

PART I: CAPITAL ASSET PLAN AND BUSINESS CASE (All Assets)

Agency *U.S. Nuclear Regulatory Commission*
 Bureau *Office of Nuclear Material Safety and Safeguards*
 Account Title *Salaries and Expenses*
 Account Identification Code *31-0200-0-1-276*
 Program Activity *Nuclear Waste Safety*
 Name of Project *Contract Status Tracking System (COSTS) Replacement*
 Unique Project Identifier: *429-00-01—05-01-1015-00*
 (IT only)(See section 53)

Project Initiation Date **October, 2002**
 Project Planned Completion Date **September, 2003**
 This Project is: Initial Concept Planning Full Acquisition Steady State
 Mixed Life Cycle

Project/useful segment is funded: Incrementally Fully

Was this project approved by OMB for previous Year Budget Cycle? Yes No

Did the Executive/Investment Review Committee approve funding for this project this year? Yes No

Did the CFO review the cost goal? Yes No

Did the Procurement Executive review the acquisition strategy? Yes No

Is this investment included in your agency's annual performance plan or multiple agency annual performance plans? Yes No

Does the project support homeland security goals and objectives, i.e., 1) improve border and transportation security, 2) combat bio-terrorism, 3) enhance first responder programs; 4) improve information sharing to decrease response times for actions and improve the quality of decision making? Yes No

Is this project information technology? (See section 300.4 for definition) Yes No

For information technology projects only:

a. Is this Project a Financial Management System? (see section 53.3 for a definition) Yes No

If so, does this project address a FFMIA compliance area? Yes No

If yes, which compliance area?

b. Does this project implement electronic transactions or record keeping that is covered by the Government Paperwork Elimination Act (GPEA)? Yes No

If so, is it included in your GPEA plan (and does not yet provide an electronic option)? Yes No N/A

Does the project already provide an electronic option? Yes No N/A

c. Was a privacy impact assessment performed for this project? Yes No

d. Was this project reviewed as part of the FY 2002 Government Information Security Reform Act review process? Yes No

in accordance with the Freedom of Information Act, exemptions 5
 FOIA- 2003-241

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- d.1 If yes, were any weaknesses found? Yes ___ No ___ N/A
- d.2. Have the weaknesses been incorporated into the agency's corrective action plans? Yes ___ No ___ N/A
- e. Has this project been identified as a national critical operation or asset by a Project Matrix review or other agency determination? * Yes ___ No X
- e.1 If no, is this an agency mission critical or essential service, system, operation, or asset (such as those documented in the agency's COOP Plan), other than those identified above as national critical infrastructures? Yes ___ No X

* Preparations for NRC's Project Matrix Review are just underway. The Review will not be completed until the fourth Quarter FY 2003, at the earliest.

SUMMARY OF SPENDING FOR PROJECT STAGES
 (In Millions)
 (Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 and Earlier	PY 2002	CY 2003	BY 2004
Planning:				
Budgetary Resources			.050	
Outlays				
Acquisition :				
Budgetary Resources			.200	
Outlays				
Total, sum of stages:				
Budgetary Resources			.250	
Outlays				
Maintenance:				
Budgetary Resources				0.050
Outlays				
Total, All Stages:				
Budgetary Resources	0	0	0.250	0.050
Outlays				

I. Project Description

1. Provide a brief description of this project and its status through your capital planning and investment control (CPIC) or capital programming "control" review for the current cycle.

The COSTS replacement system is a System/Application project and is in the early conceptual/planning phase of the capital planning and investment control process. The COSTS replacement system will provide program managers with accurate, complete and timely information with which to manage financial resources in order to achieve program goals. The project will also provide a mechanism for reallocating resources to reflect external schedule changes and receipt of emergent work. In addition, the project will promote better control over financial resources and will facilitate cost accounting.

