

July 2, 2007

MEMORANDUM TO: William M. McCabe
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: ACTING CHIEF FINANCIAL OFFICER
MEMORANDUM DATED JUNE 21, 2007

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated June 21, 2007. Recommendations 1 through 3 are resolved. Please provide an updated status of the resolved recommendations by October 31, 2007.

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

Attachments: As stated

cc: V. Ordaz, OEDO
M. Malloy, OEDO
P. 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.

Agency Response

Dated June 21, 2007: These recommendations are being addressed in a revised Management Directive and Handbook 4.7, Planning, Budgeting, and Performance Management (MD 4.7) and a Charter for the Program Review Committee. The Program Review Committee Charter will be submitted to the Commission in July 2007. MD 4.7 is scheduled to be finalized in September 2007.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of both the final MD 4.7 and the Program Review Committee Charter and determines that these documents clarify 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.

Agency Response

Dated June 21, 2007: These recommendations are being addressed in a revised Management Directive and Handbook 4.7, Planning, Budgeting, and Performance Management (MD 4.7) and a Charter for the Program Review Committee. The Program Review Committee Charter will be submitted to the Commission in July 2007. MD 4.7 is scheduled to be finalized in September 2007.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of both the final MD 4.7 and the Program Review Committee Charter and determines that they document 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.

Agency Response

Dated June 21, 2007: These recommendations are being addressed in a revised Management Directive and Handbook 4.7, Planning, Budgeting, and Performance Management (MD 4.7) and a Charter for the Program Review Committee. The Program Review Committee Charter will be submitted to the Commission in July 2007. MD 4.7 is scheduled to be finalized in September 2007.

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

Status: Resolved.