

March 27, 2014

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits

FROM: J. E. Dyer */RA/*
Chief Financial Officer

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF NRC'S BUDGET
EXECUTION PROCESS (OIG-13-A-18)

The statuses of our responses to Recommendations 1 through 8 are provided as requested in your August 13, 2013, memorandum titled, "*Status of Recommendation: Audit of NRC's Budget Execution Process (OIG-13-A-18)*." The statuses of recommendations 1 through 8 remain resolved.

Recommendation 1

Complete implementation of the Nuclear Regulatory Commission's (NRC) Planning, Budgeting, and Performance Management process.

Status: Ongoing

This recommendation is being addressed as part of the revision to a new Management Directive (MD) and Handbook on Budget Execution and MD and Handbook 4.7, "*NRC Long Range Planning, Programming and Budget Formulation*." In addition, the NRC has revised Management Directive 4.4 "*Internal Controls*", and published it in November 2012. MD 4.4 establishes and assigns responsibilities for internal control and reasonable assurance over NRC programmatic operations. The Office of the Chief Financial Officer (OCFO) decided to modify the approach to the replacement of the MD and Handbook 4.7 in order to improve policy communication, organization and achieve agency consensus on the policies covered. Based on Commission direction (COMSECY-13-0011), the OEDO and the OCFO are replacing MD 4.7 with four separate MDs: strategic planning process, budget formulation, performance management, and budget execution. MD 4.X, "Budget Formulation," has been submitted to the Chairman for review and approval. The revised version more clearly delineates roles and responsibilities and standardizes systems and processes." In the meantime, the agency will continue with improving all phases of the Planning, Budgeting, and Performance Management process as indicated in our memorandum dated June 20, 2013 on "*Actions Taken or Planned for Audit of NRC's Budget Execution Process (OIG-13-A-18)*."

Target Completion Date: 4th Quarter Fiscal Year (FY) 2015

Point of Contact: Teresa Grancorvitz

CONTACT: Deborah B. Mahdi, OCFO/DPB/FCB
301-415-6021

Recommendation 2

Issue standardized agency guidance for using job codes.

Status: Completed.

OCFO worked with the offices via the job code standardization working group to develop a standard approach to job code creation and management.

In collaboration with the offices, OCFO reviewed the existing job code inventory to (a) identify specific job codes to retain for use by individual offices for special purposes and (b) roll up the remaining codes into a set of standard cost centers to be used agency-wide across multiple business/product lines. The revised inventory of job codes and cost centers was established for implementation by the allowance holders at the beginning of FY 2014. The working group continued to meet in FY 2014 to review office experience with the new job code/cost center structure and make any corrections necessary to support successful execution of funds using the new approach. The working group held its final meeting on March, 5, 2014. The new job code/cost center structure is captured in a living document maintained on OCFO's SharePoint site with other budget structure and coding information pertinent to current year execution. An updated schema is posted as changes are made. The FY 2014 Cost Center List can be found in SharePoint at the location below.

http://portal.nrc.gov/OCM/ocfo/ocfo_admin/dpba/Pages/BRG.aspx?FolderCTID=&RootFolder=%2fOCM%2focfo%2focfo%5fadmin%2fdpba%2fBudget%20and%20Reporting%20Guide%2fFY%202014%20Budget%20and%20Reporting%20Guide&SortField=LinkFilename&SortDir=Asc&View=%7b97C3030A%2d0E57%2d4F4D%2dBEE3%2d85B0AB5570E9%7d

Point of Contact: Victoria Voytko

Recommendation 3

Enforce the use of correct budget object codes.

Status: Ongoing

- OCFO partnered with the Office of Administration (ADM)/Acquisitions Management Division and the Associate Directorate for Strategic Acquisition to provide the budget object code (BOC) information. This information has been posted on the OCFO and ADM SharePoint Sites. The information was also provided during the NRC Strategic Acquisition System (STAQS) training. Action completed.
- OCFO maintains a comprehensive list annually of OMB Circular A-11 changes. OCFO reviewed all the BOC codes used by NRC and produced a summary document with definitions, and also provided a list of the most commonly used BOCs to offices' funds certifying officials and Project Officer's/Contract Officer Representatives. Action completed
- OCFO worked with the STAQS working group to explore the option of setting up checkpoints in STAQS for BOC entries. The working group determined that setting up checkpoints in STAQS was not effective and disrupted the workflow. OCFO is working on a procedure to perform a quarterly review of the accuracy and consistent use of BOCs.

Target Completion Date: 4th Quarter FY 2014

Point of Contact: May Ma

Recommendation 4

Develop a process to define training needs and measure the effectiveness of agency training provided on the Financial Accounting and Integrated Management Information System (FAIMIS) reporting functions, features, and capabilities.

Status: Ongoing

The Division of the Controller used the OCFO Financial Systems Survey, conducted in July 2013, to identify and resolve the major user concerns and training needs with respect to FAIMIS Reporting.

Major FAIMIS Report related concerns identified by users included: (1) clarity on how to find and use FAIMIS Business Analytics Reports; (2) clarity on what FAIMIS Business Analytics Reports are available and the functionality available in those reports; (3) additional reporting in the areas of budget execution (i.e., budget load), contract reporting and purchase card; (4) additional training; improved reporting with respect to Business Intelligence Reporting Tools (BIRT) Reports (BIRT Reports are CGI developed reports not able to be accessed or supported by the FAIMIS Reports Working Group (RWG)).

