

Information Technology Budget Guidance

Office of the Chief Information Officer (OCIO)
IT Budget Team

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Revision History

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Note:

This document sets forth high-level guidance for the U.S. Nuclear Regulatory Commission (NRC) to use in formulating and executing the agency's Information Technology (IT) budget. Additional detail regarding processes and operating procedures is maintained in separate documents to support ongoing refinement of the agency's maturing investment management.

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IT Budget Formulation Guidance

Overview

In 2014, the U.S. Nuclear Regulatory Commission (NRC), under the direction of the Chief Information Officer (CIO) and Chief Financial Officer (CFO), centralized the NRC's Information Technology (IT) budget within the Office of the Chief Information Officer (OCIO) and restructured its IT portfolio to facilitate transparency and improve decisionmaking and reporting. While the IT budget formulation process generally follows the agency's overall formulation process, it also includes comprehensive IT governance and prioritization processes at specific levels defined by the CIO and CFO. This is achieved through an integrated IT governance framework that includes two IT governance boards. The management-level Information Technology/Information Management (IT/IM) Board (ITB), knowledgeable of the mission and business needs within individual offices and informed by IT subject matter experts within OCIO, recommends an IT portfolio and budget for input by the executive-level IT/IM Portfolio Executive Council (IPEC).¹

Goal

The NRC shall formulate the IT budget in a holistic and transparent manner so that resources are allocated efficiently to the highest-priority systems, services, and activities; reflect consensus from subject matter experts and executives from across the agency; and support the maturation of the IT portfolio to one that efficiently and effectively leverages IT for strategic outcomes in support of the NRC's mission.

Objectives

1. Develop the IT budget in alignment with the overall agency budget formulation process and consistent with direction from the CIO, CFO, Executive Director for Operations (EDO), and Commission.
2. Formulate the IT budget at a level of detail that facilitates transparency and monitoring of the IT investments, and supports complete and accurate internal and external reporting.
3. Incorporate review, prioritization, and approval from subject matter experts and executives from across the agency.
4. Provide visibility to the CIO, and incorporate his/her feedback regarding the impact of potential changes to the IT budget on the agency's mission and business throughout the budget process.
5. Ensure that the budget request presented to Office of Management and Budget (OMB) is consistent with Commission decisions and input provided by the IPEC, CIO, and CFO.

¹ The IPEC is co-chaired by the agency's CIO and CFO. Membership includes all program leadership and chief executive officers, including the Chief Acquisition Officer (CAO). As a member of both the IPEC and the executive-level acquisition governance board, the CAO is actively engaged in the planning, programming, and budgeting of programs with IT resources.



Responsibilities

Responsibilities of the Chairman

Review the IT budget request included in the overall agency budget recommended by the EDO, CFO, and CIO, and submit final recommendations to the Commission.

Responsibilities of the Commission

Review and approve the agency's IT budget request included in the overall agency budget.

Responsibilities of the EDO

1. Serve as the Chief Operating Officer (COO) and, as such, ensure that the agencywide budget formulation process includes the CFO, CIO, and Chief Acquisition Officer (CAO) in the planning, programming, and budgeting stages for programs that include IT.
2. In consultation with the CFO, CIO, and program leadership, define the processes through which program leadership works with the CIO to plan an overall portfolio of IT investments that achieve program and business objectives and reflect sound estimates of the IT resources needed to accomplish those objectives.
3. Ensure that Commission and CIO guidance is applied to the planning of all IT resources during budget formulation.
4. Ensure that the NRC's planning and budgeting process for IT investments is consistent and integrated with the agency's overall planning, budgeting, and performance management (PBPM) process.
5. Ensure that program office and IT officials participate in the PBPM process for IT investments throughout their lifecycle.
6. Ensure that statutory responsibilities regarding IT investments and their oversight are appropriately assigned to the CIO.
7. Together with the CFO, and in consultation with the CIO, review and approve the budget selections for the annual IT investment portfolio recommended by the ITB through the IPEC, and submit recommendations to the Chairman.

Responsibilities of the CIO

1. Co-chair the IPEC with the CFO, approve its membership, and approve revisions to its charter, as needed.
2. As co-chair of the IPEC, jointly with the CFO, define the level of detail with which IT resources are described distinctly from other resources throughout the planning, programming, and budgeting stages. The level of detail shall provide transparency into the IT portfolio and serve as the primary input into the IT Capital Planning and Investment Control (CPIC) documents submitted to OMB with the agency's budget.
3. Review and approve the IT budget instructions prepared by the OCIO IT Budget Formulation Lead to ensure alignment with the agency's overall budget instructions, and proper timing to allow IT governance boards to review and recommend the IT budget to be included in the agency's overall budget.



