



Department of Energy
Schenectady Naval Reactors Office
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Schenectady, New York 12301-1069

AO:WAY06-32
August 31, 2006

MEMORANDUM FOR: Deputy Administrator for Naval Reactors

MANAGEMENT CONTROL AND FINANCIAL MANAGEMENT SYSTEM REVIEW

In accordance with the Federal Managers' Financial Integrity Act, I have completed a summary management review of the management controls for the Schenectady Naval Reactors Office in effect as of the date of this memorandum. 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 Government Accountability Office 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) nuclear safety management, (3) non-nuclear safety management, (4) safeguards and security, and (5) reimbursable work, and no problems 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, unauthorized use of 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 or irregularities to go undetected.

The above reviews did not disclose any reportable problems.

Deputy Administrator
For Naval Reactors

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August 31, 2006

An evaluation of the financial management system for the Schenectady Naval Reactors Office has also been conducted in accordance with DOE guidelines. Results of the review indicate that the system generally conforms with Federal financial management system requirements. In addition, the financial management systems of the M&O contractor under my cognizance are in conformance with DOE accounting policies and procedures.

The financial management systems evaluation did not disclose any financial management system reportable nonconformances.



P. E. Salm
Manager

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