



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

**OFFICE OF THE
INSPECTOR GENERAL**

July 14, 2015

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

Maureen E. Wylie
Chief Financial Officer

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

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF NRC'S
SEQUESTRATION PROCESS (OIG-14-A-20)

REFERENCE: EXECUTIVE DIRECTOR FOR OPERATIONS AND CHIEF
FINANCIAL OFFICER MEMORANDUM DATED MAY 28,
2015

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendation as discussed in the agency's response dated May 28, 2015. Based on this response, Recommendation 1 remains in resolved status. Please provide an updated status of the recommendation by December 30, 2015.

If you have questions or concerns, please call me at 415-5915, or R.K. Wild, Team Leader, at 415-5948.

Attachment: As stated

cc: M. Galloway, OEDO
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Audit Report

AUDIT OF NRC'S SEQUESTRATION PROCESS

OIG-14-A-20

Status of Recommendation

Recommendation 1:

OIG recommends that the Executive Director for Operations and the Chief Financial Officer collaboratively establish agencywide guidance for future sequestration planning activities and reductions.

Agency Response
Dated May 28, 2015:

Agree. The Office of the Chief Financial Officer (OCFO) and the Office of the Executive Director for Operations (OEDO) plan to have three levels of agencywide guidance for future sequestration planning activities and reductions, including the process for determining how the sequester reduction will be applied across NRC programs and how the sequester funding plan will be developed.

The Management Directive (MD) for Budget Execution is currently under development. This MD will provide high level guidance related to sequestration planning activities and is on target to be submitted to the Commission by December 15, 2015.

In addition, OCFO and OEDO are developing a document entitled Sequestration Planning Guidance which will provide more detailed information than the MD. This guidance will provide an overview of sequestration and its application to the NRC budget, information on how sequestration reductions will be prioritized, and a high level schedule.

The OCFO and OEDO will also issue instructions (similar to the annual budget formulation instructions) in Fiscal Years (FY) when sequestration might be implemented. The annual sequestration instructions will provide detailed instructions to the business and product line leads with regard to developing a list of potential sequestration reductions, such as dollar and full-time equivalent targets, and a schedule with due dates. A copy of the FY 2016 Sequestration Instructions will be provided to the OIG when they are issued in June 2015. The Sequestration Planning Guidance discussed in the previous paragraph will be attached to the Annual Sequestration Instructions.

Audit Report

AUDIT OF NRC'S SEQUESTRATION PROCESS

OIG-14-A-20

Status of Recommendation

Recommendation 1 (cont.):

OIG Analysis:

OIG reviewed the FY 2016 Sequestration Instructions that were issued in June 2015. This guidance, as well as the Management Directive (MD) for Budget Execution and the document titled *Sequestration Planning Guidance* currently under development, appears to be on track to provide sequestration planning guidance needed to address the intent of the recommendation. Therefore, this recommendation continues to be resolved. OIG will close the recommendation once it has reviewed the implemented guidance to ensure it meets the intent of the recommendation.

Status:

Resolved.