



Fiscal Year 09 Parent Organization Oversight Plan Lawrence Livermore National Security, LLC

I. Introduction

This Parent Organization Oversight Plan presents for approval the detailed plan for the Fiscal Year 2009 (FY09) Parent Oversight activities as required by Contract No. DE-AC52-07NA27344.

The execution of this Oversight Plan by Lawrence Livermore National Security, LLC (LLNS, LLC) and its parent companies continues the self-governance model established to monitor and continuously improve the performance of Lawrence Livermore National Laboratory. With this plan, the parent companies of Bechtel, UC, B&W, and WG/URS will ensure the corporate support and sponsorship of the Laboratory as it endeavors to meet its mission and operational requirements. This plan is for the period from October 1, 2008 through September 30, 2009, and includes activity descriptions, cost estimates, the proposed schedule for planned activities, and reporting. To improve integration between Los Alamos National Laboratory and Lawrence Livermore, the parent organizations made the decision to operate with a common Board of Governors and Committees. In addition, both Boards and all Committees meet jointly. This allows a sharing of costs between the LLNS, LLC and Los Alamos National Security, LLC (LANS, LLC) for the expenses of the Independent Governors and for the Committee costs. This cost sharing arrangement is reflected in this plan.

The Parent Oversight Plan details three oversight areas:

1. Board of Governors and Committees
2. Parent organization functional management assessments
3. LLNS, LLC Corporate Office, Livermore

II. Parent Oversight Elements

1. Board of Governors

The Board is composed of up to sixteen members, including five Independent Governors and a Battelle Governor.

The Executive Committee of the Board is the decision-making body for LLNS, LLC and is responsible for the oversight of Laboratory operations. The Executive Committee members are as follows:

Norman Pattiz – Chairman
Scott Ogilvie – Vice Chairman
Craig Weaver

Preston Rahe
Bruce Darling
William Frazer

Four Advisory Member Governors are appointed by the Executive Committee. Two have been appointed to date and they are as follows:

David Walker

Steven Beckwith

Jeffrey Wadsworth serves as the Battelle Governor.

The cost of these senior parent organization executives and the Battelle Governor will not be charged to the contract.

The five Independent Governors were selected based on their experience in the most significant areas of the laboratory. The Independent Governors will remain:

William Perry
Nick Moore
John Gordon

Sid Drell
Richard Mies

Executive Committee meetings have been held since the contract award and full Board meetings began in September 2007. We plan Quarterly Board meetings through FY09. Executive Committee meetings will be held as deemed necessary.

Proposed Cost (Independent Governors only included with travel expenses shared with LANS): \$287K (Attachment 1)

2. Board Committees

There are seven Board Committees. These are advisory Committees to the Board and all are chaired by one of the Board members. The cost of Committee meetings, since they meet jointly, is shared with LANS, LLC. The LLNS and the LANS Parent Oversight Plans each contain half the annual cost of Committees. The exception is the LLNS Operations and Business Committee, which will focus solely on LLNL in the foreseeable future in order to provide adequate oversight for the area in which most improvements in LLNL are needed. The LANS and LLNS committees have overlapping Committee members, who will ensure integration in business and operations between both Labs wherever possible. The members of the LLNS Committee appear in Attachment 2. With the exception of Nominations and Compensation, which meets on an as-needed basis, the Committees meet quarterly.

The committees and their chairs are as follows:

Science and Technology—William Frazer

This committee reviews the Laboratory's scientific quality, positioning for the future national needs, and ability to attract and retain scientific staff in critical technical areas.

Nominations and Compensation—Bruce Darling

This committee reviews selection, performance, compensation, and other key personnel issues and advises on benefits and compensation.

Ethics and Audit—Nick Moore

The committee reviews the integrity of the Laboratory's financial systems and other aspects of Laboratory operations, including internal controls, whistle-blower issues, procurement, and human resources.

Business and Operations—David Walker

This committee reviews the quality and efficacy of business and operations and identifies where best practices (commercial or throughout the DOE Complex) can improve Laboratory functions.

Nuclear Weapons Complex Integration—Richard Mies

This committee advises on matters directly related to integrating the NNSA weapons complex with the goal of enhancing agility, flexibility, and efficiency.

Mission—William Perry

This committee advises on the Laboratory's capabilities and performance related to national defense and its ability to meet current and future mission needs.

Safeguards and Security—Preston Rahe

This committee reviews the institutionalization and implementation of appropriate and effective safeguards and security policies and procedures based on current issues and future trends.

