FY 2006 Management Control Action Officer Training Package

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FY 2006 Management Control Action Officer Training Package

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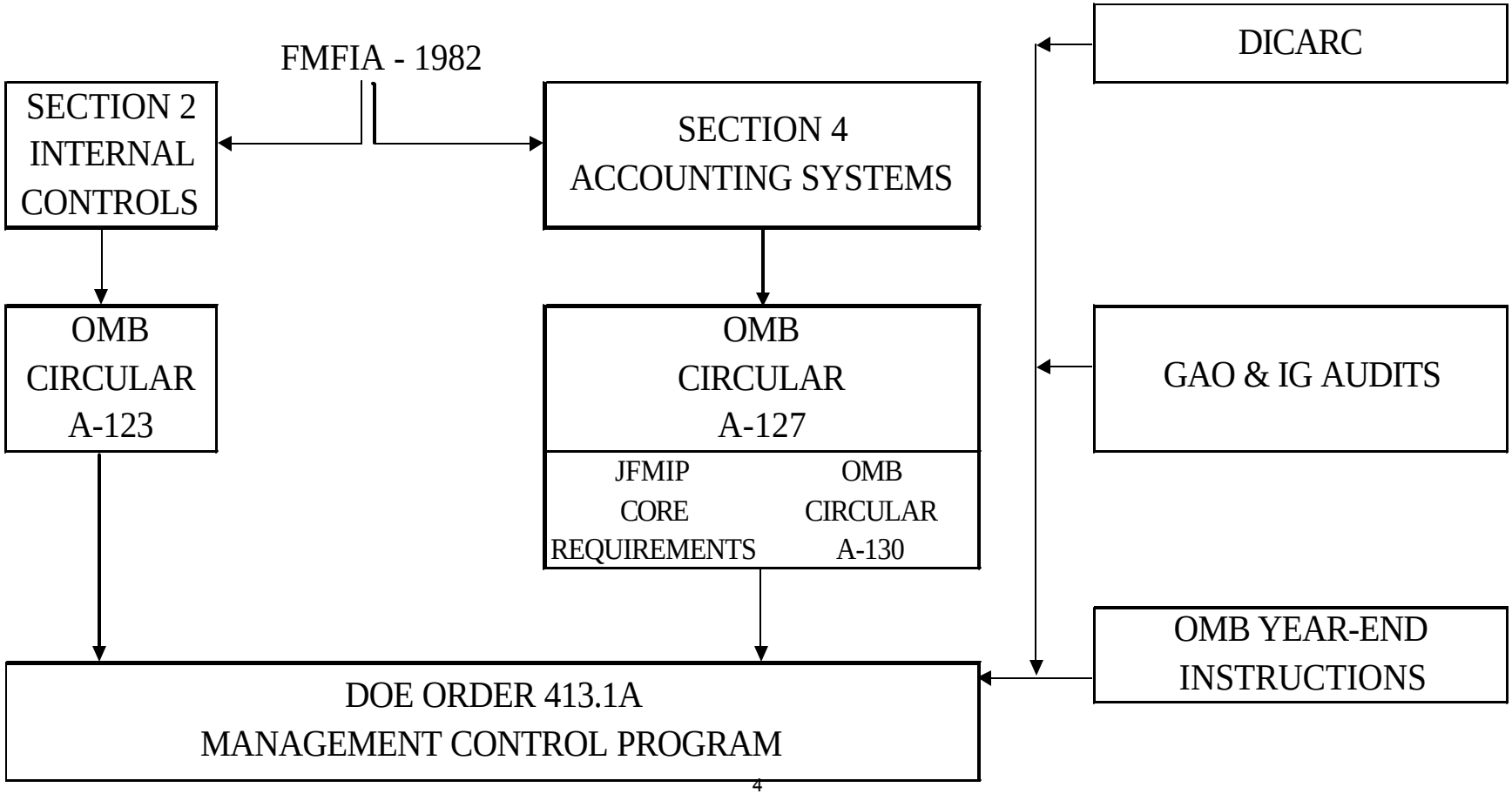
Basic Requirements of the Management Control Program

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) - 1982

- In response to continuing reports of waste and inefficiency, Congress passes FMFIA
- Requires self assessments of management controls
- Requires Secretary to report annually to the President and Congress
- The Act applies to all programs and administrative functions
- Secretary's report to President and Congress Due December 30

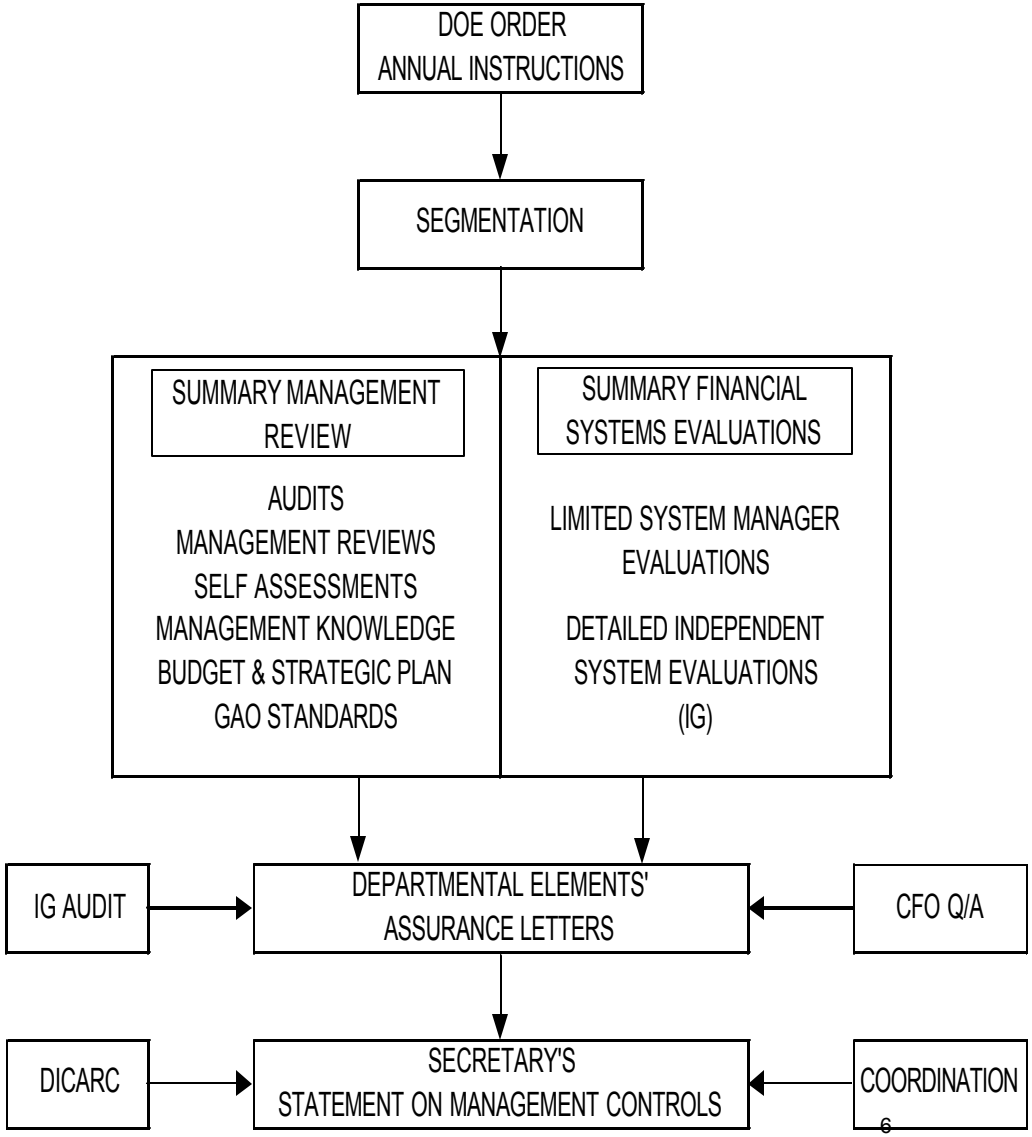
MANAGEMENT CONTROL PROGRAM OVERVIEW

FMFIA POLICY REQUIREMENTS



OVERVIEW OF MANAGEMENT CONTROL PROGRAM

OVERVIEW OF DOE'S MANAGEMENT CONTROL PROGRAM



- CFO Administrative Responsibility
- Programs and Administrative Functions Segmented
- Managers Consider All Relevant Existing Information
- Annual Summary Management Review and Financial System Evaluation
- Corrective Action Plans Are Tracked
- IG Annually Audits FMFIA Program
- CFO Performs QA of Assurance Letters
- DICARC Approves Department's Significant Issues
- Letter Coordinated Departmentwide

MANAGEMENT CONTROL PROGRAM OVERVIEW

- Management Controls Ensure that Program and Administrative Functions Operate Efficiently, Effectively and Within Applicable Requirements
- Purpose of the Management Control Program is to Assess the Adequacy of the Department's Management Controls and Correct Any Problems Identified
- Aiming for Reasonable Assurance that Controls Are Working Effectively
- Builds on Ongoing Management Processes

ORGANIZING THE PROCESS

Management Control Action Officer Responsibilities

- Principal Point of Contact for Departmental Element
- Coordinates all planning, evaluating, and reporting related to management control matters

SEGMENTING

Listing of Programs and Administrative Functions

- Each Departmental Element is required to develop an annual listing which serves as a basis for evaluating the Departmental Element
- A summary management review will be performed for each program and administrative function identified

Listing of Program and Administrative Functions - Criteria

- HQ – Individual programs with total obligational authority of $10M or more
- HQ – If no programs have total obligational authority of $10M or more consolidate and treat all as a single program
- Field – Individual programs with total obligational authority of $5M or more if the total Departmental funding is $10M or more
- Applicable administrative functions, crosscutting areas and sensitive areas should be identified regardless of funding levels.

