



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

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April 9, 2026

Improvements Are Needed in Lawrence Berkeley National Laboratory's Management of Professional and Consultant Services Agreements



AUDIT REPORT



Department of Energy
Washington, DC 20585

April 9, 2026

MEMORANDUM FOR THE ACTING DIRECTOR, OFFICE OF SCIENCE

SUBJECT: Audit Report: *Improvements Are Needed in Lawrence Berkeley National Laboratory's Management of Professional and Consultant Services Agreements*

The attached report discusses our audit of professional and consultant services agreements at Lawrence Berkeley National Laboratory. This report contains 10 recommendations that, if fully implemented, should help ensure that professional and consultant services agreements are managed in accordance with applicable laws, regulations, and contract requirements, and that only allowable costs are incurred and claimed. Management concurred with our recommendations.

We conducted this audit from February 2025 through November 2025 in accordance with generally accepted government auditing standards. We appreciated the cooperation and assistance received during this audit.

A handwritten signature in cursive script that reads "Sarah Nelson".

Sarah Nelson
Assistant Inspector General
for Management
Performing the Duties of the Inspector General
Office of Inspector General

cc: Deputy Secretary
Chief of Staff

DOE OIG HIGHLIGHTS

Improvements Are Needed in Lawrence Berkeley National Laboratory's Management of Professional and Consultant Services Agreements

Why We Performed This Audit

Since 1943, the Regents of the University of California have managed Lawrence Berkeley National Laboratory (LBNL) for the Department of Energy's Office of Science. LBNL's mission is to expand the frontiers of knowledge and deliver solutions for science and humankind. In support of this mission, LBNL acquires consultants to provide independent expert advisory and/or assistance services of a technical or professional nature on a fee or per diem basis. LBNL uses subcontracts to commit resources and formalize its relationships with consultants.

We initiated this audit to determine whether LBNL managed its professional and consultant services agreements in compliance with applicable laws, regulations, and contract requirements.

What We Found

We found that LBNL did not manage its professional and consultant services agreements in compliance with applicable laws, regulations, and contract requirements. Specifically, we found that LBNL: (1) entered into professional and consultant services agreements that did not meet the Federal Acquisition Regulation definition; (2) did not always obtain required conflicts-of-interest disclosures; (3) entered into consultant agreements with former Laboratory employees in contradiction to its policy; (4) retained consultants for longer than 5 years; (5) determined price reasonableness exclusively on the General Services Administration's labor rates tool; (6) paid invoices from consultants that often lacked sufficient detail to support the services rendered; and (7) may have paid unallowable travel costs. Finally, LBNL did not ensure segregation of duties within the procurement and oversight of professional and consultant services agreements.

We attributed these issues to weaknesses in LBNL's internal policies and procedures, failure to adhere to internal policies and procedures, and misalignment of internal policy to Department policies. These weaknesses limit LBNL's ability to provide reasonable assurance that professional and consultant services agreements comply with laws and regulations and that only allowable costs are incurred and claimed.

What We Recommend

To address the issues identified in this report, we have made 10 recommendations that, if fully implemented, should help ensure that professional and consultant services agreements are managed in accordance with applicable laws, regulations, and contract requirements.

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Background and Objective

Since 1943, the Regents of the University of California have managed Lawrence Berkeley National Laboratory (LBNL) for the Department of Energy's Office of Science. LBNL's mission is to expand the frontiers of knowledge and deliver solutions for science and humankind. In support of this mission, LBNL acquires consultants through Personal or Consultant Services agreements to provide independent expert advisory and/or assistance services of a technical or professional nature on a fee or per diem basis. Federal Acquisition Regulation (FAR) 31.205-33, "Professional and consultant service costs," defines professional and consultant services as services rendered by people who are members of a particular profession or possess a special skill who are not officers or employees of the contractor. Professional and consultant services are generally acquired to obtain information, advice, opinions, alternatives, conclusions, recommendations, training, or direct assistance, such as studies, analyses, evaluations, liaison with Government officials, or other forms of representation. LBNL uses subcontracts to commit resources and formalize its relationships with consultants.

