



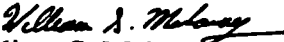
Department of Energy

Washington, DC 20585



December 5, 2003

MEMORANDUM FOR THE DIRECTOR, OFFICE OF MANAGEMENT, BUDGET
AND EVALUATION/CHIEF FINANCIAL OFFICER

FROM: 
William S. Maharay
Deputy Inspector General for Audit Services
Office of Inspector General

SUBJECT: Federal Managers' Financial Integrity Act Audit Report Audit Report
Audit Report No.: OAS-L-04-06

We reviewed selected aspects of the Department of Energy's implementation of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. The objective of FMFIA, and the Department's Management Control Program, is to ensure that controls are working effectively and that program and administrative functions are performed in an economic and efficient manner consistent with applicable laws.

During the past year, the Department has undertaken an aggressive campaign to mitigate issues described in our *Special Report on Management Challenges at the Department of Energy* (DOE/IG-0580, December 2002). This initiative, which has been personally led by the Deputy Secretary, seeks to improve the Department's ability to correct or respond to the underlying causes for significant issues identified through audit findings. These efforts, if ultimately successful, should enhance the Department's ability to correct problems and ultimately strengthen its overall management control structure. Our most recent *Special Report on Management Challenges at the Department of Energy* (DOE/IG-0626, November 2003), details progress made and describes issues that we consider the most significant management and performance challenges facing the Department.

Our review was conducted to assist management in determining whether Departmental elements appropriately disclosed previously detected waste or other problems and whether the Fiscal Year (FY) 2003 evaluation of management controls was carried out in a reasonable and prudent manner. The attachment to this report details the scope and methodology used to conduct our audit.

RESULTS OF AUDIT

Based on our limited review, we determined that program elements generally conformed with requirements of the Department's management control program. However, our review identified several procedural problems regarding submission of assurance memoranda. As in previous years, a number of Headquarters and field assurance memoranda were not submitted on time. The lack of timely reporting could affect the Secretary's ability to report the status of the Department's management control program to the President and to Congress.



In making our assessment relating to these and other matters, we coordinated closely with the Office of Program Liaison and Financial Analysis. We appreciate the cooperation of the various Departmental elements that provided information or assistance.

Attachment

cc: Chief of Staff
Director, Policy and Internal Controls Management, NA-66

SCOPE AND METHODOLOGY

The Department's evaluation of its control systems was examined for compliance with the FMFIA, the General Accounting Office's "Standards for Internal Control in the Federal Government," Office of Management and Budget Circulars A-123 and A-127, and Department of Energy Order 413.1A, "Management Control Program." The results of the Department's evaluation of control systems will be included in the Performance and Accountability Report to be published on December 15, 2003. This report provides critical financial and program performance information in a single report as authorized by the Reports Consolidation Act of 2000 and addresses a number of significant issues faced by the Department.

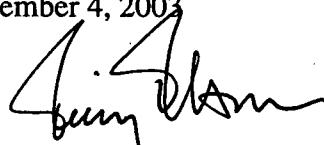
Our review was made in accordance with generally accepted Government auditing standards, which included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We assessed the Draft Performance and Accountability Report, as it relates to FMFIA along with supporting documentation filed by selected Departmental organizations, to determine whether the results of their evaluations were accurately reported. Also, we performed work to determine whether the Department developed corrective action plans for reportable problems identified during its FY 2003 FMFIA reporting process.

memorandum

DATE: DEC 23 2003
REPLY TO
ATTN OF: IG-34 (A03FN010)
SUBJECT: Final Report Package for Audit of "Federal Managers' Financial Integrity Act"
Audit Report Number: OAS-L-04-06
TO: Frederick D. Doggett, Assistant Inspector General for Audit Services

Attached is the required final report package on the subject audit. The pertinent details are:

1. Actual Staff days: 52.5
Actual Elapsed days: 114
2. Names of OIG and/or contractor audit staff:
Assistant Director: Kevin Majane
Team Leader: Sally Leiser
3. Coordination with Investigations and Inspections:
Investigations: Brenda Froberg
December 4, 2003
Inspections: Henry Minner
December 4, 2003