Summary Management Review

Summary Management Review

- Overall Look at Entire Operation
- Conducted Annually at Year-End to Support Assurance Letter
- Based on Existing Evaluations and Day-To-Day Knowledge
- Considers GAO Standards for Internal Controls
- Provides Framework for Identifying Reportable Problems

SUMMARY MANAGEMENT REVIEW GUIDELINES

There are 5 major steps in the SMR

1. Consider existing information
2. Consider underlying management principles based on GAO Standards
3. Determine if there are reportable problems
4. Develop action plans for reportable problems identified
5. Document the SMR

SUMMARY MANAGEMENT REVIEW GUIDELINES

CONSIDER EXISTING INFORMATION

- Problems reported through this process in prior year
- Current year evaluations and information
- Strategic plans, budgets and customer needs

SUMMARY MANAGEMENT REVIEW GUIDELINES

UNDERLYING MANAGEMENT PRINCIPLES

- Policies and objectives have been established and understood/accepted
- Roles and responsibilities have been assigned and understood/accepted
- Work is planned and controlled to ensure objectives are met

SUMMARY MANAGEMENT REVIEW GUIDELINES

CONT. UNDERLYING MANAGEMENT PRINCIPLES

- Employees are capable of performing their assigned tasks and adequately supervised
- Responsibilities for critical verifications and approvals are assigned to separate employees and/or organizations

SUMMARY MANAGEMENT REVIEW GUIDELINES

CONT. UNDERLYING MANAGEMENT PRINCIPLES

- Decisions are based on accurate, up-to-date information
- Work is assessed to ensure it meets expectations
- Problems are identified and corrected

SUMMARY MANAGEMENT REVIEW GUIDELINES

REPORTABLE PROBLEMS

- Problem(s) of concern to next higher level of management
- Judgments of reportability made by progressively senior managers
- Criteria to assist in determining reportability are in SMR guidelines

REPORTABLE PROBLEMS CRITERIA

- Substantially impairs mission
- Violates significant statutory or regulatory requirements
- Substantially weakens safeguards against waste, loss misuse
- Results in conflict of interest
- Merits attention of the President and Congress
- Exists in majority of programs, functions or organizations and can cause harm, though minor individually, because the aggregate is significant
- Risks of results in loss of either $10 million or 5% of budget line item
- Endangers National Security
- Subject of adverse media coverage, adverse audit reporting and adverse Congressional interest
- Could reflect adversely on management integrity if not reported

SUMMARY MANAGEMENT REVIEW GUIDELINES

DEVELOP ACTION PLANS

- Executive summary information with broad critical milestones
- Consolidate related/similar problems
- Link to Strategic Plan and/or Budget as appropriate

SUMMARY MANAGEMENT REVIEW GUIDELINES

DOCUMENT THE SMR

- Maintain documentation to show:
  - That a SMR was conducted
  - What information was considered during the SMR
  - The Rationale for the Conclusion(s) reached
- Exhaustive documentation not required
- Documentation must provide evidence of what was done

SUMMARY FINANCIAL MANAGEMENT SYSTEMS REVIEWS

FINANCIAL MANAGEMENT SYSTEMS REVIEWS

SECTION IV

THE DEPARTMENT'S FINANCIAL MANAGEMENT SYSTEMS MUST BE EVALUATED ANNUALLY TO DETERMINE WHETHER IT CONFORMS TO THE PRINCIPLES AND STANDARDS ESTABLISHED BY THE COMPTROLLER GENERAL AND THE REQUIREMENT OF OMB CIRCULAR A-123 "INTERNAL CONTROL SYSTEMS" AND A-127 "FINANCIAL MANAGEMENT SYSTEMS"

DOE FINANCIAL MANAGEMENT SYSTEM INVENTORY

- Departmental Integrated Standardized Core Accounting System/STARS
- Mgmt. Analysis & Reporting System
- Departmental Funds Distribution System
- Financial Management Systems of Power Marketing Administrations
- Personnel System
- Departmental Budget Formulation System

TYPES OF FINANCIAL MANAGEMENT SYSTEM REVIEWS

- **Detailed** – Conducted on a Periodic Basis under the cognizance of the CFO and IG
- **Summary** – Conducted Annually by Departmental Element responsible for System or System Component

Summary Financial System Evaluation Process

Guidelines for Financial Management System Evaluations

EVALUATE SYSTEM ANNUALLY:

- Consider Existing Information
  - ✓ IG and/or GAO Reviews
  - ✓ Management Reviews
  - ✓ Daily Involvement
  - ✓ Financial Statement Audits
- Selected Techniques

  (E.G., Questionnaires, Financial Analysis, Transaction Testing)
- Other Considerations
  - ✓ CFO Financial Management 5-Year Plan
  - ✓ Department's 5-Year System Development Plan
  - ✓ System Change Requests
  - ✓ Problems Identified by User Groups/Councils
  - ✓ Prior Limited and Detailed Reviews

Summary Financial System Evaluation Process

Guidelines for Financial Management System Evaluation

Identify Reportable Nonconformance(s):

- Identify Nonconformance(s)
- Determine whether nonconformance(s) is reportable
  - To the Next Level
  - Meets Criteria for Reportability
- Follow Guidelines for Reportable Nonconformances

SYS. EVALUATION

•2 nonconformances identified

•1 considered reportable

Summary Financial System Evaluation Process

Guidelines for Financial Management System Evaluation

DEVELOP ACTION PLANS:

- Briefly describe the nonconformance
- Identify critical milestones
- Indicate action to be taken by reporting element
- Report only those things you are responsible for fixing

DOCUMENT THE PROCESS:

- Maintain Evidence
  - That an evaluation was conducted
  - Information used to conduct the evaluation
  - Rationale for the conclusion reached
- Maintain Sufficient Documentation

ACTION PLANS

ACTION PLANS

- Action Plans (AP) are prepared for all reportable problems and nonconformances
- Related or similar issues should be aggregated by program and administrative function
- Format prescribed must be used
- Cognizant HQ Office must be identified
- Describe problem or nonconformance as well as impact on operations

ACTION PLANS

- Critical milestones indicate major interim actions to eliminate problem and its root causes
- Assessment of progress briefly summarizes progress made to implement milestones, reasons for milestone slippage, and the final date projected for closure
- MCAO QA review to ensure AP meets requirements
- Attachment A of the assurance memorandum
- Index and crosswalk of APs attached as a cover to the Attachment

Annual Assurance Memorandum

Assurance Memorandum

- Each Departmental Element submits an annual assurance memorandum
- Field Elements submit assurance memorandum to the Secretary or appropriate HQ office
- HQ incorporate Field input and submit assurance memorandum to the Secretary
- The Secretary considers all input and reports the results in the MD&A of the Performance & Accountability Report

Assurance Memorandum

- Signed by Head of Departmental Element
- Include Standard Assurance Statements
- Include Statement concerning applicable contractors
- Include Statement on Financial Management Systems (if applicable)
- Executive Summary of Reportable Problems and Nonconformances

REPORTABLE PROBLEM

REPORTABLE PROBLEMS CRITERIA

- Substantially impairs mission
- Violates significant statutory or regulatory requirements
- Substantially weakens safeguards against waste, loss misuse
- Results in conflict of interest
- Merits attention of the President and Congress
- Exists in majority of programs, functions or organizations and can cause harm, though minor individually, because the aggregate is significant
- Risks of results in loss of either $10 million or 5% of budget line item
- Endangers National Security
- Subject of adverse media coverage, adverse audit reporting and adverse Congressional interest
- Could reflect adversely on management integrity if not reported

FY 2005 Significant Issues

1. Environmental Cleanup
2. Nuclear Waste Disposal
3. IT Management
4. Oversight of Contractors
5. Security
6. Project Management

FY 2005 Significant Issues (Cont.)

7. Human Capital Management
8. Safety and Health
9. Stockpile Stewardship
10. Financial Control & Reporting
11. Unclassified Cyber Security

CONTRACTOR PARTICIPATION

Contractor Participation

Departmental Element Requirement

Departmental Elements are responsible for monitoring, ensuring, and considering the integrity and efficiency of contractors under their cognizance.

Contractor Participation

Contractors Included

- Management and Operating Contractors (M&O)
- Management and Integrating Contractors
- Environmental Restoration Management Contractors (ERMC)

Contractor Participation

Contractor Requirement

Annually Departmental Elements should require written assurance from the contractors as to the status of their operations identifying reportable problems and nonconformances

Contractors annual assurance memoranda should contain action plans to be tracked by the cognizant Departmental Element as necessary (Option of Departmental Element Head)

Contractor Participation

Departmental Element Requirement

Consider contractors' written assurance when performing the Summary Management Review and determining reportable problems and/or nonconformances

TRACKING

TRACKING

- Local Tracking
  - Departmental Element Action Plans
  - Contractor Action Plans, if appropriate
  - Formal System required, not necessarily automated
- Departmental Tracking
  - Secretarial Milestones
  - Third Quarter Update for preparation of 3rd Quarter Draft of the Performance and Accountability Report

QUALITY ASSURANCE

Quality Assurance

- Program Quality Assurance Actions Provide the Checks and Balances Necessary to Ensure that the Program is Thorough in its Depth, Comprehensive in Scope, Conducted in Accordance with Guidance, and Verifiable as to Work Performed

Quality Assurance
Components

- Departmental Element Actions
- CFO Actions
- Departmental Internal Control and Audit Review Council (DICARC) Actions
- IG Actions

Quality Assurance
Local Actions

- Assurance Memorandum reviewed by senior managers

Quality Assurance
OMBE Actions

- Review of Departmental Elements submissions
- Annual guidance on year-end requirements
- Concurrence on Performance & Accountability Report

Quality Assurance

Departmental Internal Control and Audit Review Council

- Senior Manager oversight to ensure compliance with Legislative, Regulatory and Departmental Guidance
- Actively participate in preparation of the Secretary's Annual Assurance Statement on Management Controls
- Refer highly sensitive issues to appropriate departmental personnel
- Educate senior managers on the purpose and uses of the Management Control Program
- Decide and Direct on issues relating to the Management Control Program

QUALITY ASSURANCE
IG ACTIONS

- Review Year-End assurance memorandum from Departmental Elements

- Provide independent written assurance to the Secretary annually as to whether the evaluations were carried out in a reasonable and prudent manner

FY 2006 MANAGEMENT CONTROL ACTION OFFICER TRAINING

SIGNIFICANT ISSUES

Background

- FMFIA requires the Secretary to annually identify material weaknesses
- Based on 2002 OMB request to reassess Department-level FMFIA reporting, DICARC determined DOE had no FMFIA material weaknesses
- DOE is addressing the following 11 Significant Issues

ENVIRONMENTAL CLEANUP

Previously Titled, "Environmental Standards and Stewardship."

- **Responsible Organization:** Environmental Management

- **Challenge:** There are significant long-term compliance and waste management problems at the Department's facilities due to past operations that left risks to the environment. Even though these issues resulted from earlier activities conducted in a different atmosphere and under less stringent standards than today, the Department is committed to maintaining compliance with current environmental laws and agreements.

- **Reporting carried over from prior year.**

NUCLEAR WASTE DISPOSAL

- **Responsible Organization:** Office of Civilian Radioactive Waste Management

- **Challenge:** A repository for the Nation's spent nuclear fuel and high-level radioactive waste has not been opened as required by the Nuclear Waste Policy Act. Delays in milestones and revisions to cost and schedule baselines have been required as a result of funding shortfalls. A mechanism needs to be established to assure the necessary funding is available to lead to waste acceptance.

- **Reporting carried over from prior year.**

INFORMATION TECHNOLOGY MANAGEMENT

- **Responsible Organization:** Office of the Chief Information Officer

- **Challenge:** The Department has a decentralized approach to information technology management, limited control by the Chief Information Officer in the budgeting process, and lack of an information technology baseline to guide management decisions. These problems have impeded the Department's ability to effectively manage its information technology resources.

- **Reporting carried over from prior year.**

OVERSIGHT OF CONTRACTORS

Expansion of Significant Issue Titled, “Contract Management.”

- **Responsible Organization:** EM, NNSA and SC

- **Challenge:** Improvements are needed in the oversight of contractors managing and operating the Department’s facilities. Specific oversight problems have been identified at environmental cleanup sites and laboratories conducting national security and scientific activities. Adequate oversight is needed to assure that contractor operations are effective and efficient.

- **Reporting carried over from prior year.**

SECURITY

Previously Titled, “Security and Counterintelligence.”

- **Responsible Organizations:** SSA, CIO and CFO

- **Challenge:** Unprecedented security challenges have evolved since the events of September 11, 2001. The need for improved homeland defense, highlighted by the threats of terrorism and weapons of mass destruction, created new and complex security issues that must be surmounted to ensure the protection of our critical energy resources and infrastructure. These have made it necessary for the Department to reassess and strengthen its physical and cyber security postures.

- **Reporting carried over from prior year.**

PROJECT MANAGEMENT

- **Responsible Organizations:** NNSA, EM, SC and CFO

- **Challenge:** The Department needs to improve discipline and structure in approving and controlling program and baseline changes to projects and needs a Department-wide approach to certify project managers at pre-determined skill levels to ensure competent management oversight of resources. In addition, it was determined that the Department needs stronger policies and controls to ensure that ongoing projects are reevaluated frequently in light of changing missions.

- **Reporting carried over from prior year.**

HUMAN CAPITAL MANAGEMENT

- **Responsible Organizations:** CFO and OIG

- **Challenge**: Reductions in the Department's workforce, combined with lengthy moratoria on hiring, the relative age of the workforce, and a variety of incentives to leave Federal Service, has left the Department with the challenge of reinvesting in its human capital to ensure that the right skills necessary to meets its mission, are available.

- **Reporting carried over from prior year.**

SAFETY AND HEALTH

- **Responsible Organizations:** EH, EM, SSA, NE, SC and NNSA

- **Challenge:** Ensuring the safety and health of the public and the Department's workers is one of the top priorities in accomplishing our challenging scientific and national security missions. Due to the inherently critical nature of these issues, there is the need for continuous vigilance and improvement. Currently, the Department is addressing explosive safety issues and, with the ongoing re-engineering of the National Nuclear Security Administration workforce, needs to ensure that adequate focus on general safety at our laboratories and plants is maintained.

- **Reporting carried over from prior year.**

STOCKPILE STEWARDSHIP

Previously Titled,
"Stockpile Surveillance and Testing"

- **Responsible Organization:** NNSA

- **Challenge:** The Secretaries of Energy and Defense annually certify to the President that the nuclear weapons stockpile is safe and reliable and that underground nuclear testing does not need to resume. Success is dependent upon unprecedented scientific tools to better understand the changes that occur as nuclear weapons age, enhance the surveillance capabilities for determining weapon reliability, and extend weapon lives. The Department must ensure that problems in these areas are aggressively addressed.

- **Reporting carried over from prior year.**

Financial Control & Reporting

- **Responsible Organization:** Office of the Chief Financial Officer

- **Challenge:** Overlapping implementations of the financial services Most Efficient Organization (MEO), the Integrated Management Navigation System (I-Manage) Standard Accounting and Reporting System (STARS) and Data Warehouse (IDW) have resulted in a new organizational structure for performing financial services and accounting operations, a new financial management system, numerous business process changes, centralization of accounting functions, a new chart of accounts (standard general ledger) and new accounting codes. As a result, the Department is now faced with many challenges related to data conversion, data/system reconciliation and, start-up operations. The new financial services organization staffing level and employee skill mix were not adequate to perform the more complex functions in the new accounting system environment. In addition, there were not fully documented processes and operational procedures in place. As a result, the Department missed critical milestones in preparing its FY 2005 audited financial statements.

- **Reporting carried over from prior year.**

Unclassified Cyber Security

- **Responsible Organization:** Office of the Chief Information Officer

- **Challenge:** The Department faces significant challenges in providing adequate security for its information technology assets used to support business operations. Cyber security inspections performed by the Office of Security and Safety Performance Assurance (SSA) consistently identify significant weaknesses in the security of unclassified computer networks at Headquarters and field elements. These weaknesses pose significant risks to the confidentiality, integrity and availability of DOE unclassified computer networks.
- **Reporting carried over from prior year.**

FEDERAL MANAGERS'FINANCIAL INTEGRITY ACT (FMFIA)

Results

of FY 2005

QA Review

Quality Assurance (QA) Review

- CFO completes a QA checklist for all FMFIA Assurance reporting.
- Checklist indicates whether offices met reporting requirements.
- FY 2005 QA areas needing improvement :
  - Timeliness of submissions
  - Action plans for all prior and new problems
  - Executive summary not consistent with action plans
  - Assurance memoranda/action plans prepared using prescribed format

QUALITY ASSURANCE CHECKLIST
FOR 2005 FMFIA ASSURANCE LETTERS

DEPARTMENTAL ELEMENT

Assurance Letter

1. The letter has been addressed correctly, submitted on time and signed by Head of Departmental Element. **Yes/No**
2. Includes the following statements:

- that a review of management controls has been performed considering all known information; **Yes/No**
- complies with underlying management principles; **Yes/No**
- reasonable assurance; **Yes/No**
  M&O statement (Field, EM, RW, EE only); **Yes/No**
- Financial Management System (FMS) paragraph (Field and ME only); and, **Yes/No**
- executive summary of reportable problems and nonconformances consistent with action plans submitted, including statement on actions taken for closure and if applicable.

Attachment A - Action Plans

3. Follows FY 2005 Reporting Guidance and Requirements for all reportable problems and nonconformances, and includes:

- applicable departmental challenges/milestones from the FY 2004 Accountability Report and FMFIA Action Plans; **Yes/No**
- executive level summary of reportable problem or nonconformance; **Yes/No**
- identification of the proper program, administrative function, or crosscutting area and for Field offices the cognizant Headquarters organization; **Yes/No**
- critical milestones highlighting key tasks and target dates to resolve the reportable problem or nonconformance; **Yes/No**
- success indicators describing the qualitative/quantitative measures used to achieved goal(s) and eliminate the problem or nonconformance; and, **Yes/No**
- consideration and/or reporting of such items as news media and audit reports. **Yes/No**

The yearend assurance memorandum from the office indicated above generally meets the reporting requirements contained in DOE Order 413.1A and the yearend instructions. Any significant deficiencies have been noted in the comments sections. SEE NOTE

REVIEWER _____ DATE _____

COMMENTS (Use Back of Sheet)

Management Control Action Officer Training

FY 2006 Year-End Reporting Guidance

Status of Guidance

- Guidance and Detailed Instructions Available at the following website: www.cfo.doe.gov/progliaison/PAR.htm
- Provides Key Deliverable Dates (Att. A) & Combines Performance Reporting (Att. B), Management Control Program (Att. C), Field Management Representation Letter Guidance (Att. D), and R&D Information (Att. E)
- Addressed to Heads of Departmental Elements, including NNSA, from the Deputy Secretary

FMFIA Year-End Reports

- Governing Directive DOE Order 413.1A, *Management Control Program*
- Include applicable programs and administrative functions
  - Crosscutting areas
    - Environmental management
    - Nuclear safety management
    - Non-nuclear safety management
  - Sensitive areas – none identified for FY 2006
- Consider the eleven FY 2005 Significant Issues (previously Departmental Challenges) and Related Action Plans*
- Consider IG & GAO Reports and Management Challenges
- Consider Audit of the FY 2005 Financial Statements

*Available electronically at:
http://www.cfo.doe.gov/progliaison/FMFIA.htm

Process Requirements

- Heads of Departmental Elements
  - Conduct Summary Management Reviews
  - Conduct Summary Financial Management System Reviews

    (Only Required for Field Elements, CF & NNSA – organizations having responsibility for a financial management systems or system component)
  - Submit Annual Report on Status of Controls

Field Reports

- Due August 15, 2006
  - Reflects Status of Controls as of the Date of Signature
- Addressed to Lead Program Secretarial Office
  - Official copies to Cognizant Secretarial Offices
- PMAs addressed to Secretary
- Email report (Word format) to richard.heller@hq.doe.gov and send 2 paper copies to CF-1.2, Rm C-176 in Germantown

HQ Reports

- HQ organization responsible for Significant Issues must update action plans and executive summary chart as of 6/30/06 and email to richard.heller@hq.doe.gov by 7/15/06
- Due September 9, 2006
  - Reflects the Status of Controls as of the Date of Signature
- Consider Field Reporting
- Addressed to the Secretary through the designated Under Secretary, if applicable
- Email report (Word format) to richard.heller@hq.doe.gov and send 2 paper copies to CF-1.2, Rm C-176 in Germantown

Report Format

- Memorandum
- Index and Crosswalk
- Action Plans
- DOE Significant Issue Action Plans (HQ only)

Electronic formats of these documents can be obtained from:
www.cfo.doe.gov/progliaison/FMFIA.htm

HOT TOPICS

FY 2006

Hot Topics

- **Hot Topics are issues currently drawing a high level of attention.**

- **These topics may or may not have an impact upon your area, but are provided here as information for your consideration.**

Hot Topics

- **<u>The following pages briefly summarize these areas of interest:</u>**
  1. The President's Management Agenda
  2. Significant Issues
  3. IG and GAO Management Challenges
  4. IG Watch List
  5. Other Areas of Interest

Hot Topics

President's Management Agenda

1. Human Capital
2. Competitive Sourcing
3. Financial Performance
4. E - Government
5. Budget and Performance Integration
6. Federal Real Property Asset Management
7. Research and Development

Found at: www.whitehouse.gov/omb/budget/index.html

Hot Topics

- **Significant Issues**

1. **Environmental Cleanup**
2. **Nuclear Waste Disposal**
3. **IT Management**
4. **Oversight of Contractors**
5. **Security**
6. **Project Management**

Hot Topics

- **Significant Issues (Cont.)**

7. **Human Capital Management**
8. **Safety and Health**
9. **Stockpile Stewardship**
10. **Financial Control & Reporting**
11. **Unclassified Cyber Security**

Hot Topics

- **<u>IG Management Challenges</u>**

Mission Related Challenges:

- National Security
- Environmental Cleanup
- Stockpile Stewardship

Internal Control Challenges:

4. Contract Administration
5. Project Administration
6. IT Management
7. Financial Control & Reporting

Hot Topics

- **<u>GAO Management Challenges</u>**

1. Cleanup of Radioactive and Hazardous Waste
2. Security Threats and Problems
3. Nuclear Weapons Stockpile
4. Contract Management
5. Revitalize Infrastructure
6. Leadership in Meeting the Nation's Energy Needs

Hot Topics

- **<u>IG Watch List</u>**

1. Energy Supply
2. Worker and Community Safety
3. Human Capital

Hot Topics

- **<u>Other Areas Of Interest</u>**

1. Financial Oversight (Department-wide coverage)
2. Financial Statement Findings

IG and GAO Management Challenges

MANAGEMENT CHALLENGES

- IG and GAO identify “Management Challenges” on an annual basis
- Reports Consolidation Act requires IG to identify the most serious risks to the Department (IG Special Report – DOE /IG-0712)
- GAO reports Major Management Challenges (GAO -05-207)
- All IG and GAO Management Challenges should be considered by Departmental Elements when preparing the FY 05 FMFIA Assurance Report

IG Management Challenges

- 7 Management Challenges

- <u>Mission-Related Challenges</u>
  - National Security
  - Environmental Cleanup
  - Stockpile Stewardship

- <u>Internal Control Challenges</u>
  - Contract Administration
  - Project Management
  - Information Technology
  - Financial Control & Reporting

GAO Management Challenges

- 6 Management Challenges
  - Contract Management
  - Security
  - Cleanup Wastes
  - Stockpile Management
  - Energy Needs
  - Infrastructure

IG Watch List

- Management issues not meeting the threshold of major management challenges but warrant continued attention from senior Department managers
- Energy Supply, Human Capital and Worker and Community Safety

Management Challenges

- Various reports issued regarding National Security, Environmental Cleanup, Stockpile Stewardship, Contract Administration, Project Management, Information Technology, Safety and Performance Management can be viewed at

www.ig.doe.gov

Tracking Significant Issue Action Plans

Federal Manager's Financial Integrity Act (FMFIA)

- OMB discussions & DICARC decisions during FY 2005 determined:
  - **DOE has no Material Weaknesses.**
  - **DOE has 11 Significant Issues.**

Significant Issue Tracking Requirements

- Departmental elements and the Director, CFO must track all reportable problems and nonconformances.
- Requirements for tracking can be found in DOE Order 413.1A, Chapter VII.
  - Departmental Element responsibilities.
  - CFO responsibilities.

Office of Internal Review Responsibilities

- CF-1.2 is responsible for maintaining a database of all corrective action plans for reportable problems, reportable nonconformances, and emerging issues.

Reasons for 3rd Quarter Tracking Significant Issue Action Plans

- Monitor progress of the Department's FY 2005 Significant Issue Action Plans.
  - OMB interest due to President's Mgmt Agenda.
  - Maintain a good financial management score from OMB.
  - FY 2006 Significant Issue updates will be included in the 3rd Quarter Draft of the PAR.

3rd Quarter Updates of the Significant Issue Action Plans

- Complete action plans, as of June 30, 2006, required.
- Detailed information important.
- Selected HQ Elements must provide 3rd Quarter updates to Significant Issue action plans, and Executive Summary Chart included in FY 2005 PAR by COB Friday, July 14, 2006.

Implementation of OMB Circular A-123, Appendix A

Internal Control Over Financial Reporting

Background

OMB Circular A-123, Appendix A, Requires:

- Annual Assessment of Internal Controls Over Financial Reporting
- Identification, Documentation and Testing of Controls to Prevent Errors and Fraud
- Secretarial Assurance on Internal Control Effectiveness (Nov. 15)

Purpose/Benefits:

- Strengthen Internal Controls Over Financial Reporting
- Ensure Reliable Financial Information
- Place Accountability with Senior Management
- Bring Parity in Requirements Between Private and Public Sectors

- Drivers:
- Private Industry Accounting Scandals
- Sarbanes-Oxley Act

Impact on Implementation of FMFIA

- No impact on the Department's FY 2006 FMFIA requirements
- Departmental Elements will conduct separate evaluations for FMFIA and Appendix A
  - FMFIA and Appendix A will result in separate assurances to be included in the PAR on November 15

Additional A-123, Appendix A, Information

- For more information visit the A-123 website at:

http://www.cfo.doe.gov/progliaison/doeA123/index.htm

- If you have any questions, please e-mail the Helpdesk at A-123Helpdesk@hq.doe.gov or feel free to call Mindy Bledsoe at 301-903-2553

Headquarters
Management Control Action Officers (MCAOs)

Organization	MCAO	Routing Symbol	Room	Building	Phone	Fax	Internet Address
Chief Information Officer	Valerie Young	IM-10	8H-085	FORS	6-8853	6-7966	Valerie.Young@hq.doe.gov
Civilian Radioactive Waste Management	Jackie Chestnut	RW-2E	5A-061	FORS	6-5481	6-6638	Jackie.Chestnut@hq.doe.gov
Congressional & Intergovernmental Affairs	Mike Richard	AB-1	6F-055	FORS	6-8877	6-6279	michael.richard@hq.doe.gov
Contract Appeals	Deborah Cavanagh	HG-50	7115	Bldg. 950 L'Enf.	202-287-1900	202-287-1700	Deborah.Cavanagh@hq.doe.gov
Counterintelligence	Nancy Holmes Alt. John Swift Alt. Glenn Smith	CN-1	8F-089	FORS	6-0412 6-5901 3-0395	6-0551	nancy.holmes@cn.doe.gov John.Swift@cn.doe.gov glenn.smith@cn.doe.gov
Economic Impact & Diversity	Myrna Turturro	ED-1	5B-110	FORS	6-4676	6-3075	Myrna.Turturro@hq.doe.gov
Electricity Delivery & Energy Reliability	Paul Trottier	TD-1	6H-034	FORS	6-7844	6-5860	Paul.Trottier@hq.doe.gov
Energy Efficiency & Renewable Energy	Dreda Perry	EE-30	6A-067	FORS	6-0561	6-8177	Dreda.Perry@ee.doe.gov
Energy Information Administration	Sharon Sutton	EI-30	1E-248	FORS	6-0596	6-0114	Sharon.Sutton@eia.doe.gov
Environment, Safety & Health	Katherine McCulloch	EH-7	1G-080	FORS	6-1151	6-0549	katherine.mcculloch@hq.doe.gov
Environmental Management	Dennis Hosaflook	EM-32	5B-031	FORS	6-7685	6-9172	Dennis.Hosaflook@em.doe.gov

Fossil Energy	Chuck Roy	FE-3	4G-052	FORS	6-8977	6-0734	charles.roy@hq.doe.gov
General Counsel	Dan Bullington	GC-90	6B-222	FORS	6-7364	6-6191	Dan.Bullington@hq.doe.gov
Hearings and Appeals	Richard Cronin Alt. Steven Goering	HG-30 HG-20	7040 7034	Bldg. 950 L'Enf.	202-426-1589 202-287-1541	202-426-1415 202-287-1415	richard.cronin@hq.doe.gov Steven.Goering@hq.doe.gov
Inspector General	Garland Dovers	IG-12	5D-031	FORS	6-5798	6-7851	Garland.Dovers@hq.doe.gov
Intelligence	Elizabeth Vaden	IN-1	GA-301	FORS	6-8756	6-5999	Elizabeth.Vaden@hq.doe.gov
Legacy Management	Glenn Trentham	POB 880 M/S K09	3610 Collins Ferry Rd.	Morgantown, WV	304-285-4761	304-285-4403	Glenn.Trentham@netl.doe.gov
Chief Financial Officer	CF-1.2 Staff	CF-1.2	C-179	GTN	3-2551	3-2550	STAFF
Nuclear Energy, Science, & Technology	Marvis Aleem Alt. Patrick Holman	NE-10	5A-128D 5A-138	FORS	6-0382 6-7016	6-8353 6-4025	marvis.aleem@nuclear.energy.gov patrick.holman@nuclear.energy.gov
Policy & International Affairs	Jon Mathis	PI-10	7G-033	FORS	6-4909	6-0863	Jon.Mathis@hq.doe.gov
Public Affairs	Mike Richard	AB-1	6F-055	FORS	6-8877	6-6279	michael.richard@hq.doe.gov
Security & Safety Performance Assurance	Sherri Bishop	SP-1.2	D-307	GTN	3-1248	3-1230	Sherri.Bishop@hq.doe.gov
Science	Janet Venneri	SC-67	H-201	GTN	3-8642	3-8583	Janet.Venneri@science.doe.gov

Federal Energy Regulatory Commission	Frank Plata	ED-14	43-74	888 1st St., NE 20426	202-502-8404	202-219-2873	Frank.Plata@ferc.gov
National Nuclear Security Administration	Richard Speidel	NA-60	6F-078	FORS	6-5009	6-5433	Richard.Speidel@hq.doe.gov

Field
Management Control Action Officers (MCAOs)

Organization	MCAO	Address	Phone	Fax	Internet Address
Chicago Operations Office	Julie Cramer	9800 South Cass Avenue Argonne, IL 60439	630-252-2198	630-252-9691	Julie.cramer@ch.doe.gov
Consolidated Business Center (OH & RF included)	Brent Johansen Alt. Richard Freeman	10808 Highway 93, Unit A Golden, CO 80403-8200	303-966-6522	303-966-2212	Brent.Johansen@rf.doe.gov richard.freeman@emcbc.doe.gov
Idaho Operations Office	Darrell Lewis	US DOE - IDO (NE-ID) 1955 Fremont Avenue Idaho Falls, ID 83401-1240	208-526-0336	208-526-7407	LEWISWD@ID.DOE.GOV
Oak Ridge Operations Office	J. Peter Johnson Alt. Dolores Henry	P.O. Box 2001 Oak Ridge, TN 37831-8794	865-576-0970 865-576-2410	865-576-7813	johnsonjp@oro.doe.gov Henrydl@oro.doe.gov
Richland Operations Office	Jeff Frey	Mail Stop A5-13 P.O. Box 550 Richland, WA 99352	509-376-7727	509-372-0306	Fjeffrey_A_Frey@rl.gov
Savannah River Operations Office	Marlenia Murray	P.O. Box A Aiken, SC 29801	803-952-9214	803-952-8353	marlenia.murray@srs.gov
NNSA Service Center					
Carlsbad Field Office (WIPP)	Freida Huckeba	4021 National Parks Highway Carlsbad, NM 88220	505-234-7315	505-234-7019	Freida.Huckeba@WIPP.WS
Golden Field Office	Marlys Kinsey	1617 Cole Boulevard MS 1501 Golden, CO 80401-3393	303-275-4715	303-275-4790	Marlys.kinsey@go.doe.gov
National Energy Technology Laboratory	Sharon Marchant	P.O. Box 10940 Pittsburgh, PA 15236	412-386-6008	412-386-5005	marchant@netl.doe.gov
Southeastern Power Administration	Joel W. Seymour Alt. Sandra Dye	1166 Athens Tech Road Elberton, GA 30635	706-213-3810 706-213-3813	706-213-3884	joels@sepa.doe.gov Sandrad@sepa.doe.gov

Southwestern Power Administration					
Western Area Power Administration	James Fitzgerald	Corporate Services Office P.O. Box 281213 Lakewood, CO 80228-8213	970-461-7248	970-461-7529	Fitzgerald@wapa.gov
Naval Petroleum Reserves Casper	Janet Boulanger	907 North Poplar Suite 150 Casper, WY 82601	307-233-4814	307-233-4853	janet.boulanger@rmotc.doe.gov
Naval Petroleum and Oil Shale Reserves FE-47	Anton Dammer	3H-076, FORS	6-4685	6-4446	Anton.Dammer@hq.doe.gov
Pittsburgh Naval Reactors	Stanley Burinski	P.O. Box 109 West Mufflin, PA 15122	412-476-7280	412-476-7676	burinski@bettis.gov
Schenectady Naval Reactors	William Younglove	P.O. Box 1069 Schenectady, NY 12301	518-395-4654	518-395-6065	Youngwi@kapl.gov
NR-1 Office of Dep. Admin. For Naval Reactors, NNSA					
Strategic Petroleum Reserve Project Office	Randy Kallauner	900 Commerce Road East New Orleans, LA 70123	504-734-4327	504-734-4672	Randy.Kallauner2@spr.doe.gov
Strategic Petroleum Reserve, HQ Program Office, FE-46	Rick Hoffman	3G-038 FORS	6-4401	6-0835	Rick.Hoffman@hq.doe.gov
Office of River Protection	Lisa A. Copeland	P.O. Box 450, MS H6-60 Richland, WA 99352	509-376-8515	509-376-8532	Lisa_A_Copeland@rl.gov

Department of Energy
Washington, DC 20585

JUN 14 2006

MEMORANDUM FOR HEADS OF DEPARTMENTAL ELEMENTS

FROM: JOHN NEWELL
DIRECTOR, OFFICE OF INTERNAL REVIEW

SUBJECT: Government Accountability Office Reports for Consideration During Year-End Management Control Evaluation Process

DOE Order 413.1A, Management Control Program, Chapter VI, Section 2, requires the Office of the Chief Financial Officer to provide a list of Government Accountability Office (GAO) reports received by the Department to all Departmental Elements for consideration during the year-end management control evaluation process.

Attachment 1 list includes all GAO reports received during the period June 1, 2005, through May 31, 2006. Attachment 2 displays all reports issued by GAO with recommendations for each Primary Action Activity. Your office should review this information to determine which reports are applicable to your organization. Copies of the listed reports may be obtained via the internet at **http://www.gao.gov/reports.htm**.

If your staff has any questions, please contact Ms. Merley L. Lewis of the Departmental Audit Liaison Team at (202) 586-3469.

