

U.S. NUCLEAR REGULATORY COMMISSION

DIRECTIVE TRANSMITTAL

TN: DT-05-16

To: NRC Management Directives Custodians

Subject: Transmittal of Management Directive 4.1, "Accounting Policy and Practices"

Purpose: Management Directive 4.1 and its exhibits have been revised to incorporate organizational responsibilities and delegations of authority as a result of the OCFO reorganization of 2003; to comply with generally accepted accounting principles and standards; and to comply with other Federal financial requirements, including financial reporting for software development projects.

There is no handbook for this management directive; however, there is an OCFO Accounting Policy Manual for which OCFO is responsible.

Office and
Division of Origin: Office of the Chief Financial Officer
Division of Financial Management

Contact: Leon H. Fleischer, 301-415-0242

Date Approved: August 20, 1998 (**Revised: September 9, 2005**)

Volume: 4 Financial Management

Directive: 4.1 Accounting Policy and Practices

Availability:

Rules and Directives Branch
Office of Administration
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Accounting Policy and Practices

Directive
4.1

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U. S. Nuclear Regulatory Commission

Volume: 4 Financial Management

OCFO

Accounting Policy and Practices

Directive 4.1

Policy

(4.1-01)

It is the policy of the U.S. Nuclear Regulatory Commission to maintain its system of accounting and internal control in accordance with accounting principles and standards set forth in the Statements of Federal Financial Accounting Standards promulgated by the Federal Accounting Standards Advisory Board (FASAB) and to comply with the Budget and Accounting Procedures Act of 1950, as amended; the Federal Managers' Financial Integrity Act of 1982; the Chief Financial Officers Act of 1990; the Federal Financial Management Improvement Act of 1996; and the requirements of other Federal statutes and Government regulations.

Objectives

(4.1-02)

- To ensure compliance with financial accounting principles, standards, and related requirements issued by the FASAB, the Director of the Office of Management and Budget (OMB), and the Comptroller General. (021)
- To ensure compliance with guidance prescribed by OMB for annual financial statements, with Governmentwide information standards (e.g., the U.S. Government Standard General Ledger), and with other external financial reporting requirements. (022)

Objectives

(4.1-02) (continued)

- To maintain accounting control over all revenues, costs, expenses, appropriations, obligations, funds, property, and other assets of NRC consistent with providing reasonable assurance that all assets are safeguarded against waste, loss, unauthorized use, and misappropriation. (023)
- To properly record and account for revenues and expenditures applicable to NRC operations so that accounts and reliable financial and statistical reports may be prepared, accountability of the assets may be maintained, and full financial disclosure of all resources managed may be provided. (024)
- To provide timely and reliable accounting results using the accrual basis of accounting for allocating resources; for preparation and support of budget requests; for recognizing the full cost of NRC programs, activities, and outputs; and for controlling the execution of the budget. (025)
- To capture and produce financial information required to support the assessment of program performance, financial performance, and financial management performance. (026)
- To provide for the maintenance, retention, and control of fiscal documents and records for management and audit purposes. (027)

Organizational Responsibilities and
Delegations of Authority
(4.1-03)

Chief Financial Officer (CFO)
(031)

- Establishes and maintains systems of accounting and internal controls as required by the Chief Financial Officers Act of 1990 (31 U.S.C. 902 (a) and 3512(b)) and the Federal Managers' Financial Integrity Act of 1982. (a)
- Submits to the Director of OMB an audited financial statement for the preceding fiscal year, as required by the Chief Financial Officers Act of 1990 (31 U.S.C. 3515(a) and (b) and 31 U.S.C. 3521(e)) and amended by the Government Management Reform Act of 1994. (b)
- Reviews, on a biennial basis, fees and other charges imposed by the agency for services and things of value it provides and makes recommendations on revising the charges to reflect costs incurred by NRC in providing those services and things of value as required by the Chief Financial Officers Act of 1990 (31 U.S.C. 902(a)(8)). (c)
- Establishes, maintains, and oversees the interpretation and implementation of policies, standards, and general procedures of accounting and related reporting essential to the financial integrity and efficient financial management of NRC and to the safeguarding of NRC funds and property. (d)
- Ensures that applicable accounting principles, standards, and requirements are incorporated into agency accounting systems as required by the Chief Financial Officers Act of 1990 (31 U.S.C. 902(a)(3)(A)), the Federal Financial Management Improvement Act of 1996, and Management Directive (MD) 4.3, "Financial Management Systems." (e)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Chief Financial Officer (CFO)
(031) (continued)