The Department requires LBNL to conform with applicable acquisition regulations and the terms and conditions of its contract when managing and administering subcontracts for consulting services. Department of Energy Acquisition Regulation (DEAR) 970.5244-1, "Contractor purchasing system," requires LBNL to maintain adequate file documentation to establish the propriety of the transaction and the price paid. DEAR 970.44, "Management and operating contractor purchasing," requires that LBNL's subcontract files contain written documents that present an accurate and adequate record of all purchasing transactions and set forth the information and data used in determining that the purchases are in the best interest of the Government. In accordance with its management and operating (M&O) contract, LBNL's purchasing system and methods used must be fully documented, consistently applied, and acceptable to the Department. LBNL's *Requirements and Policies Manual* sets forth University of California's and LBNL's policies that help define a framework for Laboratory operations. The *Requirements and Policies Manual* includes guidelines and requirements for requesting and using a consultant's services at LBNL. We initiated this audit to determine whether LBNL managed its professional and consultant services agreements in compliance with applicable laws, regulations, and contract requirements.

Results of Review

LBNL DID NOT FULLY COMPLY WITH REQUIREMENTS IN MANAGING ITS PROFESSIONAL AND CONSULTANT SERVICES AGREEMENTS

Based on our review of 33 subcontracts awarded for professional or consultant services valued at \$6,666,663, we determined that LBNL did not fully comply with applicable laws, regulations, and contract requirements in managing its professional and consultant services agreements. Specifically, we found that LBNL: (1) entered into professional and consultant services agreements that did not meet the FAR definition of professional and consultant services; (2) did not always obtain required conflicts-of-interest disclosures; (3) entered into consultant agreements with former Laboratory employees in contradiction to its policy; (4) retained consultants for longer than 5 years without adequate justification; (5) determined price

reasonableness exclusively on the General Services Administration’s (GSA) Labor Category Ceiling Rates tool; (6) paid invoices from consultants that often lacked sufficient detail to support the services rendered; and (7) may have paid unallowable travel costs. Finally, LBNL did not ensure segregation of duties within the procurement and oversight of professional and consultant services agreements.

Some Consultant Agreements Did Not Meet the Federal Acquisition Regulation Definition

Five of the 33 (15 percent) consultant services agreements¹ we reviewed did not meet the FAR definition of professional and consultant services. As previously stated, FAR 31.205-33, “Professional and consultant service costs,” defines professional and consultant services as those services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor. Professional and consultant services are generally acquired to obtain information, advice, opinions, alternatives, conclusions, recommendations, training, or direct assistance, such as studies, analyses, evaluations, liaison with Government officials, or other forms of representation. We found five consultant agreements in which the scopes of work did not meet the FAR definition. These services included preparing for and conducting accelerator experiments, managing the acquisition of frozen tissue samples, bench work on actinide chemistry projects, and assisting in acquisitions of a freezer for fixed and frozen tissue. This work may have been better suited for a contract worker. According to LBNL officials, contract workers fulfill temporary operational needs typically associated with a vacation or extended leave of regular Laboratory staff, short-term increases in workload beyond the resources of regular staff, or a special project for which available staff lacks time, skills, or both.

Conflicts-of-Interest Disclosures Not Obtained

LBNL did not always obtain the required conflicts-of-interest disclosures. LBNL M&O contract Clause I.110 - DEAR 952.209-72, “Organizational conflicts of interest,” requires LBNL to: (1) obtain conflicts-of-interest disclosures from the consultant prior to award; (2) determine in writing whether an actual conflict is present; and (3) take actions to avoid, neutralize, or mitigate actual or significant potential organizational conflicts of interest (OCI) to its satisfaction.

Additionally, *LBNL-Procurement Standard Practices*, Subject 9.3, “Organizational Conflicts of Interest,” is consistent with DEAR requirements and states that the procurement specialist must obtain and review the OCI Disclosure Form for indications of potential conflicts prior to award of any subcontracts that are expected to exceed the simplified acquisition threshold and include Advisory & Assistance services, which would likely be the case for a consultant services agreement. LBNL’s procurement standard also states that when significant modification(s) cause the total value of a subcontract to exceed the simplified acquisition threshold for a consultant agreement, the subcontractor must submit a new OCI Disclosure Form.

¹ Laws, regulations, contract requirements, and LBNL’s policies regarding the management of professional and consultant services agreements are consistent; therefore, we refer to both types of agreements as consultant service agreements in this report.

