

November 22, 2002

Mr. Paul L. Posner  
Managing Director, Federal Budget,  
Intergovernmental Relations, Strategic Issues  
United States General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Posner:

I would like to thank you for the opportunity to review and submit comments on the draft report, "MANAGING FOR RESULTS: Efforts to Strengthen the Link Between Resources and Results at the Nuclear Regulatory Commission" (GAO-03-258). We appreciate the time and effort that you and your staff have taken to review the agency's Planning, Budgeting, and Performance Management (PBPM) process and the methodology for incorporating performance in the budget process.

We do have several comments on areas in the report that we feel require further clarification. First, the draft report implies that the NRC's PBPM process is not as developed as we find it to be. The PBPM process has progressed much beyond a conceptual stage to the point where the full framework was developed and implementation has taken place. As we have gained experience over the years from implementing PBPM, we have made and will continue to make refinements to the tools and methodologies employed in this process. We recommend that the discussion of the PBPM process be clarified to reflect these comments.

Second, the report discusses one system that supports the PBPM process, our cost accounting system that was implemented at the beginning of FY 2002. While we agree that the cost accounting system produces important information to support the PBPM process and budget decisions, it is not the only agency system that provides meaningful information in support of PBPM. We recommend not singling out one system in this report.

Third, we are concerned about the numerous references to NRC's internal operating plan documents. As internal management tools used at the office and region level, our operating plans contain a level of detail on milestones and resources, most of which we treat as predecisional information. The report's emphasis on these working-level documents, as opposed to outcomes in the operational planning process, may result in readers failing to appropriately focus on the NRC's processes, and may lead to misperceptions and/or mischaracterization of operating plan documents.

Finally, the report mentions, in footnote 11, a conclusion from the lessons-learned task force work on Davis-Besse. Since the conclusion is presented out of context of the full report, it could be misleading and should be deleted. In addition, the focus of the draft report is on NRC performance and budget practices, not on Davis-Besse or any of the many other specific oversight programs and activities the NRC has undertaken. In fact, the body of the report

indicates that the GAO was not evaluating the effectiveness of NRC rulemaking, licensing, inspection, and oversight programs, nor were any plant-specific activities reviewed. The specific reference to the Davis-Besse task force work, or to any plant-specific activities, is not appropriate.

We appreciate GAO's recognition of the progress that we have made. The draft indicates that our practices are consistent in key respects with the framework for budget practices that GAO developed.

We will continue to work with your staff on other clarifying and editorial comments. Should you have any questions about this response, please contact Mr. Richard Rough of my staff at (301) 415-7540.

Sincerely,

(ORIGINAL SIGNED)

Jesse L. Funches  
Chief Financial Officer

cc: Dwayne Weigel, GAO  
Robert Yetvin, GAO

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