4. Receive briefings from the CPIC team, IT Budget Formulation Lead, and Strategic Planning and Enterprise Architecture (SP/EA) team, and provide direction into the IT budget formulation process and the ITB budget recommendation.
5. Review and collaborate with program leadership on planned IT support for major program objectives and significant increases and decreases in IT resources. (The CFO will provide affirmation in the NRC's budget justification materials that the CIO had a significant role in this review.)
6. Co-chair the IPEC review of the prioritized IT portfolio and budget request recommended by the ITB.
7. As the IPEC co-chair, approve the IT portfolio and budget request to be included in the budget submitted to the Deputy Executive Directors for Operations (DEDOs) leading to the agency's overall Performance Budget submission to OMB, as well as the Lower-Priority and Major Unfunded Lists.
8. Participate in CFO and EDO programmatic and organizational reviews relating to the IT budget request.
9. Advise the CFO and EDO on potential impacts of any IT -related budgetary adjustments by the DEDOs, Chairman, or Commission.
10. Review responses to questions prepared by the OCIO Budget Formulation Lead resulting from review of the IT budget by the DEDOs, Chairman, or Commission.
11. Affirm that data included in the CPIC documents and the NRC's overall Performance Budget submission to OMB, is consistent with the budget request approved by the Commission.
12. Review and approve the major IT investments portion of the IT budget request. (The CFO will affirm this CIO approval in the NRC's budget justification materials.)
13. Review and approve the NRC's Agency IT Portfolio Summary, and affirm that appropriate estimates of all IT resources are included in the budget request. (The CFO will affirm this CIO approval in the NRC's budget justification materials.)
14. Establish other executive and technical review or advisory bodies, as necessary, to involve business and technical subject matter experts in IT investment planning and management oversight; ensure agencywide coordination; and comply with CPIC requirements for IT investments, strategic planning and enterprise architecture, security, and information and records management policies, as stated in the "Capital Programming Guide" and OMB Circular A-130.

Responsibilities of the CFO

1. Co-chair the IPEC with the CIO, approve its membership, and approve revisions to its charter, as needed.
2. As co-chair of the IPEC, jointly with the CIO, define the level of detail with which IT resources are described distinctly from other resources throughout the planning, programming, and budgeting stages. The level of detail shall provide transparency into the IT portfolio and serve as the primary input into the IT CPIC documents submitted to OMB with the agency's budget.



3. Provide timely information and responses to the OCIO IT Budget Formulation Lead to facilitate alignment of IT budget formulation with the agency's overall budget instructions, and proper timing to allow IT governance boards to review and recommend the IT budget to be included in the agency's overall budget.
4. Co-chair the IPEC review of the prioritized IT portfolio and budget request recommended by the ITB.
5. As the IPEC co-chair, approve the IT portfolio and budget request to be included in the budget submitted to the DEDOs leading to the agency's overall Performance Budget submission to OMB, as well as the Lower-Priority and Major Unfunded Lists.
6. Incorporate CIO feedback in CFO and EDO programmatic and organizational reviews relating to the IT budget request.
7. Review responses to questions prepared by the OCIO Budget Formulation Lead resulting from review of the IT budget by the DEDOs, Chairman, or Commission.
8. Incorporate CIO feedback regarding potential impacts of any IT-related budgetary adjustments by the DEDOs, Chairman, or Commission.
9. Affirm that data included in the NRC's overall Performance Budget Submission to OMB, is consistent with the budget request approved by the Commission.
10. Provide affirmation of the following in the agency's budget justification materials:
 - The CIO reviewed and approved the major IT investment portion of the budget request.
 - The CIO had a significant role in reviewing planned IT support for major program objectives and significant increases and decreases in IT resources.
 - The Agency IT Portfolio Summary (formerly the Exhibit 53) includes appropriate estimates of all IT resources included in the budget request.

Responsibilities of Each IPEC Member

1. Ensure that their office's ITB member partners effectively with the OCIO IT Budget Team to identify and articulate their IT resource needs during the annual budget formulation process.
2. Receive pre-briefings from their office's ITB member regarding the status of the recommended budget request.
3. Participate in the IPEC review of the prioritized IT portfolio and budget request recommended by the ITB.
4. Provide feedback and endorsement to the CIO and CFO regarding the IT portfolio and budget request, Lower-Priority List, and Major Unfunded List to be included in the budget submitted to the DEDOs leading to the agency's overall Performance Budget submission to OMB.
5. Through their ITB member, keep informed of any changes to their IT budget request made by the DEDOs, Chairman, Commission, or OMB, and provide feedback as needed to the OCIO IT Budget Formulation Lead, CIO, and CFO regarding the potential impacts of those changes.



IT Budget Execution Guidance.

Overview

The Federal Information Technology Acquisition Reform Act (FITARA) was enacted on December 19, 2014. To assist agencies in implementing FITARA, the OMB issued Memorandum M-15-14, "Management and Oversight of Federal Information Technology," on June 10, 2015. Attached to the memorandum was the "Common Baseline for IT Management" (commonly referred to as the Common Baseline), which provided guidance on the roles and responsibilities of the agency CIO and other senior agency officials for the management of IT. The memorandum directed each covered agency to conduct a self-assessment to identify current conformity with the Common Baseline and develop a plan for any areas in need of improvement to ensure that all Common Baseline responsibilities were implemented by December 31, 2015.

