased efficiencies for their efforts. For example, documentation has been a historical weakness at Fermilab and this program will help to address that problem. The staff that the Committee interviewed understand that Fermilab is required to implement the program under FRA's contract with the DOE and they are prepared to do what they can to make this happen.

On the other hand, there is a general concern that finding the resources to carry out this program is a significant challenge. In the short term, it will be a scramble and a large amount of work. It is also difficult for some personnel to find value in the program when Fermilab's accelerator complex has been regularly breaking luminosity records without the program. Further, there is a conflict between Fermilab's culture and the EG&G industry and production culture. This conflict was reflected during development of the draft Engineering Manual and direct involvement by the Laboratory Director was needed. The Committee was told that the latest version of the Engineering Manual is much better.

## **Recommendations**

Senior management should continue to provide frequent, visible support and direct involvement to ensure that the program does not lose momentum. As noted above, there is uneven buy-in to the program and senior management support will be important to successful implementation.

The graded approach should be continued and strongly supported by senior management. Resources should be focused in areas where there will be the greatest return on investment. The 2008 Visiting Committee Report encouraged Fermilab “to use the QQBP for its original purpose as a mechanism for process improvement. If this proves difficult due to staffing and budget limitations, consider the value of process improvements in terms of cost savings and performance improvements. Process improvements should be able to pay for themselves and the staff required for their development over a relatively short time period.” This advice remains relevant.

## **Findings**

There are no findings.

## **Workforce Development and Resources Section (WDRS)**

This report is based on interviews with senior Laboratory leadership, representatives from Divisions and Sections, and members of WDRS. Despite significant challenges and changes affecting the employees of the Laboratory, WDRS continues to perform well, providing essential services while helping to manage cost reduction efforts.

## **Observations**

Representatives from the Divisions and Sections report being satisfied to very satisfied, both with standard services and guidance provided on specific employee issues by the WDRS team. When issues have arisen, WDRS is reported to be very responsive and quickly addresses its customers’ concerns. One example offered by the Accelerator Division was WDRS’ response in the recruitment and selection process for scientific hiring, when the Division presented concerns about how candidates were being screened. Several customers acknowledged the administrative and procedural requirements of labor laws, DOE, etc., for which WDRS is responsible, and these customers expressed their appreciation for the need to meet these requirements while supporting Laboratory leadership and employees.

Performance measures for FY 2009 are on track. WDRS is using a change management model to plan and implement programs or initiatives. Effective use of a change management process is evidenced by: 1) the relative straightforward acceptance by employees and retirees to significant cost structure changes in health insurance plans; and 2) the successful implementation of an effective expatriate orientation program.

WDRS led several other initiatives for the Laboratory which represent areas of emphasis, opportunity or need which the Laboratory has not previously addressed. While the implementation of a workforce reduction plan was not ultimately required, the methodology used in preparing for a legally defensible layoff followed standard Human Resources practice. Succession planning was introduced across the Laboratory, albeit with varying degrees of understanding by the various departments, which is to be expected in the early years of embracing succession planning as a management tool. The Diversity Council was formed and Diversity Focus Groups met and gave feedback on the culture of the Laboratory. Several Sections considered out-tasking or use of contract staff to manage the peaks and valleys of demand for their services, especially in areas which are not a core competency of the Laboratory, such as HVAC service.

The most significant observation by this FRA Committee for WDRS at this time is related not to accomplishments under the current WDRS structure and team, but looking towards the future of what WDRS should be able to contribute to the leadership of the Laboratory. The current service model and organization structure for WDRS is a very traditional, HR-related specialty services model. While sufficient to enable WDRS to deliver on their performance measures and goals, this model is very dated, by at least 20 years, when compared to benchmark HR departments supporting organizations of the size and complexity of the Laboratory. The current service model is not positioned to add the greatest value possible to the Laboratory, and specifically the leadership team.

### **Noteworthy Practices**

During the Sections' presentation, FESS showed the deepest understanding of the intent and value of succession planning. FESS leadership described their understanding that effective succession planning is far more than listing names in a spreadsheet, and showed a high level summary of their plan for "Continuity of Operations" and actions which they had taken to address.

### **Recommendations**

The Laboratory should consider expanding and elevating the role of WDRS to serve as an integral and direct contributor to the leadership team. The HR Director should serve on the "small" leadership team as appropriate to the issues being addressed. The HR Director should also serve on every search committee for executive positions, to ensure that critical leadership skills are identified and evaluated in candidates. The Laboratory should reallocate or add 2 to 4 new positions in WDRS for HR generalist positions to support the Divisions and Sections, in addition to all current WDRS staff. The role of the HR generalists, similar to that of the HR Director, would be to partner with the Associate Directors and other key staff to create and implement human resources solutions.

The leadership/management teams must be held accountable for follow-up from the Focus Group findings. While WDRS has an important advisory role, it is the leadership team that is responsible to understand and influence the desired culture of the Laboratory. Laboratory leadership must carefully and realistically manage the expectations created by soliciting the feedback derived from the Focus Groups. A task force should be created,

led by the Chief Operating Officer, for the immediate responses. The Laboratory should also consider creating an ongoing council, with a charter similar to a Steering Committee, to prioritize human resource needs and initiatives across the Lab.

The Committee strongly encourages the Laboratory to stay the course in its commitment to manage individual performance Laboratory-wide. The Laboratory should hold leaders and managers accountable for two critical skills in today's environment: influence leadership and change management. These skills are essential to providing service and achieving performance measures, particularly for the Section leaders, as they must influence behavior and the effective acceptance of initiatives in departments over which they do not have direct authority. Also, the Laboratory should consider suggesting "expected" distributions of performance scores necessary for managers to effectively differentiate annual merit awards.