- Provides technical accounting advice and guidance to office directors and regional administrators and their staffs on their responsibility for the direct performance of accounting functions and on the financial implications of proposed courses of action. (f)
- Establishes and maintains an internal control program for NRC program and administrative activities, including a system that reasonably ensures NRC's managers take the necessary action to determine that controls are functioning as intended or are modified as conditions change. (g)
- Reports the financial status of NRC and the results of its operations; furnishes financial reports to those responsible for managing NRC operations; and provides data for the establishment of fees, the full cost of NRC programs, and other matters needed for the sound financial management of NRC operations. (h)
- Prepares and issues an annual financial management report required by the Chief Financial Officers Act of 1990 (31 U.S.C. 902(a)(6)). (i)
- Reviews and approves financial reports and financial statements prepared by all agency offices for transmittal to the Chairman, the Commission, OMB, the President, Congress, or external groups, to assure consistency with Federal financial accounting principles and standards. (j)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Chief Financial Officer (CFO)
(031) (continued)

- Exercises authority to sign fiscal and other financial and accounting documents on behalf of NRC pursuant to the NRC Chairman's memorandum to the CFO dated January 8, 1997, and as further set forth in Exhibit 1 of this directive. (k)
- Documents financial management systems and processing instructions in either hard copy or electronic form in accordance with the requirements of OMB Circular A-127, including the Federal Financial Management Systems Requirements. Maintains the instructions on a current basis and makes them readily available for examination. (l)
- Maintains an Office of the Chief Financial Officer (OCFO) Accounting Policy Manual setting forth the policies and general procedures of accounting and related reporting to be followed by NRC. (m)
- Establishes and oversees the implementation of policies, standards, and general procedures of accounting for internal use software development projects. Establishes policy for capitalization of information technology (IT) software set forth in Exhibit 2 of this directive. (n)
- Submits special purpose financial statements to the U.S. Department of the Treasury for the compilation of the Financial Report of the U.S. Government, as required by amendments to OMB Bulletin No. 01-02 and Treasury Financial Manual 4-4700. (o)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Inspector General (IG)
(032)

In accordance with the Chief Financial Officers Act of 1990—

- Audits the annual financial statements in accordance with Government Auditing Standards and OMB requirements as required by 31 U.S.C. 3521(e). (a)
- Submits to the Chairman a report on the audit of the annual financial statements, as required by 31 U.S.C. 3521. (b)
- Submits to the Chairman a report on management's assertion about the effectiveness of internal control, and a report of compliance with laws and regulations, as required by amendments to OMB Bulletin No. 01-02. (c)
- Audits the special purpose financial statement in accordance with Government Auditing Standards as required by amendments to OMB Bulletin No. 01-02 and Treasury Financial Manual 4-4700. (d)

Director, Office of Information Services (OIS)
(033)

- Maintains a centralized inventory of agency IT software as required by OMB Circular A-130. The inventory captures descriptive information provided by NRC offices. (a)
- In support of the annual audited financial statements, provides OCFO access to a centralized (OIS-maintained) inventory of IT software that identifies all agency capitalized IT software purchased, developed, leased, and retired consistent with guidelines for capitalization of IT software in Exhibit 2 of this directive. (b)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Director, Office of Administration (ADM)
(034)

- Maintains physical inventory control of all NRC-owned capitalized property (except computer software) and all NRC-acquired expendable supplies and materials in accordance with applicable accounting principles and standards. (a)
- Provides a report of reconciled capitalized property inventory to the Division of Financial Management (DFM), OCFO, on the basis of periodic physical inventory of all NRC-owned property. (b)
- Provides a monthly report to DFM of capitalized property acquired, disposed of, or retired since the previous report. (c)
- Coordinates capitalized IT software with OIS to ensure that NRC-funded, NRC-owned software acquired under interagency agreement projects is identified in accordance with Handbook 11.7, "NRC Procedures for Placement and Monitoring of Work With the U.S. Department of Energy (DOE)," Section IX(B)(3); Handbook 11.8, "NRC Procedures for Placement and Monitoring Work With Other Federal Agencies Other Than DOE," Section V (D)(I)(g); and guidelines for capitalization of IT software in Exhibit 2 of this directive. (d)