However, we found four of the seven consultant services agreements that required an OCI Disclosure Form did not have one in the procurement file. An LBNL official stated that some agreements were not expected to exceed the simplified acquisition threshold at the time of award, so an OCI Disclosure Form was not required. However, LBNL policy also states that the procurement specialist is required to obtain an OCI Disclosure Form if the agreement later exceeds the simplified acquisition threshold.

Former Laboratory Employees as Consultants

LBNL entered into consultant agreements with former Laboratory employees in contradiction to its policy. Of the 33 consultant services agreements reviewed, we found that 18 were agreements with retired or former LBNL employees. Of those 18, we found 8 agreements in which LBNL did not adhere to policy. LBNL policy, *Consultants to Berkeley Lab, Hiring*, states that a retiree cannot perform work as a consultant that is the same or similar to work that is typically performed by LBNL employees. When this situation may arise, the requester must work with human resources and obtain approval from LBNL's Legal Counsel prior to submitting the procurement request.

Additionally, the policy states that a retired employee may work as a consultant immediately after retiring only if: "(1) while serving as an employee, the retiree did not participate in any way in the making of the Consultant Agreement or PSA [Professional Service Agreements], including making arrangements or developing or finalizing the statement of work or negotiating agreement terms; and (2) more than 1 year's time has elapsed since the individual separated from UC [University of California] employment if the individual had been employed in a policy-making position in the same general subject area and department as the proposed agreement."

However, we found:

- One consultant services agreement with a retired employee began on February 6, 2019, and the employee's last date of employment with LBNL was December 31, 2018. The Statement of Services, budget detail spreadsheet, and Request for Consultant Services form were prepared on December 20 and 21, 2018, prior to the employee retiring. Additionally, the employee was in a policy-making position prior to retiring in the same general subject area for which they were subcontracted through the consulting services agreement. Therefore, the retired employee should not have been hired as a consultant until 1 year had elapsed from their retirement.
- Five consulting services agreements were entered into with a retired LBNL employee for work that was the same or similar work performed by the retired employee when employed at LBNL. However, there was no evidence of review or approval by LBNL's Legal Counsel within the procurement file as required by LBNL policy.

Use of Long-Term Consultant Agreements

We found that LBNL renewed 5 of the 33 consultant agreements for more than 5 years, in contradiction to LBNL policy and without justifying a deviation from policy. FAR 31.205-33, “Professional and consultant service costs,” states that when determining the allowability of costs, the contracting officer shall consider whether the service can be performed more economically by employment rather than by contracting. In addition, LBNL policy, *Consultants to Berkeley Lab, Hiring*, states that most consultant services agreements should have a term of 1 year or less. The policy goes on to state that an agreement’s renewal may be appropriate if consultant services are needed for longer periods, but that in no event may a consultant services agreement exceed 5 years. However, we found one consultant services agreement for project management support was renewed for over 5 years before a new agreement was issued with the same scope of work for another 4 years, totaling over 9 years for the same work. In addition, this same consultant had a second consultant services agreement with LBNL for “reviewing and commenting on progress for the Advanced Light Source-Upgrade Project.” The original agreement was renewed for 1 year nine times, for a total term of almost 10 years, before a new agreement was issued for the same scope of work for an additional year. Another consultant held continuous active consulting agreements with LBNL since 2012. In each of these instances, there was no indication in the subcontract file that LBNL considered whether the service could have been performed more economically by employment rather than by contracting.

Price Reasonableness Determinations Based Exclusively on the GSA’s Labor Category Ceiling Rates Tool

We found that LBNL improperly used the GSA CALC+ tool exclusively to determine price reasonableness of the labor rate for 28 of the 33 reviewed consultant services agreements. The GSA provides a pricing research tool, CALC+ Labor Ceiling Rates, to support Government acquisition professionals in price evaluations. The *User Guide* states that CALC+ pricing information is intended for market research and price evaluation purposes. However, the *User Guide* goes on to state that CALC+ should not be considered as the only acceptable resource and that search results cannot be relied upon exclusively to demonstrate prices are fair and reasonable.

Invoices Lacked Sufficient Detail

LBNL accepted and paid invoices from its consultants that often lacked sufficient detail to support the services rendered, resulting in \$1,137,914² in questioned costs for the agreements reviewed. FAR 31.205-33, “Professional and consultant service costs,” states that fees for consulting services rendered are allowable only when supported by evidence of the nature and scope of the service furnished and invoices submitted shall include sufficient detail as to the time expended and the nature of services provided. Additionally, DEAR 970.5244-1, “Contractor purchasing system,” requires LBNL to maintain adequate file documentation to establish the propriety of the transaction and the price paid.