There is a great opportunity with the Strategic Laboratory Leadership Program (SLLP), sponsored by the University of Chicago, to further leverage what Fermilab graduates of this program have learned. The Laboratory should consider how their graduates could coach or mentor others, or otherwise share their experiences from the SLLP program as a meaningful learning opportunity for others.

The Laboratory should continue to develop its understanding of and take actions which address succession planning. Renaming the effort, as FESS described "Continuity of Operations," may help in understanding the depth of what can be achieved through: documenting processes and procedures (linked to QA plans); cross training staff and having practical backup plans for absences or exits; identifying potential successors and implementing meaningful development plans; considering outsourcing or out-tasking options when appropriate; and keeping the focus on future requirements of the work unit, including an assessment of cost restrictions, availability of individuals with requisite skills, and changes in technology.

## **Findings**

There were no findings.

## **Answers to Charge Questions 5, 6, and 7**

**Question 5:** What interaction has your unit had this fiscal year with corresponding operations staff at Argonne National Laboratory (ANL)? What are your future plans for interaction, and what are your specific goals?

### **Observations:**

All Sections presented examples of engagements with their ANL counterparts to examine opportunities for cost savings; share tools, systems, and resources; develop solutions to common problems; and share lessons learned. The Committee found that the frequency and quality of such interactions has improved in the last year even though it is still

difficult to quantify the positive results in many cases. Examples of cooperation between the two Laboratories include the following:

- Joint ES&H reviews and assessments
- Joint response preparation to H1N1 flu pandemic
- Shared resources and expertise (e.g. training, mission readiness assessments)
- Fermilab recycles ANL electronics
- Assessment of land management cost reduction opportunities
- Examined Just-In-Time and budget system improvements
- Collaboration on succession planning programs
- Shared HR systems and program information on applicant tracking, vacation donation, day care, compensation, benefits, and labor relations
- Assessed “economies of scale” cost savings possibilities in travel and hotel accommodations
- Shared lessons learned in systems development and problem solving in several functional areas

**Question 6:** What specific steps have you taken to pursue cost-reduction opportunities (e.g. outsourcing, benefit price reduction, etc.) What do you plan for the future? Were there lessons learned from your preparation for workforce reduction that have helped you or could help you in the future?

**Observations:**

The Committee was briefed on efforts by all sections to reduce and/or avoid costs through process improvements, realignment of resources, out-tasking and out-sourcing of activities. The Laboratory continues to make noteworthy efforts to meet workload challenges (e.g. ARRA funds management and reporting as well as project management) by doing the same or more work with the same (or less) human resources. Given the uncertainty about the future of the Tevatron and the impacts that termination of that facility will have on the Laboratory, Laboratory leadership is rightfully cautious about adding staff in service and support elements at this time. Examples of cost savings measures that have been achieved this year include the following:

- Insurance plan design changes, cost share shifting, and aggressive negotiation resulted in annual savings of \$1.5M
- Changes in retiree medical cost sharing resulted in annual savings of \$600K
- Building automation and monitoring
- Out-tasking of HVAC services
- New electronic travel authorization/voucher system
- E-commerce for procurements (e.g. RFQs, electronic drawings)
- Exceeded annual petroleum consumption reduction and alternative fuel usage targets

**Question 7:** What specific achievements have your unit made in developing and sustaining a service culture? What do you plan in the future?

## **Observations:**

The Committee was informed about numerous initiatives that have been taken by the service and support elements of the Laboratory to improve service to their customers, both inside and outside the Laboratory. The Committee observed that the service culture is strong across the organization and results in large measure from expectations that are set by Laboratory and Section leaders. These observations were drawn from discussions with both service providers and users. In these discussions, the Committee was also given some anecdotes in which services could have been improved, but our sources were quick to point out that these were rather isolated examples and that when brought to the attention of appropriate managers/staff, corrective measures were generally taken in a timely manner. Examples that demonstrate the service culture at the Laboratory include the following:

- Improving communications of services that are available, including customer-friendly websites
- More aggressive efforts to understand and stay current on users' service needs
- Seeking feedback on quality and responsiveness of service to identify issues, root causes, and appropriate improvements

## **Conclusions**

The Committee continues to be favorably impressed by the high quality of leadership, management, and staff at Fermilab. As described in this report, the Laboratory has successfully met a number of challenges this year and continues to improve in nearly every service and support function. Looking ahead, new challenges and opportunities for improvement are obvious and will require continuing priority attention at all levels in order to achieved desired results.

The Committee is pleased to see that the Laboratory's relationships with the Department are strong and both organizations appear to be working collaboratively toward a healthy partnership. Particularly noteworthy is the relationship with the FSO where day-to-day communications are good at all levels and efforts to achieve alignment on priorities and goals are evident.

As discussed previously, the Laboratory has taken aggressive action to address issues raised in the 2008 FRA Visiting Committee Report and the Committee is generally pleased with the results. The Laboratory has also addressed most of the weaknesses identified in the Department's FY 2008 Performance Evaluation. Further, the Committee was told that with a few exceptions noted in this report, the Laboratory is expected to meet or exceed its FY 2009 performance measures.

The Committee had no Findings; however, there are a number of recommendations for performance improvement on which the Committee will follow up next year. The Committee's primary concerns for the near to longer terms are found in the areas of safety, QA, IT consolidation and cyber security, ARRA, and responses to focus group

issues raised earlier this year. Concerns and issues related to these functional areas are discussed in detail in the report. The point to be made here is that all of these areas need continuing oversight and support from the Director's Office to ensure that expected results are achieved or that further corrective measures are taken in a timely manner.