



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

OFFICE OF THE
INSPECTOR GENERAL

August 11, 2009

MEMORANDUM TO: J.E. Dyer
Chief Financial Officer

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF U.S.
NUCLEAR REGULATORY COMMISSION'S ACCOUNTING
AND CONTROL OVER TIME AND LABOR REPORTING
(OIG-08-A-11)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM, DATED
JULY 14, 2009

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated July 14, 2009. Based on this analysis, recommendations 1 and 2 are closed. Recommendations 3 and 4 remain resolved. Please provide an updated status of these resolved recommendations by February 28, 2010. Please include a copy of any project plans related to these recommendations.

If you have any questions or concerns, please contact me at 415-5915 or Steven Zane, Team Leader, at 415-5912.

Attachments: As stated

cc: V. Ordaz, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF U.S. NUCLEAR REGULATORY COMMISSION'S ACCOUNTING AND CONTROL OVER TIME AND LABOR REPORTING

OIG-08-A-11

Status of Recommendations

Recommendation 1: The Chief Financial Officer (CFO) should establish high topical level assignment codes in the Time and Labor (T&L) system.

Agency Response Dated
July 14, 2009:

Using your audit report as a basis, a third party performed an independent assessment of the U.S. Nuclear Regulatory Commission's (NRC) business practices and processes for creating and using labor-reporting codes for reporting employee time worked.

The independent assessment revealed that the level of detail recorded in the time and labor (T&L) system is integral to supporting the NRC overall goals and mission, and the program offices are the main drivers for the level of labor data recorded in the system. While offices generally have common business drivers for recording labor data, each office has unique requirements for capturing the detailed labor data they need to effectively manage their programs. The report further identified the past actions program offices have taken and their continued efforts to consolidate labor codes at higher topical levels. The report recommends that program offices should further review their business requirements to determine if the current level of labor reporting meets their needs. The Office of the Chief Financial Officer (OCFO) will work with offices to ensure that no excess unnecessary level of detail is established for labor assignment codes in the T&L system. OCFO considers this recommendation closed.

OIG Analysis:

OIG reviewed the independent Labor Assessment report provided by OCFO. We note that, while the report states that "the time and labor detail currently captured by NRC's offices is integral to supporting NRC's overall goals and mission," it also contains recommendations related to review of the level of detail NRC uses to perform program management and periodic reviews of open TACs to ensure that TACs are being closed expeditiously. Based on the

Audit Report

AUDIT OF U.S. NUCLEAR REGULATORY COMMISSION'S ACCOUNTING AND CONTROL OVER TIME AND LABOR REPORTING

OIG-08-A-11

Status of Recommendations

Recommendation 1 continued:

recommendations in the independent Labor Assessment report and OCFO's commitment to reduce the number of TACs, OIG has determined that this recommendation is satisfied. Therefore, this recommendation is closed.

Status: Closed

Audit Report

AUDIT OF U.S. NUCLEAR REGULATORY COMMISSION'S ACCOUNTING AND CONTROL OVER TIME AND LABOR REPORTING

OIG-08-A-11

Status of Recommendations

Recommendation 2: The CFO and the Executive Director for Operations should develop and implement other types of recordation vehicles, outside of the T&L system, to track specific Project Management and Performance objectives, as warranted.

Agency Response Dated
July 14, 2009:

Because of NRC auditability and fee billing requirements, this recommendation would necessitate the dual entry of T&L information for payroll and project management uses. The OCFO will continue to use the T&L system as the agency's single system of record for capturing employee T&L data. Since moving to a single point of entry for T&L data, the NRC has shown increased efficiencies and improved data integrity. The emphasis should be on eliminating the proliferation of multiple office-specific systems and implementing an enterprise approach to information technology systems and standard business processes that supports the NRC programmatic objectives.

While the independent assessment report contains additional recommendations not specifically related to the audit report, some may further optimize the accounting and control over T&L reporting. We will evaluate these recommendations against our current processes to determine if any subsequent actions are warranted. OCFO considers this recommendation closed.

OIG Analysis: OIG reviewed the independent Labor Assessment report provided by OCFO. We noted that the report makes recommendations, which, if implemented, would satisfy the current recommendation. Based on NRC's goal of reducing the number of office-specific systems and OCFO's commitment to evaluate the recommendations of the independent assessment report against current processes, OIG has determined that this recommendation is satisfied. Therefore, this recommendation is closed.

Status: Closed.

Audit Report

AUDIT OF U.S. NUCLEAR REGULATORY COMMISSION'S ACCOUNTING AND CONTROL OVER TIME AND LABOR REPORTING

OIG-08-A-11

Status of Recommendations

Recommendation 3: The CFO should conduct a detailed system analysis and eliminate redundant paper forms that are not needed.

Agency Response Dated
July 14, 2009:

The modernization project for the T&L system is on track and scheduled to be completed by January 2010. As part of this modernization, the OCFO is working to incorporate workflow which would allow for electronic signatures. The OCFO has met with the Office of Human Resources to discuss the possible elimination of various leave request forms and has also met with the National Treasury Employees Union. In our preliminary findings, the Summary Approval Report, all leave request forms, unit transfer forms, and security request forms can be part of the electronic workflow process. This recommendation remains open.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a report on the system analysis that results in the elimination of redundant paper forms.

Status: Resolved.

Audit Report

AUDIT OF U.S. NUCLEAR REGULATORY COMMISSION'S ACCOUNTING AND CONTROL OVER TIME AND LABOR REPORTING

OIG-08-A-11

Status of Recommendations

Recommendation 4: The CFO should ensure the use of electronic signatures for time reporting and approval.

Agency Response Dated July 14, 2009: The modernization project for the T&L system is on track and scheduled to be completed by January 2010. As part of this modernization, the OCFO is working to incorporate workflow which would allow for electronic signatures. This recommendation remains open.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives evidence that electronic approvals have been incorporated into the T&L system.

Status: Resolved.