



## Department of Energy

Washington, DC 20585

October 25, 2007

### MEMORANDUM FOR HEADS OF HEADQUARTERS ELEMENTS

FROM

  
STEVE ISAKOWITZ  
CHIEF FINANCIAL OFFICER

SUBJECT:

Updates to Operating Procedures for Coordinating Responses to  
Draft and Final Audit Reports

On September 27, 2007, the Secretary signed Delegation Order Number 00-013.00. This order delegates authority to the Chief Financial Officer to "...review proposed management decisions with respect to Inspector General (IG) and Government Accountability Office (GAO) audit reports on behalf of the Secretary." This designation supplements my office's current responsibilities as the agency official responsible for the coordination of corporate audit resolution and follow-up activities. To fully implement this responsibility, I have made slight modifications to the current coordination process; however, these changes have been designed to streamline some existing steps and result in minimal impact on the timeframe for completing responses.

Attachment 1 provides brief diagrams of the revised processes for both IG and GAO reports. My Office of Internal Review will work closely with your audit coordinators to ensure a seamless implementation. I would also like to take this opportunity to re-emphasize key Program Secretarial Officer (PSO) responsibilities related to audit resolution and follow-up, as recommended in a recent IG report on the Department's performance in this area. Specifically, PSO's are accountable for:

- Ensuring efficient and effective resolution of audit findings and recommendations applicable to your organization, including communicating corrective action plans to all applicable sites;
- Performing assessments to ensure that corrective actions have been completed and effectively address audit issues prior to certifying closure of audit recommendations (Attachment 2 provides a revised certification form for use beginning November 1, 2007);
- Reviewing audit findings and recommendations from other organizations for potential applicability to your program, including Headquarters and field activities; and
- Formally documenting program processes and procedures for ensuring that all audit resolution and follow-up responsibilities are effectively accomplished.



These and other core responsibilities may be found in DOE Order 224.3, *Audit Resolution and Follow-Up*, and the Audit Coordinator's Handbook available on our website: <http://www.mbe.doe.gov/cf1-2/auditresolution.htm> . Finally, I would like to acknowledge the success we have had in implementing our audit resolution processes to date. Through your efforts and the efforts of your audit coordinators and other personnel, we have managed to garner sustained "Green" ratings in the establishment of audit milestones as reported in the Secretary's Consolidated Quarterly Performance Report. In addition, your continued cooperation in providing consolidated audit responses to multi-program audits has been vital to improving communications and ensuring that we speak as one Department of Energy.

Thank you for your current and future support. If you have any questions, please contact me at 202-586-4171, or have your audit coordinator contact Merley Lewis at 202-586-3469.

