

EDO Principal Correspondence Control

FROM: DUE: 10/31/11

EDO CONTROL: G20110589

DOC DT: 08/08/11

FINAL REPLY:

Stephen D. Dingbaum, OIG

TO:

Dyer, CFO

FOR SIGNATURE OF :

** GRN **

CRC NO:

Dyer, CFO

DESC:

ROUTING:

Status of Recommendations: Audit of the Budget
Formulation Process (OIG-05-A-09)
(EDATS: OEDO-2011-0551)

Borchardt
Weber
Virgilio
Ash
Mamish
OGC/GC
Arildsen, OEDO

DATE: 08/08/11

ASSIGNED TO:

CONTACT:

CFO

Dyer

SPECIAL INSTRUCTIONS OR REMARKS:

Please provide a complete response to Stephen D. Dingbaum, OIG addressing ALL resolved recommendations. Be sure to include the target completion date and identify the current point-of-contact for each recommendation. Forward final memo via email (Forward as Attachment) to Judy Gordon, Stephen Dingbaum, Steven Zane and RidsEdoMailCenter by October 31, 2011. If applicable, be sure to attach in email any Enclosures to the response. See additional instructions attached.

Template: EDO-001

ERIDS: EDO-01

EDATS

Electronic Document and Action Tracking System

EDATS Number: OEDO-2011-0551

Source: OEDO

General Information

Assigned To: CFO

OEDO Due Date: 10/31/2011 11:00 PM

Other Assignees:

SECY Due Date: NONE

Subject: Status of Recommendations: Audit of the Budget Formulation Process (OIG-05-A-09)

Description:

CC Routing: NONE

ADAMS Accession Numbers - Incoming: NONE

Response/Package: NONE

Other Information

Cross Reference Number: G20110589, OIG-05-A-09

Staff Initiated: NO

Related Task:

Recurring Item: NO

File Routing: EDATS

Agency Lesson Learned: NO

OEDO Monthly Report Item: NO

Process Information

Action Type: Memo

Priority: Medium

Signature Level: CFO

Sensitivity: None

Urgency: NO

Approval Level: No Approval Required

OEDO Concurrence: NO

OCM Concurrence: NO

OCA Concurrence: NO

Special Instructions: Please provide a complete response to Stephen D. Dingbaum, OIG addressing ALL resolved recommendations. Be sure to include the target completion date and identify the current point-of-contact for each recommendation. Forward final memo via email (Forward as Attachment) to Judy Gordon, Stephen Dingbaum, Steven Zane and RidsEdoMailCenter by October 31, 2011. If applicable, be sure to attach in email any Enclosures to the response. See additional instructions attached.

Document Information

Originator Name: Stephen D. Dingbaum

Date of Incoming: 8/8/2011

Originating Organization: OIG

Document Received by OEDO Date: 8/8/2011

Addressee: J. E. Dyer, CFO

Date Response Requested by Originator: 10/31/2011

Incoming Task Received: Memo



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

OFFICE OF THE
INSPECTOR GENERAL

August 8, 2011

MEMORANDUM TO: J.E. Dyer
Chief Financial Officer

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE
BUDGET FORMULATION PROCESS (OIG-05-A-09)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
JULY 18, 2011

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated July 18, 2011. Based on this response, recommendations 1-3 remain resolved. Recommendation 4 was previously closed. Please provide an updated status of the resolved recommendations by October 31, 2011.

If you have any questions or concerns, please contact me at 415-5915 or Kathleen Stetson, Team Leader, at 415-8175.

Attachments: As stated

cc: N. Mamish, OEDO
J. Andersen, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

OIG-05-A-09

Status of Recommendations

Recommendation 1: Clarify, in coordination with the Executive Director for Operations, the roles and responsibilities of the Chief Financial Officer and Executive Director for Operations in the budget formulation process.