Attachments

cc: w/Attachments
Heads of Departmental Elements
GAO Coordinators
Merley Lewis
Dianne Williams

Printed with soy ink on recycled paper

Final Report Received from 6/1/2005 to 5/31/2006

Report Number (JobNumber)	Date Final Report Issued	Report Title
GAO-06-399 120437	4/27/2006	CONTRACT MANAGEMENT: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight
GAO-05-887 130404	10/12/2005	HIGHER EDUCATION: Federal Science, Technology, Engineering, and Mathematics Programs and Related Trends
GAO-06-427 190133	3/28/2006	ENVIRONMENTAL LIABILITIES: Long-Term Fiscal Planning Hampered by Control Weaknesses and Uncertainties in the Federal Government's Estimates
GAO-05-597R 198377	7/14/2005	FINANCIAL AUDIT: The Department of Energy's Fiscal Year 2004 Management Representation Letter on its Financial Statements
GAO-05-860R 250232	8/4/2005	Small Business Participation in the Alaska Natural Gas Pipeline Project
GAO-06-250 310479	2/14/2006	INFORMATION TECHNOLOGY: Agencies Need to Improve the Accuracy and Reliability of Investment Information
GAO-05-405 310718	6/17/2005	INFORMATION MANAGEMENT: Freedom of Information Act Fee and Fee Waiver Processing at the Department of Energy
GAO-05-379 360415	6/10/2005	NATIONAL ENERGY POLICY: Inventory of Federal Energy Programs and Status of Policy Recommendations
GAO-05-340 360425	6/22/2005	ENERGY SAVINGS: Contracts Offer Benefits, but Vigilance Is Needed to Protect Government Interests
GAO-05-611 360431	7/15/2005	NUCLEAR SECURITY: DOE's Office of Energy, Science and Environment Needs to Take Prompt, Coordinated Action to Meet the New Design Basis Threat
GAO-06-97 360457	5/25/2006	CLIMATE CHANGE: EPA and DOE Should Do More to Encourage Progress Under Two Voluntary Programs
GAO-05-672 360459	9/7/2005	RADIOLOGICAL SOURCES IN IRAQ: DOD Should Evaluate Its Source Recovery Effort and Apply Lessons Learned to Future Recovery Missions
GAO-05-665 360467	7/20/2005	SECURING U.S. NUCLEAR MATERIALS: DOE Need to Take Action to Safely Consolidate Plutonium
GAO-05-828 360470	8/29/2005	Review of the Department's Management Controls over its Threat Reduction and Nuclear Non-Proliferation Programs
GAO-05-612 360471	6/24/2005	CLEAN AIR ACT: Emerging Mercury Control Technologies Have Shown Promising Results, but Data on Long-Term Performance Are Limited
GAO-05-967 360486	9/22/2005	NUCLEAR SECURITY: DOE Needs Better Information to Guide Its Expanded Recovery of Sealed Radiological Sources
GAO-05-869 360487	8/3/2005	LIVESTOCK GRAZING: Federal Fees Vary Widely, Depending on the Purpose and Approach for Setting the Fees
GAO-06-94 360488	11/2/2005	DEPARTMENT OF ENERGY: Improved Guidance, Oversight, and Planning Are Needed to Better Identify Cost-Saving Alternatives for Managing Low-Level Radioactive Waste(LLRW)

Final Report Received from 6/1/2005 to 5/31/2006

Report Number (JobNumber)	Date Final Report Issued	Report Title
GAO-05-764 360499	7/29/2005	NUCLEAR WASTE: Better Performance Reporting Needed to Assess DOE's Ability to Achieve the Goals of the Accelerated Cleanup Program
GAO-06-261 360508	2/3/2006	NUCLEAR WEAPONS: NNSA Needs to Refine and More Effectively Manage its New Approach for Assessing and Certifying Nuclear Weapons
GAO-05-823 360516	8/18/2005	AIR POLLUTION: Estimated Emissions from Two New Mexicali Power Plants Are Low, but Health Impacts Are Unknown
GAO-06-93 360518	11/7/2005	NUCLEAR NONPROLIFERATION: IAEA Has Strengthened Its Safeguards and Nuclear Security Programs, but Weaknesses Need to Be Addressed
GAO-06-501 360534	4/7/2006	DOE CONTRACTING: Improved Program Management Could Help Achieve Small Business Goal
GAO-05-897 360536	10/11/2005	DEPARTMENT OF ENERGY: Additional Opportunities Exist for Reducing Laboratory Contractors' Support Costs
GAO-06-83 360552	12/23/2005	STAND-DOWN OF LOS ALAMOS NATIONAL LABORATORY: Total Costs Uncertain; Almost All Mission-Critical Programs Were Affected but Have Recovered
GAO-06-311 360560	3/28/2006	COMBATING NUCLEAR SMUGGLING: Corruption, Maintenance, and Coordination Problems Challenge U.S. Efforts to Provide Radiation Detection Equipment to Other Countries
GAO-06-336 360587	4/28/2006	NATURAL RESOURCES: Woody Biomass Users' Experiences Offer Insights for Government Efforts Aimed at Promoting Its Use
GAO-06-313 360611	3/23/2006	YUCCA MOUNTAIN: Quality Assurance at DOE's Planned Nuclear Waste Repository Needs Increased Management Attention
GAO-06-077R 360619	11/4/2005	DEPARTMENT OF ENERGY: Preliminary Information on the Potential for Columbia River Contamination from the Hanford Site
GAO-06-161 440370	1/17/2006	COMBATING TERRORISM: Determining and Reporting Federal Funding Data
GAO-05-777 450264	10/11/2005	ELECTRONIC RULEMAKING: Progress Made in Developing Centralized E-Rulemaking System
GAO-05-762 450338	7/22/2005	FEDERAL STUDENT LOAN REPAYMENT PROGRAM:OPM Could Build on Its Efforts to Help Agencies Administer the Program and Measure Results
GAO-06-67 450364/574	10/31/2005	Program Evaluation: OMB's PART Reviews Increased Agencies' Attention to Improving Evidence of Program Results
GAO-06-324 450370	3/31/2006	Evaluate Agencies' Use of Voluntary Separation Incentive Payments (VSIP) and Voluntary Early Retirement Authorities (VERA)
GAO-06-68SU 460567	3/1/2006	TECHNOLOGY ASSESSMENT: Securing the Transport of Cargo Containers

Total Records: 35

STATUS OF GAO FINAL REPORTS
Primary Action Activity:
ALL Offices
From 6/1/2005 to 5/31/2006

Title Actual Activity	Due			Response Package Due to ME		Primary Action
	Rec'd	GAO	Dist.	Target	Actual	Activity
CF - Office of Chief Financial Officer						
GAO-05-597R FINANCIAL AUDIT: The Department of Energy's Fiscal Year 2004 Management Representation Letter on its Financial Statements	7/25/05	6/6/05	5/20/05	6/2/05	6/2/05	CF
GAO-05-897 DEPARTMENT OF ENERGY: Additional Opportunities Exist for Reducing Laboratory Contractors' Support Costs	10/14/05	8/11/05	7/27/05	8/10/05	8/10/05	CF
GAO-06-67 Program Evaluation: OMB's PART Reviews Increased Agencies' Attention to Improving Evidence of Program Results	10/31/05	9/28/05	9/13/05	9/27/05	9/26/05	CF
GAO-06-161 COMBATING TERRORISM: Determining and Reporting Federal Funding Data	1/17/06	12/6/05	11/16/05	12/5/05	12/5/05	CF
GAO-06-427 ENVIRONMENTAL LIABILITIES: Long-Term Fiscal Planning Hampered by Control Weaknesses and Uncertainties in the Federal Government's Estimates	4/1/06	3/7/06	2/28/06	3/7/06	3/9/06	CF
ED - Office of Economic Impact and Diversity						
GAO-06-501 DOE CONTRACTING: Improved Program Management Could Help Achieve Small Business Goal	4/11/06	3/30/06	3/16/06	3/29/06	4/3/06	ED
EE - Office of Energy Efficiency and Renewable Energy						
GAO-05-340 ENERGY SAVINGS: Contracts Offer Benefits, but Vigilance Is Needed to Protect Government Interests	7/20/05	6/3/05	5/24/05	6/2/05	6/3/05	EE
GAO-06-336 NATURAL RESOURCES: Woody Biomass Users' Experiences Offer Insights for Government Efforts Aimed at Promoting Its Use	4/28/06	2/24/06	1/27/06	2/23/06	2/14/06	EE
EM-HQ - Office of Environmental Management						
GAO-05-764 NUCLEAR WASTE: Better Performance Reporting Needed to Assess DOE's Ability to Achieve the Goals of the Accelerated Cleanup Program	7/29/05	7/15/05	6/30/05	7/14/05	7/18/05	EM-HQ
GAO-05-665 SECURING U.S. NUCLEAR MATERIALS: DOE Need to Take Action to Safely Consolidate Plutonium	8/19/05	7/1/05	6/14/05	6/30/05	6/30/05	EM-HQ

STATUS OF GAO FINAL REPORTS
Primary Action Activity:
ALL Offices
From 6/1/2005 to 5/31/2006

Title Actual Activity	Due			Response Package Due to ME		Primary Action
	Rec'd	GAO	Dist.	Target	Actual	Activity
EM-HQ - Office of Environmental Management						
GAO-06-077R DEPARTMENT OF ENERGY: Preliminary Information on the Potential for Columbia River Contamination from the Hanford Site	11/4/05	11/1/05	10/28/05	10/31/05	10/31/05	EM-HQ
GAO-06-94 DEPARTMENT OF ENERGY: Improved Guidance, Oversight, and Planning Are Needed to Better Identify Cost-Saving Alternatives for Managing Low-Level Radioactive Waste(LLRW)	11/4/05	10/14/05	9/29/05	10/13/05	10/14/05	EM-HQ
FE - Office of Fossil Energy						
GAO-05-612 CLEAN AIR ACT: Emerging Mercury Control Technologies Have Shown Promising Results, but Data on Long-Term Performance Are Limited	6/24/05	5/18/05	5/9/05	5/17/05	5/17/05	FE
GAO-05-860R Small Business Participation in the Alaska Natural Gas Pipeline Project	8/5/05	7/15/05	6/30/05	7/8/05	7/8/05	FE
HR - Office of Human Capital Management						
GAO-06-324 Evaluate Agencies' Use of Voluntary Separation Incentive Payments (VSIP) and Voluntary Early Retirement Authorities (VERA)	3/31/06	1/25/06	1/23/06	1/24/06	1/25/06	HR
IM - Office of Chief Information Officer						
GAO-05-777 ELECTRONIC RULEMAKING: Progress Made in Developing Centralized E-Rulemaking System	10/11/05	10/11/05	10/11/05	10/11/05	10/11/05	IM
GAO-06-250 INFORMATION TECHNOLOGY: Agencies Need to Improve the Accuracy and Reliability of Investment Information	2/14/06	12/19/05	11/29/05	12/8/05	12/8/05	IM
MA - Office of Management						
GAO-06-399 CONTRACT MANAGEMENT: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight	4/27/06	4/19/06	3/29/06	4/18/06	4/18/06	MA
ME - Office of the Management, Budget and Evalution/CFO						

STATUS OF GAO FINAL REPORTS
Primary Action Activity:
ALL Offices
From 6/1/2005 to 5/31/2006

Title Actual Activity	Due			Response Package Due to ME		Primary Action
	Rec'd	GAO	Dist.	Target	Actual	Activity
ME - Office of the Management, Budget and Evalution/CFO						
GAO-05-405 INFORMATION MANAGEMENT: Freedom of Information Act Fee and Fee Waiver Processing at the Department of Energy	6/17/05	4/22/05	4/11/05	4/21/05	4/28/05	ME
GAO-05-762 FEDERAL STUDENT LOAN REPAYMENT PROGRAM:OPM Could Build on Its Efforts to Help Agencies Administer the Program and Measure Results	7/25/05	7/1/05	6/21/05	6/30/05	6/30/05	ME
NA - National Nuclear Security Administration						
GAO-05-828 Review of the Department's Management Controls over its Threat Reduction and Nuclear Non-Proliferation Programs	8/30/05	8/29/05	8/15/05	8/28/05	8/23/05	NA
GAO-05-672 RADIOLOGICAL SOURCES IN IRAQ: DOD Should Evaluate Its Source Recovery Effort and Apply Lessons Learned to Future Recovery Missions	9/7/05	9/21/05	9/12/05	9/20/05	9/20/05	NA
GAO-05-967 NUCLEAR SECURITY: DOE Needs Better Information to Guide Its Expanded Recovery of Sealed Radiological Sources	9/27/05	8/30/05	8/16/05	8/29/05	8/29/05	NA
GAO-06-93 NUCLEAR NONPROLIFERATION: IAEA Has Strengthened Its Safeguards and Nuclear Security Programs, but Weaknesses Need to Be Addressed	11/7/05	8/29/05	8/22/05	8/26/05	8/29/05	NA
GAO-06-83 STAND-DOWN OF LOS ALAMOS NATIONAL LABORATORY: Total Costs Uncertain; Almost All Mission-Critical Programs Were Affected but Have Recovered	12/22/05	10/27/05	10/14/05	10/26/05	10/26/05	NA
GAO-06-261 NUCLEAR WEAPONS: NNSA Needs to Refine and More Effectively Manage its New Approach for Assessing and Certifying Nuclear Weapons	2/3/06	12/23/05	12/9/05	12/22/05	1/10/06	NA
GAO-06-311 COMBATING NUCLEAR SMUGGLING: Corruption, Maintenance, and Coordination Problems Challenge U.S. Efforts to Provide Radiation Detection Equipment to Other Countries	3/28/06	2/6/06	1/17/06	1/8/06	2/2/06	NA
NE-HQ - Office of Nuclear Energy						

STATUS OF GAO FINAL REPORTS
Primary Action Activity:
ALL Offices
From 6/1/2005 to 5/31/2006

Title Actual Activity	Due			Response Package Due to ME		Primary Action
	Rec'd	GAO	Dist.	Target	Actual	Activity
NE-HQ - Office of Nuclear Energy						
GAO-05-869 LIVESTOCK GRAZING: Federal Fees Vary Widely, Depending on the Purpose and Approach for Setting the Fees	8/3/05	9/1/05	8/3/05	8/31/05	8/31/05	NE-HQ
OE - Office of Electricity Delivery and Energy Reliability						
GAO-05-823 AIR POLLUTION: Estimated Emissions from Two New Mexicali Power Plants Are Low, but Health Impacts Are Unknown	8/18/05	7/29/05	7/11/05	7/28/05	7/28/05	OE
PI - Office of Policy and International Affairs						
GAO-05-379 NATIONAL ENERGY POLICY: Inventory of Federal Energy Programs and Status of Policy Recommendations	6/14/05	5/3/05	4/13/05	5/2/05	5/2/05	PI
GAO-06-97 CLIMATE CHANGE: EPA and DOE Should Do More to Encourage Progress Under Two Voluntary Programs	5/25/06	3/31/06	3/10/06	3/30/06	3/30/06	PI
RW - Office of Civilian Radioactive Waste Management						
GAO-06-313 YUCCA MOUNTAIN: Quality Assurance at DOE's Planned Nuclear Waste Repository Needs Increased Management Attention	3/24/06	3/23/06	2/17/06	3/22/06	3/6/06	RW
SC-HQ - Office of Science						
GAO-05-887 HIGHER EDUCATION: Federal Science, Technology, Engineering, and Mathematics Programs and Related Trends	10/27/05	9/21/05	9/7/05	9/20/05	9/19/05	SC-HQ
US - Office of Under Secretary						
GAO-05-611 NUCLEAR SECURITY: DOE's Office of Energy, Science and Environment Needs to Take Prompt, Coordinated Action to Meet the New Design Basis Threat	7/26/05	7/1/05	6/22/05	6/30/05	6/30/05	US

Total Records: 34

(8-89)
EFG (07-90)

United States Government | Department of Energy

memorandum

DATE: May 31, 2006

REPLY TO: IG-1

SUBJECT: Management Control System

TO: Heads of Departmental Elements

Each Departmental Element is required to report annually on the results of its management control reviews and financial systems evaluations. These reports, which take the form of assurance memoranda to the Secretary, provide a basis for the Department's consolidated report on management controls which is now included in the annual Performance and Accountability Report.

As part of this process, the Office of Inspector General (OIG) provides Departmental Elements with a list of Inspector General reports for their use and consideration in preparing the annual assurance memoranda to the Secretary. Our purpose is to identify concerns that have been raised regarding management controls, with either direct or indirect implications for the respective Headquarters and field elements. Attached is a list of Inspector General reports covering the period May 1, 2005, to May 20, 2006. Although these reports, and the reviews they represent, cover a broad spectrum of Department of Energy operations, you will find that several key management challenges have been emphasized.

The OIG identified the seven most significant management challenges facing the Department. The Department has taken significant positive steps to address these challenges; however, we concluded in the latest Inspector General Semiannual Report to Congress that these challenges continue as the most serious risks facing the Department in 2006.

Mission-Related Challenges	Internal Control Challenges
Environmental Cleanup	Contract Administration
National Security	Project Management
Stockpile Stewardship	Information Technology
	Financial Management & Reporting

Each of these challenges has been a long-standing and widely acknowledged issue for the Department of Energy. Three challenges are associated with mission-related

activities and four challenges are associated with weaknesses in the Department's internal control structure. Specifically, mission-related challenges represent risks that are inherent to the Department's complex operations and are likely to persist well into the future, in part, because they involve factors that are outside of the Department's direct control. Internal control challenges relate to weaknesses in the Department's management processes which, if not addressed, may impede the Department's ability to carry out its program responsibilities and to ensure the integrity of its operations. In addition, in our most recent Semiannual Report we identified "worker and community safety" as an area requiring senior Departmental management attention. This area was mentioned in our FY 2004 report "Management Challenges at the Department of Energy" and continues to merit close attention.

It is our hope that this information will be helpful as you develop your assurance memoranda to the Secretary. Should you have any questions regarding these reports, please do not hesitate to contact me.

