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**FINANCIAL REPORTS**

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**MANAGEMENT  
ASSURANCES**

---

59

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## Management Assurances

This section provides information on NMB's compliance with the Federal Managers' Financial Integrity Act (FMFIA) and the Improper Payments Information Act, as well as other management information, initiatives, and issues. FMFIA requires that agencies establish controls that provide reasonable assurance that:

- obligations and costs comply with applicable law;
- assets are safeguarded from waste, loss, unauthorized use, or misappropriation; and
- revenues and expenditures are properly recorded and accounted for.

It also requires the Chairman to provide an assurance statement on the adequacy of management controls.

### Assurance Statement (FMFIA)

The NMB's management is responsible for establishing and maintaining effective internal controls that meet the obligations of FMFIA within their areas of responsibility. Based on the directors' knowledge of daily operations and other management reviews, the NMB is able to provide an unqualified statement of assurance that the internal controls meet the objectives of FMFIA.



**Linda A. Puchala**  
Chairman  
October 26, 2011

### Improper Payments Information Act

The NMB is considered to be at low risk for improper payments since the functional payment areas are limited to traveler reimbursement, commercial vendors for supplies and services, and the payroll EFT payments. The NMB does not administer any entitlement, grant, or loan programs.

### Federal Travel Card Program

The NMB is a full participant in the Federal Travel Card Program, and has issued travel credit cards to employees whose official duties may require frequent travel. The Office of Administration routinely monitors each employee's usage of the travel card to ensure that charge activities are restricted to official government travel-related expenses, and that the employee is paying his/her credit card bills on-time.

During FY 2011, employees were reimbursed for authorized travel-related expenses an average of one business day after receipt of their completed travel voucher.

During this same period, no NMB employee's travel card account was identified as being delinquent and no inappropriate usage of the travel card was identified.

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**FINANCIAL REPORTS**

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**MANAGEMENT  
ASSURANCES**

---

60

**Federal Purchase Card Program**

During this period, the NMB continued its use of the U .S. Government's purchase card program to expedite the purchase of authorized supplies and services. The NMB has an internal process which requires a purchase request for all requests. This purchase request is reviewed and approved by the office director before being submitted to the Office of Administration for action. The OA staff determines the appropriate contracting vehicle to procure the requested goods and/or services. The Office of Administration has an internal operating procedure which supplements the coverage in the Federal Acquisition Regulation (FAR) Subpart 1.6, Contracting Authority and Responsibilities.

**Federal Information Security Management Act (FISMA)**

The Federal Information Security Management Act (FISMA) requires an annual, independent evaluation of each agency's information technology (IT) security program. The NMB continued to work with the Bureau of the Public Debt to perform a review of the NMB's technology security program. The results of the review, form the basis of the NMB's annual FISMA report to OMB, and associated Plans of Action & Milestones (POA&M). The NMB provides its employees and contractors with annual Information Systems Security Awareness training as required by this Act. During this fiscal year, the NMB systems were certified and accredited for the next three years.

**FMFIA Material Weakness In Management Operations**

In the NMB's 2010 financial audit, the auditors identified a material weakness with the untimely recording of obligations related to arbitration services. These services are payments made to the arbitrators, contractors, who hear and decide minor disputes in the railroad industry. After a review of the current procedures which gave raise to this material weakness, the NMB revised its procedures during the last quarter of the fiscal year. The NMB expects to fully eliminate this material weakness during the FY 2012 reporting cycle.