

Div of Contracts and Property Management

Ticket Tracking System

Ticket No. 08-0113

ADM/OD No. 08-0189

Date: 08/22/08

Requestor: D/ADM

Assigned To: Gladhill Vicki

Description:

Reasonable Assurance Statements

Division Directors - Review the attached memo and fill out the assessment checklist for internal controls (Enclosure 3). Let Jan Dambly know if you have any significant weaknesses by September 19, 2008. Due to T. Hagan by September 26, 2008. Due to CFO by October 2, 2008.

The assurance statement should not be signed by T. Hagan before October 1, 2008.

cc - Jan Dambly, Deanna Clarke, Susan Bellosi

Please remember to cc - P. Bower, A. Sanchez, DC File.

Due Dates

To Division: 09/12/08

To ADM/OD: 09/19/08

To Requestor:

Actin: PMDA

8/20/08

MEMORANDUM TO THOSE ON THE ENCLOSED LIST DATED: June 19, 2008

SUBJECT: REASONABLE ASSURANCE STATEMENTS

	<u>Mail Stop</u>	
Frank P. Gillespie, Executive Director, Advisory Committee on Reactor Safeguards/Advisory Committee on Nuclear Waste	T-2	E26
E. Roy Hawkens, Chief Administrative Judge, Atomic Safety and Licensing Board Panel	T-3	F23
Karen D. Cyr, General Counsel	O-15	D21
John F. Cordes, Jr., Director, Office of Commission Appellate Adjudication	O-16	G4
Margaret M. Doane, Director, Office of International Programs	O-4	E21
Rebecca L. Schmidt, Director, Office of Congressional Affairs	O-14	E1
Eliot B. Brenner, Director, Office of Public Affairs	O-16	D3
Annette Vietti-Cook, Secretary of the Commission	O-16	G4
Martin J. Virgilio, Deputy Executive Director for Materials, Waste, Research, State, Tribal, and Compliance Programs, OEDO	O-16	E15
Darren B. Ash, Deputy Executive Director for Information Services and Chief Information Officer, OEDO	O-16	E15
Bruce S. Mallett, Deputy Executive Director for Reactor and Preparedness Programs, OEDO	O-16	E15
Vonna L. Ordaz, Assistant for Operations, OEDO	O-16	E15
Peter J. Rabideau, Director, Strategic Organizational Planning and Optimization, OEDO	O-16	E15
Timothy F. Hagan, Director, Office of Administration	T-7	D26
Patrick D. Howard, Computer Security Office	T-2	C2
Cynthia A. Carpenter, Director, Office of Enforcement	O-4	A15a
Charles L. Miller, Director, Office of Federal and State Materials and Environmental Management Programs	T-8	D22
Guy P. Caputo, Director, Office of Investigations	O-3	F1
Thomas M. Boyce, Director, Office of Information Services	O-6	E10
James F. McDermott, Director, Office of Human Resources	GW5	A6
Michael R. Johnson, Director, Office of New Reactors	T-6	F15
Michael F. Weber, Director, Office of Nuclear Material Safety and Safeguards	EBB1	D2m
Eric J. Leeds, Director, Office of Nuclear Reactor Regulation	O-13	D13
Brian W. Sheron, Director, Office of Nuclear Regulatory Research	T-10	F12
Corenthis B. Kelley, Director, Office of Small Business and Civil Rights	O-3	H8
Roy P. Zimmerman, Director, Office of Nuclear Security and Incident Response	T-4	D22a
Samuel J. Collins, Regional Administrator, Region I	RI	
Luis A. Reyes, Regional Administrator, Region II	RII	
James L. Caldwell, Regional Administrator, Region III	RIII	
Elmo E. Collins, Jr., Regional Administrator, Region IV	RIV	



CHIEF FINANCIAL
OFFICER

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

June 19, 2008

MEMORANDUM TO: Those on the Enclosed List

FROM: J. E. Dyer *J. E. Dyer*
Chief Financial Officer

SUBJECT: REASONABLE ASSURANCE STATEMENTS

BACKGROUND:

Pursuant to NRC Management Directive (MD) 4.4, Management Controls, each office director and regional administrator is required to submit a reasonable assurance statement annually. Annually, the Chairman must submit to the President and the Congress (1) a statement on whether there is a reasonable assurance that the agency's internal controls are achieving their intended objectives, and (2) a report on material weaknesses in the agency's controls. Your statements provide the basis for the Chairman's statement to the President and the Congress.