Rickey R. Hass, Director
Science, Energy, Technology,
and Financial Audits
Office of Audit Services
Office of Inspector General

- Attachments:
1. Final Report
 2. Monetary Impact Report
 3. Audit Project Summary Report
 4. Audit Database Information Sheet

MONETARY IMPACT OF REPORT NO.: OAS-L-04-06

- 1. Title of Audit: "Federal Managers' Financial Integrity Act"
- 2. Division: Science, Energy, Technology and Financial Audits
- 3. Project No.: A03FN010
- 4. Type of Audit:

Financial: _____ Performance: _____
 Financial Statement _____ Economy and Efficiency _____
 Financial Related X Program Results _____
 Other (specify type): _____

5.

FINDING		COST AVOIDANCE		QUESTIONED COSTS				MGT. POSITION	POTENTIAL BUDGET IMPACT
(A)	(B) Title	(C) One Time	(D) Recurring Amount PerYear	(E) Questioned	(F) Unsupported	(G) Unresolved	(H) Total (E)+(F)+(G)	(I) C=Concur N=Noncon U=Undec	(J) Y=Yes N=No
	N/A								
TOTALS--ALL FINDINGS									

6. Remarks

7. Contractor: _____ 10. Approvals: _____
 8. Contract No.: _____ Division Director/Date: JIA 12/22/03
 9. Task Order No.: _____ Technical Advisor & Date: [Signature]

Office of the Inspector General (OIG)
Audit Project Office Summary (APS)

Report run on: December 16, 2003 2:10 PM

Audit#: A03FN010 Ofc: FFA Title: FY 2003 FMFIA

**** Milestones ****

	Planned	End of Survey	Revised	Actual
	-----	-----	-----	-----
Entrance Conference:.....	18-AUG-03		25-AUG-03	25-AUG-03
Survey:.....				
Draft Report:.....				
Completed (With Report):.	01-DEC-03			()
-----Elapsed Days:	105			114

Elap. Less Susp:

Date Suspended:	Date Terminated:
Date Reactivated:	Date Cancelled:
Days Suspended (Cur/Tot): ()	Report Number:
Rpt Title:	Report Type: Not Found

**** Audit Codes and Personnel ****

Class: FIN FINANCIAL		
Program: CR Not Found		
MgtChall: 103 PERFORMANCE MANAGEME		
Site: MRA MULTI-REGION AUDIT	AD: 530	MAJANE
SecMiss: CMT CORPORATE MANAGEMENT	AIC:	Not Found
PresInit: BPI BUDGET AND PERFORMAN	Team Ldr: 121	LEISER
	Tech Adv: 833	RUBB

**** Task Information ****

Task No:	
Task Order Dt:	CO Tech. Rep:
Orig Auth Hrs:	Orig Auth Costs:
Current Auth:	Current Auth Cost:
Tot Actl IPR Hr:	Tot Actl Cost:

**** Time Charges ****

Emp/Cont Name	Numdays	Last Date
LUBECKE, W	0.6	29-NOV-03
LEISER, S	51.9	29-NOV-03
Total:	52.5	

**** Keywords ****

ACTION PLAN
ASSURANCE MEMORANDUM

AUDIT DATABASE INFORMATION SHEET

1. Project No.: A03FN010
2. Title of Audit: Federal Managers' Financial Integrity Act
3. Report No./Date: OAS-L-04-06/December 5, 2003
4. Management Challenge Area: No specific area - applies to all.
5. Presidential Mgmt Initiative: No specific initiative - applies to all.
6. Secretary Priority/Initiative: No specific priority/initiative - applies to all.
7. Program Code: CR
8. Location/Sites: No specific location/site – applies to all.
9. Finding Summary: No findings.

10. Keywords: Financial
 FMFIA
 Internal Control
 Action Plan
 Assurance Memorandum