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FINAL PHASE-IN REPORT

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6. FINANCE

6A. ASSESS BUDGET PLANNING PROCESS

Note: Combined with 6C.

6B. ESTABLISH WORKING RELATIONSHIP WITH DOE

1. Establish relationship with DOE counterpart.

○ Finding

Aubrey Reynolds was introduced to DOE-ORO representatives in Finance, Budget, Property, and MIS by Nancy Fitchpatrick. Information was shared on the perceptions of the Controller Function of FMPC.

○ Recommendations - None

○ Corrective Action - None

2. Determine method of reporting to DOE FISCAL.

○ Finding

The method for reporting to FIS was reviewed and found to be acceptable.

○ Recommendation - None

○ Corrective Action - None

3. Establish what is the procedure for receiving program funding information.

○ Finding

The methods for receiving funding information were reviewed. Improvements in this area are necessary in order to be fully informed.

○ Recommendation

This process is currently being satisfactorily addressed in developing the current 9 month program.

○ Corrective Action - None

6C. REVIEW BUDGET PLANNING AND FUNDING OF FMPC

1. Review Budget Process.

○ Finding

The Budget Process was reviewed. The review indicated improvement was needed in a number of areas.

○ Recommendation

A major revision of the budget process is required to include a pyramid of cost from a detail budget level to a FMPC total budget.

○ Corrective Action

The 9 month program is being budgeted in detail by final cost objectives. The ultimate budget process is to be fully addressed in conjunction with program management control and C/CS system. Upon completion of this effort, Budget Planning will be significantly improved.

2. Examine for adequate input from Department Managers to the budgeting process.

○ Finding

Input from Department Managers was being received, but the information was not complete.

○ Recommendation

For the 9 month program, Department Managers have provided complete input.

○ Corrective Action

In the future, Department Managers will become involved in the total budget process.

3. Verify that Department Managers receive adequate financial data in an appropriate time frame to control expenditures.

○ Finding

Department Managers did not receive reports that could be verified against budgets.

- Recommendation

Department Managers should receive timely reports that compare actual expenditures versus budgetary amounts.

- Corrective Action

Reports that can be utilized to compare cost/budget data will be available in January/February time frame. Future enhancements will make these reports more useful and will provide cost versus budget on a current month and year-to-date basis.

6D. REVIEW EXISTING ORGANIZATIONS, POLICIES, AND FMPC ACCOUNTING SYSTEM

1. Determine if the accounting system adequately reflects all costs incurred and complies with all the DOE requirements.

- Finding

The accounting system was reviewed and found to be in compliance with DOE requirements and include all costs incurred.

- Recommendations - None

- Corrective Action - None

2. Review the accounting procedures and determine if there are any changes required and is there compliance with the procedures.

- Finding

With the exception of several minor changes/updates the existing procedures are satisfactory.

- Recommendation - None

- Corrective Action - None

3. Examine existing organization to determine how each section is being utilized and where the various functions of the Controllers Department are being performed.

- Finding

This task was completed and the organization is being studied for future modifications.

- Recommendation - None at this time.

- Corrective Action - None

6E. REVIEW THE EXISTING LIMITS OF AUTHORITY AND REVISE AFTER ADEQUATE REVIEW AND APPROVAL.

- Finding

There is no formal LOA policy at FMPC.

- Recommendation

Institute a LOA procedure that includes appropriate dollar limitations for the various levels of management at FMPC.

- Corrective Action

A policy is being drafted with implementation scheduled for March 1, 1986.

6F. REVIEW PROPERTY AND INVENTORY RECORDS AND ISSUE REPORT TO PRESIDENT OF WMCO.

1. Review all records and inventory lists to determine if they are verifiable to the accounting system and indicate dollar value.

- Finding

Records were reviewed and found to be in agreement with the General Ledger.

- Recommendation - None

- Corrective Action - None

2. Determine that the data reflected in inventory and records is current and accurate.

- Finding

A physical inventory was not taken; therefore, it was not determinable if inventory records are accurate. The inventory records were examined and found to be in order (with the exception of physical verification).

- Recommendation - None

- Corrective Action

A physical inventory will occur at a future date.

3. Formulate draft recommendations for possible changes.

○ Finding

The review indicated that the employees in property have excellent working knowledge and adequate procedures for the historical level of effort at the FMPC.

○ Recommendation - None

○ Corrective Action

The planned revitalization of the FMPC will require significant increases in property control and accountability. This increase in effort will require additional staff and automated systems.

