

**Lawrence Berkeley National Laboratory
Contract Assurance Council Meeting
Meeting Minutes**

**Wednesday, June 14, 2006
University of California—Office of the President
Franklin Building, Room 10325**

CAC members or representatives present:

Bob Foley	Susan Thomas for Jim	Pat Reed
Bob Van Ness	Holst	Gary Falle for Bruce
Judy Boyette	John Layton by phone	Darling

CAC members absent:

Anne Broome	Larry Coleman	John Oakley
Karen Clegg	Buck Koonce	John Birely

UCOP Staff present:

Jim Hirahara	Sharon Eklund
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Guest participants:

Jim Krupnick, LBNL	Jeffrey Fernandez, LBNL	Ron Nelson, UCOP
John Chernowski, LBNL	Howard Hatayama, LBNL	Sandy Vinson, UCOP
Sandy Merola, LBNL		

Introductory Remarks/Action Item Review

Bob Van Ness expressed the University's appreciation for the performance progress LBNL continues to make and the preparation for the meeting by each of the presenters. Jim Hirahara reviewed the open Action Items (see end of minutes for detailed listing of Items):

- Items 3, 8 through 11—These will be reported on today;
- Items 12, 13, 14, 15—These will be placed on a future agenda;
- Item 16—The report will be provided when complete;
- Item 17—Aundra Richards has the July 12 quarterly meeting of the CAC on her calendar; and
- Item 18—Randy Young is the UCOP Lead for the LBNL bonding issues.

The Council members unanimously approved the minutes of the April 12, 2006, meeting as submitted. The members also discussed potential conflicts with the timing of the July 12 meeting and agreed that they will hold the meeting at LBNL from 8:00am to 10:00am on July 12.

EH&S Peer Review Preparation

Howard Hatayama, LBNL Acting Environment, Health, and Safety Division Director, reported that LBNL has performed an analysis of the findings from the recent peer review

report as well as from past reports. This analysis resulted in grouping the findings and results into five categories for corrective actions:

- Line management execution of ES&H—LBNL management is engaged in developing better definition of the roles, responsibilities, and authorities;
- ES&H assurance mechanisms—In this category, the Office of Institutional Assurance (OIA) and the EH&S organization and representatives have the primary responsibility for the actions, and redefining a more appropriate relationship in the Laboratory partnership with University of California, Berkeley (UCB) will be key to success;
- Educating managers, supervisors, and coordinators—The EH&S Division is developing minimum qualifications and training for division ES&H coordinators;
- Proactive posture on ES&H; and
- Lab-wide work control program.

The corrective action plan validation team will perform the validation on June 27 and 28. Their focus will be on the development process for the corrective action plan since there will not have been sufficient time for many of the corrective actions to have been completed. OIA has scheduled on June 16 a dry run of the presentations for the team.

Howard also provided information to the CAC in response to the questions concerning controlled substances at LBNL. Most LBNL samples of controlled substances have a mass less than 5 gms. In the course of his inquiry, Howard found no indications of diversion but determined that the procurement and receiving procedures in this area are in need of updating. Bob Foley explained that he expects “cradle-to-grave” assurance that controlled substances are handled securely. The Operations Directorate has the responsibility for developing procedures to assure the small number of purchases and small quantities of controlled substances being handled.

Supply Chain Initiative Cost Savings Analysis

Jeffrey Fernandez, LBNL Chief Financial Officer, explained to the Council members that the Laboratory and UCOP committed to achieve over \$30M in cost savings in the first five years of the contract with DOE. The Laboratory is managing the implementation and tracking of cost savings on a commodity-by-commodity basis, and they are expecting anywhere from \$26M to \$37M of actual savings by the end of the five years. Jeffrey presented a spreadsheet that included labor savings (with an actual reduction in force in 2005 and projected staffing reductions in 2006 and beyond) and commodity savings that are based largely on bulk purchasing and special contracts that result in 10 to 15% lower prices. The actual fiscal year 2005 savings were \$229K. Bob F. reminded LBNL that they needed to be able to state clearly what they have actually saved in each category and to explain any differences in the actual results versus the planned. Jeffrey reported that they met recently with Aundra, and she expressed satisfaction with the briefing and the direction the Laboratory is taking. Bob F. asked that the CAC be briefed quarterly on the cost savings, and he commented that the overall effort reflects fundamentally good business procedures and fiscal controls.

