

February 2, 2006

MEMORANDUM TO: Jesse L. Funches  
Chief Financial Officer

FROM: Stephen D. Dingbaum/**RA**/  
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF  
THE BUDGET FORMULATION PROCESS  
(OIG-05-A-09)

REFERENCE: DEPUTY CHIEF FINANCIAL OFFICER  
MEMORANDUM DATED DECEMBER 28, 2005

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated December 28, 2005. Recommendations 1 through 3 are resolved. Please provide an updated status of the resolved recommendations by October 31, 2006.

If you have any questions or concerns, please call me on 415-5915.

Attachments: As stated

cc: William Dean, OEDO  
Melinda Malloy, OEDO  
Patricia Tressler, OEDO

**Audit Report  
Audit of the Budget Formulation Process  
(OIG-05-A-09)**

**Status of Recommendations**

Recommendation 1: Clarify, in coordination with the Executive Director for Operations, the roles and responsibilities of the Chief Financial Officer and Executive Director for Operations in the budget formulation process.

DCFO Response

Dated December 28,

2005: Management Directive 4.7 (MD 4.7), "Planning, Budgeting, and Performance Management" (PBPM), is expected to be issued for comment in March 2006, and final in September 2006.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 4.7, and determines that it clarifies the roles and responsibilities of the Chief Financial Officer and Executive Director for Operations in the budget formulation process.

**Status:** Resolved.

**Audit Report  
Audit of the Budget Formulation Process  
(OIG-05-A-09)**

**Status of Recommendations**

Recommendation 2: Document the decision-making process and roles and responsibilities of the Program Review Committee.

**DCFO Response**

Dated December 28,

2005: Management Directive 4.7 (MD 4.7), "Planning, Budgeting, and Performance Management" (PBPM), is expected to be issued for comment in March 2006, and final in September 2006.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 4.7, and determines that it documents the decision-making process and roles and responsibilities of the Program Review Committee.

**Status:** Resolved.

**Audit Report  
Audit of the Budget Formulation Process  
(OIG-05-A-09)**

**Status of Recommendations**

Recommendation 3: Document the budget formulation process to ensure a logical, comprehensive sequencing of events that provides for obtaining early Commission direction and approval.

DCFO Response  
Dated March 10,  
2005:

Management Directive 4.7 (MD 4.7), "Planning, Budgeting, and Performance Management" (PBPM), is expected to be issued for comment in March 2006, and final in September 2006.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 4.7, and determines that it documents the budget formulation process to ensure a logical, comprehensive sequencing of events that provides for obtaining early Commission direction and approval.

**Status:**

Resolved.