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Description of document: Report on Program Risks prepared for the Defense Nuclear Facilities Safety Board (DNFSB) by Mosley & Associates, 2012

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Source of document: Information/FOIA Officer
Defense Nuclear Facilities Safety Board
625 Indiana Avenue NW, Suite 700
Washington, DC 20004
Email: FOIA@dnfsb.gov

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From: Andrew Thibadeau
Date: Jul 31, 2014 11:33:43 AM
Subject: Your FOIA Request (DNFSB 14-19)

This letter responds to your Freedom of Information Act (FOIA) request (assigned tracking number 14-19) dated July 7, 2014, and received in this office on July 7, 2014, in which you requested a copy of the "Mosley Report."

The responsive records contained in the 56 page report prepared for the Defense Nuclear Facilities Safety Board (Board) by Mosley & Associates are exempt from mandatory public disclosure, and are being withheld, in part, under Freedom of Information Act (FOIA) Exemption 5 (5 U.S.C. 552(b)(5)) ("consultant corollary").

The records consist of opinions, findings and recommendations of Mosley & Associates that are integral to the Board's pre-decisional, deliberative processes. Factual excerpts that can be segregated from those opinions, findings and recommendations in the report are not exempt from disclosure. We have identified twenty-six pages containing excerpts of responsive records.

I am granting partial access to, and am attaching a copy of those records to you. Since the bulk of the report falls within the exemption, we are only providing those factual excerpts that are not exempt, including those minor excerpts which were disclosed in the Board's FY 2012 Performance Accountability Act Report.

Based on the above information, this constitutes a partial denial of your request. You have the right to appeal this partial denial of the FOIA request. Your appeal must be received within 30 calendar days of the partial denial determination. The Board appeal procedures are found at 10 C.F.R. Part 1703.

There are no fees associated with this request. If you have any questions, please do not hesitate to call me.

Sincerely,

Andrew Thibadeau
FOIA Officer
Defense Nuclear Facilities Safety Board

November 8, 2012

The Honorable Peter S. Winokur
Chairman
Defense Nuclear Facilities Safety Board
625 Indiana Avenue NW, Suite 700
Washington, DC 20004

Dear Mr. Chairman:

In accordance with our Task Order, we have completed work on our risk assessment of the operations of the Defense Nuclear Facilities Safety Board (DNFSB). In this letter, we have summarized the results of our work. More detailed summaries are also attached for your information and use.

Standards Followed

We performed our risk assessment as directed in the Task Order in accordance with *Generally Accepted Government Auditing Standards* (GAGAS), the guidance provided in the Government Accountability Office's (GAO), *Standards for Internal Control in the Federal Government*, *GAO/AIMD-00-21.3.1*, and guidance provided in GAO's *Internal Control Management and Evaluation Tool*, *GAO-01-1008G*.

Work Performed

In performing our work, we interviewed each member of the DNFSB Board, the Deputy General Counsel, the Deputy General Manager, the Technical Director and the Deputy Technical Director, each Division Director within the Office of the General Manager, and each Group Leader within the Office of the Technical Director. As part of our review, we reviewed and analyzed DNFSB enabling legislation, the Board's *Operating Practices and Procedures*, *DNFSB Directives*, *Policy and Guidance Memo's*, and any policy or guidance documents or directives we were provided by the Office of the Technical Director.

What are Internal Controls?

Office of Management Budget Circular A-123 defines internal controls as follows:

- ✓ *Internal control, in the broadest sense, includes the plan of organization, methods and procedures adopted by management to meet its goals. Internal control includes processes for planning, organizing, directing, controlling, and reporting on agency operations.*

- ✓ *The three objectives of internal control are:*
 - *Effectiveness and efficiency of operations,*
 - *Reliability of financial reporting, and*
 - *Compliance with applicable laws and regulations*

GAO's statement regarding Management's responsibility for Internal Controls

GAO in their *Internal Control Management and Evaluation Tool* notes that:

- ✓ *“As federal managers strive to achieve their agency's missions and goals and provide accountability for their operations, they need to continually assess and evaluate their internal control structure to assure that it is well designed and operated, appropriately updated to meet changing conditions, and provides reasonable assurance that the objectives of the agency are being achieved. Specifically, managers need to examine internal control to determine how well it is performing, how it may be improved, and the degree to which it helps identify and address major risks for fraud, waste, abuse, and mismanagement.”*

Summary of our work and our assessment of current risks for DNFSB



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PAR Ref.

... well thought out policies and
procedures in place for a number of activities to help them achieve their
goals and objectives

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PAR Ref.