Office Directors and
Regional Administrators
(035)

- Ensure that accounting information (e.g., accounting classification codes) is complete and accurate on accounting documents and when entered into the agency accounting system. (a)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Office Directors and
Regional Administrators
(035) (continued)

- Review and verify accounting information in agency accounting system reports for completeness and accuracy. (b)
- Ensure that IT project managers adhere to agency policies for internal use software development projects and follow the general guidelines set forth in Exhibit 2 of this directive and the memorandum issued by the CFO on April 26, 2005, entitled “Adherence to NRC Policies and Procedures - Accounting for Internal Use Software.” (c)

Director, Division of Financial
Management (DFM), Office of the
Chief Financial Officer (OCFO)
(036)

- Administers the fiscal and accounting functions and maintains the general ledger accounts for NRC. (a)
- Exercises authority to sign fiscal and accounting documents as set forth in Exhibit 1 of this directive and as otherwise delegated. (b)
- Approves all changes of NRC accounting principles and standards, approves revisions to the OCFO Accounting Policy Manual, and requests interpretation of and implements Statements of Federal Financial Accounting Standards issued by the FASAB. (c)
- Prepares reports on the financial status of NRC and the results of its operations. (d)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Director, Division of Financial
Management (DFM), Office of the
Chief Financial Officer (OCFO)
(036) (continued)

- Prepares quarterly and annual financial statements in accordance with OMB requirements and consistent with applicable accounting principles, standards, and requirements, as required by the Chief Financial Officers Act of 1990 (31 U.S.C. 3515(a) (b)). (e)
- Manages the production and publication of the agency's annual Performance and Accountability Report. (f)
- Administers the NRC licensee fee program. (g)
- Provides debt management services to NRC in coordination with Department of the Treasury requirements. (h)
- Maintains operational responsibility for the cost accounting system, the licensee fee billing system, the agency core accounting system, and the capitalized property system. (i)
- Provides technical advice and overall coordination for agency financial systems. (j)

Director, Division of Financial
Services (DFS), OCFO
(037)

- Provides technical advice, assistance, and interpretation to agency senior managers on the NRC's financial operation activities, including commercial, employee, and Government payments. (a)

Organizational Responsibilities and
Delegations of Authority
(4.1-03) (continued)

Director, Division of Financial
Services (DFS), OCFO
(037) (continued)

- Develops and administers policies, standards, and procedures for all financial operation activities of NRC. (b)
- Provides time and labor, travel, payment, and fiscal services for NRC. Manages the NRC Central Allowance. (c)
- Manages the NRC payroll operations, including ensuring that services are rendered accurately and in a timely manner. Serves as liaison with the provider on payroll-related matters. (d)
- Appoints authorized certifying officers in accordance with applicable legal and Department of the Treasury requirements and pursuant to the NRC Chairman's memorandum to the CFO, dated January 8, 1997. (e)
- Exercises authority to sign fiscal and accounting documents as set forth in Exhibit 1 of this directive and as otherwise delegated. (f)
- Maintains operational responsibility and oversight of the time and labor and e-Travel systems. (g)

Applicability
(4.1-04)

The policy and guidance in this directive apply to all NRC employees.

References
(4.1-05)

Code of Federal Regulations

5 CFR Part 1315, "Prompt Payment."

10 CFR Part 15, "Debt Collection Procedures."

10 CFR Part 16, "Salary Offset Procedures for Collecting Debts Owed by Federal Employees to the Federal Government."

31 CFR Parts 900-904, "Federal Claims Collection Standards."

Federal Accounting Standards Advisory Board (FASAB),
Statements of Federal Financial Accounting Concepts

No. 1, "Objectives of Federal Financial Reporting,"
September 2, 1993.

No. 2, "Entity and Display," June 6, 1995.

FASAB, Statements of Federal Financial Accounting Standards
(SFFAS)

No. 1, "Accounting for Selected Assets and Liabilities,"
March 30, 1993.

No. 3, "Accounting for Inventory and Related Property,"
October 27, 1993.

No. 4, "Managerial Cost Accounting Concepts and Standards
for the Federal Government," July 31, 1995.

