

November 25, 2002

The Honorable Joseph I. Lieberman, Chairman
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with 31 U.S.C. §720, I am submitting on behalf of the United States Nuclear Regulatory Commission (NRC) our response to the General Accounting Office's (GAO) August 2002, report *Coordinated Approach Needed to Address the Government's Improper Payments Problems* (GAO-02-749). I am pleased to report that NRC does not have a problem with improper payments. The NRC does not engage in any of the loan, grant, or benefit programs which the GAO cited as a basis for many of the government's improper payments.

The NRC has a strong system of internal controls to prevent fraudulent payments. Our incidence of improper payments is minimal, non-material, and an area of low management control risk. For example, in FY 2002, the number of improper payments was less than one-half percent of all payments made, or approximately \$135,000. All of the funds have been recovered. In addition, the most recent independent audit of the agency's financial statement did not disclose any material weaknesses or reportable conditions with the payment process.

The NRC is committed to good financial management. In support of the recommendation in GAO-02-749, the NRC's Chief Financial Officer is responsible for establishing policies and procedures to access risks of improper payments, reduce such payments, and report the results.

Please contact me if you have any questions concerning this matter.

Sincerely,

/RA/

Richard A. Meserve

cc: Senator Fred Thompson

November 25, 2002

The Honorable Dan Burton, Chairman
Committee on Government Reform
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with 31 U.S.C. §720, I am submitting on behalf of the United States Nuclear Regulatory Commission (NRC) our response to the General Accounting Office's (GAO) August 2002, report *Coordinated Approach Needed to Address the Government's Improper Payments Problems* (GAO-02-749). I am pleased to report that NRC does not have a problem with improper payments. The NRC does not engage in any of the loan, grant, or benefit programs which the GAO cited as a basis for many of the government's improper payments.

The NRC has a strong system of internal controls to prevent fraudulent payments. Our incidence of improper payments is minimal, non-material, and an area of low management control risk. For example, in FY 2002, the number of improper payments was less than one-half percent of all payments made, or approximately \$135,000. All of the funds have been recovered. In addition, the most recent independent audit of the agency's financial statement did not disclose any material weaknesses or reportable conditions with the payment process.

The NRC is committed to good financial management. In support of the recommendation in GAO-02-749, the NRC's Chief Financial Officer is responsible for establishing policies and procedures to access risks of improper payments, reduce such payments, and report the results.

Please contact me if you have any questions concerning this matter.

Sincerely,

/RA/

Richard A. Meserve

cc: Representative Henry A. Waxman

Identical letter sent to:

The Honorable Joseph I. Lieberman, Chairman
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510
cc: Senator Fred Thompson

The Honorable Dan Burton, Chairman
Committee on Government Reform
United States House of Representatives
Washington, D.C. 20515
cc: Representative Henry A. Waxman