Proposed Cost: \$772K (w/o LANS sharing costs = \$1,246K) (Attachment 1)

3. Parent Organization Functional Management Assessments (FMA)

Parent Organization Functional Management Assessments are formal, integrated reviews conducted to guarantee that the management system is based upon the parent organizations' best practices and industry standards, and to promote continuous improvement by assessing the implementation of LLNL management systems for adequacy and effectiveness. Assessments in the areas of Mission and Science will review the quality, responsiveness, and future positioning of the programmatic and scientific work at the Laboratory. The assessment teams are composed of parent organization experts from corporate staff; experts from other DOE and NNSA sites managed by Bechtel, B&W, Battelle, WG/URS or UC; and other subject matter experts. Responsibilities of corporate reach-back include verifying discipline-specific procedures and methods; providing qualified and trained resources; assessing the effectiveness of on-project implementation, guidance and procedures; mentoring personnel; and performing periodic peer review, and oversight assessments and audits.

The plan for FY09 includes assessments in the following two discipline areas: Operations (Laboratory Operations and Business; Environment, Safety and Health (ES&H); and Security), and Mission and Science and Technology.

Based on our experience to date, LLNS plans to perform 22 Parent Organization FMAs during the fiscal year. Compared with FY08, these assessments will generally be longer in duration and more in-depth. The specific areas for these assessments were identified as areas of risk or as significant opportunities for improvement, or as peer reviews of the scientific and technical work. The areas were identified by LLNL management request, Board of Governors and Committee requests, Customer Focus Areas, identified trends, and follow-up from previous assessments. Of the 22 assessments, 3 are reserved for specific assignment during the year to support special requests or for identified areas that are not specifically scheduled. Also, should the needs of the Lab require it, any of these assessments maybe substituted or exchanged for assessments of a more urgent nature. We will notify LSO should this need arise. As appropriate, the results of similar past LANS FMAs will be shared with LLNL management and the FMA teams as background information on best practices and potentially similar opportunities for improvement. A representative of one of the LLNS Board of Governors Committees will observe many of the FMAs to enhance the knowledge base of the Committees.

The planned assessment activities detailed in the schedule (Attachment 3) include areas of focus for continued improvement in Nuclear Operations, Facility Consolidation, Cost Model and Financial Reporting, Information Technology Services, ES&H (2 FMAs), Cybersecurity, Project Management, Work for Others processes, and the Contractor Assurance System. In addition, the plan includes strategic and peer review of 3 programs and 4 scientific directorates to monitor performance quality.

Proposed Cost: \$ 582K (Attachment 1)

4 LLNS, LLC Corporate Office

The LLNS Office is responsible for ensuring that the Board of Governors' oversight activities in the Parent Organization Oversight Plan are implemented and that the Laboratory's needs for corporate reach-back and external expertise are met. The LLNS Office Director will be responsible for support to the Board and its Committees and the implementation of the Plan on behalf of the parent organizations.

The LLNS Corporate Office will be staffed with 7 full-time equivalent (FTE) employees during FY09. The Other Direct Cost budget includes relocation for the WG/B&W corporate representative. The personnel in the office are assigned by the parent organizations, and provide coordination and support of the Parent Organization Oversight Plan, and technical oversight in the transformation and continuous improvement of the Laboratory.

Proposed Cost: \$2,053K (Attachment 1)

III. Schedule for Planned Assessments

A schedule of planned activities is provided in Attachment 3. The schedule is organized by the two areas: Operations and Business, and Mission and Science. The schedule will be integrated and maintained by LLNS Corporate Office staff on behalf of the Board and the parent organizations. The schedule is subject to change based on emerging areas requiring assessment and availability of external Parent Team Members. In addition to the activities shown, there will be quarterly Board of Governors and Committee meetings.

IV. Total Cost Estimate for Planned Activities

A cost estimate summary based on the planned activities is provided in Attachment 1. The cost estimates for each of the oversight areas will be maintained and tracked by the corporate office staff on behalf of the Board and the parent organizations. The estimate summarizes the cost associated with the four oversight areas as defined above.

Total budget estimate: \$3,694K (w/o LANS sharing; costs = \$4,197K)

V. Periodic Reports

The schedule of the Parent Organization FMAs will be sent to the Livermore Site Office (LSO) and Laboratory management on a regular basis. This schedule will detail completed and planned assessments for FY09. In addition, a formal notice of the kick-off and exit briefings for each assessment, including date, time, and place, is sent to the central point of contact for LSO. Final reports are also provided to LSO, Laboratory management, and Board Committees. The issues identified in these reports are entered and tracked by the responsible Associate Director and the Contractor Assurance Office using the Laboratory Issues Management Tracking System (ITS) and the successor system.