No. 5, "Accounting for Liabilities of the Federal Government,"
December 20, 1995.

No. 6, "Accounting for Property, Plant, and Equipment,"
November 30, 1995.

References

(4.1-05) (continued)

No. 7, "Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting," as amended October 2001.

No. 10, "Accounting for Internal Use Software," October 9, 1998.

No. 12, "Recognition of Contingent Liabilities Arising From Litigation: An Amendment of SFFAS No. 5, Accounting for Liabilities of the Federal Government," February 5, 1999.

No. 15, "Management's Discussion and Analysis," April 1999.

General Services Administration — Federal Procurement Regulations and Federal Property Management Regulations.

Government Accountability Office

Decisions of the Comptroller General of the United States.

GAO Policy and Procedures Manual for Guidance of Federal Agencies

Title 4, "Claims."

Title 6, "Pay, Leave, and Allowances."

Title 7, "Fiscal Guidance."

NRC Management Directives

4.2, "Administrative Control of Funds."

4.3, "Financial Management Systems."

4.4, "Management Controls."

References

(4.1-05) (continued)

9.20, "Organization and Functions, Office of the Chief Financial Officer."

11.1, "NRC Acquisition of Supplies and Services."

11.7, "NRC Procedures for Placement and Monitoring of Work With the U.S. Department of Energy (DOE)."

11.8, "NRC Procedures for Placement and Monitoring Work With Other Federal Agencies Other Than DOE."

13.1, "Property Management."

14.1, "Official Temporary Duty Travel."

NRC memorandum from the Chairman to the Chief Financial Officer, "Delegations of Authority," January 8, 1997.

Office of Management and Budget (OMB) Circulars

A-11, "Preparation, Submission, and Execution of the Budget," November 17, 2004 (revised annually).

A-25, "User Charges," July 8, 1993.

A-123, "Management's Responsibility for Internal Control," December 21, 2004.

A-127, "Financial Management Systems," July 23, 1993.

A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," November 11, 2000.

A-130, "Management of Federal Information Resources," November 28, 2000.

References

(4.1-05) (continued)

A-134, "Financial Accounting Principles and Standards," May 20, 1993.

A-136, "Financial Reporting Requirements," December 21, 2004.

United States Code

Antideficiency Act (31 U.S.C. 1341-42, 1349-51, and 1511-19).

Budget and Accounting Procedures Act of 1950, as amended (31 U.S.C. 3511-3515 and 3521).

Chief Financial Officers Act of 1990, as amended (31 U.S.C. 501-506, 901-903, 3512(a) and (b), 3515, 3521 (e)-(h), and 9105-9106).

Debt Collection Act of 1982, subsequently amended by Pub. L. No. 101-552 and Pub. L. No. 104-134 (31 U.S.C. 3701-3720).

Department of the Treasury — Treasury Financial Manual, Treasury Circulars, Bulletins, and Management Letters.

Economy Act of 1932, as amended (31 U.S.C. 1535).

Federal Financial Management Improvement Act of 1996 (31 U.S.C. 3512 et seq.).

Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512 et seq. and 31 U.S.C. Chapter 11).

Federal Property and Administrative Services Act of 1949 (40 U.S.C. 486 and 41 U.S.C. 255).

General Accounting Office Act of 1996, which amends 5 U.S.C. 5584 and 31 U.S.C. 3529, Pub. L. No. 104-316.

References

(4.1-05) (continued)

Independent Offices Appropriations Act of 1952, Title V
(31 U.S.C. 9701).

Omnibus Budget Reconciliation Act of 1990, as amended
(42 U.S.C. 2214).

Prompt Payment Act of 1982, as amended (31 U.S.C. 3901 et
seq.).

