



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

OFFICE OF THE
INSPECTOR GENERAL

February 4, 2011

MEMORANDUM TO: Chairman Jaczko

FROM: Hubert T. Bell **/RA/**
Inspector General

SUBJECT: TRANSMITTAL OF THE INDEPENDENT AUDITOR'S REPORT
ON THE CONDENSED FINANCIAL STATEMENTS
(OIG-11-A-06)

Office of Management and Budget Circular No. A-136, *Financial Reporting Requirements*, Revised, September 29, 2010, requires all entities covered under *The Chief Financial Officer's Act of 1990* to prepare a Summary of Performance and Financial Information which summarizes performance and accountability results for the fiscal year. The Summary Report should include the most important performance and financial information contained in the Performance and Accountability Report in a brief, user-friendly format that is easily understood by a reader with little technical background in these areas. The purpose of this memorandum is to transmit Urbach Kahn & Werlin, LLP (UKW) Auditor's Report on the Condensed Financial Statements included in the Summary Report.

UKW is responsible for the attached unqualified auditor's opinion, dated November 7, 2010. The Office of the Inspector General (OIG) is responsible for technical and administrative oversight regarding the firm's performance under the terms of the contract. Our oversight of UKW's work, as differentiated from an audit in conformance with *Government Auditing Standards*, was not intended to enable us to express, and accordingly we do not express, an opinion on the condensed financial statements included in the Summary Report. However, OIG's oversight of UKW's work disclosed no instances where UKW did not comply with applicable auditing standards.

We appreciate the cooperation provided by NRC staff.

Attachment: As stated

cc: Commissioner Svinicki
Commissioner Apostolakis
Commissioner Magwood
Commissioner Ostendorff
M. Muessle, OEDO
J. Andersen, OEDO

**INDEPENDENT AUDITOR'S REPORT ON THE CONDENSED
FINANCIAL STATEMENTS**

Hubert T. Bell
Inspector General
United States Nuclear Regulatory Commission

The Honorable Gregory B. Jaczko
Chairman
United States Nuclear Regulatory Commission

We have audited the balance sheets of the United States Nuclear Regulatory Commission (NRC) as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, and budgetary resources (Principal Statements) for the fiscal years then ended. Our audits were performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. In our report dated November 7, 2010, we expressed an unqualified opinion on those Principal Statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the Principal Statements referred to above from which it has been derived.

In accordance with *Government Auditing Standards*, our report on the Principal Statements referred to above includes an opinion on the effectiveness of internal control over financial reporting and a report on compliance with laws and regulations for the fiscal years ended September 30, 2010 and 2009. Those reports are integral parts of a financial statement audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Urbach Kahn & Werlin LLP

Arlington, Virginia
November 7, 2010