

December 6, 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 2006
FINANCIAL STATEMENTS (OIG-07-A-02)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
NOVEMBER 9, 2006

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency response dated November 9, 2006. Based on the response, recommendations 1 through 5 are resolved. Should we be able to close any recommendations during the course of the FY 2007 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 2007 financial statement audit.

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

Attachment: As stated

cc: Michael Johnson, OEDO
Melinda Malloy, OEDO
Patty Tressler, OEDO

Audit Report
Audit of the Nuclear Regulatory Commission's
FY 2006 Financial Statements
(OIG-07-A-02)
Status of Recommendations

Recommendation 1: The Chief Financial Officer (CFO) should continue the assessment of all aspects of the Fee Billing System to ensure that the remediation plan is updated as necessary and implemented in a timely manner to enhance the controls over fee billing processes.

Response: Agree. During FY 2007, the Office of the Chief Financial Officer (OCFO) will continue to assess the operating aspects of the Fee Billing System that are essential to the internal control over fee billings, including the processes related to data obtained from feeder systems, to identify cost-effective controls that will further strengthen the completeness and reliability of the fee billing processes. The remediation plan will be updated as necessary based upon the results of the continuing assessment.

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 2007 financial statement audit.

Status: Resolved.

Audit Report
Audit of the Nuclear Regulatory Commission's
FY 2006 Financial Statements
(OIG-07-A-02)
Status of Recommendations

Recommendation 2: The CFO should continue to define, design, and implement compensating controls over the fee billing system, while the system is being considered for redesign.

Response: Agree. During FY 2007, the OCFO will use the results of the continuing assessment performed in response to Recommendation 1, and the experience gained implementing improved controls and quality assurance procedures, to establish additional cost-effective compensating controls in the existing fee billing process, as appropriate.

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 2007 financial statement audit.

Status: Resolved.

Audit Report
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Status of Recommendations

Recommendation 3: As the CFO identifies needed improvement of internal controls that are outside OCFO's business domain, there should be further coordination and collaboration with the Executive Director for Operations as to how the internal controls should be strengthened in operational program feeder systems relied upon by OCFO for billing preparation purposes.

Response: Agree.

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 2007 financial statement audit.

Status: Resolved.

Audit Report
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(OIG-07-A-02)
Status of Recommendations

Recommendation 4: The CFO should continue to coordinate with the Office of Information Services and the Executive Director for Operations to ensure that vulnerabilities to the general support systems are addressed and resolved timely.

Response: Agree.

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 2007 financial statement audit.

Status: Resolved.

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Status of Recommendations

Recommendation 5: The CFO should implement the results of their assessment strategy. After the changes have been reflected in the FY 2007 fee rule, we will assess, in coordination with the Office of Inspector General, actions implemented to address this condition.

Response: Agree. The OCFO will provide the OIG with a copy of the FY 2007 proposed and final fee rules, once they are issued. The hourly rate in the FY 2007 rule will be based on FY 2007 budget data, which has been informed by cost data, as demonstrated in the documentation provided to the OIG in July 2006.

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 2007 financial statement audit.

Status: Resolved.