NRC managers are required to continuously monitor, evaluate, and improve the effectiveness of internal controls associated with their administrative activities. Sources of information used to assess the adequacy of internal controls include:

- Management knowledge gained from the daily operation of agency programs, administrative activities, and systems;
- Management reviews conducted expressly for the purpose of assessing internal controls;
- Reports issued by the Office of the Inspector General and the Government Accountability Office;
- Program evaluations;
- Reviews of information resource management functions, applications, and processes;
- Reports and other information provided by the NRC's congressional oversight committees; and
- Other reviews or reports relating to agency operations.

CONTACT: Glenda P. Somerville, OCFO/DFM
(301) 415-8139

REQUIRED ACTION:

Each office director and regional administrator is requested to complete one of the two enclosed certification forms and return it to me by Thursday, October 2, 2008. The assurance statement represents an office director's or regional administrator's informed judgment as to the overall adequacy and effectiveness of internal controls within his/her organization as of September 30, 2008. It should be signed and dated on or after October 1, 2008.

The first enclosure is a certification that based on your judgment and pursuant to the requirements of NRC Management Directive 4.4 and the accompanying handbook, (1) there is reasonable assurance that the internal controls in your office or region are adequate and (2) there are no significant weaknesses to report. Additionally, a description of the specific source(s) of information that you relied on to reach your certification determination should be included with the certification.

The second enclosure is a certification that adequate internal controls in your office or region are in place with certain exceptions that you consider significant in nature. A definition and examples of significant weaknesses are contained on page 12 of the handbook. You should attach to this certification, a complete description of the weakness(es), and a remediation plan with major milestones. Managers are reminded that these corrective action plans must be periodically assessed and included in periodic updates to each office's operating plan.

We have also enclosed a checklist to assist managers in identifying the adequacy of their controls at a high level. The checklist should be used as a tool to assist managers in performing a thorough evaluation. You do not need to return a copy of the checklist to the Office of the Chief Financial Officer.

NEXT STEPS:

Upon receipt of all certifications, I will prepare a report that summarizes all significant weaknesses for consideration by the Executive Committee on Internal Controls (ECIC). The ECIC is the executive body that will advise the Chairman on whether there are any internal control deficiencies that are serious enough to report as material weaknesses to the President and Congress. The Chairman's statement and report will be included in the agency's annual Performance and Accountability Report.

Enclosures:

As stated

cc: H. Bell, IG
R. W. Borchardt, EDO

REASONABLE ASSURANCE CERTIFICATION

This is to certify that as of September 30, 2008, there is reasonable assurance that the internal controls in (insert name of office/region) are adequate to achieve the following objectives:

- Programs are achieving their intended results;
- Resources are being used consistently with the agency's mission;
- Programs and resources are protected from waste, fraud and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely information is obtained, maintained, reported, and used for sound decision making.

In reaching this determination, I relied on all available sources of information including those identified in NRC Management Directive 4.4, and the accompanying Handbook. The specific sources of information used to reach my certification are identified in the attachment to this Certification.

Printed Name

Signature and Date

Title

REASONABLE ASSURANCE CERTIFICATION

This is to certify that as of September 30, 2008, there is reasonable assurance that the internal controls in (insert name of office/region) are adequate, with exception(s), to achieve the following objectives:

- Programs are achieving their intended results;
- Resources are being used consistently with the agency's mission;
- Programs and resources are protected from waste, fraud and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely information is obtained, maintained, reported, and used for sound decision making.

In reaching this determination, I relied on all available sources of information including those sources identified in NRC Management Directive 4.4, and the accompanying Handbook. The specific sources of information used to reach my certification are identified in Attachment 1.

A complete description of the deficiency(ies) and a remediation plan are provided in the attachment to this Certification. The attachment also identifies the specific sources of information used to reach my certification. Further, I understand it is my responsibility to establish and monitor corrective actions, report their status in my operating plan updates, and advise the Chief Financial Officer when corrective actions are complete.

