



**Defense Nuclear Facilities
Safety Board**
Washington, DC 20004-2901

**Office of the
Inspector General**

September 28, 2015

MEMORANDUM TO: Mark T. Welch
General Manager

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

SUBJECT: STATUS OF RECOMMENDATIONS: RESULTS OF THE AUDIT
OF THE DEFENSE NUCLEAR FACILITIES SAFETY BOARD'S
FINANCIAL STATEMENTS FOR FISCAL YEARS 2014 AND
2013 (DNFSB-15-A-03)

REFERENCE: GENERAL MANAGER, DEFENSE NUCLEAR FACILITIES
SAFETY BOARD, CORRESPONDENCE DATED
SEPTEMBER 15, 2015

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the Board's response dated September 15, 2015. Based on this response Recommendation 2 remains resolved. Recommendation 1 was previously closed. Please provide an updated status of the resolved recommendation by December 15, 2015.

If you have any questions or concerns, please call me at 301-415-5915 or Eric Rivera, Team Leader, at 301-415-7032.

Attachment: As stated

cc: R. Howard, OGM

Audit Report

RESULTS OF THE AUDIT OF THE DEFENSE NUCLEAR FACILITIES SAFETY BOARD'S FINANCIAL STATEMENTS FOR FISCAL YEARS 2014 AND 2013

DNFSB-15-A-03

Status of Recommendations

Recommendation 2: Design and implement a more robust internal control assessment process and related procedures.

Agency Response Dated
September 15, 2015:

Agree. The Board's Internal Control Operating Procedure (OP) 22-1.1 identifies 25 work processes within the Office of the General Manager. These work processes receive periodic assessments (as determined by the DNFSB's Executive Committee on Internal Control) by the responsible employee. These assessments are then reviewed by the responsible manager and then an independent work party (i.e., outside the manager's supervisory control).

Of these 25 processes, the following are applicable to financial reporting, i.e., they involve obligation of funds that are recorded on the DNFSB's financial statements:

- Advisory and Assistance Contracts
- Budget Execution
- Employee Recognition (i.e., Awards)
- Purchase Card Program
- Recruitment, Retention and Relocation Incentive Awards Program
- Time and Attendance Program
- Transportation Fringe Benefits
- Travel Card (Individually Billed Accounts) Program

Implementation of more robust internal control assessment and related processes over financial reporting requires testing at the transaction level. Specifically, the DNFSB's plan for performing independent testing of internal control over financial reporting will take a risk-based approach in determining when to test key controls. Key processes may be tested every year to once every five years, subject to resource and budgetary constraints.

Audit Report

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DNFSB-15-A-03

Status of Recommendations

Recommendation 2 (cont.):

Risk-based approach to testing requires that controls are stable, there are no known deficiencies, and controls will be tested at least every five years. Critical aspects of the risk-based criteria include the following:

- There are no known weaknesses in the function of the control.
- For material work processes, the control has been tested within the past three years.
- There have been no changes in the design or operation since it was last tested (e.g., change in personnel responsible for implementing the control).

OIG Analysis:

The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG receives and reviews the approved revised Internal Control Operating Procedures, OP-22.1-1, and determines that it is a more robust control assessment process with related procedures.

Status:

Resolved.