



Department of Energy
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

DEC 15 2016

MEMORANDUM FOR CALLIS CARLETON
TEAM LEAD
FINANCIAL POLICY AND INTERNAL CONTROLS

FROM:

MARK A. GABRIEL
ADMINISTRATOR

A handwritten signature in blue ink, appearing to read "Mark A. Gabriel", is written over the printed name and title.

SUBJECT:

Update of the Departmental Audit Report Tracking System (DARTS)
for the Period Ending December 2016

The Western Area Power Administration (WAPA) updated DARTS with the status of corrective actions for the following Government Accountability Office (GAO) report:

GAO Audit- GAO -16-26 – 2013 Sequestration and Shutdown: Selected Agencies Generally Managed Unobligated Balances in Reviewed Accounts, but Balances Exceeded Target Levels in Two Accounts.

Status: The recommendation should be closed.

If you have any questions, please contact Lisa Hansen at (720) 962-7513 or Hansen@wapa.gov.

ASSURANCE OF CORRECTIVE ACTIONS TAKEN

This is to certify that all necessary actions have been taken for audit follow-up assessment on:

IG/GAO Report #: GAO-16-26

Project Number /Job Code: 451130

Report Title: 2013 Sequestration and Shutdown: Selected Agencies Generally Managed Unobligated Balances in Reviewed Accounts, but Balances Exceeded Target Levels in Two Accounts

DARTS Record #: WP-16-001

Recommendation(s) #1: To ensure effective use of federal funds and management of unobligated balances, the Secretary of Energy should direct WAPA's Administrator and Chief Executive Officer to finalize and implement a strategy to reduce excess unobligated balances within the CROM account.

I further certify that all scheduled actions pertaining to the report recommendation have been completed and are deemed effective in addressing the issue identified in the report.

WAPA finalized its Unobligated Balances Strategy (Strategy) for FY 2016 – FY 2020. The Strategy is a comprehensive WAPA-wide unobligated funding strategy that aligns with overall sustainable funding plans in support of WAPA's mission. Extensive efforts have taken place to refine the methodologies and thresholds to ensure sustainability of the following three primary purposes: annual operation and maintenance (O&M) expenses, capital investments (capital), and purchase power and wheeling expenses (PPW), within the Construction, Rehabilitation, Operation, and Maintenance (CROM) account and non-CROM accounts.

Each purpose category has its own specific methodology for determining the unobligated balances derived from input from WAPA's financial community and its customers. The methodologies are no longer calculated based on flat percentages, rather, based on analysis of WAPA historical data and the variable nature of its business operations. Based on the outcome of the development of these revised strategies, WAPA has taken and will continue to take corrective measures to align the current unobligated balances with the amounts determined in each of the purpose categories. For example, the FY 2016 beginning Capital balance of \$370 million was reduced to \$255 million at FYE 2016. This alignment is an on-going effort.

Further, to ensure monitoring and execution of the Strategy, WAPA senior management has and will continue to review and approve action plans to address changes needed to meet the required balances on a monthly, quarterly, and annual basis. Lastly, the Administrator and Chief Financial Officer formally document their approval and acknowledgement of the Strategy, including interim updates, and recommendation for WAPA-wide implementation.

WAPA will continue to monitor its unobligated balances and ensure actions are taken to bring the levels in line with the Strategy. The Vice President of Budget will continue to provide quarterly reports to WAPA's senior management detailing forecasts for year-end consistent with the Strategy. In addition, WAPA's senior management will carry forward with holding meetings with customers to ensure they understand the Strategy and to resolve any questions or concerns they may have.

Action Officer:

Dennis Sullivan, Acting Chief Financial Officer

Name and Title



Signature



Date

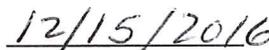
Certifying Official:

Mark A. Gabriel, Administrator

Name and Title



Signature



Date