¹ We stress that in our discussions with an Official at the Department of Energy, the DNFSB technical reports were
highly regarded.



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OMB Circular A-123, Management's Responsibility for the
Establishment of Internal Controls

A-123 provides that "*Managers should define the control environment (e.g., programs, operations, or financial reporting) and then perform risk assessments to identify the most significant areas within that environment in which to place or enhance internal control. The risk assessment is a critical step in the process to determine the extent of controls. Once significant areas have been identified, control activities should be implemented. Continuous monitoring and testing should help to identify poorly designed*

or ineffective controls and should be reported upon periodically. Management is then responsible for redesigning or improving upon those controls. Management is also responsible for communicating the objectives of internal control and ensuring the organization is committed to sustaining an effective internal control environment."

DNFSB has established an Executive Committee on Internal Controls (ECIC). In the past couple of years, the ECIC has designated over 23 assessment areas to include a number of specific issues, such as: time and attendance records, purchase and travel credit cards, metro transit subsidies, ethics and financial disclosures, security clearances, EEO and alternative dispute resolution, the Continuity of operations plan (COOP), recruitment, retention and relocation programs, and other areas which generally have to do with the administrative operations of the Board's activities. Each DNFSB unit reviewed these areas as they pertain to their operations and reported back to the ECIC. Based on these assessments, the General Counsel, General Manager, and Technical Director, then provided an "assurance statement" to the Chairman which stated:

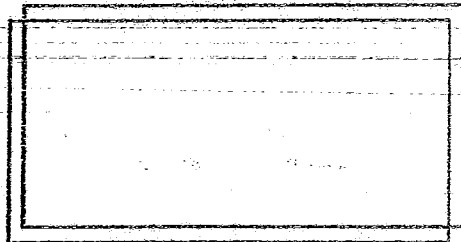
The ECIC meets twice a year to plan the internal controls assessment and review the results.

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DNFSB Implementation of GPRA and GPRMA

The DNFSB Strategic Plan provides general information about mission and goals. It contains much of the same information contained in DNFSB enabling legislation rather than building on it to provide specific goals and outcomes to be achieved during the 5-year period it covers.



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We noted that:

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The GPRA Modernization Act requires agencies to establish a balanced set of performance indicators to be used in measuring or assessing progress toward each performance goal, including, as appropriate, customer service, efficiency, output, and outcome indicators.

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Office of the General Counsel

We reviewed the following activities of the Office of the General Counsel:

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Office of the Technical Director

We reviewed the following activities of the Office of the Technical Director:

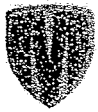
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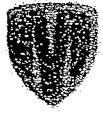
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PAR Ref.

DNFSB/OTD needs to better document its assessment of technical mission activities in its annual review of internal controls under A-123.

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Risk Assessment of DNFSB Implementation of A-123

Purpose: To assess how DNFSB has implemented OMB Circular A-123, Management Accountability and Control¹.

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¹ OMB Circular A-123, Revised June 21, 1995.

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In the FY 2011 Performance and Accountability Report, the DNFSB Chairman reported that “...*the Board is able to provide an unqualified statement of assurance that the internal controls meet the objectives of FMFIA.*”

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**Risk Assessment of DNFSB's Implementation of
The Government Performance and Results Act**

Purpose: To assess how DNFSB has implemented the *Government Performance and Results Act*.

DNFSB Implementing Guidance: DNFSB utilizes the following legislation and OMB guidance: *Government Performance and Results Act (1993)* and the *Government Performance and Results Modernization Act (2010) OMB Circular A-11*.

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Ref.

It appears that DNSFB has an opportunity to improve their performance planning and measurement processes as they adjust activities to comply with the GPRA Modernization Act.

Performance and Accountability Report (PAR)

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Documents Reviewed:

DNFSB Strategic Plan 2011-2016

DNFSB FY 2011 Performance and Accountability Report

DNFSB Budget Justifications Fiscal Years, 2010, 2011, 2012, 2013

OMB Circular A-11

GPRA

GPRA Modernization Act

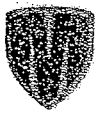
GAO Internal Control Evaluation Tool

November 8, 2012

**Risk Assessment of the Activities of the DNFSB
Office of General Counsel**

Purpose: To summarize our risk assessment of the activities performed by the DNFSB Office of General Counsel.

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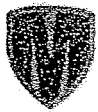
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November 8, 2012

**Risk Assessment of the Policies and Procedures
Governing operations at DNFSB**

Purpose: To summarize our risk assessment of the policies and procedures utilized by DNFSB in their daily operations.