Printed Name

Signature and Date

Title

ASSESSMENT CHECKLIST FOR INTERNAL CONTROLS

Period of Review: FY08

DIVISION: _____	YES	NO	COMMENTS
<p><u>Compliance with Law</u></p> <p>Has there been a recent GAO, OIG, Congressional Budget Office, OMB review of the program/organization that resulted in recommendations that have not been implemented?</p>		✓	
<p><u>Reasonable Assurance and Safeguards</u></p> <p>Are there any key risks (factors that could cause mission failure or significant loss of resources) within the program? Are these risks controlled, monitored, and assessed?</p> <p>Does the program periodically review and update its compliance with policies and procedures?</p>		✓	
<p><u>Integrity Competence and Attitude</u></p> <p>Does the program have trained and competent personnel to properly manage the activity? (This includes knowledge and training related to internal controls.) What is the percentage of managers within the division who have received some training in internal controls?</p> <p>Does management promote a positive, supportive attitude toward integrity and personal ethics? What is the percentage of personnel that have received ethics training?</p>	✓		
<p><u>Resolution of Audit Findings</u></p> <p>Does your program place a high priority on responding to OIG and GAO draft and final audit reports?</p> <p>Does your program allocate resources needed to implement audit applications?</p>	✓		
<p><u>Delegation of Authority and Policies and Procedures</u></p> <p>Are policies, procedures, and delegations current, clearly written and systematically organized in handbooks and manuals?</p> <p>Does the program have appropriate distribution of up-to-date (not older than 5 years) policies and procedures accompanied by training?</p> <p>Does the program have a process for determining deficiencies in its policies, procedures, and operations? How many were reported last year?</p>	✓		

	YES	NO	COMMENTS
<p><u>Separation of Duties and Supervision</u></p> <p>Has the program implemented appropriate checks and balances to minimize the occurrence of events with significant unfavorable consequences?</p> <p>Do the delegations of authority or directives specify assigned duties and responsibilities and ensure that no single employee controls all phases of a critical transaction? Are these reviewed and updated periodically to comply with new laws and regulations?</p>	✓		
<p><u>Access to and Accountability for Resources</u></p> <p>Does your program use performance measures to support annual budget requests? Identify some of these measures.</p> <p>Does your program use performance measures to monitor organizational effectiveness and efficiency? Identify some of these measures.</p> <p>Has your program implemented safeguards to protect its resources against waste, fraud, loss, misuse, unauthorized access, and mismanagement (e.g., budgetary controls, computer access controls, file backups, authorized signatory lists, financial reports)? Identify some of these safeguards.</p>	✓		
<p><u>Recording and Documentation</u></p> <p>Does your program have periodic management information system data or reports to manage, monitor, and evaluate performance of significant activities?</p> <p>Does your program record, process, and document transactions when they occur or are received?</p> <p>Does your program have policies and procedures concerning the collection and reporting of information along with appropriate follow-up to problems or issues identified?</p>	✓		
<p><u>Continuous Improvement</u></p> <p>Does your program have a process in place to assure continuous improvement that includes surveying your customers?</p> <p>Has your program established specific business goals to achieve?</p>	✓		

TESTING THE SYSTEM OF INTERNAL CONTROLS

Period of Review: _____

DIVISION: _____	YES	NO	COMMENTS
<p><u>Data Integrity</u></p> <p>Are there controls in place to ensure the integrity of the data? Are records up-to-date and accurate?</p>	✓		
<p><u>Documentation</u></p> <p>Are all processes, systems, functions, procedures, and programs clearly documented and adequate?</p>	✓		
<p><u>Records</u></p> <p>Are there records that show that controls are in use?</p>	✓		
<p><u>Supervision</u></p> <p>Are appropriate procedures in place for assigning, reviewing, and approving work?</p>	✓		
<p><u>Authorization</u></p> <p>Are appropriate controls in place to ensure transactions and other significant activities are authorized and executed only by authorized personnel?</p>	✓		
<p><u>Separation of Duties</u></p> <p>Are key duties and responsibilities such as processing, recording, reviewing, and authorizing separated among individuals?</p>	✓		
<p><u>Security</u></p> <p>Are appropriate procedures in place that limit access to resources and records to authorized personnel?</p> <p>Do employees adhere to security procedures?</p>	✓		