As a result, the NRC performed the following actions to improve in the area of IT acquisition and budget execution:

- refined and implemented the process by which the CIO approves execution year change requests
- assigned a cost center to each IT component to track contract costs associated with IT investments
- assigned a cost activity code to each IT component to track full-time equivalent costs associated with IT investments
- implemented guidance to report planned expenditures for IT and resources at the contract and task order level to facilitate analysis and report results to the CIO, CFO, and IPEC
- implemented a process by which the CIO approves all new IT acquisitions

Goal

The NRC shall monitor IT resources during the year of execution to ensure that these funds are being used as planned in the budget formulation process and that intra-year changes are identified, approved, and monitored by the CIO.

Objectives

The IT Budget Team monitors IT spending throughout the year of execution using reports provided by the OCFO, in order to achieve the following objectives:

1. IT funds are allocated and executed efficiently during the year of execution.
2. IT funds are allocated and obligated during the year of execution as planned during the IT budget formulation process.
3. Changes in the status of the IT portfolio during the year of execution are transparent and approved by the CIO, as appropriate.



Responsibilities

Responsibilities of the CIO

1. Assume overall responsibility for ensuring that available IT funding is directed to the agency's highest-priority activities based on decisions made during the budget formulation process.
2. As co-chair of the IPEC, review and approve/deny re-allocations or emergent IT needs submitted to, reviewed, and referred by the IT Budget Team after careful consideration of the following factors:
 - a. mission or business impact of the change
 - b. existing funding available to meet the emergent need
 - c. differences between funding levels approved during the budget formulation process and new funding levels after funds are re-allocated
3. As co-chair of the IPEC, review, prioritize, and approve/deny any requests for IT needs to be included on the NRC's shortfall list for approval by the Commission.
4. As co-chair of the IPEC, review a quarterly analysis of the total IT portfolio prepared by the IT Budget Team, and provide direction and corrective actions, as needed. Consistent with the IT Resource Review Policy, this analysis includes:
 - a. review of contract/task order-level forward funding against office projected spend plans to ensure that funds are allocated efficiently and transparently
 - b. review of differences between budgeted and allocated/obligated funds and/or planned spending to ensure that funds are allocated in accordance with the purpose for which they were budgeted
5. Review and approve/deny new IT acquisitions.
6. As a member of the Strategic Sourcing Group (SSG), provide oversight to ensure that all procurements valued at \$1 million and above meet agency and programmatic priorities, and that the documentation adequately supports the proposed procurement strategy.
7. Review all IT-related cost estimates and ensure that all acquisition strategies and plans that include IT apply adequate incremental development principles.

Responsibilities of the CFO

1. As co-chair of the IPEC, review, prioritize, and approve/deny re-allocations or emergent IT needs referred by the IT Budget Team, as well as any IT needs to be included on the NRC's shortfall list for approval by the Commission.
2. As co-chair of the IPEC, review a quarterly analysis of the total IT portfolio prepared by the IT Budget Team, and provide direction and corrective actions, as needed. Consistent with the IT Resource Review Policy, this analysis includes:
 - a. review of contract/task order-level forward funding against office projected spend plans to ensure that funds are allocated efficiently and transparently



- b. review of differences between budgeted and allocated/obligated funds and/or planned spending to ensure that funds are allocated in accordance with the purpose for which they were budgeted
3. Provide financial reports and subject matter expertise to the OCIO IT Budget Team to facilitate tracking and monitoring of planned IT expenditures and emergent needs.

Responsibilities of the CAO

1. In addition to the responsibilities of being a member of the IPEC, ensure that contract actions that include IT are consistent with CIO- and SSG-approved acquisition strategies and plans.
2. Ensure that the CIO is informed of all new planned acquisitions that include IT, and obtain CIO approval.

Responsibilities of Each IPEC Member

1. Approve/deny requests from their office staff for re-allocations or emergent needs impacting their IT investments.
2. Ensure that their office staff maintain IT spend plans in an accurate and timely manner.
3. Receive regular updates from their ITB member regarding the status of execution year budgets and actual spending.
4. Ensure that their office's ITB member partners effectively with the OCIO IT Budget Team to resolve questions/issues relating to their IT investments with respect to the following considerations:
 - a. mission or business impact of a change
 - b. assessment of excess funding potentially available to meet emergent needs during the year of execution
 - c. differences between the formulated budget and actual spending in the year of execution
5. Review a quarterly analysis of the total IT portfolio prepared by the IT Budget Team, and provide direction and corrective actions, as needed. Consistent with the IT Resource Review Policy, this analysis includes:
 - a. review of contract/task order-level forward funding against office projected spend plans to ensure that funds are allocated efficiently and transparently
 - b. review of differences between budgeted and allocated/obligated funds and/or planned spending to ensure that funds are allocated in accordance with the purpose for which they were budgeted