In response to each of these concerns, the FAIMIS RWG developed the following:

- An Interactive Reporting Tool that groups like reports together so they are easy to find, understand, and use. The Tool provides the ability for users to filter data interactively on the screen and to drill down from summary to detail level information in an intuitive manner.
- The FAIMIS RWG conducted eight Training Sessions for FAIMIS users on Interactive Reports to review the functionality available. All key and commonly used reports are included under Interactive Reports. Additionally, the FAIMIS RWG enhanced communications announcing new RWG functionality so it is clear and meaningful and directed to the appropriate users.
- The FAIMIS RWG rolled out new functionality in response to user concerns as follows:
 - A series of reports facilitating the comparison of Budget Formulation System baseline budget to FAIMIS budgeted amounts at various budget levels.
 - A series of contract summary and detail level reports.
 - Interactive purchase card reporting.
- Multiple training sessions have been provided on Interactive Reports.
- The FAIMIS RWG is not able to access and enhance BIRT Reports; however, the RWG has provided Division of Planning and Budget (DPB) and office users with Interactive and flexible Advice of Allowance and Financial Level Reporting and is working with users to provide reports supporting the BIRT License Fee Billing Reports.

The FAIMIS RWG planned to conduct monthly RWG user group meetings in 2014 to discuss new reporting functionality and solicit user feedback following the Interactive Reporting Tool roll-out. However, these meetings may be delayed due to the upcoming FAIMIS and Business Objects Release.

The FAIMIS RWG submitted a survey to all attendees of the Interactive Reports Training Sessions to obtain feedback and assess ongoing reporting concerns. Results from the Survey will be analyzed and action items determined by the end of 2014.

Target Completion Date: 4th Quarter FY 2014

Point of Contact: Joel Mattingley

Recommendation 5

Provide training to agency staff on FAIMIS reporting functions, features, and capabilities.

Status: Ongoing

Approximately eight training sessions have been conducted on Interactive Reports. The RWG planned to follow these sessions with monthly RWG user meeting. These meetings may be delayed due to the new FAIMIS Release since new functionality will be limited to areas of high business impact. FAIMIS RWG does plan on conducting focused training in the areas of License Fee Billing Validations and Invoice Approvals in Fiscal Year 2014.

Target Completion Date: 4th Quarter FY 2014

Point of Contact: Joel Mattingley

Recommendation 6

Develop recordkeeping procedures to track delegations.

Status: Completed.

The recordkeeping procedures are located at the OCFO SharePoint site:
http://portal.nrc.gov/OCM/ocfo/ocfo_admin/dpba/SECY/default.aspx.

Point of Contact: Patrice Williams-Johnson

Recommendation 7

Develop recordkeeping procedures to track training documentation for allowance financial managers and funds certifying officials.

Status: Completed.

The recordkeeping procedures are located at the OCFO SharePoint site:
http://portal.nrc.gov/OCM/ocfo/ocfo_admin/dpba/SECY/default.aspx.

Point of Contact: Patrice Williams-Johnson

Recommendation 8

Incorporate clarified guidance on position delegations for allowance holders in MD 4.2, which is currently under revision.

Status: Ongoing

This recommendation is being addressed as part of the revision to MD and Handbook 4.2, *“Administrative Control of Funds.”*

The initial draft MD and Handbook was issued to NRC office directors and regional administrators in March 2014 for review and comment which includes the clarifying guidance. We anticipate the publication some time during the 4th quarter of FY 2014.

Target Completion Date: 4th Quarter FY 2014

Point of Contact: Patrice Williams-Johnson

cc: S. Zane, OIG
J. Gordon, OIG
G. Peterson, DOC
J. Arildsen, OEDO

Recommendation 8

Incorporate clarified guidance on position delegations for allowance holders in MD 4.2, which is currently under revision.

Status: Ongoing

This recommendation is being addressed as part of the revision to MD and Handbook 4.2, *“Administrative Control of Funds.”*

The initial draft MD and Handbook was issued to NRC office directors and regional administrators in March 2014 for review and comment which includes the clarifying guidance. We anticipate the publication some time during the 4th quarter of FY 2014.

Target Completion Date: 4th Quarter FY 2014

Point of Contact: Patrice Williams-Johnson

cc: S. Zane, OIG
J. Gordon, OIG
G. Peterson, DOC
J. Arildsen, OEDO

ADAMS ☒ Yes ☐ No

☒ Publicly Available

Initials: DXM

☐ Non-Publicly Available

☐ Sensitive

☒ Non-Sensitive

ADAMS Accession Number: ML14084A124

OFFICE	OCFO/DPB/FCB		OCFO/DPB/FCB	OCFO/DPB
NAME	DMahdi		PWilliams-Johnson	RAllwein
DATE	03/24/14 (via email)		03/25/14	03/26/14
OFFICE	OCFO/DPB	OCFO/DOC	DCFO	CFO
NAME	TGrancorvitz	BGusack	MMuessle	JEDyer
DATE	03/27/14	03/27/14	03/27/14	03/27/14