

October 19, 2005

Mr. Gary T. Engel, Director  
Financial Management Assurance  
United States Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Engel:

Thank you for the opportunity to review the United States Government Accountability Office's draft report, *Financial Audit: Restatement to the Nuclear Regulatory Commissions Fiscal Year 2003 Financial Statements*.

I agree with the report's recommendation that the Nuclear Regulatory Commission's Chief Financial Officer determine whether the new fee billing procedures effectively ensure that all eligible licensee fees are recorded and billed. However, to more accurately reflect the actions the Nuclear Regulatory Commission has taken with respect to its fee billing system, I recommend the following change to the first sentence of the last paragraph on page 13 of the draft report:

According to NRC officials, the fee billing system has since been modified ~~so that it now records all billable hours~~ to improve the functionality of the system's interface, and the acceptance testing of fee billing system software modifications has been expanded and is now independently validated and verified.

If you have any questions concerning our response, please contact Mary S. Givvines, Director, Division of Financial Management on (301) 415-7379.

Sincerely,

/RA/

Jesse Funches

cc: Chairman Diaz  
Commissioner McGaffigan  
Commissioner Merrifield  
Commissioner Jaczko  
Commissioner Lyons  
L. A. Reyes, EDO  
M. Malloy, OEDO