



## Department of Energy

Brookhaven Site Office

P.O. Box 5000

Upton, New York 11973

JAN - 9 2015

Ms. Suzanne Davidson  
Brookhaven Science Associates, LLC  
Brookhaven National Laboratory  
Upton, NY 11973

Dear Ms. Davidson:

SUBJECT: DEPARTMENT OF ENERGY (DOE) CHICAGO-INTEGRATED SUPPORT CENTER (CH-ISC) CERTIFICATION OF LABORATORY DIRECTED RESEARCH AND DEVELOPMENT (LDRD) EXPENDITURES AT BROOKHAVEN NATIONAL LABORATORY (BNL) FOR FISCAL YEAR (FY) 2014

In accordance with DOE Order 413.2B, Laboratory Directed Research and Development (LDRD), and the requirements set forth in the FY 2001 Energy and Water Development Conference Report, CH-ISC performed a review to support their certification of Brookhaven National Laboratory's LDRD expenditures for FY 2014. The enclosed review did not identify any findings. As such, CH-ISC provided their certification to the DOE Chief Financial Officer through the LDRD Reporting System on November 13, 2014.

If you have any questions, please contact John Meadows, of my staff, at extension 3430.

Sincerely,

A handwritten signature in blue ink that reads "Evelyn Landini".

Evelyn Landini, Director  
Business Management Division  
Contracting Officer

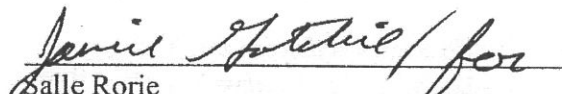
Enclosure:  
As Stated

cc: J. Meadows, SC-BHSO, w/o encl.  
B. Boyle, BSA, w/ encl.  
D. Hatton, BSA, w/encl.

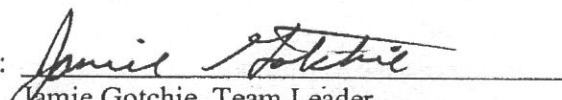
**U.S. DEPARTMENT OF ENERGY  
INTEGRATED SUPPORT CENTER  
CHICAGO OFFICE**

**BROOKHAVEN NATIONAL LABORATORY  
LABORATORY DIRECTED RESEARCH & DEVELOPMENT  
ANNUAL EXPENDITURE CERTIFICATION  
FISCAL YEAR 2014**

Prepared by:

  
Salle Rorie  
Internal Review and Advisory Services

Reviewed by:

  
Jamie Gotchie, Team Leader  
Internal Review and Advisory Services

Approved by:

  
Shawna Weekley, Director  
Accounting and Finance Division

## I. PURPOSE

The purpose of this review was to provide reasonable assurance that for FY 2014 Brookhaven National Laboratory's (BNL) method of accumulation and allocation of Laboratory Directed Research and Development (LDRD) funds was consistent with DOE Order 413.2B, *Laboratory Directed Research and Development*. Additionally, we sought to provide reasonable assurance that the FY 2014 cost information that BNL reported in the DOE LDRD Reporting System was in agreement with their financial records.

## II. BACKGROUND

The DOE Chief Financial Officer (CFO) developed the LDRD Reporting System to satisfy the requirements of the FY 2001 Energy and Water Development Conference Report which calls for an annual report on LDRD expenditures from the DOE CFO. In support of this annual requirement, the Field CFO is required to review the aggregate LDRD information for each site under their cognizance and certify that the data is accurate and all applicable Departmental procedures were implemented during the fiscal year. This certification entails providing assurance that the site's method for accumulating funds is consistent with DOE Order 413.2B or other applicable Departmental guidance, the aggregate LDRD costs inputted into the LDRD Reporting System agree with the site's financial records, and that Departmental requirements concerning LDRD charges on other Federal agency funded work for other projects have been adhered to, if applicable.

## III. SCOPE AND METHODOLOGY

The review was performed during October and November 2014 by the Chicago's CFO Office of Internal Review and Advisory Services and included fiscal year (FY) 2014 LDRD project costs.

