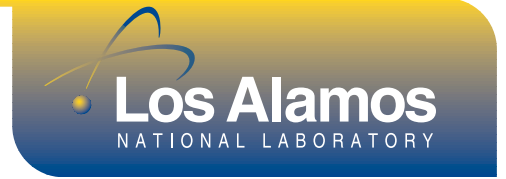


# Improving Laboratory Business Processes



Interim Laboratory Director George P. (Pete) Nanos established the Director's Performance Improvement Program (DPIP) with the objective of integrating and managing the interfaces among the projects that have been initiated to improve the overall business and management performance of the Laboratory. That program consists of the following major elements:

- Business Process Improvement
- Operations Improvement
- Human Resource Systems
- Program Management Review and Improvement
- Enterprise Project
- Communications
- Internal Alignment Coordination
- Improvements Program Integration
- Synergistic Workforce Environment Project

The program developed and models a systematic approach for tracking progress, identifying and resolving issues of integration, and for identifying and setting priorities for improvement efforts based on alignment with institutional strategies. The project's overall goal is to drive continuous Laboratory-wide improvement.

## Business Process Improvement Project

The Business Process Improvement Project, which is the overall program's first element, includes more than 115 measurable milestones, with 615 assigned and accountable activities. Among them are:



Daily status meetings allowed the team to keep laboratory management advised of daily progress in the wall-to-wall inventory.

- *Wall-to-wall physical inventory of controlled property:* More than 99 percent of LANL's property items were accounted for in this 100 percent, hands-on inventory, representing 99.6 percent of the total inventory value, or \$1.1 billion. PricewaterhouseCoopers validated the inventory methodology and results.
- *Purchase card corrective action plan:* The Laboratory implemented robust internal controls and staffed a new purchase card team with new leadership. Reconciliations are current, dispute transactions are current and desktop audits are current.
- *Business Operations Division re-organization:* The division's permanent organization structure was announced in mid-May, at which time the Laboratory began recruiting for the leadership and management positions.
- *Group leader stewardship reporting process:* This initiative began in March 2003. It involves a single suite of reports that provides a detailed listing of the organization's business transactions together with review criteria that each group-level manager reviews on a monthly basis. The report's objectives include: 1) improve the efficiency and effectiveness of the Laboratory's financial stewardship, 2) demonstrate the stewardship process to internal and external reviewers, and 3) reduce the administrative burden imposed on line managers by making needed data more accessible and meaningful.
- *Internal business processes self-assessment:* 124 self-assessments have been completed covering essentially every business process at the Laboratory. The Business Process Improvement Project captures the resulting corrective actions.
- *External review corrective actions:* Corrective actions stemming from the

external reviews sponsored by the University of California and performed by Ernst & Young and Layton/PricewaterhouseCoopers are being incorporated within the Business Process Improvement Project.

### **Property Management Improvement Highlights**

Improvement efforts have focused on ensuring that controlled property is properly identified as it is received on-site and, once identified and bar coded, that inventory control is appropriately maintained. A cross-functional group is working on "cradle to grave" process integration.

- *Drop Points:* All of the Laboratory's 580 drop points were reviewed; total drop points were reduced to 440. In March 2003 a new property and material drop point policy was implemented requiring delivery only to visually secure drop points or to an accountable individual who would sign for and receive the delivery.
- *Property Accounting:* Staffing of the property accounting function at the Laboratory was identified as a vulnerability. Long-term staffing is being addressed in the Business Operations Division staffing plan. In the interim, short-term staffing relief has significantly reduced the work backlog and enhanced controls in the Property Accounting area.

### **Procurement Improvement Highlights**

- *Accelerated procurement activities:* Each method of accelerated procurement (just-in-time, local vendor agreements, blanket purchase orders and purchase cards) has been reviewed and improvements are in place or underway. These acquisition methodologies represent approximately 95 percent of the Laboratory's procurement transactions, and less than 10 percent of the total procurement dollars.
- *Procurement Quality Assurance:* In October 2002, the Associate Director for Administration established a Procurement Quality Assurance Organization. This group will perform various types of reviews to ensure quality, standardization and compliance.

### **Accounting Improvement Highlights**

*Banking practices:* Several changes to the laboratory's banking practices will streamline processes and provide additional security.

- *Positive Pay* — A standard commercial practice, this process will provide positive assurance that the check amount is, in fact, the amount tendered by the bank. This change is scheduled for implementation 6/03.

- *Direct Electronic Payroll Transmittal* — Provides assurance that payroll files are properly transmitted to the bank. Implemented 4/03.
- *On-Line Stop Payment* — This capability will increase control by establishing a real-time ability to issue stop payments. Scheduled for implementation 5/03.
- *Banking Agreement* — The Laboratory's banking agreement will be re-competed within the next few months.

*Time & Effort Review:* This initiative reviewed all laboratory organizations and identified some inconsistencies in process. The Laboratory's Business Team Leaders are working with divisions where problems were identified to improve compliance with policy. Recommendations are being developed for improvement based on the reviews.

*JCNM transactions reconciliation:* To ensure an appropriate closeout of the contract, a 100 percent reconciliation of four years of Johnson Controls of Northern New Mexico transactions has been completed.



Los Alamos National Laboratory is operated by the University of California for the U.S. Department of Energy's National Nuclear Security Administration