² The questioned costs span fiscal years 2017 – 2025, some of which are outside the scope of the audit. However, since we became aware of the questioned costs via supporting documentation provided, we have included them as part of this figure.

However, we found that 62 invoices of the 162 invoices reviewed did not contain sufficient detail to support the time expended or nature of services provided. For example, LBNL paid:

- 11 invoices for work performed during the entire year that did not include details on the days or specific hours worked, and an additional 40 invoices for which the consultant only provided total hours billed;
- 20 invoices with the same description of services on all invoices;³ and
- 14 invoices that did not contain details of work performed.

Questioned Travel Costs

LBNL reimbursed consultants for travel costs that did not meet the FAR and Federal Travel Regulations (FTR) requirements, which resulted in \$17,678 in questioned travel costs for the agreements reviewed. FAR 31.205-46, “Travel costs,” requires LBNL to bill the Department for consultant travel costs incurred for lodging, meals, and incidental expenses based on per diem prescribed by the FTR. Additionally, LBNL’s *Subcontractor Guide to Reimbursable Travel Expenses*, which is to be included with each consultant services agreement that contains reimbursable travel, states expenses for official business travel are reimbursable per FAR and the FTR. However, we found, for example, that LBNL paid:

- \$1,322 for airfare that exceeded the lowest priced airfare, as required by FAR 31.205-46;
- \$2,400 in mileage, hotel charges, and per diem for a consultant’s travel to LBNL even though the consultant’s home was located only 18 miles from LBNL;
- \$1,989 for hotel charges in excess of the per diem rate without prior approval; and
- \$11,611 for flight, rental car, and hotel charges without the required travel receipts.

According to an LBNL procurement manager, the *Subcontractor Guide to Reimbursable Travel Expenses* does not require reimbursement for only the lowest priced airfare and maximum daily lodging rate allowed while on official Government travel. The procurement manager further stated that LBNL subcontractors are not subject to FAR or the FTR. However, as previously identified, the *Subcontractor Guide to Reimbursable Travel Expenses* states expenses for official business travel are reimbursable per FAR and the FTR.

Lack of Segregation of Duties

LBNL did not always ensure there was segregation of duties between the procurement and oversight of consultant services agreements. We found that for 9 of the 33 agreements reviewed,

³ We found multiple invoices that lacked two or more requirements resulting in a higher number of reported noncompliances than the number of invoices identified as lacking sufficient detail to support the time expended or nature of services provided.

the same person served as: (1) the requester for the consultant services agreement, (2) the technical representative responsible for monitoring the work and determining the adequacy of the consultant's performance, and (3) the invoice certifier responsible for authorizing invoice payment. LBNL's M&O contract requires the Laboratory to manage an effective integrated system of internal controls for all business and administrative operations. *GAO Standards for Internal Control in the Federal Government* states, "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties."

CONCLUSION

The issues we identified occurred due to weaknesses in LBNL's internal policies and procedures, failure to adhere to internal policies and procedures, and misalignment of internal policy to Department policies. As noted previously, LBNL policy, *Consultants to Berkeley Lab, Hiring*, states that in no event may a consultant services agreement exceed 5 years. However, *LBNL-Procurement Standard Practices*, Subject 37.1, "Consultants and Personal Services," allows for consultant services agreements to exceed 5 years, whether originally or through modification, with detailed justification including data on whether the continuation of the agreement is economically sound considering other alternatives, such as hiring an employee. Additionally, LBNL policies on invoice certification did not fully incorporate requirements outlined within FAR 31.205-33, "Professional and consultant service costs." For example, the LBNL policy did not include the requirement for the invoice certifier to ensure the invoice includes sufficient details as to the time expended and nature of services provided. Furthermore, while LBNL policy on price reasonableness allows for use of information related to prices available within the Government such as the GSA CALC+ tool, it does not require utilizing an additional analysis technique in conjunction with the tool as specified in the *User Guide*.

