

Office Memorandum • US SECURITIES AND EXCHANGE COMMISSION

September 25, 2007

TO: Laura Benton

FROM: Kristine M. Chadwick, Chief Financial Officer
Associate Executive Director, Finance

SUBJECT: Comments on Inspections Report of Contract Ratification

The Office of Financial Management (OFM) has reviewed the draft Inspector General (IG) report on Contract Ratifications dated September 6, 2007 and has the following comments:

Recommendation B

OFM budget execution procedures currently ensure that obligations for ratifications will not violate the Anti-Deficiency Act. An obligating document from the office or division is required to be in the ratification package submitted to the Office of Administrative Services (OAS) and the current SEC policy mandates that OFM certify fund availability before the document can be forwarded to OAS. However, to accommodate the current SEC *Administrative Control of Funds*, SECR 14-1, Section 5, Violations and Reports for ratification requests that do not violate the Anti-Deficiency Act, but may warrant administrative disciplinary action, OFM will clarify the procedures in conjunction with the Office of Human Resources (OHR) and OAS. Proposals under consideration include:

1. Require that all obligating documents for ratifications be clearly marked “Ratification” in the notes section by the Administrative Contact before submission to OFM
2. Provide a quarterly report to the Financial Management Oversight Committee (FMOC) of all ratifications including the name of the employee, date, summary of and amount
3. Take disciplinary action will based on the OHR policy on abuse of delegated authority and the level of the offense

Once OHR has established policy for disciplinary action resulting from ratifications, an amendment to SECR 14-1 will be issued. In addition, the Planning and Budget Office within OFM is currently updating its policies and procedures, including SECR 14-1. These changes will be included in the new version.

Recommendation E

OFM and OAS are in the process of researching options for procuring time-sensitive goods or services when vendors do not accept a purchase card.