Methodology used in conducting the review included:

- Obtaining BNL's LDRD project listing with associated costs in FY 2014;
- Judgmentally selecting a representative sample of specific projects, from which a sample of individual charges could be evaluated;
- For the specific projects selected, obtaining a list of costs by month and source, from which the sample of individual costs were identified;
- Obtaining and analyzing supporting documentation to determine if LDRD costs were properly recorded and reflected total cost, including contractor direct costs incurred in performing the work and all allocable indirect costs;
  - Tracing direct charges of labor, material, subcontractor, and internal services back to source documents;
  - Reviewing indirect costs to ensure they were calculated consistently as per BNL's Cost Accounting Standard Disclosure Statement and/or applicable indirect rates.
- Verifying that cost estimates for federally sponsored work contained language that identifies the funds to be collected as part of the project costs.

#### IV. RESULTS

In FY 2014, BNL had 40 LDRD projects with total costs of \$9,616,376. We judgmentally selected four LDRD projects for testing that had combined costs of \$1,995,069, which represented approximately 20% of BNL's total LDRD costs ( $\$1,995,069 / \$9,616,376 = 20.75\%$ ). The table below identifies the direct and indirect costs associated with the projects selected for testing along with the details regarding the value of direct and indirect costs sampled. Additionally, we verified that federally sponsored work for other agreements contained language that identified the LDRD funds to be collected as part of the project costs as prescribed by Departmental requirements outlined in DOE O 481.1C *Work for Others (Non-Department of Energy Funded Work)*.

Project Number	Sampled Project Total Costs	Total Direct Costs	Direct Costs Sampled	Percent Sampled (Direct Costs)	Total Indirect Costs	Indirect Costs Sampled	Percent Sampled (Indirect Costs)
11-036	\$ 264,089	\$ 165,364	\$ 3,225	2%	\$ 98,725	\$ 98,725	100%
12-007	\$ 551,909	\$ 357,707	\$ 46,653	13%	\$ 194,202	\$ 194,202	100%
13-038	\$ 437,125	\$ 321,443	\$ 49,249	15%	\$ 115,682	\$ 115,682	100%
14-024	\$ 741,946	\$ 492,225	\$ 83,693	17%	\$ 249,721	\$ 249,721	100%
	<u>\$1,995,069</u>	<u>\$1,336,739</u>	<u>\$ 182,820</u>	<u>17%</u>	<u>\$ 658,330</u>	<u>\$ 658,330</u>	<u>100%</u>

#### V. CONCLUSION

Based upon the results of our review, we can provide reasonable assurance that BNL accurately reported aggregate LDRD costs in the LDRD Reporting System administered by the DOE-HQ Office of the Chief Financial Officer. Therefore, the CH-CFO Certified BNL's LDRD costs in the system (see attachment 1).

The certification of the LDRD cost information includes an affirmation that BNL's method for accumulating and allocating funds is consistent with DOE Order 413.2B or other applicable Departmental guidance, and that the FY 2014 aggregate cost information that BNL reported in the DOE LDRD Reporting System is in agreement with their financial records. Note that the audit responsibility for the Department is assigned to the Office of Inspector General (OIG) and our review does not represent an audit nor does it take the place of the OIG program audit. Since our review is substantially less in scope than an audit, it does not provide a basis for the expression of an opinion on all of the LDRD aspects at BNL.

**L-P-SDRD Reporting Web Site v1.21**  
System: Production User: Jgot - James Gotchie Group: CFO Group FY: 2014

Main Menu

PRINT-FRIENDLY VERSION



**The Field Chief Financial Officer has certified that the aggregate LDRD financial information is accurate and all applicable Departmental procedures and guidelines have been implemented.**

**Brookhaven National Lab**  
Fiscal Year 2014

Certification Date: 11/13/2014  
Certifying Official Name: James . Gotchie  
Certifying Official Title: Accountant

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