VI. Comparison with FY08 Plan

The cost of the FY09 proposed plan is about 15 per cent less than the cost of the FY08 plan. The decrease in cost is due to efficiencies in joint Committee operation with LANS, and because there are 22 FMAs proposed for FY09, compared to 26 approved for FY08. The duration of the FY09 FMAs was increased in order to allow the assessment teams to get into more depth. The FMA areas are judged by LLNS to cover: the areas of highest risk; areas with greatest opportunity for improvement; or peer review of the scientific and technological work of the Laboratory. The slight narrowing of focus proposed for FY09 has occurred as LLNS has gained experience through the FY08 assessments conducted to date, and as the LLNS Board Committees have gained knowledge of the Laboratory. LLNS believes the 22 proposed assessments, activities of the LLNS office, and the Board/Committee activities, provide the active oversight that LLNS promised in its proposal to the NNSA to manage LLNL.

**Attachment 1
FY09 LLNS, LLC
Parent Oversight Cost Estimate
Reimbursable Costs**

FY09 (October 1, 2008 - September 30, 2009)							
Oversight Area	Number of Members	Job hours	Labor Rates	ODC	Total Labor & Fringes	Travel Costs	FY09 Total LLNS Costs
Board of Governors (BOG)				\$50,000			\$50,000
Sr. Parent Organizations	6	768	\$0		\$0	\$0	\$0
Advisory Governors	4	512	\$0	\$0	\$0	\$0	\$0
Independent Governors	5	640	Per Letter Agreements	Included in labor	\$210,000	\$54,000	\$237,000
Battelle Governor	1	128	\$0	\$0	\$0	\$0	\$0
BOG Total	16	2,048	\$0	\$50,000	\$210,000	\$54,000	\$287,000

FY09 (October 1, 2008 - September 30, 2009)								
Oversight Area	Number of Members*	Job hours	Fringes	Total Labor & Fringes	Travel Costs	Committee Differences	FY09 Total LLNS Costs	FY09 Total Committee Costs
Committees	*Includes BoG Chairs							
Operations and Business	11	1152	Included in labor	\$227,624	\$54,000	Separate Committees	\$281,629	\$281,629
Ethics and Audit	6	480	Included in labor	\$71,314	\$30,000	50/50	\$50,657	\$101,314
Mission	13	1048	Included in labor	\$141,417	\$60,000	LANS Additional Member	\$93,965	\$187,929
Nomination and Compensation	7	384	Included in labor	\$50,028	\$6,000	LLNS Additional Member	\$35,963	\$56,028
Nuclear Weapons Complex Integration	9	448	Included in labor	\$83,998	\$36,000	50/50	\$59,999	\$119,998
Science and Technology	16	1816	Included in labor	\$243,155	\$90,000	50/50	\$166,578	\$333,156

FY09 (October 1, 2008 - September 30, 2009 (cont.))								
Oversight Area	Number of Members*	Job hours	Fringes	Total Labor & Fringes	Travel Costs	Committee Differences	FY09 Total LLNS Costs	FY09 Total Committee Costs (includes LANS Share)
Safeguards and Security	12	768	Included in labor	\$105,566	\$60,000	50/50	\$82,783	\$165,566
Committees Total	69	5434		\$912,088	\$336,000		\$761,439	\$1,245,620

FY09 (October 1, 2008 - September 30, 2009)						
Oversight Area	Number of Members	Job hours	Fringes	Total Labor & Fringes	Travel Costs	FY09 Total LLNS Costs
Functional Assessments						
Mission and Science	27	808	Included in labor	\$170,800	\$16,850	\$187,650
Operations and Business	47	1880	Included in labor	\$314,000	\$80,500	\$394,500
Functional Assessments Total	74	2688		\$484,800	\$97,350	\$582,150

FY09 (October 1, 2008 - September 30, 2009)								
Oversight Area	Job hours	Escalated Labor Rates	Labor	Total Labor & Fringes	Travel Costs	Other Direct Costs	FY09 Total LLNS Costs	
BNI-Livermore	1842	\$168.96	\$311,219	\$429,799	\$17,500	\$339,820	\$787,176	
BNI-Livermore	1842	\$70.90	\$130,601	\$187,751	\$17,500		\$205,275	
UC-Livermore	1842	\$110.64	\$203,792	\$290,284	\$17,500		\$307,821	
UC-Livermore	1842	\$87.49	\$161,157	\$231,675	\$17,500		\$249,204	
WGI/BWXT-Livermore	1842	\$110.64	\$203,792	\$290,284	\$17,500		\$307,821	
Admin	1842	\$43.23	\$79,633	\$114,485	\$0		\$114,500	
Admin	1842	\$30.69	\$56,524	\$81,264	\$0		\$81,275	
Oversight Office Total	12894		\$1,146,718	\$1,625,542	\$87,500	\$339,820	\$2,053,016	