**Volume 4, Financial Management
Accounting Policy and Practices
Directive 4.1 Exhibits**

**Exhibit 1
Delegations of Authority to Sign or Approve Fiscal and Accounting Documents**

Action	Delegated To	References
1. Approve transfer of appropriation to another Federal agency (SF 1151) a. Transfer without benefit to transferring account b. Transfer for establishment of transfer appropriation for benefit of advancing account	Director, DFM	31 U.S.C. 1531(a)(1) I TFM 2-2060.20a 31 U.S.C. 1532 I TFM 2-2035.1 I TFM 2-2035.2
2. Issue orders revoking or suspending a license for nonpayment of license fees	CFO	Delegation by Chairman to CFO, 1-8-97 10 CFR 2.202 10 CFR 15.29 10 CFR 170.41 and 171.23
3. Certifying officers (payments), ECS security administrators, hold certifying officers, and cashiers a. Designate certifying officers, ECS security administrators, communications encryption officers, ECS users, ECS data entry operators, hold certifying officers, designated agents to receive Treasury checks and bonds for distribution, and appoint principal and alternate cashiers (FMS Form 2958) b. Certify payments to Treasury (FMS Forms 210 and 210S)	Director, DFS --by name Director, DFM --by name Certifying officers -- by name	I TFM 4-1135 & 4-1140 I TFM 4-1145 & 4-1150 I TFM 4-1155 & 4-1160 I TFM 4-1145 & 4-1150

See "Notes" at the end of this exhibit for legend to abbreviations.

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Directive 4.1 Exhibits**

Exhibit 1 (continued)

Action	Delegated To	References
<p>3. (continued)</p> <p>c. Certify payments to other Federal agencies (SF 1081)</p> <p>d. Cancel payments from previously certified payment schedules (FMS Form 210H)</p> <p>e. Request decisions regarding propriety of payment</p> <p>(1) from OGC, if payment is \$100 or less, regardless of payment type</p> <p>(2) from GSA for temporary duty travel, transportation, and relocation expenses</p> <p>(3) from OPM for personnel compensation and leave</p> <p>(4) from Treasury for judgments</p> <p>(5) from Department of Defense for claims by transportation carriers for amounts collected from them for loss or damage incurred to property incident to shipment at Government expense</p>	<p>Director, DFS</p> <p>Hold certifying officers -- by name</p> <p>Certifying officers Director, DFS</p>	<p>I TFM 2-2535.10</p> <p>I TFM 4-1155</p> <p>31 U.S.C. 3529 OMB Determination Order, 12-17-96 DOJ Order 2110.39A CG Decision B-275605, 3-17-97 OGC opinion, 5-28-96</p> <p>7 GAO 8.3</p>

See "Notes" at the end of this exhibit for legend to abbreviations.

**Volume 4, Financial Management
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Directive 4.1 Exhibits**

Exhibit 1 (continued)

Action	Delegated To	References
<p>3. (continued)</p> <p>(6) from OGC and, if determined appropriate by OGC, the CG for matters involving use of appropriated funds</p> <p>(7) from OGC for all other types of claims</p> <p>f. Authorize the establishment of an imprest fund at a depository account at a Federally insured financial institution</p> <p>g. Grant relief to a certifying officer of liability for any payment found not to be proper, to include an overpayment of transportation services made to a common carrier</p> <p>h. Approve prompt payment discounts</p> <p>i. Approve making payment more than 7 days prior to payment due date on a case-by-case basis</p>	<p>Director, DFS (may not redelegate)</p> <p>CG and OGC (for over \$100) OGC (\$100 or less)</p> <p>Director, DFS</p> <p>Director, DFS</p>	<p>I TFM 4-3040.60</p> <p>31 U.S.C. 3528(b) & (c) DOJ Order 2110.39A 7 GAO 8.8 and 8.11 CG Decision B-275605, 3-17-97 OGC opinion, 5-28-96</p> <p>MD 11.1 31 U.S.C. 3904</p> <p>31 U.S.C. 3903 (a)(8)</p>
<p>4. Payment of Certain Liabilities:</p> <p>a. Approve tort claims</p>		

See "Notes" at the end of this exhibit for legend to abbreviations.

**Volume 4, Financial Management
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Directive 4.1 Exhibits**

Exhibit 1 (continued)

Action	Delegated To	References
4. (continued) (1) Up to \$2,500 (2) Over \$2,500 b. Approve claims for personal property damage or loss c. Approve amounts due deceased public creditors d. Approve claims relating to loss or damage to shipments e. Recommend payment of meritorious claims f. Approve interest penalties on late payments under the Prompt Payment Act g. Approve additional interest penalties under the Prompt Payment Act	Director, DFS OGC Director, DFS Director, DFS Director, DFS CG Director, DFS Director, DFS	MD 7.1 MD 7.1 MD 7.2 4 GAO 35.2 4 GAO 53 31 U.S.C. 3702(d) MD 11.1 31 U.S.C. 3902 MD 11.1 31 U.S.C. 3902(c)(3)
5. Debt Collection a. Terminate, suspend, or compromise collection action (1) Up to \$10,000 (2) Over \$10,000 and up to \$100,000 (3) Over \$100,000	Director, DFM (may not redelegate) CFO DOJ	31 U.S.C. 3711(a)

See "Notes" at the end of this exhibit for legend to abbreviations.

