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

OFFICE OF THE
INSPECTOR GENERAL

February 14, 2011

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

J. E. Dyer
Chief Financial Officer

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

SUBJECT: MEMORANDUM REPORT: REVIEW OF NRC'S IMPLEMENTATION OF THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT FOR FISCAL YEAR 2010 (OIG-11-A-07)

This report reflects the Office of the Inspector General's assessment of the Nuclear Regulatory Commission's (NRC) FY 2010 compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982. We found that NRC complied with the FMFIA requirements.

BACKGROUND

The FMFIA, enacted on September 8, 1982, requires ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each executive agency. Further, the FMFIA requires that, each year, the head of each executive agency report to the President and the Congress on their agency's compliance with the FMFIA requirements.

Effective beginning with FY 2006, Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Internal Control*, revised December 2004, requires agencies to include the annual FMFIA report as part of the Performance and Accountability Report under the heading "Management Assurances." Additionally, this circular requires management to provide a separate assurance statement relating to the effectiveness of internal control over financial reporting.

RESULTS

In the FY 2010 Performance and Accountability Report, the NRC Chairman provided reasonable assurance that internal control over operations, compliance with laws and regulations, and internal control over financial reporting were operating effectively and no material weaknesses were found. The Inspector General concurs with the assurances made and found that NRC complied with the FMFIA requirements.

AGENCY COMMENTS

A draft report was provided to the Executive Director for Operations and the Chief Financial Officer for comment. These offices had no comments on the report.

SCOPE/CONTRIBUTORS

We evaluated the internal controls related to NRC's implementation of the FMFIA for FY 2010, and conducted our work during the period October 2010 - January 2011, in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted by Kathleen Stetson, Team Leader; Terri Cooper, Audit Manager; and Elaine Kolb, Senior Auditor.

If you have any questions, please contact me at 415-5915 or Kathleen Stetson, at 415-8175.

cc: Chairman Jaczko
Commissioner Svinicki
Commissioner Apostolakis
Commissioner Magwood
Commissioner Ostendorff
M. Muessle, OEDO
J. Anderson, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO