



U.S. Department of Energy

National Energy Technology Laboratory



AUG 29 2006

MEMORANDUM FOR JEFFREY D. JARRETT
ASSISTANT SECRETARY, OFFICE OF FOSSIL ENERGY

FROM: CARL O. BAUER *Carl O. Bauer*
DIRECTOR, NATIONAL ENERGY TECHNOLOGY LABORATORY

SUBJECT: Annual Management Control and Financial Management System Review

In accordance with the Federal Managers' Financial Integrity Act of 1982, the National Energy Technology Laboratory (NETL) has reviewed its management controls in effect during the fiscal year ending September 30, 2006. This review was performed in conformity with Departmental guidelines and accordingly included an assessment of whether the management controls comply with underlying management principles which incorporate the General Accountability Office's *Standards for Internal Controls in the Federal Government*. The review also included consideration of the results of audit reports, internal management reviews, and computer security reviews. In addition, the review considered the areas of environmental management and non-nuclear safety management, and no problems were identified. The results of the review indicate there is reasonable assurance that management controls were in place and working effectively. The program and administrative functions were performed in an economical and efficient manner consistent with applicable laws; property, funds, and other resources were safeguarded against waste, loss, and unauthorized use or misappropriation; obligations and costs were proper; and accountability for assets was maintained. The concept of reasonable assurance recognizes that management controls must be cost effective, and there is always some potential for errors to go undetected. The above review did not disclose any reportable problems.

The financial management system for NETL was evaluated following the Department of Energy guidelines. The results of the review indicate that the system generally conforms with Federal financial management system requirements. The review did not disclose any financial management system reportable nonconformance items.

If you or your staff have any questions on this subject, please contact me or Sharon K. Marchant, Chief Financial Officer, at (412) 386-6008.

cc: Inspector General, Pittsburgh Group
J. Newell, HQ
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