

February 3, 2003

The Honorable Pete V. Domenici, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed is the U.S. Nuclear Regulatory Commission's (NRC's) Fiscal Year 2004 Budget Estimates and Performance Plan. Our performance plan is provided in accordance with the Government Performance and Results Act of 1993 and reflects our continuing progress in implementing the Act.

The NRC will be separately submitting a Proposed Bill for Authorization of Appropriations for Fiscal Year 2004 in support of our budget estimates.

In accordance with 31 U.S.C. §720, I am advising you of 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 was pleased to report that the 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 has established policies and procedures to assess risks of improper payments, reduce such payments, and report the results.

Sincerely,

/RA/

Richard A. Meserve

Enclosure: As stated

cc: Senator Harry Reid

Identical letter sent to:

The Honorable Pete V. Domenici, Chairman
Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510
cc: Senator Harry Reid

The Honorable David L. Hobson, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515
cc: Representative Peter J. Visclosky