



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

**OFFICE OF THE
INSPECTOR GENERAL**

April 3, 2014

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: GOVERNMENT
PERFORMANCE AND RESULTS ACT: REVIEW OF
FY 1999 PERFORMANCE REPORT (OIG-01-A-03)

REFERENCE: ACTING ASSISTANT FOR OPERATIONS MEMORANDUM
DATED MARCH 18, 2014

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated March 18, 2014. Recommendations 1 and 3 remain resolved. Recommendation 2 was closed previously. Please provide an updated status of the resolved recommendations by August 29, 2014.

If you have any questions or concerns, please contact me at 415-5915 or Eric Rivera, Team Leader, at 415-7032

Attachments: As stated

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GOVERNMENT PERFORMANCE AND RESULTS ACT: REVIEW OF FY 1999 PERFORMANCE REPORT

OIG-01-A-03

Status of Recommendations

Recommendation 1: Develop an NRC Management Directive to provide the management controls needed to ensure that NRC produces credible GPRA documents.

Agency Response

Dated March 18, 2014:

As previously indicated, the recommendations are being addressed as part of the revision to MD and Handbook 4.7, *"NRC Long Range Planning, Programming and Budget Formulation."* Office of the Chief Financial Officer (OCFO) decided to modify the approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. MD 4.7 will be replaced with three separate MDs: *"Strategic Planning Process"* (new); *"Budget Formulation"* (MD 4.7); and, *"Performance Management"* (new).

Responsibility for performance management and GPRA related activities was transferred to the OEDO, on March 18, 2011, (ML11080A042). This transfer of duties resulted in the transfer of the development of the MD on *"Performance Management"* to OEDO. OCFO maintains the responsibility for the development of the MDs for *"Strategic Planning Process,"* and *"Budget Formulation"* (MD 4.7).

GPRA requires that an agency's strategic plan be updated for submission to Congress and the President every three years. The GPRA Modernization Act of 2010 modified this requirement. That law requires agencies to submit an updated Strategic Plan to the President and Congress by February of the following year after a presidential election. NRC formed the Strategic Plan/Logic Model Working Group (SPLMWG) to develop a revised Strategic Plan for Fiscal Year (FY) 2014 - 2018 to replace the agency's current FY 2008 – FY 2013 version (NUREG-1614, Vol.4). However, NRC is behind schedule and plans on submitting the FY 2014-2018 Strategic Plan to Office of Management and Budget for clearance in mid-July, 2014, and plans on submitting the Final Strategic Plan to Congress and the President by July 25, 2014. Staff will conduct an

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Status of Recommendations

Recommendation 1 (cont.):

assessment of the revised strategic planning development process, and update the MD on the *Strategic Planning Process* accordingly.

The NRC budget formulation process has been improved by recommendations provided by two internal Budget Business Process Improvement projects, as well as by recommendations from a contractor that benchmarked the NRC budget process against those of other similarly situated Federal agencies. The lessons learned from these initiatives, as well as the controls that ensure an effective and efficient formulation process are reflected in the FY 2016 Budget Instructions. The instructions provide a detailed description of a work-in-progress approach to developing the Chairman's budget proposal to the Commission. This is expected to result in early Commission direction and approval on the budget request.

The NRC's streamlined budget formulation process is reflected in the FY 2016 Budget Instructions where business line lead offices will continue to be responsible for determining business/product line workload priorities that ensure that development of an integrated budget aligns with the Chairman's priorities. Implementing a streamlined budget approach is expected to require fewer resources and to take less time in developing the budget.

The current MD 4.7 addresses a broad scope of agency activities including long-range planning, budget formulation, and program implementation. 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. The administrative control of funds section in MD 4.7 already has been superseded by MD 4.2, "Administrative Control of Funds,"

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Status of Recommendations

Recommendation 1 (cont.):

which was issued in 2008. 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.

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.

OCFO also issues agency guidance and instructions annually for completing GPRA documents, including establishing performance metrics and reporting on unmet goals.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG acknowledges that the responsibility for performance management and GPRA related activities and the planned MD on *Performance Management* was transferred to the OEDO. This recommendation will be closed when OIG receives a copy of the final relevant management directives that include descriptions of management controls needed to ensure that NRC produces credible GPRA documents.

Status:

Resolved.

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Status of Recommendations

Recommendation 3: Include guidance on reporting unmet goals in both the Management Directive and the interim policy guidance on implementing GPRA initiatives.

Agency Response

Dated March 18, 2014:

As previously indicated, the recommendations are being addressed as part of the revision to MD and Handbook 4.7, *"NRC Long Range Planning, Programming and Budget Formulation."* Office of the Chief Financial Officer (OCFO) decided to modify the approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. MD 4.7 will be replaced with three separate MDs: *"Strategic Planning Process"* (new); *"Budget Formulation"* (MD 4.7); and, *"Performance Management"* (new). Recommendation 1 will be addressed in the MD *"Performance Management."*

Responsibility for performance management and GPRA related activities was transferred to the OEDO, as approved by Chairman Jaczko, on March 18, 2011, (ML11080A042). This transfer of duties resulted in the transfer of the development of the MD on *"Performance Management"* to OEDO. OCFO maintains the responsibility for the development of the MDs for *"Strategic Planning Process"* and *"Budget Formulation"* (MD 4.7).

The formal Business Process Improvement (BPI) project on Performance Management was completed in the 3rd quarter of FY 2012. A draft MD for *"Performance Management"* was developed to help better align our policies with Government Laws and regulations such as the GPRA Modernization Act of 2010. The MD was sent to all offices and OIG in December for comment. Comments were received and the final document is being developed. The new due date for submitting the MD and Handbook to the Chairman and Commission for approval is June 2014.

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Status of Recommendations

Recommendation 3 (cont.):

OEDO issues guidance and instructions annually to the business lines to comply with GPRAMA including establishing performance metrics, reporting quarterly and working with OCFO to report unmet goals.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG acknowledges that the responsibility for performance management and GPRA related activities and the planned MD on *Performance Management* was transferred to the OEDO. This recommendation will be closed when OIG receives a copy of the final relevant management directives that include guidance on reporting unmet goals relative to implementation of GPRA initiatives.

Status:

Resolved.