Without OCI Disclosure Forms being completed by the consultant and reviewed by procurement officials, there is no assurance that the consultants are free from an OCI while performing work for LBNL. OCI Disclosure Forms ensure that any indications of potential conflicts are self-reported, can be reviewed, and a mitigation plan can be put in place, where appropriate. In addition, LBNL's acceptance and payment of invoices that did not contain sufficient details to support the services rendered did not provide assurances that only allowable consultant service costs were incurred and claimed. We made 10 recommendations that, if fully implemented, should help ensure that professional and consultant services agreements are managed in accordance with applicable laws, regulations, and contract requirements, and only allowable consultant costs are incurred and claimed. In addition, we questioned \$1,137,914 in unsupported invoice costs and \$17,678 in travel costs that did not comply with FAR requirements, totaling \$1,155,592 in questioned costs.

OTHER MATTERS

During our audit, we identified issues related to the identification of consultant services agreements within the M&O contractors' procurement systems. Specifically, only 7 of the 10

Office of Science M&O contractors could easily query their procurement systems to provide us with a list of their consultant services agreements; 3 M&O contractors had to manually review their procurement system to identify which subcontracts were consultant services agreements. Moreover, the lists provided were not limited to consultant services agreements and included other types of services, such as background check services, banking services, police protection, air conditioning upgrades, and subscription licenses. Therefore, there is a possibility that the listings provided by the M&O contractors were not complete.

According to DEAR 970.5232-3, “Accounts, records, and inspection,” “The contractor shall maintain a separate and distinct set of accounts, records, documents, and other evidence showing and supporting: all allowable costs; collections accruing to the contractor in connection with the work under this contract, other applicable credits, negotiated fixed amounts, and fee accruals under this contract; and the receipt, use, and disposition of all Government property coming into the possession of the contractor under this contract. The system of accounts employed by the contractor shall be satisfactory to DOE and in accordance with generally accepted accounting principles consistently applied.” DEAR also requires M&O contractors to maintain a contractor purchasing system to track their purchases and provide documentation supporting those purchase activities.

The cognizant Department contracting officer has a responsibility to ensure that M&O contractors follow these requirements. If the Office of Science is not requiring M&O contractors to identify their professional and consultant services agreements within their procurement systems, as indicated by the inaccurate lists provided during our audit, then the Office and the M&O contractors may not be in compliance with FAR, DEAR, and the M&O contractor purchasing system standards. As a result, the Department may lack the information needed to properly evaluate the allowability of associated costs, pursuant to the regulations.

Recommendations

To help ensure that consultant services agreements comply with applicable laws, regulations, and contract requirements, we recommend that the Manager, Berkeley Site Office, direct the contracting officer to require that LBNL:

1. Ensure LBNL procurement specialists are utilizing the correct subcontract type for each award;
2. Clarify *LBNL-Procurement Standard Practices*, Subject 9.3, “Organizational Conflicts of Interest,” to ensure OCI Disclosure Forms are required anytime an agreement exceeds the simplified acquisition threshold;
3. Adhere to existing LBNL policies and procedures pertaining to former employees as consultants;

4. Revise its policy, *Consultants to Berkeley Lab, Hiring*, to align with *LBNL-Procurement Standard Practices*, Subject 37.1, “Consultants and Personal Services,” and FAR 31.205-33(d) to ensure that consultant agreements are appropriately evaluated to determine whether they are the most economical option;
5. Revise *LBNL-Procurement Standard Practices*, Subject 15.6, “Cost or Price Analysis,” to ensure procurement specialists are utilizing an additional analysis technique in conjunction with the GSA Labor Category Ceiling Rates tool;
6. Ensure consultant invoices consistently provide sufficient details as to the time expended and nature of the services provided, as required by FAR 31.205-33(f);
7. Revise its *Subcontractor Guide to Reimbursable Travel Expenses* to be consistent and to ensure that only allowable travel expenses are being reimbursed by the Department;
8. Ensure segregation of duties within the procurement and oversight of consultant agreements; and
9. Implement a process to accurately identify professional and consultant services agreement costs.

We recommend that the Manager, Berkeley Site Office, direct the contracting officer, to:

10. Determine the allowability of the \$1,155,592 in questioned invoice and travel costs.

Management Comments and OIG Response

Management fully concurred with our recommendations and proposed responsive corrective actions to address the reported issues. However, management stated in its response that “[t]he Office of Science (SC) previously communicated to the OIG its concerns about the characterization of some of the findings during the OIG's factual accuracy review. While we do not fully agree with the way that some findings have been presented, SC concurs with the recommendations.” In response to technical comments and additional information provided, we made several changes to the report.