Greg Friedman

Gregory H. Friedman
Inspector General

Attachment

cc: Office Internal Review, CF-1.2

Office of Inspector General Reports Issued
May 1, 2005 to May 22, 2006

IG-0688	Audit Report on "National Nuclear Security Administration's Pit Disassembly and Conversion Facility"	May 3, 2005
IG-0689	Audit Report on "Selected Energy Efficiency and Renewable Energy Projects"	May 12, 2005
IG-0690	Audit Report on "Contractor Post-Retirement Health Benefits at the Oak Ridge Reservation"	May 20, 2005
IG-0691	Inspection Report on "Security Access Controls at the Y-12 National Security Complex"	June 14, 2005
IG-0692	Audit Report on "Management of Fossil Energy Cooperative Agreements"	July 8, 2005
IG-0693	Inspection Report on "Review of Security at the Strategic Petroleum Reserve"	June 17, 2005
IG-0694	Inspection Report on "Protective Force Training at the Department of Energy's Oak Ridge Reservation"	June 24, 2005
IG-0695	Inspection Report on "Coordination of Biological Select Agent Activities at Department of Energy Facilities"	July 27, 2005
IG-0696	Audit Report on "Use of Oversight Funds by the State of Nevada and Affected Units of Local Government"	July 29, 2005
IG-0697	Audit Report on "The National Nuclear Security Administration's Refurbishment of the B61"	August 30, 2005
IG-0698	Audit Report on "Sludge Removal Operations at the Hanford Site's K Basins"	September 9, 2005
IG-0699	Audit Report on "The Los Alamos National Laboratory Hydrodynamic Test Program"	September 16, 2005
IG-0700	Evaluation Report on "The Department's Unclassified Cyber Security Program - 2005"	September 27, 2005

IG-0701	Inspection Report on "Electronic Recording of Telephone and Radio Conversations by Sandia Protective Force Management"	September 30, 2005
IG-0702	Audit Report on "Use of Performance Based Incentives by the Office of Civilian Waste Management"	September 30, 2005
IG-0703	Inspection Report on "Characterization Wells at Los Alamos National Laboratory"	September 30, 2005
IG-0704	Evaluation Report on "The Federal Energy Regulatory Commission's Unclassified Cyber Security Program - 2005"	October 6, 2005
IG-0705	Special Report on "The National Nuclear Security Administration's Implementation of the 2003 Design Basis Threat"	October 7, 2005
IG-0706	Audit Report on "Accelerated Tank Waste Retrieval Activities at the Hanford Site"	October 17, 2005
IG-0707	Special Report on "The Department of Energy's Response to Hurricanes Katrina and Rita"	November 9, 2005
IG-0708	Inspection Report on "Quality Assurance Weaknesses in the Review of Yucca Mountain Electronic Mail for Relevancy to the Licensing Process"	November 9, 2005
IG-0709	Audit Report on "Management of the Department's Isotope Program"	November 17, 2005
IG-0710	Audit Report on "Management of Facility Contractors Assigned to the Washington, D.C. Area"	November 21, 2005
IG-0711	Audit Report on "Demolition and Replacement of Hanford's Radiological Calibration Laboratory"	December 5, 2005
IG-O712	Special Report "Management Challenges at the Department of Energy"	December 14, 2005
IG-0713	Audit Report "Status of the Mixed Oxide Fuel Fabrication Facility"	December 21, 2005
IG-0714	Audit Report "Nuclear Material Availability (Classified Report) "	January 10, 2006

IG-0715	Inspection Report "Acquisition of Protective Force Weapons by Sandia National Laboratory, New Mexico"	January 12, 2006
IG-0716	Inspection Report "Security Clearance Terminations and Badge Retrieval at the Lawrence Livermore National Laboratory"	January 19, 2006
IG-0717	Inspection Report "Electronic Recording of Telephone and Radio Conversations by Los Alamos National Laboratory Protective Force Management"	January 24, 2006
IG-0718	Audit Report "Management of the Department's Desktop Computer Software Enterprise Liscense Agreement"	January 30, 2006
IG-0719	Inspection Report "Protective Force Contracts at the Oak Ridge Reservation"	February 2, 2006
IG-0720	Audit Report "Nuclear Detection Devices"	February 28, 2006
IG-0721	Audit Report "Follow-up Audit Report on the Department of Energy's Performance of the Miamisburg Closure Project"	March 14, 2006
IG-0722	Inspection Report "Internal Controls Over Sensitive Property in the Office of Intelligence"	March 13, 2006
IG-0723	Inspection Report "The Department of Energy's Review of Export License Applications for China"	April 5, 2006
IG-0724	Inspection Report "Badge Retrieval and Security Clearance Termination at Sandia National Laboratory-New Mexico "	April 18, 2006
IG-0725	Audit Report "Information Technology Support Services at the Department of Energy's Operating Contractors"	April 19, 2006
IG-0726	Audit Report "Implementation of the Department of Energy's Beryllium-Associated Worker Registry"	April 20, 2006
IG-0727	Audit Report "Management of Spent Nuclear Fuel at Savannah River Site"	May 12, 2006

IG-0728	Audit Report "The Department's Utilization of Fleet Vehicles"	May 17, 2006
OAS-M-05-05	Audit Report on "Management Controls Over Patent and Royalty Income at Ames Laboratory"	May 10, 2005
OAS-M-05-06	Audit Report on "Management Controls Over Selected Departmental Critical Monitoring and Control Systems"	June 3, 2005
OAS-M-05-07	Audit Report on "Management Controls Over the Technology Transfer and Commercialization Program at the Idaho National Laboratory"	June 13, 2005
OAS-M-05-08	Audit Report on "Management Controls Over the National Environmental Policy Act Decisions at the Idaho Operations Office"	August 11, 2005
OAS-M-06-01	Audit Report on "Management Controls over the Hanford Site Transuranic Mixed Tank Waste"	November 25, 2005
OAS-M-06-02	Audit Report on "Management Controls over Assessing Natural Resource Damage at Rocky Flats"	November 25, 2005
OAS-M-06-03	Audit Report on "Management Controls over the University of California's Contribution to the Los Alamos National Laboratory Foundation"	December 30, 2005
OAS-M-06-04	Audit Report on "Management Controls over BWXT's Teaming Partner Arrangement at Pantex"	February 8, 2006
OAS-M-06-05	Audit Report on "Management Controls over the State Energy Program's Formula Grants"	April 26, 2006
INS-L-05-04	Inspection Report on "Beryllium Contamination Concerns at the Y-12 National Security Complex"	June 3, 2005
INS-L-05-05	Inspection of Procurement of Security Equipment	June 15, 2005
INS-L-05-06	Survey of Selected Department of Energy Intelligence Collection Activities	June 28, 2005
INS-L-05-07	Disposal of Personal Property at Southwestern Power Administration	August 17, 2005

INS-L-05-08	Counterintelligence Evaluation Program Collection and Retention Activities	September 23, 2005
INS-L-06-01	Letter Report on "Purchase Card Transactions at the Bonneville Power Administration"	November 16, 2005
INS-L-06-02	Letter Report on "Implementation of Employee Concerns Program Survey Recommendation"	March 3, 2006
INS-L-06-03	Letter Report on "Sandia National Laboratory Access to Senstive Compartmented Information"	March 7, 2006
INS-L-06-04	Letter Report on "Rocky Mountain Oilfield Testing Center Enviromental Remediation Associated with Research and Development"	April 17, 2006
INS-L-06-05	Letter Report on "Protective Force Work Environment at Sandia National Laboratory-New Mexico"	April 24, 2006
INS-L-06-06	Inspection Report on "Internal Controls for Protective Force Property at the Pantex Plant"	May 17, 2006
OAS-L-05-07	Department of Energy's Annual Report to Congress on Management and Operating Contractor Employees in the Washington, D.C. Area	June 10, 2005
OAS-L-05-08	Audit Report on "Department of Energy's Implementation of its Chronic Beryllium Disease Prevention Program"	June 16, 2005
OAS-L-05-09	Audit Report on "National Nuclear Security Administration's Deferred Maintenance"	August 11, 2005
OAS-L-05-10	Audit Report on "Agreed-Upon Procedures for Federal Payroll"	July 29, 2005
OAS-L-05-11	Audit Report on "Management of the Off-site Sealed Sources Recovery Project"	August 11, 2005
OAS-L-05-12	Audit Report on "Limited Life Component Exchange Program"	August 8, 2005
OAS-L-06-01	Audit Report on "The Department of Energy's Radio Communications Systems"	November 9, 2005

OAS-L-06-02	Audit Report on "Property Transfers at the East Tennessee Technology Park"	November 21, 2005
OAS-L-06-03	Audit Report on "Defense Waste Processing Facility Operations at the Savannah River Site"	December 20, 2005
OAS-L-06-04	Federal Managers' Financial Integrity Act Audit Report	December 20, 2005
OAS-L-06-05	Audit Report on "Management Controls Over Technologies at the Special Nuclear Material Component Requalification Facility"	January 5, 2006
OAS-L-06-06	Review of the Independent Auditor's Report on The Institute for Genomic Research for the Year Ending December 31, 2004.	January 10, 2006
OAS-L-06-07	Audit Report on "The Department's Management of United States Enrichment Corporation Site Services"	February 9, 2006
OAS-L-06-08	Audit Report on "Personal Property Management at Oak Ridge National Laboratory and Brookhaven National Laboratory"	February 28, 2006
OAS-L-06-09	Audit Report on "The Department of Energy's Management of the Northeast Home Heating Oil Reserve"	March 23, 2006
OAS-L-06-10	Audit Report on "The Department's Information Technology Capital Planning and Investment Control Process"	March 31, 2006
OAS-L-06-11	Audit Report on "Contract Transition Activities at the Idaho Operations Office"	April 10, 2006
OAS-L-06-12	Audit Report on "Sandia National Laboratories' Safeguards on Security Path Forward Management Plan"	April 10, 2006
OAS-L-06-13	Audit Report on "Workforce Planning at the Power Marketing Administrations"	April 25, 2006