**Volume 4, Financial Management
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Directive 4.1 Exhibits**

Exhibit 1 (continued)

Action	Delegated To	References
<p>5. (continued)</p> <p>b. Approve or deny waiver of erroneous overpayment of pay and travel allowances</p> <p>(1) Up to \$1,500</p> <p>(2) Over \$1,500 (must be supported by OGC opinion)</p> <p>c. Approve options for settlement of employee indebtedness</p> <p>d. Approve referring commercial debt to credit reporting agency</p> <p>e. Approve referring delinquent debtor to credit reporting agency</p> <p>f. Approve referring uncollectible accounts to debt collection agency</p>	<p>CFO</p> <p>CFO</p> <p>Director, DFM Director, DFS</p> <p>Director, DFM</p> <p>Director, DFM</p> <p>Director, DFM</p>	<p>5 U.S.C. 5584 OMB Determination Order, 12-17-96 DOJ Order 2210.39A OGC opinion, 5-28-96</p> <p>MD 10.62, Section 037(c) 10 CFR 15.33/16.15</p> <p>OMB Cir. A-129</p> <p>OMB Cir. A-129 31 U.S.C. 3711(f) 31 CFR 901.5 10 CFR 15.26</p> <p>OMB Cir. A-129 31 U.S.C. 3718 31 CFR 901.5 10 CFR 15.32</p>

See "Notes" at the end of this exhibit for legend to abbreviations.

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Exhibit 1 (continued)

Action	Delegated To	References
5. (continued)		
g. Assess a penalty charge of up to 6 percent for not paying a part of a debt more than 90 days past due	Director, DFM	31 U.S.C. 3717(e)(2) 10 CFR 15.37(g)
h. Assess a charge for cost of processing a delinquent claim	Director, DFM	31 U.S.C. 3717(e)(1) 10 CFR 15.37(f)
i. Waive collection of interest, penalties, and administrative costs		31 CFR 901.9 31 U.S.C. 3717(h) 10 CFR 15.37(k)
(1) Up to \$5,000	Director, DFM	
(2) Over \$5,000	CFO	
j. Furnish information to appropriate U.S. Attorney upon the filing of a petition in bankruptcy by a debtor	Director, DFM	10 CFR 15.39
k. Refer claim to DOJ	Director, DFS	31 CFR 904.1 10 CFR 15.67
l. Refer claim to DOJ for advice when there is doubt whether collection action should be suspended or terminated	Director, DFM	31 CFR 904 10 CFR 15.59
m. Refer a debtor's firm written offer of compromise that is substantial in amount to DOJ if there is uncertainty on accepting offer	Director, DFM	31 CFR 904.1(b) 10 CFR 15.65

See "Notes" at the end of this exhibit for legend to abbreviations.

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Exhibit 1 (continued)

Action	Delegated To	References
5. (continued)	Director, DFM	31 CFR 901.8 10 CFR 15.35(b)
n. Approve installment payment plan for repayment of debt to NRC	CFO	10 CFR 16.9
o. Appoint hearing official for employee disputing a debt	Director, DFS	5 U.S.C. 5512(a) 10 CFR 16.15
p. Approve salary offset for recovery of erroneous payment	Director, DFS	31 CFR 901.3
q. Approve offset of amount owed by a separated employee against CSRS or FERS funds	Director, DFM	10 CFR 15.33(b) 10 CFR 16.13(a)(8)
r. Approve referral of delinquent debt to Treasury for offset against tax refund	Director, DFM	31 U.S.C. 3720A
6. Approve MOUs under GSA contracts	Director, DFS	
a. Government Travel Card	Director, DFS	
b. Travel Management Center	Director, DFS	
7. Issue standard financial reports to central agencies	Director, DFM	OMB Cir. A-11
a. Report on Budget Execution (SF 133)	CFO	OMB Cir. A-129
b. Report on Receivables Due From the Public		Treas. Memo, 8-17-94

See "Notes" at the end of this exhibit for legend to abbreviations.