For Recommendation 1, management stated it will provide training on the types of subcontracts available for use, and when they are appropriate. For Recommendation 2, management stated it will revise *LBNL-Procurement Standard Practices*, Subject 9.3, “Organizational Conflicts of Interest,” to clarify when and which OCI disclosure forms are required at the various stages of an acquisition. For Recommendation 3, management stated it will ensure that the required approvals are obtained on the Request for Consultant Services forms when a former employee is requested for consulting services. In addition, management stated it will also cover the restrictions on contracting with former employees specified in *LBNL-Procurement Standard Practices*, Subject 3.4, “Personal Conflict of Interest,” in the training identified in Recommendation 1. For Recommendation 4, management stated it will revise the LBNL requirements and policy manual, *Consultants to Berkeley Lab, Hiring*, to align with the requirements contained in FAR 31.205-

33(d) and *LBNL-Procurement Standard Practices*, Subject 37.1, “Consultants and Personal Services.” For Recommendation 5, management stated it will revise *LBNL-Procurement Standard Practices*, Subject 15.6, “Cost or Price Analysis,” to clarify that additional analysis techniques must be used in conjunction with GSA CALC when performing price reasonableness assessments. For Recommendation 6, management stated it will send communications to all invoice certifiers to ensure there is clarity about the supporting documentation required to comply with FAR 31.205-33(f), or successor provision, and certify a consulting invoice for payment. For Recommendation 7, management stated it will revise its *Subcontractor Guide to Reimbursable Travel Expenses* document to ensure it aligns with the requirements in FAR 31.205-46. For Recommendation 8, management stated it will perform a review to ensure proper segregation of duties. For Recommendation 9, management stated it will cover the use of the correct category codes to accurately identify the costs for consulting services as part of the training identified in Recommendation 1. For Recommendation 10, management stated it will work with the contracting officer to determine the allowability of the questioned invoice and travel costs.

Additionally, LBNL reported making a key improvement to its processes for subcontracts with individuals, including consulting agreements. In October 2025, Procurement implemented an Independent Contractor Review Board to review requests it receives for any subcontracts with individuals, including consultants. The Board includes stakeholders in Procurement, Human Resources, Laboratory Counsel, and Research Compliance. Its goal is to identify key areas of concern or risk for the Laboratory related to these types of agreements. For example, the Board considers factors such as the length of the subcontract/agreement, prior employment with University of California or LBNL, compensation concerns, and whether the work is the same or similar to work that is typically performed by LBNL employees.

Management’s comments are included in Appendix 3.

Objective, Scope, and Methodology

Objective

We conducted this audit to determine whether Lawrence Berkeley National Laboratory (LBNL) managed its professional and consultant services agreements in compliance with applicable laws, regulations, and contract requirements.

Scope

The audit was performed from February 2025 through November 2025 at LBNL in Berkeley, California, and other locations, as required. The scope was limited to LBNL's management of professional and consultant services agreements from fiscal year (FY) 2020 through FY 2024. The audit was conducted under Office of Inspector General project number A24CH014.

Methodology

To accomplish our audit objective, we:

- Interviewed Department officials and LBNL personnel responsible for overseeing, managing, and administering consultant and professional services agreements.
- Reviewed applicable laws, regulations, policies, and procedures.
- Judgmentally selected a sample of 33 subcontracts awarded for consultant or professional services for detailed testing. Key attributes and risk areas considered during the selection process included scope of work, dollar value, and difference between the purchase order value and paid amount. Because a judgmental sample was used, results are limited to the subcontracts selected and cannot be projected.
- Obtained and reviewed procurement documentation and invoices on file for the sampled consultant and professional services agreements.
- Reviewed prior reports by the Office of Inspector General.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Accordingly, we assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control activities components as well as implementation of control activities. However, because our review was limited to this internal control component and underlying principle, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. To determine the magnitude of professional and consultant services agreements at LBNL, we requested a complete listing of all professional and consultant services agreements and

judgmentally selected a sample of 57 agreements. To assess the reliability of the data, we traced the provided subcontract files to LBNL's provided listing and determined that 40 of the 57 agreements selected were not professional and consultant services agreements. The audit team then requested an additional 25 agreements that were judgmentally selected based upon the category description in the listing provided. Of those subcontract files provided, LBNL determined seven were not professional or consultant services agreements. The audit team concluded that LBNL did not have a reliable indicator to differentiate types of agreements within its procurement system.

