

memorandum

DATE: August 31, 2006

REPLY TO
ATTN OF: FE-472 (Boulanger)

Serial No.:MJB/02.217

SUBJECT: Management Control and Financial Management System Review

TO: FE-30 James Slutz, Deputy Assistant Secretary, Office of Natural Gas and Petroleum Technologies Reserves, Room 3E-028/FORS, 1000 Independence Avenue, S.W., Washington, D.C. 20585

In accordance with the Federal Managers' Financial Integrity Act, attached is a completed summary management review of the management controls for NPR3/RMOTC, in effect as of the fiscal year ending September 30, 2006. The review was performed in conformity with departmental guidelines and included a review of whether the management controls were in compliance with underlying management principles which incorporate the General Accounting Office's Standards for Internal Controls in the Federal Government. The review included the consideration of the results of audit reports, internal management reviews, computer security reviews, assurances from management and operating contractors under my cognizance, and all other known information. In addition, our review considered the areas of (1) environmental management, (2) non-nuclear safety management, and (3) reimbursable work. No reportable problems in these areas were identified.

The results of the review indicate there is reasonable assurance that the management controls were working effectively and that program and administrative functions were performed economically and efficiently consistent with applicable laws. Property, funds, and other resources were safeguarded against waste, loss, or unauthorized use. 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 or irregularities to go undetected.

Since the NPR3/RMOTC utilizes a subsystem of the Departmental Integrated Standardized Core Accounting System (DISCAS) and Standard Accounting and Reporting System (STARS), we did not review the conformance of our accounting system to principles and standards developed by the Comptroller General, as implemented by OMB, and with the requirements issued by the Joint Financial Management Improvement Program.

If you have questions, please call Janet Boulanger of my staff at (307) 233-4814.



CLARKE D. TURNER
Director, Naval Petroleum Reserve No. 3/Rocky
Mountain Oilfield Testing Center (RMOTC)

Attachments:
As stated