Agency Response
Dated July 18, 2011:

As indicated previously, the recommendations are being addressed as part of the revision to Management Directive (MD) and Handbook 4.7, *"NRC Long Range Planning, Programming and Budget Formulation."* We have decided to modify our approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. We will replace it with three separate MDs: *"Strategic Planning Process"* (new); *"Budget Formulation"* (MD 4.7); and, *"Performance Management"* (new). The three recommendations will be addressed in the revised MD 4.7, *"Budget Formulation."* Currently, the revision to MD 4.7 is on hold due to consultation with the Chairman.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 4.7, *"Budget Formulation,"* and determines that it clarifies the roles and responsibilities of the Chief Financial Officer and Executive Director for Operations in the budget formulation process.

Status:

Resolved.

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

OIG-05-A-09

Status of Recommendations

<u>Recommendation 2:</u>	Document the decision-making process and roles and responsibilities of the Program Review Committee.
Agency Response Dated July 18, 2011:	As indicated previously, the recommendations are being addressed as part of the revision to Management Directive (MD) and Handbook 4.7, <i>"NRC Long Range Planning, Programming and Budget Formulation."</i> We have decided to modify our approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. We will replace it with three separate MDs: <i>"Strategic Planning Process"</i> (new); <i>"Budget Formulation"</i> (MD 4.7); and, <i>"Performance Management"</i> (new). The three recommendations will be addressed in the revised MD 4.7, <i>"Budget Formulation."</i> Currently, the revision to MD 4.7 is on hold due to consultation with the Chairman.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 4.7, "Budget Formulation," and determines that it documents the decision-making process and roles and responsibilities of the Program Review Committee.
Status:	Resolved.

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

OIG-05-A-09

Status of Recommendations

<u>Recommendation 3:</u>	Document the budget formulation process to ensure a logical, comprehensive sequencing of events that provides for obtaining early Commission direction and approval.
Agency Response Dated July 18, 2011:	As indicated previously, the recommendations are being addressed as part of the revision to Management Directive (MD) and Handbook 4.7, <i>"NRC Long Range Planning, Programming and Budget Formulation."</i> We have decided to modify our approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. We will replace it with three separate MDs: <i>"Strategic Planning Process"</i> (new); <i>"Budget Formulation"</i> (MD 4.7); and, <i>"Performance Management"</i> (new). The three recommendations will be addressed in the revised MD 4.7, <i>"Budget Formulation."</i> Currently, the revision to MD 4.7 is on hold due to consultation with the Chairman.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 4.7, <i>"Budget Formulation,"</i> and determines that it documents the budget formulation process to ensure a logical, comprehensive sequencing of events that provides for obtaining early Commission direction and approval.
Status:	Resolved.

Additional Instructions to Action Offices/Regions on Responding to OIG Requests for Status Updates for OIG Report Recommendations

The action Offices/Region should provide a memorandum addressed to the Assistant Inspector General for Audits (AIGA) signed by the Office Director or Regional Administrator. The response should provide the status of each recommendation in the associated OIG audit report.

The memorandum should provide updated status for the OIG report recommendations by the date specified. An extension will not be granted since the memorandum is requesting a status of the recommendation(s), not the completion of the recommendation(s).

Please ensure the updated status memorandum addresses all “resolved” and “unresolved” recommendations and include for each recommendation separately:

- (a) the recommendation by number, repeating its text verbatim,
- (b) a response that describes under each recommendation the action(s) needed for closure,
- (c) the target completion date for the action(s), and
- (d) the identification of the current point-of-contact.

When appropriate, ensure applicable document(s) to support OIG closure of recommendation(s) are attached as Enclosures and/or provide an ADAMS accession number with viewer rights. Be sure to include the audit number, for example: OIG-11-A-01, and task number(s) to the case reference field in the ADAMS profile.

Forward the memorandum to OIG via email, as described in the Special Instructions or Remarks in the associated action item ticket.

Please note that status update memoranda that are in response to publically available OIG audit report recommendations should be profiled in ADAMS to be publically available, and the memorandum should not be marked to the contrary.