Furthermore, the audit team was unable to ascertain whether the provided listing was complete. Detailed testing was completed on 33 professional and consultant services agreements in which we examined source documentation. We determined this data was sufficiently reliable to provide a basis for our conclusions.

We held an exit conference with management officials on March 4, 2026.

Prior Reports

Office of Inspector General

- Audit Report: *Subcontracts for Consulting Services at Fermi National Accelerator Laboratory* (DOE-OIG-19-48, September 2019). The Office of Inspector General (OIG) found that Fermi Research Alliance, LLC (FRA) had not fully complied with applicable requirements in administering consulting services subcontracts, and we questioned the allowability of \$46,033.27 in costs associated with certain noncompliances. Specifically, FRA, which used subcontracts to obtain consulting services, accepted invoices from its consultants that often lacked sufficient detail to support the services rendered, did not ensure that sole source justifications were clearly documented and approved. Also, FRA inappropriately allowed consultant services to be performed prior to the award of a valid subcontract, otherwise referred to as “after-the-fact” procurement actions. Additionally, FRA did not always include the required conflicts-of-interest provisions or certificates of insurance in the subcontracts. Finally, FRA did not ensure that it appropriately documented the scopes of work for consulting services.

- Audit Report: *Management of Consultant Agreements at Lawrence Livermore National Laboratory* (DOE-OIG-19-14, February 2019). The OIG found that Lawrence Livermore National Laboratory (LLNL) had a process in place to manage consultant agreements and review consultant invoices. In addition, LLNL established policies and procedures to reflect its management and operating contract requirements and applicable regulations. However, the OIG identified some issues with LLNL’s management and administration of its consultant agreements. Specifically, we found:
 - 22 consultant agreements that had potential organizational conflicts of interest that were identified and disclosed by LLNL but were not monitored to ensure that the conflicts of interest were fully mitigated, as required.
 - One instance in which a conflict of interest was not disclosed, as required.
 - LLNL retained consultants longer than 5 years without adequate justification.
 - LLNL paid unsupported consultant claims, resulting in \$20,410 in questioned costs. In addition, consultants’ travel claims did not consistently follow the Federal Acquisition Regulation and travel regulations, resulting in \$1,340 in questioned travel costs.

Management Comments



Department of Energy
Office of Science
Berkeley Site Office
Lawrence Berkeley National Laboratory
1 Cyclotron Road, MS 90-1023
Berkeley, California 94720

February 23, 2026

MEMORANDUM FOR SARAH NELSON
ASSISTANT INSPECTOR GENERAL FOR MANAGEMENT
AND ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

FROM: HANLEY LEE **HANLEY LEE** Digitally signed by HANLEY LEE
Date: 2026.02.23 06:50:03 -08'00'
ACTING BERKELEY SITE OFFICE MANAGER
OFFICE OF SCIENCE

SUBJECT: Draft Audit Report; "Improvements Are Needed in Lawrence Berkeley
National Laboratory's Management of Professional and Consultant
Services Agreements"

Thank you for the opportunity to review and comment on the subject draft report. The Office of Science (SC) previously communicated to the OIG its concerns about the characterization of some of the findings during the OIG's factual accuracy review. While we do not fully agree with the way that some findings have been presented, SC concurs with the recommendations.

In addition, Lawrence Berkeley National Laboratory (LBNL) has made a key improvement to its processes for subcontracts with individuals, including consulting agreements. In October 2025, Procurement implemented an Independent Contractor Review Board to review requests it receives for any subcontracts with individuals, including consultants. The board includes stakeholders in Procurement, Human Resources, Lab Counsel, and Research Compliance. Its goal is to identify key areas of concern or risk for the Laboratory related to these types of agreements. For example, the board considers factors such as the length of the subcontract/agreement; prior employment with University of California (UC) or LBNL; compensation concerns; and whether the work is the same or similar to work that is typically performed by LBNL employees.

If you have questions about this response, please contact Hanley Lee, Acting Manager, Berkeley Site Office, Office of Science at Hanley.Lee@science.doe.gov.