LLNS, LLC FY09 Reimbursable Submission:	\$3,693,797
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**Attachment 2
LLNS Board of Governors Committees**

Operations and Business Committee

Last name	First name	Title	Affiliation
Bauer	Linda	President, B&W Technical Services Group, Savannah River Company	Washington Savannah River Company
Koonce	Buck	Deputy Associate Vice President	UCOP
Mendez	Maureen	Chief Financial Officer and Business Services Manager	Bechtel Systems and Infrastructure, Inc.
Midgett	Chris	Manager of Operations, Chem Demil	Bechtel National, Inc.
Moreton	Mary	Senior Vice President	Bechtel National, Inc.
Offringa	Peter J.	Deputy Director	LLNS, LLC
Piccolo	Steve	Senior Vice President, Closure Sites & Operations	Washington Group/URS
Ramleth	Geir	Senior Vice President and Chief Financial Officer	Bechtel Group, Inc.
Walker	David	President, Bechtel National Inc.	Bechtel National, Inc.
Weaver	Craig D.	Executive Vice President	Bechtel National, Inc.
Williams	Fran	Environmental Safety Manager	Washington Group/URS

Ethics and Audit Committee

Last name	First name	Title	Affiliation
Broome	Anne	Vice President, Finance	University of California, Office of the President
Lyon	Sharon	Manager of Ethics and Compliance and Employee Concerns Program	Bechtel National, Inc.
Moore	Nicholas G.	Chairman (retired)	Price Waterhouse Coopers
Reed	Patrick	University Auditor	University of California
Sendrick	Tracy	Director, Business Ethics and Compliance Programs	B&W
Sparks	Anette	BGI Controller	Bechtel Group, Inc.

Mission Committee

Last name	First name	Title	Affiliation
Carnesale	Albert	Chancellor Emeritus and Professor	University of California Los Angeles
Drell	Sidney	Professor	SLAC, Stanford
Eardley	Douglas	Professor of Physics	University of California, Santa Barbara
Evans	Eric	Director	MIT Lincoln Lab
Frazer	William R.	UC Provost Emeritus	University of California

Mission Committee (cont.)

Last name	First name	Title	Affiliation
Gordon	John A.	General (retired)	Consultant
Meiron	Daniel I.	Professor of Applied and Computational Math and Computer Science	California Institute of Technology
O'Sullivan	Stephanie	Deputy Director for Science and Technology	CIA
Perry	William J.	Michael & Barbara Berberian Professor	Stanford University
Schneider, Jr.	William		Consultant
Smith	Harold P.	Distinguished Visiting Scholar and Professor	University of California
Wadsworth	Jeffrey	Executive Vice President, Global Laboratory Operations	Battelle Memorial Institute
Welch	Larry	General (retired)	Institute for Defense Analyses

Nomination and Compensation Committee

Last name	First name	Title	Affiliation
Boyette	Judy W.	Associate Vice President, Human Resources and Benefits	University of California, Office of the President
Darling	Bruce B.	Executive Vice President	University of California, Office of the President, University Affairs
Drell	Dr. Sidney	Professor	SLAC
James	Joan	Manager, Human Resources	Bechtel Systems & Infrastructure, Inc.
Hampton	Donna	Human Resource Division Manager	BWXT
Smith	Bob, Jr.	Senior Vice President, Organizational Development	Battelle
Weaver	Craig D.	Executive Vice President	Bechtel National, Inc.

Nuclear Weapons Complex Integration Committee

Last name	First name	Title	Affiliation
Beckner	Everet H.	Vice President (retired)	Consultant
Birely	John	Associate Vice President – Lab Programs	University of California
Cochran	Robert	President	B&W Technical Services Group
Gioconda	Thomas	Vice President & Manager of Government Programs	Bechtel National, Inc.
Gordon-Hagerty	Lisa E.	President & CEO of LEG, Inc.	LEG, Inc

Nuclear Weapons Complex Integration Committee (cont.)