Attachments

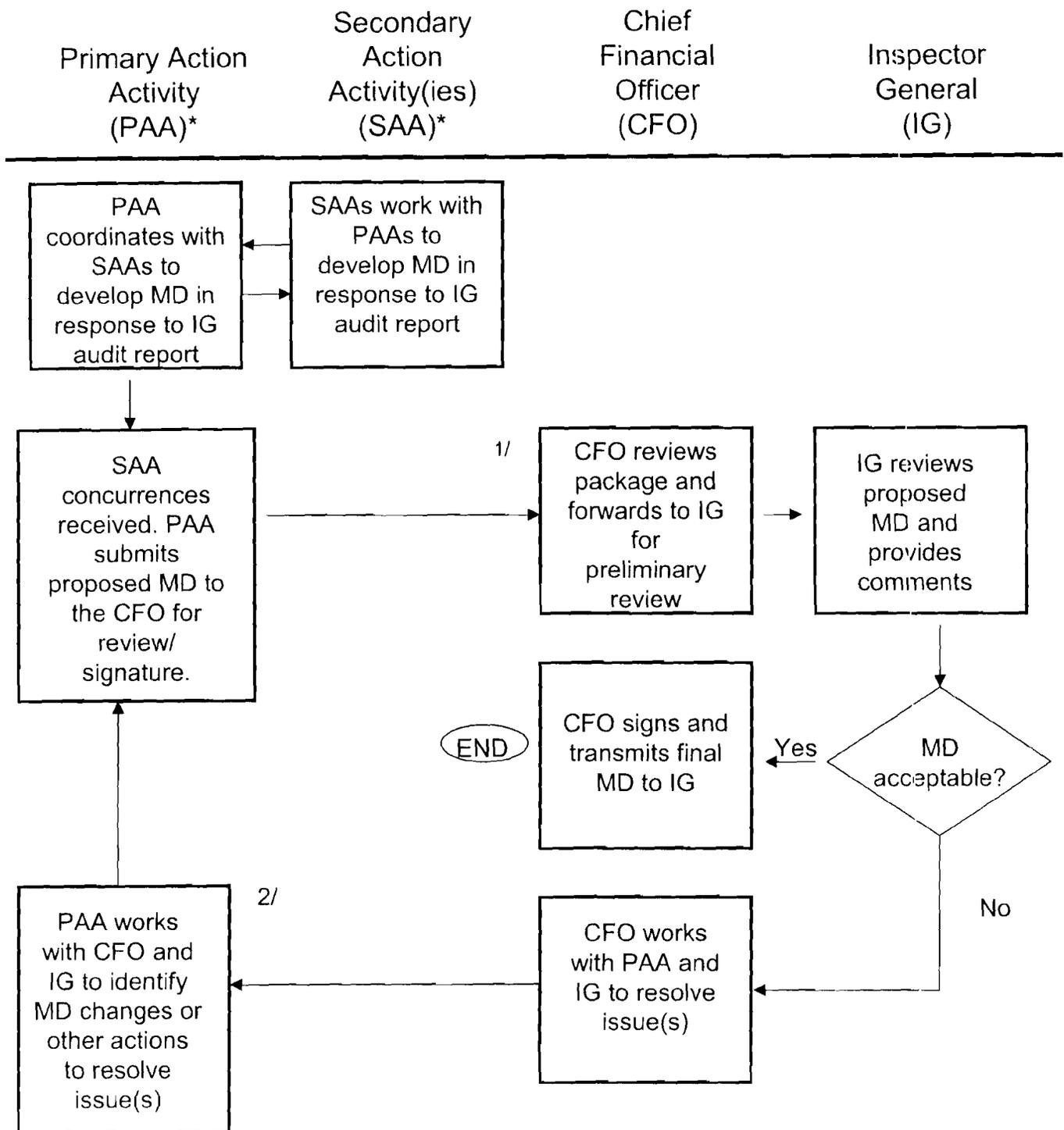
cc:

Administrator, National Nuclear Security Administration  
Director, Internal Controls Management, NNSA