Attachment

Management Response
**OIG Draft Report: Improvements Are Needed in Lawrence Berkeley National
Laboratory’s Management of Professional and Consultant Services Agreements
(A24CH014)**

Office of Inspector General (OIG) recommends that the Manager, Berkeley Site Office, direct the contracting officer to require that LBNL:

Recommendation #1

Ensure LBNL procurement specialists are utilizing the correct subcontract type for each award.

Concur. LBNL Procurement will provide training on the types of subcontracts available for use, and when they are appropriate. This training will occur by Q3 in FY26.

Recommendation #2

Clarify LBNL – Procurement Standard Practices, Subject 9.3, “*Organizational Conflicts of Interest*,” to ensure OCI Disclosure Forms are required anytime an agreement exceeds the simplified acquisition threshold.

Concur. LBNL Procurement will revise Standard Practice 9.3, “*Organizational Conflicts of Interest*,” to clarify when and which OCI disclosure forms are required at the various stages of an acquisition. This revision will occur by Q2 in FY26.

Recommendation #3

Adhere to existing LBNL policies and procedures pertaining to former employees as consultants.

Concur. LBNL agrees that existing policies should be followed when utilizing former employees as consultants. LBNL Procurement will ensure that the required approvals are obtained on the ‘*Request for Consultant Services*’ forms when a former employee is requested for consulting services. LBNL Procurement will also cover the restrictions on contracting with former employees specified in SP 3.4, “*Personal Conflict of Interest*” in the training to occur in Q3 of FY26.

Recommendation #4

Revise its policy, Consultants to Berkeley Lab, Hiring, to align with LBNL-Procurement Standard Practices, Subject 37.1, “*Consultants and Personal Services*,” and FAR 31.205-33(d) to ensure that consultant agreements are appropriately evaluated to determine whether they are the most economical option.

Concur. LBNL Procurement will revise the LBNL Requirements and Policy Manual, “*Consultants to Berkeley Lab, Hiring*” to align with the requirements contained in FAR Part 31.205-33(d) and “Standard Practices, 37.1 “*Consultants and Personal Services*”. This revision will occur by Q2 in FY26.

Recommendation #5

Revise LBNL-Procurement Standard Practices, Subject 15.6, “*Cost or Price Analysis*,” to ensure procurement specialists are utilizing an additional analysis technique in conjunction with the

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Laboratory's Management of Professional and Consultant Services Agreements
(A24CH014)**

GSA Labor Category Ceiling Rates tool.

Concur. LBNL Procurement will revise Standard Practice 15.6, “*Cost or Price Analysis*” to clarify additional analysis techniques must be used in conjunction with GSA CALC when performing price reasonableness assessments. This revision will occur by Q2 in FY26.

Recommendation #6

Ensure consultant invoices consistently provide sufficient details as to the time expended and nature of the services provided, as required by FAR 31.205-33(f).

Concur. LBNL Procurement will send communications to all invoice certifiers to ensure there is clarity about the supporting documentation required to comply with FAR Part 31.205-33(f), or successor provision, and certify a consulting invoice for payment. Clarification will be provided that the invoice support must be part of the invoice submission provided to the Accounts Payable department. The communication will also describe the process for rejecting invoice submissions received without the correct support. Communications will be sent out in Q2 of FY26.

Recommendation #7

Revise its Subcontractor Guide to Reimbursable Travel Expenses to be consistent and to ensure only allowable travel costs are being reimbursed by the Department.

Concur. LBNL Travel will revise its “Subcontractor Guide to Reimbursable Travel Expenses” document to ensure it aligns with the requirements in FAR Part 31.205-46. This revision will occur by Q3 in FY26.

Recommendation #8

Ensure segregation of duties within the procurement and oversight of consultant agreements.

Concur. LBNL will perform a review in FY26 to ensure proper segregation of duties.

Recommendation #9

Implement a process to accurately identify professional and consultant services agreement costs.

Concur. LBNL Procurement will cover the use of the correct category codes to accurately identify the costs for consulting services as part of the training identified in Recommendation #1 above. This training will occur by Q3 in FY26.

Recommendation #10

Determine the allowability of the \$1,155,592 in questioned invoice and travel costs.

Concur. LBNL will work with the contracting officer to determine the allowability of the questioned costs.

FEEDBACK

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