6G. ESTABLISH NECESSARY INTERFACES BETWEEN WMCO AND WESTINGHOUSE HEADQUARTERS

1. Establish Alpha Code.
2. Establish Control Number.
3. Establish Maps Accounts.
4. Establish permanent mailing address.
5. Establish Logo.
6. Establish Federal ID Number.
7. Establish Ohio Unemployment account number.
8. Establish unemployment compensation insurance

○ Finding - None

○ Recommendation - None

○ Corrective Action

All of the above were accomplished.

6H. REVIEW THE ACCOUNTS PAYABLE FUNCTION

1. Review Procedures.
2. Interface between accounting and shipping and receiving.
3. Matching of invoices with purchase orders and receivers.
4. Determine if there is a local program for processing Accounts Payable; if not, establish.
5. Vendor lists - including authorization for new additions.

○ Finding

The accounts payable function is basically a sound system; however, much of the process is manual, i.e. the hand signing of all accounts payable checks.

○ Recommendation - None

○ Corrective Action

The entire accounts payable system will be reviewed for computerization. The review will include cost/benefits studies of using a Westinghouse system, installing a purchased software package, or developing a system internally.

6I. ESTABLISH PAYROLL FOR NLO EMPLOYEES WHO ACCEPT WESTINGHOUSE OFFER

1. Establish salary master file for both salary and hourly employees.
2. Review existing payroll programs and determine if any changes should occur.
3. Verify all employees who have submitted the appropriate forms for IRS deductions.
4. Verify that the appropriate tax rates for Federal, State, and Local Taxes comply with appropriate legislation.

○ Finding

A comprehensive review of the payroll system was completed. With the exception of several very minor points, the payroll system is properly recording and accounting for payroll activities. All necessary actions are complete and employees will be paid via WMCO in January, 1986.

○ Recommendation - None

○ Corrective Action - None

6J. REVIEW TIME REPORTING FUNCTION AND MAKE REVISIONS IF NECESSARY AFTER RECEIVING APPROVAL

1. Review procedures for time reporting and determine if they are presently enforced.
2. Determine if it will be required to procure new time cards and expedite procurement to meet 12/31/85 timeframe.
3. Review interface of time reporting to government ledger and the cost reporting system.

○ Finding

A review of the time card/labor distribution system revealed an internal control system that accounts for time cards and labor distributing properly.

○ Recommendation - None

○ Corrective Action - None

6K. TRANSFER EXISTING LETTER OF CREDIT TO WESTINGHOUSE AND PROCURE CHECK STOCK

1. Determine from DOE if Westinghouse will be required to advertise for competitive bids or execute a new letter of credit agreement with the present financial institution.
2. Obtain permission to procure check stock locally by competitive bids to meet 1-1-86 takeover.
3. Obtain Westinghouse approval and obtain check signature plate.

- Finding

The existing letter of credit will be transferred to Westinghouse. New check stock and signature plate were also acquired.

Until the letter of credit is transferred, arrangements have been made to fund the Westinghouse bank accounts using transfers from the existing NLO letter of credit.

- Recommendation - None

- Corrective Action - None

6L. REVIEW STATUS FISCAL YEAR 1986 PROGRAMS

1. Determine funding for the remainder of Fiscal Year.
2. Examine NLO's first quarter expenditures versus the appropriate budgets for the same period.

- Finding

A review of expenditures for the 1st quarter was made. As there were no monthly budgets to compare this to, a meaningful comparison was not practical.

- Recommendation

A budget for the 9 months remaining is currently being formulated and will be integrated into a financial plan and a program that will allow for comparison of budgetary expenditures versus actual expenditures.

- Corrective Action - None

3. Review the status of the procurement overhead rate for Fiscal Year 1986 for validity to project the remaining period funding.

○ Finding

No procurement overhead rate exists.

○ Recommendations - None

○ Corrective Action

The procurement overhead rate is being incorporated into the budget process.

4. Review with department managers to determine if remaining funds are adequate to meet agreed work scope.

○ Finding - None

○ Recommendation

This is being accomplished in the development of the 9 month program.

○ Corrective Action - None

SUMMARY

A general synopsis of the Financial Operations at the FMPC indicates that the accounting system functions, however much improvements in accuracy, timeliness, and efficiency, can be accomplished by automation. A new Financial Projects section will be established to accomplish the required improvements.