Wrap Up, Action items, and Adjournment

At the recommendation of Jim H., the CAC members decided to defer the Accounts Payable presentation and discussion to the next meeting.

John Layton indicated that he would like to hear more about how LBNL manages Principal Investigators at the next meeting.

Bob V. reminded the Council that at the close of the next quarterly meeting—to be held July 12 at LBNL at 8:00am—there will be a ten-minute Executive Session to discuss any concerns the Council has about how LBNL is doing and to hear, in particular, from the external Council members.

Action Items:

#	Responsible Party	Action	Date Added	Status
12	Hatayama LBNL	Personally review LBNL select agent processes and personnel to assure appropriate controls are in place—report back to CAC.	05/10/06	OPEN
13	Eklund UCOP	Add <i>Select Agents</i> as a topic to a future CAC agenda.	05/10/06	OPEN
14	Eklund UCOP	Add <i>Accounts payable</i> as a topic to a future CAC agenda.	05/10/06	OPEN
15	Krupnick LBNL	Provide CAC with further detail on the thorium inventory and reportability.	05/10/06	OPEN
16	Merola LBNL	Provide LBNL Advisory Board report to CAC when complete.	05/10/06	OPEN
19	Merola/ Burnside LBNL	Define operational requirements and associated agreements in regard to LBNL research on UCB campus. This includes ES&H and other operational requirements.	06/14/06	OPEN
20	Merola LBNL	Explain how LBNL manages Principal Investigators.	06/14/06	OPEN
21	McGraw/ Hatayama LBNL	Report on controlled substances process improvements.	06/14/06	OPEN

<i>On-going Actions</i>				
5	Eklund UCOP	Schedule a ten-minute Executive Session at the close of each CAC quarterly meeting.	04/12/06	Quarterly Action
6	Eklund UCOP	Schedule quarterly CAC meetings to be held at LBNL.	04/12/06	Quarterly Action
7	Hirahara UCOP	Implement a call for agenda topics prior to each meeting.	04/12/06	Monthly Action
22	Fernandez	Report quarterly on supply chain initiative planned cost savings versus actual.	06/14/06	Quarterly Action
<i>Completed or Cancelled Actions</i>				
1	Chernowski LBNL	Modify Risk Registry report to include a column in which BSO concurrence with the current status of the item can be indicated.	04/12/06	Cancelled
2	Chernowski LBNL	Plan C31 Risk Registry updates for the quarterly meetings and as-needed at the monthly meetings.	04/12/06	Done—next report at 07/12 meeting
3	Fernandez LBNL	Brief the Council on how LBNL is tracking cost savings and the current status.	04/12/06	Done—held on 6/14
4	Chernowski LBNL	Schedule a dry run of the presentation to senior LBNL and BSO management of second quarter performance. (UC-internal only).	04/12/06	Done—held on 05/02
8	Merola LBNL	Provide the Council with the number of LBNL PIs working with controlled substances.	05/10/06	Done—presented on 6/14
9	Merola LBNL	Provide the Council with the quantity of controlled substances ordered by LBNL annually.	05/10/06	Done—presented on 6/14
10	Merola LBNL	Provide the Council with the number of discrete locations where controlled substances are handled at LBNL.	05/10/06	Done—presented on 6/14
11	Hatayama LBNL	Personally review LBNL controlled substance and drug precursor processes and personnel to assure appropriate controls are	05/10/06	Done—presented on 6/14

		in place—report back to CAC.		
17	Hirahara LBNL	Invite Aundra Richards to 07/12 Quarterly CAC Meeting.	05/10/06	Done— discussed on 6/14
18	Koonce LBNL	Identify the UCOP senior management “owner” of the LBNL bonding issue.	05/10/06	Done— presented on 6/14