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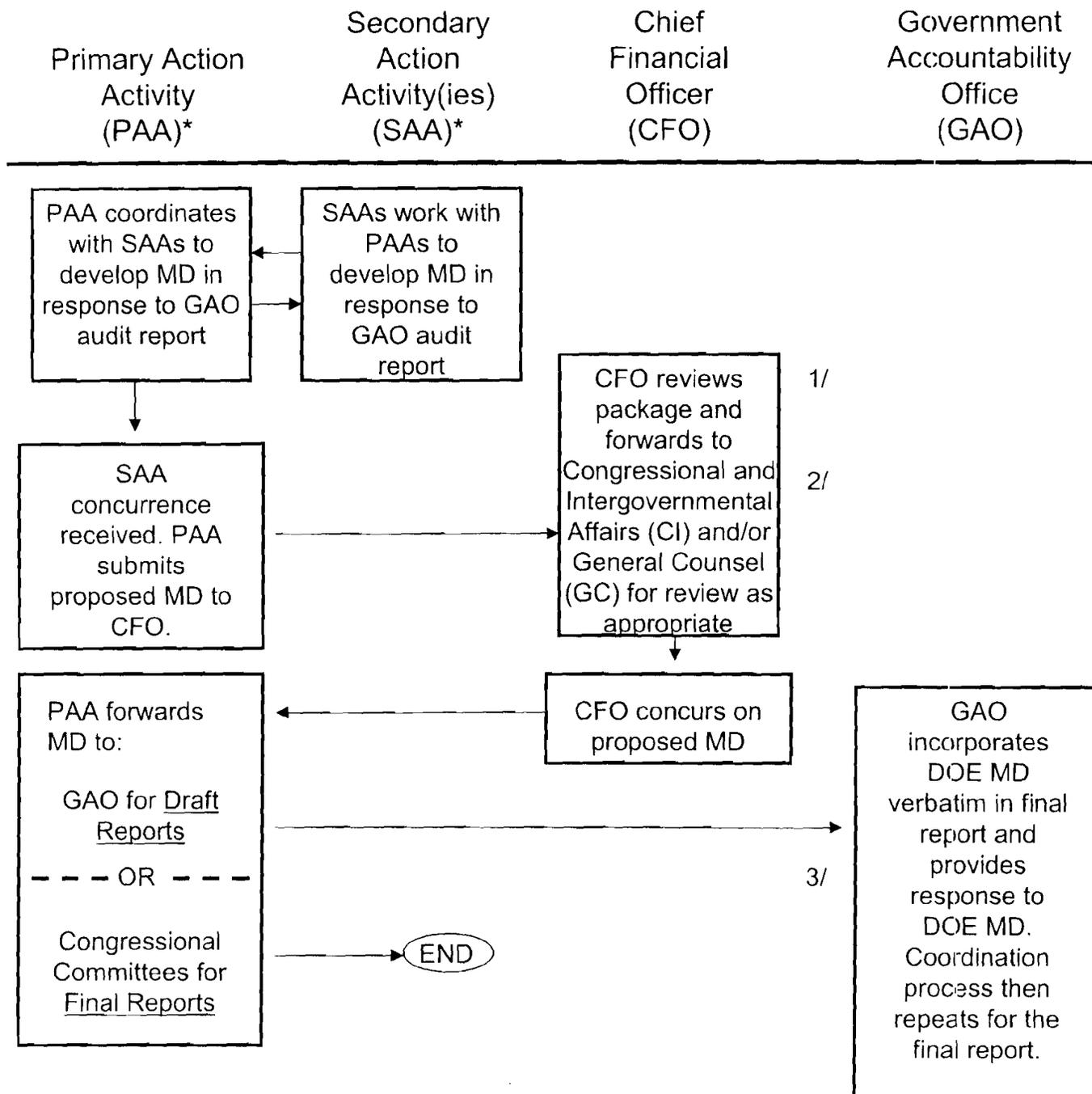
# Department of Energy Process for the Coordination of Inspector General Management Decisions (MD) Attachment 1



\* The PAA is the organization with primary responsibility for coordinating activities for a specific audit. SAAs are other program organizations that have direct or indirect involvement/interest in the audit.

- 1/ The PAA may request that the Secretary's office personally review/approve the MD for audits that are extremely sensitive.
- 2/ In rare instances, the PAA, CFO and IG may not be able to resolve the issue in a manner that supports concurrence with the IG. In these cases, the CFO will work with the affected parties to define a path forward, elevating the issue where appropriate.

## Department of Energy Process for the Coordination of Draft and Final Management Decisions (MD) – Government Accountability Office Reports



\* The PAA is the organization with primary responsibility for coordinating activities for a specific audit. SAAs are other program organizations that have direct or indirect involvement/interest in the audit.

1/ The PAA may request that the Secretary's office personally review/approve the MD for audits that are extremely sensitive.

2/ PAA should coordinate with GC and/or CI where appropriate to avoid possible delays in CFO coordination.

3/ Because DOE's MD for draft reports is included in the final report, it is critical that the response be written and coordinated as if it were a final MD. However, the MD for the final report may change if GAO alters their report based on DOE's initial feedback.

**ASSURANCE OF EFFECTIVENESS  
OF CORRECTIVE ACTIONS TAKEN**

This is to certify that all necessary actions have been taken for audit follow-up assessment on:

**IG/GAO Report #:** \_\_\_\_\_

**Report Title:** \_\_\_\_\_

**DARTS Record #:** \_\_\_\_\_

I further certify that all scheduled actions pertaining to the report recommendations have been completed and are deemed effective in addressing the issues identified in the report.

Certifying Official:

\_\_\_\_\_  
**Name and Title**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**