

February 10, 2003

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits

FROM: Jesse L. Funches /RA/
Chief Financial Officer

SUBJECT: RESPONSE TO DRAFT MEMORANDUM REPORT - REVIEW OF
NRC'S IMPLEMENTATION OF THE FEDERAL MANAGER'S
FINANCIAL INTEGRITY ACT FOR FISCAL YEAR 2002

I have reviewed the subject report and disagree that managerial cost accounting should be considered a material weakness under the Federal Manager's Financial Integrity Act (FMFIA). At their November 4, 2002, meeting, the Executive Committee on Management Controls endorsed the conclusion and the Chairman agreed that no material weaknesses had been identified that met the FMFIA criteria. The weakness does not: (1) impair the fulfillment of the mission of the agency or an agency component; (2) deprive the public of needed services; (3) significantly weaken the agency safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or (4) result in a conflict of interest. As such, these conditions do not rise to the level of severity that their relative risk warrants external reporting to the President and the Congress.

I also request that you modify the description of the weakness on page 2 in the third paragraph, second sentence, by replacing "the absence of a managerial cost accounting process that meets Federal requirements" with "NRC's managerial cost accounting process does not meet Federal requirements." Using the word "absence" implies no cost accounting process exists and thus, could mislead the report reader. I believe the revision provides a more accurate characterization of the condition.

Thank you for the opportunity to comment on this report.

cc: W. Travers, EDO
J. Craig, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

Contact: Carl F. Dolinka, OCFO
415-7336

February 10, 2003

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits

FROM: Jesse L. Funches /RA/
Chief Financial Officer

SUBJECT: RESPONSE TO DRAFT MEMORANDUM REPORT - REVIEW OF
NRC'S IMPLEMENTATION OF THE FEDERAL MANAGER'S
FINANCIAL INTEGRITY ACT FOR FISCAL YEAR 2002

I have reviewed the subject report and disagree that managerial cost accounting should be considered a material weakness under the Federal Manager's Financial Integrity Act (FMFIA). At their November 4, 2002, meeting, the Executive Committee on Management Controls endorsed the conclusion and the Chairman agreed that no material weaknesses had been identified that met the FMFIA criteria. The weakness does not: (1) impair the fulfillment of the mission of the agency or an agency component; (2) deprive the public of needed services; (3) significantly weaken the agency safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or (4) result in a conflict of interest. As such, these conditions do not rise to the level of severity that their relative risk warrants external reporting to the President and the Congress.

I also request that you modify the description of the weakness on page 2 in the third paragraph, second sentence, by replacing "the absence of a managerial cost accounting process that meets Federal requirements" with "NRC's managerial cost accounting process does not meet Federal requirements." Using the word "absence" implies no cost accounting process exists and thus, could mislead the report reader. I believe the revision provides a more accurate characterization of the condition.

Thank you for the opportunity to comment on this report.

cc: W. Travers, EDO
J. Craig, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

Contact: Carl F. Dolinka, OCFO
415-7336

Distribution:

OCFO/DAF RF (DAF-3-40)
CFO 2003-041
JLFunches
PJRabideau
WTravers
CLTurner
CFDolinka
OCFO R/F
EDO R/F
CCSchum

ADAMS Yes No Initials CFD *See previous concurrence
 Publicly Available Non-Publicly Available Sensitive Non-Sensitive

DOCUMENT NAME: C:\ORPCheckout\FileNET\ML030420111.wpd

ADAMS - Yes/No SENSITIVE/NON-SENSITIVE PUBLIC/NON-PUBLIC Initials

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	OCFO	C	DAF	C	DCFO		CFO
NAME	CFDolinka*		CLTurner*		PJRabideau		JLFunches
DATE	02/04/03		02/05/03		02/ /03		02/ /03