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November 8, 2012

Risk Assessment of DNFSB Succession Planning

Purpose: To summarize our risk assessment of DNFSB succession planning.

Office of Personnel Management (OPM) Guidance: OPM has a number of guides to assist Executive Branch agencies. These guides emphasize that:

1. Succession planning is a systematic approach to:
 - Building a leadership pipeline pool to ensure leadership continuity
 - Developing potential successors in ways that best fit their strengths
 - Identifying the best candidates for categories of positions

Concentrating resources on talent development yields a greater return on investment.

2. Succession planning recognizes that some jobs are the lifeblood of the organization and too critical to be left vacant or filled by any but the best qualified persons. Effectively done, succession planning is critical to mission success and creates an effective process for recognizing, developing, and retaining top leadership talent.

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Eligible to Retire in CY 2012

Nuclear Materials Processing & Stabilization group	36%
Nuclear Facility Design & Infrastructure group	29%
Nuclear Weapons Programs group	9%
Nuclear Programs Analysis	7%

New Employees Hired in FY2011/FY2012

Nuclear Materials Processing & Stabilization group	36%
Nuclear Facility Design & Infrastructure group	19%
Nuclear Weapons Programs group	18%
Nuclear Programs Analysis	20%

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**Risk Assessment of DNFSB Workload Planning
Office of the Technical Director**

Purpose: To summarize our risk assessment of the DNFSB's technical workload planning process.

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**Risk Assessment of the Recommendation and Commitment
Tracking Systems of DNFSB**

Purpose: To summarize our risk assessment of the recommendation and commitment tracking systems of DNFSB.

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November 8, 2012

**Risk Assessment of the DNFSB
Technical Information Management Systems**

Purpose: To summarize our risk assessment of the DNFSB's information management activities in support of the Office of Technical Director.

GAO Standards of Internal Control:

- For an entity to run and control its operations, it must have relevant, reliable, and timely communications relating to internal as well as external events.
- Program managers need both operational and financial data to determine whether they are meeting their agencies' strategic and annual performance plans and meeting their goals for accountability for effective and efficient use of resources.

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Risk Assessment of the Timeliness of DNFSB Technical Reports

Purpose: To summarize our risk assessment of the timeliness of issuing technical reports.

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November 8, 2012

**Risk Assessment of the Activities of the DNFSB
Office of the General Manager
Human Resources**

Purpose: To summarize our risk assessment of the activities performed by the DNFSB Office of the General Manager-Human Resources

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November 8, 2012

**Risk Assessment of the Activities of the DNFSB
Office of the General Manager
Division of Acquisition and Finance**

Purpose: To summarize our risk assessment of the activities performed by the DNFSB Office of the General Manager-Finance

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November 8, 2012

**Risk Assessment of the Activities of the DNFSB
Office of the General Manager
Information Technology and Security**

Purpose: To summarize our risk assessment of the activities performed by the DNFSB Office of the General Manager-Information Technology and Security

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November 8, 2012

Audit Plan for the Defense Nuclear Facility Safety Board

Subject: Audit Plan for the Defense Nuclear Facility Safety Board (DNFSB)

Purpose: In accordance with our Task Order, we have recently completed a risk assessment of DNFSB operations and from that risk assessment, we have developed an audit plan designed to follow up on and further evaluate issues we noted as “high”, “medium”, and “low” risk relative to DNFSB operations.

We performed our risk assessment in accordance with Generally Accepted Government Auditing Standards (*GAGAS*), the guidance provided in the Government Accountability Office’s (GAO), *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, and guidance provided in GAO’s *Internal Control Management and Evaluation Tool*, GAO-01-1008G.

In developing the audit plan, we followed procedures included in *GAGAS* and in OMB Circular A-11, *Guidance in Preparing a Strategic Plan*.

Audit Priorities: In preparing the audit plan, we have listed all areas that we believe need consideration for audit and categorized the audits as “high”, “medium” or “low” priority and the order in which we suggest the audits be conducted. Any audit plan also needs to be reactive to on-going situations that occur within DNFSB or at the Department of Energy which impact DNFSB operations, and needs to be updated as necessary to reflect the current situation.

Implementation of the Audit Plan: The audit plan is a road map for moving forward. It is not designed to be implemented in a single year; it may take several years to accomplish depending on the availability of resources. That is why we have listed the suggested audits in numerical order with what we believe are the most important audits first, and as shown in red highlights in the Table below.



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Audit Plan
Defense Nuclear Facility Safety Board

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