Department of Energy
Washington, DC 20585

MAR 1 4 2005

MEMORANDUM FOR PAUL M. GOLAN
PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR
ENVIRONMENTAL MANAGEMENT

FROM: SUSAN J. GRANT
DIRECTOR, OFFICE OF MANAGEMENT, BUDGET AND
EVALUATION/CHIEF FINANCIAL OFFICER

SUBJECT: Approval of Reassignment of Allotment Holder

Your February 18, 2005, request for reassigning the allotment holder authority currently assigned to the Managers of the Rocky Flats and Ohio Field offices to the Director, Consolidated Business Center (CBC) is approved on a provisional basis. This approval is based on the submitted certification by Jack Craig, Director of the CBC that financial management systems, procedures and internal controls have been established and are functional. Viable internal control systems are required to properly administer, execute and account for allotted funds in conformance with existing laws and regulations. The allotment holder reassignment became effective March 6, 2005, with the transfer of staff and internal control systems to the CBC.

Consistent with this provisional approval, our respective staffs will work together to provide for the orderly transition of allotment holder authority, and the issuance of the allotments and related approved funding programs to the Director, CBC commencing with the March 2005 Approved Financial Plan. Subsequently, I plan to have my staff perform a review of the CBC provided documentation related to organizational structure, financial authorities, accounting processes, and funds control procedures to verify that a viable system of organization and internal financial control are in place and operative. This verification may require a follow-up site visit. Upon confirmation of the adequacy of CBCs internal control environment, this provisional approval will be made permanent. The attachments are provided to share with you a general outline of actions and a definitive checklist which shows criteria necessary to achieve full certification.

The allotment holder authority is a very serious responsibility. My staff and I stand ready to assist the CBC in any way necessary. Should you have any question related reassignment of allotment authority and/or related activities, please contact Joann Luczak (202) 586-4180 or Paul Kelley (301) 903-5327 of the Office of Budget.

Attachments

Printed with soy ink on recycled paper

Copy to:
Barbara Hefferman, HQ-EM
Jack Craig, CBC
Clarence Schlag, CBC
Pat Hodson, ME-30
Helen Sherman, ME-10
Eli Bronstein, ME-32
Paul Kelley, ME-32
Merle Sykes, ME-31
John Newell, ME-100

Attachment 1

ENVIRONMENTAL MANAGEMENT –CONSOLIDATED BUSINESS CENTER (EM-CBC) BASIS FOR PROVISIONAL ALLOTMENT HOLDER APPROVAL

- Existing Ohio Field office has been an allotment holder and has been operating effectively as such for last ten years.
- Ohio Field Office is being disestablished by EM and reestablished as the core of EM-CBC effective March 6, 2005.
- Financial operations previously performed by Ohio will now be performed by CBC.
- Existing Ohio financial management staff, systems, procedures, and other funds control mechanisms are being transferred to the CBC effective March 6th.
- Provisional approval is based on transfer of existing Ohio Field Office allotment holder capabilities to CBC and written certification by Director, CBC that those capabilities remain operative and viable in the CBC.
- Ohio financial staff is absorbed into the CBC with standup on approximately May 1, 2005, and operations commence.
- On or about June 30, 2005, CBC will provide written documentation consisting of, for example, systems, procedures, personnel, desk procedures and controls in support of the allotment holder final certification.
- On or about July 31, 2005, a headquarters/field financial management team will complete their assessment of CBC allotment holder request package and provide written comments, concerns and recommendations to CBC for implementation.
- On or about August 15, 2005, the team will evaluate CBC response to comments provided and determine if a site inspection is necessary.
- Office of Budget will keep CBC continuously updated when criteria has been satisfied or will request additional information to move to full certification and completion of the allotment folder certification criteria checklist.
- A post certification follow-up (optional review in the next fiscal year to validate prior year close-out and follow-on fiscal year start-up) may be necessary.

Attachment 2

CBC Allotment Holder Certification

Criteria	Certified as of 7/31/05		Certified as of 9/30/05	
	Yes	No	Yes	No
1. Documented funds control system which includes:				
a. Organization chart showing segregation of functions and responsibilities between certifying officials and those incurring or recording obligations and expenditures				
b. Narrative description of the funds control system operation including a functional flow chart, an explanation of the use as well as copies of the forms used in the funds control process; and a designation of officials by title authorized to certify available funds				
c. Desk procedures for handling and processing allotments and approved funding programs, for certifying funds available, and for processing and recording commitments and obligations				
d. List of current individuals holding positions authorized to certify funds available				
2. Existing procedures for:				
a. Reconciling totals in the funds control system to totals in the most recent Advice of Allotment				
b. Ensuring the legal restrictions on the Advice of Allotment are not violated				
c. Accepting or approving reimbursable agreements from other Federal or non-Federal entities				
d. Ensuring all available funds allotted are made available for obligation				
e. Ensuring all commitments, obligations, and expenditures are promptly reported and recorded				
f. Reviewing monthly financial reports to detect legal or administrative funds control violations for immediate reporting to the Chief Financial Officer				
g. Ensuring commitments (reservations) are cleared in a timely manner				
h. Ensuring outdated obligations are detected and cleared in a timely manner				
i. Reconciling hard-copy reports with system-generated data				
3. Adequate control environment which consists of:				
a. Direct contract/procurement authority and budget responsibilities				
b. Organizational alignment that provides a clear segregation of authorities, duties, and responsibilities between individuals				

Criteria	Certified as of 7/31/05		Certified as of 9/30/05	
	Yes	No	Yes	No
responsible for funds control, personnel, procurement, program and site of facility operations				
c. Distribution of written, approved funds control and office operating procedures to all appropriate individuals involved in the funds control function				
d. Supervisory oversight and management practices to ensure that the funds control procedures are followed				
e. Security procedures and storage systems to ensure that only authorized officials have access to funds control and funds certification records, documents, and forms control				
f. Access to DISCAS capabilities				
g. Computer hardware and software capable of accessing the Office of Budget Funds Distribution System				
h. Certification by the proposed allottee that all criteria for establishing an allotment holder have been, or will be, met and that adequate internal controls are in place				