

February 9, 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  
NUCLEAR REGULATORY COMMISSION'S FY 2005  
FINANCIAL STATEMENTS (OIG-06-A-01)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED  
JANUARY 30, 2006

Attached is the Office of the Inspector General's analysis and status of recommendations 7 and 9 as discussed in the agency's response dated January 30, 2006. Based on this response, recommendations 7 and 9 continue to be resolved. Recommendations 1 through 9 and 11 are resolved and recommendation 10 is closed. Should we be able to close other recommendations during the course of the FY 2006 financial statement audit, we will provide written notification accordingly. Otherwise, a determination of the status of the resolved recommendations will be made at the conclusion of the FY 2006 financial statement audit.

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

Attachment: As stated

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

**Audit Report**  
**Audit of the Nuclear Regulatory Commission's**  
**FY 2005 Financial Statements**  
**(OIG-06-A-01)**  
**Status of Recommendations**

Recommendation 7: The CFO should direct an assessment of financial controls over disbursement activities. At a minimum, the assessment should provide for the development and implementation of second party reviews of the propriety and accuracy of edits to vendor tables.

Response dated  
January 30, 2006:

Procedures for monitoring revisions to the core accounting system's vendor table were implemented on December 15, 2005. These procedures include steps to ensure that all revisions to the vendor table are properly documented and that all changes are subject to a secondary review by a senior accountant. This completes action on the vendor table portion of this recommendation

OIG Analysis:

The proposed corrective action addresses the intent of the recommendation. We will continue to evaluate the corrective actions taken to implement this recommendation during the course of the FY 2006 financial statement audit.

**Status:**

Resolved.

**Audit Report**  
**Audit of the Nuclear Regulatory Commission's**  
**FY 2005 Financial Statements**  
**(OIG-06-A-01)**  
**Status of Recommendations**

Recommendation 9: The CFO should establish a secondary review of high value payments. The secondary review should be performed by parties that are not involved directly in payment processing.

Response dated  
January 30, 2006:

We have reviewed our process for making payments and implemented new procedures to make sure that secondary reviews are performed on high value payments before they are released for payment. As payments are processed and entered into the accounting system, all payments of \$250,000 and above are placed on hold by the Federal Financial System until a second review is performed by the Team Chief. The Federal Financial System has built in controls to support secondary reviews of payments at or above the threshold established by OCFO. Once verification of all the financial information is made, the payment is then released for processing by the Payment Services Team Chief. This completes corrective action on this recommendation.

OIG Analysis:

The proposed corrective action addresses the intent of the recommendation. We will continue to evaluate the corrective actions taken to implement this recommendation during the course of the FY 2006 financial statement audit.

**Status:**

Resolved.