



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

**OFFICE OF THE
INSPECTOR GENERAL**

January 20, 2015

MEMORANDUM TO: Maureen E. Wylie
Chief Financial Officer

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

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

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
DECEMBER 24, 2014

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations 1 through 8 as discussed in the agency's response dated December 24, 2014. Based on this response, recommendations 4 and 5 are closed. Recommendations 1, 3, and 8 remain in resolved status. Recommendations 2, 6, and 7 were previously closed. Please provide an updated status on the resolved recommendations by August 31, 2015.

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

Attachment: As stated

cc: M. Galloway, OEDO
K. Brock, OEDO
H. Rasouli, OEDO
J. Arildsen, OEDO
S. Hudson, OCFO
EDO_ACS Distribution
RidsOCFOMailCenter

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AUDIT OF NRC'S BUDGET EXECUTION PROCESS

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Status of Recommendations

Recommendation 1: Complete implementation of NRC's Planning, Budgeting, and Performance Management process.

Agency Response Dated
December 24, 2014: **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 Office of the Executive Director for Operations and the OCFO are replacing MD 4.7 with four separate MDs: strategic planning process, budget formulation, performance management, and budget execution. This approach 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: 2nd Quarter Fiscal Year (FY) 2016

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when the agency completes implementation of NRC's Planning, Budgeting, and Performance Management process through the replacement of Management Directive and Handbook 4.7.

Status: Resolved.

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Status of Recommendations

Recommendation 3: Enforce the use of correct budget object codes.

Agency Response Dated
December 24, 2014: **Status:** Ongoing

OCFO developed a procedure for ensuring the proper usage of BOCs. This procedure identified four focus review areas of possible misuse of BOC. A BOC Validation Report was developed to identify FY 2014 fiscal year unliquidated obligations by office and BOC error types.

OCFO started the review in the 4th quarter of 11 months of FY 2014 data. Analysis has been completed for Focus Areas 1 and 2 in the procedure ("Obligation directly to a major object class" and "Incorrect combination of DOE transaction codes and DOE object classes") and this review identified 78 instances of incorrect BOC usage. Based on the review results, OCFO has updated the BOC Ensuring Proper Usage Procedure. OCFO will fix identified errors and is reviewing FY 2014 data against Focus Areas 3 and 4.

OCFO plans to implement quarterly reviews in FY 2015. The annual BOC guide issued by OCFO will summarize major findings and lessons' learned to strengthen the internal control over BOC usage.

Target Completion Date: 2nd Quarter FY 2015

OIG Analysis: The proposed corrective action partially addresses the intent of OIG's recommendation. This recommendation will be closed when OIG sees evidence of completed reviews of the accuracy and consistent use of budget object codes.

Status: Resolved.

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Status of Recommendations

Recommendation 4: Develop a process to define training needs and measure the effectiveness of agency training provided on FAIMIS reporting functions, features, and capabilities.

Agency Response Dated
December 24, 2014:

Status: Completed

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.

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Status of Recommendations

Recommendation 4 (cont.):

- 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

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Status of Recommendations

Recommendation 4 (cont.):

will be analyzed and action items determined by the end of 2014.

The FAIMIS RWG provided a response to OIG to close out this recommendation in November 2014. The document is available on the FAIMIS SharePoint site at http://fusion.nrc.gov/ocfo/team/ocfo_admin/DOC/FSB/faimis/support/Project%20Management%20Documents/OIG%20Audit%20Docs/Interactive%20Reports%20Follow%20Up%20Response%20Updated%20Dec.docx

OIG indicated that the response is sufficient to close out the recommendation (e-mail chain available upon request).

OIG Analysis:

The response meets the intent of this recommendation. OIG reviewed the process and documentation provided by OCFO associated with FAIMIS reporting functions, features, and capabilities and found the process adequate to satisfy the recommendation. This recommendation is therefore considered closed.

Status:

Closed.

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Status of Recommendations

Recommendation 5: Provide training to agency staff on FAIMIS reporting functions, features, and capabilities.

Agency Response Dated
December 24, 2014: **Status:** Completed

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.

The document is available on the FAIMIS SharePoint site at http://fusion.nrc.gov/ocfo/team/ocfo_admin/DOC/FSB/faimis/support/Project%20Management%20Documents/OIG%20Audit%20Docs/Interactive%20Reports%20Follow%20Up%20Response%20Updated%20Dec.docx

OIG indicated that the response is sufficient to close out the recommendation (e-mail chain available upon request)[.]

OIG Analysis: The response meets the intent of this recommendation. OIG reviewed documentation provided by OCFO that provides evidence of courses offered and held related to FAIMIS reporting functions, features, and capabilities during fiscal year 2014, that are adequate to satisfy this recommendation. This recommendation is therefore considered closed.

Status: Closed.

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Status of Recommendations

Recommendation 8: Incorporate clarified guidance on position delegations for allowance holders in MD 4.2, which is currently under revision.

Agency Response Dated
December 24, 2014: **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. The CFO approved and signed off on the MD and Handbook in May 2014. The MD and Handbook are currently being reviewed and processed by the Office of ADM, Directives & Announcements Team. We anticipate the publication some time during the 3rd quarter of FY 2015.

Target Completion Date: 3rd Quarter FY 2015

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives the revised final MD 4.2 showing the clarified guidance on allowance holder delegations.

Status: Resolved.