

**WORKING CAPITAL FUND BOARD
MINUTES OF THE MEETING
December 5, 2001**

(1) Introduction

The Board Chair, Howard Borgstrom, called the meeting to order.

(2) Approval of Minutes, August 16, 2001 Meeting

The Board approved the minutes of August 16, 2001 WCF Board meeting without comment.

(3) FY 2001 Annual Report

Howard Borgstrom addressed the Board concerning the Annual Report. The theme of the report was Five Years of Fund Activities. The fund experienced net earnings of \$5.8 million for FY 2001 and \$7.5 million for the five years. The Annual Report, which was handed out at the meeting, includes the explanation of this performance. In addition to the Fund financials, this year we added a balance sheet analysis and individual business line reports based on their balance scorecards. Since FY 1997, the Fund has provided uninterrupted goods and services to our program customers while saving the Department \$8 million/ year or nearly 10% (\$15 million/year when adjusted for inflation).

(4) Board Membership

Howard Borgstrom reminded the Board that board terms expire at the end of December. There are three inter-related governance issues that must be addressed: new membership, need to revise the Board Charter, and informing the new departmental leadership of the value of the Fund. We need to assure them that the Board offers solutions to problems and is not a problem itself.

Some of the discussion indicated the desire to make short term appointments to allow the Board to review the charter and meet with the leadership to determine how best to satisfy their needs. The Chair asked for nominations for the new Board over the next week.

The Chair also raised the issue of customer surveys. Some of the businesses want to conduct customer surveys and they want the Board to concur on conducting surveys. The Board generally agreed to customer surveys for the WCF businesses. However, some members took the reappraisal of businesses one step further to suggest a reevaluation of how Fund services are provided. For example, should we provide goods and services or should we buy those services. Recent examples of this approach are outsourcing the Supply business and current studies of the feasibility of outsourcing payroll. These efforts will likely be

reviewed this fiscal year.

(5) FY 2001 WCF Cost Structure Analysis

Howard Borgstrom presented the Board with a copy of the subject analysis. This analysis updates three previous analyses that were performed to satisfy an IG finding in its first review of the Fund. The Fund is not charging all costs to customers generally because of appropriation committee language, which prohibit including federal salaries and related expenses in the Fund. This practice does not comply with FASAB guidelines, so the Fund is precluded from offering Franchise services to other federal agencies. In order to comply with the IG the Fund analyzes these indirect costs for each Fund businesses.

(6) Review IT Cost Structure

The Fund Manager proposed analyzing the cost structure of the three IT businesses, Telephone, Desktop, and Network, in order to advise the Board on the need to revise the pricing policy of the Fund for these businesses in time for the FY 2004 budget process. At the conclusion of FY 2001 these businesses combined required \$1.3 million of unearned cash to stay solvent. The reasons for this cash position are discussed in the FY 2001 Annual Report. The review team will consist of staff to the Fund Manager, one or more customer representatives nominated by Board members, and staff to the CIO. The review will begin immediately and conclude in time for the First Quarter Report to the Board.

(7) FY 2003 Working Capital Fund Budget Estimates and Revised FY 2002 Budget Estimates.

For the most part earlier estimates are unchanged for FY 2003 Congressional Budget Submission. However, the businesses were reviewing their budgets and will provide new budget estimates for customers in the next few weeks. In the cases where organizations were merged or split during the last few months, estimates would be revised to account for the changes. These estimates are maintained on the Fund web site.

(8) Building Occupancy Proposal for \$1.5 million surplus.

Louis D'Angelo, Director, Engineering & Facilities Management Group presented the Board with a table allocating \$1.5 million of rent savings to individual program customers. He then discussed infrastructure projects that he could accomplish with this funding. Projects included a new public address system for security purposes, energy savings investments, renovation of the bathrooms, cafeteria, and meeting rooms. There was significant discussion of the need by programs for program direction funding. Louis was asked to prioritize the proposed projects. Two options were discussed. First, the public address system would be procured and the remaining \$1.4 million would be split evenly

between projects and programs. Second, Louis would get the entire funding for infrastructure investments. The second option passed as a motion without objection.

(9) Progress Report on Payroll Outsourcing to GSA

Jean Morgan, Director of the Capital Accounting Center, presented status of the outsourcing. The effort by GSA to implement its payroll system at OPM has slowed down some of the DOE process; however, the OPM experience is valuable for our analysis. Booz Allen Hamilton is analyzing the costs for fit gap with GSA and should report in January. Conversion costs appear to be minimal and could be covered by GSA with no additional DOE funding. The business does have reserves in case it becomes necessary to finance some conversion costs.

(10) The Board voted to adjourn.

Representing the Board:

ME	Howard Borgstrom	CIO	Bill Sylvester
SC	John Rodney Clark	FE	Chuck Roy
NE	Wade Carroll	EI	Steve Durbin
EM	Barbara Male	SO	Ron Shores
NA	Roger Lewis	PI	Jon Mathis

ATTENDEES:

Mike Orosz – IM
Ann Warnick - IM
Peter Richards- IM
Diane Friis- SO
Laura Brown - PA
Barry Schrum – IG
Dick Tedrow - HG
Kent Hibben - HG
Myrna Vallette – SC
Camille Jagessar – PI
Maria Northington – CI
Lang Soo Hoo – NE
Dick Levan – RW
Gail Stern – FE
Bill Marlowe – BPA
Penny Gardner - IM

ME:
Bob Emond
Ingrid Robinson
Roscoe Harris
Michael Shincovich
Louis D'Angelo
John Harrison
Willie Mae Ingram
Tony Nellums
Enid Levine
Steve Smith
Dallas Woodruff
Deborah Black
Jeffrey Rubenstein
Kathryn Schanck
Jean Morgan