Last name	First name	Title	Affiliation
Kuckuck	Robert W.	Deputy Laboratory Director (retired)	Consultant
Mies	Richard	Admiral (retired)	Mies Group
Piccolo	Steve	Senior Vice President, Closure Sites & Operations	Washington Group/URS
TBD			

Science and Technology Committee

Last name	First name	Title	Affiliation
Adams	Marvin L.	Professor, Nuclear Engineering	Texas A&M University
Beckwith	Steven	Vice President for Research and Graduate Studies	University of California, Office of the President
Benz	August (Gus) David	Fellow	Bechtel National, Inc.
Bercaw	John	Professor of Chemistry	Cal Tech
Colvin	Michael	Professor of Natural Sciences	UC Merced
Falcone	Roger	Director, Advanced Light Source	Lawrence Berkeley National Laboratory
Frazer	William R.	UC Provost Emeritus	University of California, Berkeley
Long	Darrell D.E.	Professor of Computer Science	UC Santa Cruz
Tirrell	Matthew	Professor & Dean of Engineering	UC Santa Barbara
Vogt	Rochus	Professor of Physics	Cal Tech
Wadsworth	Jeffrey	Executive Vice President, Global Laboratory Operations,	Battelle Memorial Institute

Safeguards and Securities Committee

Last name	First name	Title	Affiliation
Baxter	Wilson	Information Security Manager	Bechtel Systems & Infrastructure Inc.
Clements	Willis (Butch)	Vice President, Safeguards & Security	B&W Technical Services Y-12, LLC
Cochran	Robert	President	B&W Technical Services Group
Dailey	George A	Chief Information Officer	B&W Technical Services Y-12, LLC
Hafner	Steve	Director of Security Operation	Pro2Serve
Johnson	Owen (Toby)	Consultant	
Michniuk	Donald	Manager of Information Security	Bechtel Group, Information Security
Nichols	Donna	Director, Security and Ethics	Washington Group/URS

Safeguards and Securities Committee (cont.)

Last name	First name	Title	Affiliation
Owens	Raymond (Terry)	Consultant	Retired
Pethic	Dave	President, Energy & Environment Business Unit	Washington Group/URS
Rahe, Jr.	E. Preston	President (retired), Energy & Environment Business Unit	Washington Group/URS
Trent	Larrie	Consultant, Safety & Security	Retired (BWXT)
Wolf	Daniel	President	Cyber Pack Ventures

Attachment 3
LLNS Parent Organization Functional Management Assessment Teams Schedule

<i>LLNS Parent Organization Functional Management Assessment Teams Schedule - FY09</i>				
Team	Responsible Manager	FY09 Start Date	LLNS/LSO Representative	Number of Assessments in FY09
OPERATIONS				13
Cybersecurity	Leary & Neves	2nd Quarter	Offringa/Gordon	1
ES&H Assessment	Macenski	1st Quarter	Offringa/Nakahara	1
ISMS	Macenski	4th Quarter	Offringa/Nakahara	1
WFO Process	Murray & Russo	2nd Quarter	Coll/Brinker	1
Cost Model & Financial Reporting	Rakow & Russo	1st Quarter	Johnston/Parenti	1
IT- Desktop, Network, storage	Liedle	3rd Quarter	Johnston/Parenti	1
Project Management	Russo	2nd Quarter	Johnston/Brinker	1
CAS	Johnson	4th Quarter	Johnston/Parenti	1
Facility Consolidation	Russo	3rd Quarter	Johnston/Brinker	1
Nuclear Operations	Russo	4th Quarter	Offringa/Rodrik	1
Three Selected Reviews of Additional Programs TBD	TBD	TBD	Johnston/ Offringa	3
MISSION and SCIENCE and TECHNOLOGY				8 - 9
CMLES Review	Diaz de la Rubia	3rd - 4th Quarter	Coll/Brinker	1
Computation & Simulation DRC	Crawford	3rd - 4th Quarter	Coll/Brinker	1
Engineering DRC	Patterson	3rd - 4th Quarter	Coll/Brinker	1
Physical Sciences DRC	Goldstein	3rd - 4th Quarter	Coll/Brinker	1
Global Security PRC	Doseburg	3rd - 4th Quarter	Coll/Brinker	1
Weapons and Complex Integration PRC	Goodwin	3rd - 4th Quarter	Coll/Brinker	1
NIF & Photon Sciences PRC	Moses	3rd - 4th Quarter	Coll/Samuelson	1
Portfolio Reviews	Murray	3rd - 4th Quarter	Coll/Brinker	1 - 2
Total				21 - 22