**Volume 4, Financial Management
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Exhibit 1 (continued)

Action	Delegated To	References
7. (continued) c. Reports on International Transactions d. Statement of Transactions (SF 224) e. Unexpended Balances of Appropriations and Funds (FMS Form 2108)	Director, DFM Director, DFM Director, DFM	D. Comm. Dir. 19 I TFM 2-3300 31 U.S.C. 3512 31 U.S.C. 3513 I TFM 2-4200

See "Notes" at the end of this exhibit for legend to abbreviations.

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Exhibit 1 (continued)

NOTES

Delegations of signature or approval authority are in accordance with cited reference. Limitations on further redelegations of authority that the CFO redelegates are stipulated. See MDs 14.1 and 14.2 for delegations of signature authority for travel documents.

“Certifying officers” as used in this exhibit refers only to those individuals designated to certify payments to the Treasury and does not refer to “funds certifying officers” or other “certifying officials.”

The following abbreviations are used:

CFO	Chief Financial Officer, NRC
CFR	<i>Code of Federal Regulations</i>
CG	Comptroller General of the United States
CSRS	Civil Service Retirement System
D. Comm. Dir.	Department of Commerce directive
DFM	Division of Financial Management, NRC
DFS	Division of Financial Services, NRC
DOJ	Department of Justice
DRMA	Division of Resource Management and Administration (NRC regional offices)
ECS	Electronic Certification System
FASAB	Federal Accounting Standards Advisory Board
FERS	Federal Employees' Retirement System
FMS Cashier M	FMS (Treasury Financial Management Service) Manual of Procedures and Instructions for Cashiers
GAO	Government Accountability Office (“4 GAO” indicates Title 4 of the GAO Policy and Procedures Manual)
GSA	General Services Administration
MD	NRC Management Directive

Exhibit 1 (continued)

NOTES (continued)	
<p>MOU OF OGC OMB OMB Cir. OPM SF SFFAS Treasury TFM U.S.C.</p>	<p>Memorandum of Understanding Optional Form Office of the General Counsel, NRC Office of Management and Budget Office of Management and Budget Circular Office of Personnel Management Standard Form Statement of Federal Financial Accounting Standards Department of the Treasury Treasury Financial Manual ("1 TFM" indicates Volume I of the TFM) United States Code</p>

Exhibit 2

Guidelines for Capitalization of Information Technology Software

1. Information technology (IT) software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system. The software must be intended to meet the NRC's internal needs. The software may be purchased, internally developed, or contractor developed.
2. IT software with a planned estimated useful life of 2 years or more and a planned total cost of equal to or greater than the NRC capitalization threshold, currently \$50,000, shall be capitalized, with the following exceptions:
 - a. "Analytical codes" represent research and development software costs and therefore should not be capitalized. "Analytical codes" are analytical tools and models used to research safety issues and are constantly revised as a result of increased understanding of the complex interactions of some aspect of nuclear regulatory activities.
 - b. IT efforts to take corrective or adaptive action to keep IT software performing as originally designed should not be capitalized.
 - c. IT efforts associated with the preliminary project stage before the IT capital planning and investment control process approval of a development project should not be capitalized.
3. Leased IT software shall be classified as a capital lease if it covers 2 years or more, meets the capitalization threshold, and meets one or more of the following four criteria:
 - a. The lease transfers ownership of the IT software to NRC by the end of the lease term.
 - b. The lease contains an option to purchase leased IT software at a bargain price.

Exhibit 2 (continued)

- c. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased IT software.
- d. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

The last two criteria are not applicable when the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased IT software.

- 4. IT software shall be considered to be impaired, and therefore retired, for any of the following reasons:
 - a. The software is no longer expected to possess substantive service potential and will be removed from service.
 - b. Significant reduction occurs in the capabilities, functions, or uses of the software.
 - c. A significant program change is required for the software to continue to perform the functions it performed in the past.
- 5. NRC staff costs and indirect costs attributable to capitalized IT software need to be separately identified and capitalized if incurred after September 30, 2000.