NRC's Office of Nuclear Material Safety and Safeguards (NMSS) currently has a small Microsoft Access database system that organizes both official accounting system data and leading indicator data from contractor reports (Monthly Letter Status Report). While the current system has proven the concept that access to this data can improve management decision making, the current system is not professionally written and has issues with usability, reliability, and accuracy.

The COSTS replacement system would replace the MS Access system with a more reliable system, preferably a COTS system or one from another government agency. The COSTS replacement system must integrate support for a broad range of contract financial management tasks. Specific required functions include the ability to manage, monitor, report on, and control (1) the activities of the technical assistance projects and vendors external to NRC, (2) travel and training budgets, (3) incentive award budget for non-SES staff and (4) reimbursable work agreements. The COSTS replacement system must provide the ability to handle Monthly Letter Status Report financial data as a leading indicator to support prompt well-advised decisions. Second, the COSTS replacement system must provide the ability to track the various funds sources (fee-based funds, general funds, high-level waste funds, Emergency Supplemental funds and reimbursable funds). Third, the COSTS replacement system must provide the ability to track the various funds types (contract support, travel, training, incentive award and reimbursable work). Fourth, the COSTS replacement system must provide the ability to sum funds sources and funds types, in order to provide intermediate subtotals and an office, grand total.

The COSTS replacement system is a System/Application project and is in the early conceptual/planning phase of the capital planning and investment control process. Per NRC Management Directive 2.2, IT Capital Planning and Investment Control, we received approval of the preliminary screening form on September 19, 2001 which permits us to begin the planning stage.

The COSTS replacement system will be implemented on NRC's headquarters Local Area Network, using NRC standard hardware and database management system software. No public access will be allowed.

2. What assumptions are made about this project and why?

We assume that the level of agency funding will remain essentially level, increasing the need for prudent management of technical assistance, travel, training and reimbursable agreement funds. Second, we assume that unanticipated work will continue to emerge during budget execution, and will require staff and management ability to prioritize available resources to ensure they are allocated to the most important efforts. Third, we assume that NRC will continue to be required by statute to recover its appropriated funds through assessment of fees to our licensees, making effective and efficient stewardship of these financial resources even more critical.

3. Provide any other supporting information derived from research, interviews, and other documentation.

NRC's Inspector General has identified administration of financial management as one of the agency's top management challenges. The report states "NRC must be a prudent steward of its fiscal resources through sound financial management. Sound financial management includes the production of timely, useful, and reliable financial information to support agency management; an effective cost-accounting system; well-developed strategic planning; and an integrated method for planning, budgeting, and assessing performance to better enable NRC to align programs with outcomes." The COSTS replacement system will provide program managers with accurate, complete and timely information with which to manage financial resources in order to achieve program goals. We will be conducting interviews with NMSS customers, as part of the requirements gathering process during the conceptual/planning phase. We will interview other NRC offices, and counterparts in other agencies, as part of market research, to identify similar systems which may fill NRC's requirements.

I.B. Justification (All Assets)

1. How does this investment support your agency's mission and strategic goals and objectives?

NRC's Strategic Goals	NRC Strategies	Supports	How Does Your Initiative Support this NRC Goal or Corporate Management Strategy?
1. Nuclear Reactor Safety: Prevent radiation-related deaths and illnesses, promote the common defense and security, and protect the environment in the use of civilian nuclear reactors.			▪
2. Nuclear Materials Safety: Prevent radiation-related deaths and illnesses, promote the common defense and security, and protect the environment in the use of source, byproduct, and special nuclear material for medical, academic, and industrial purposes	<i>We will continue to improve the regulatory framework to increase our effectiveness, efficiency and realism.</i>	X	▪ <i>The COSTS replacement system will integrate support for a broad range of contract financial management tasks to ensure the efficient and effective use of appropriated funds.</i>
3. Nuclear Waste Safety: Prevent adverse impacts from radioactive waste to the current and future public health and safety and the environment, and promote common defense and security	<i>We will continue to improve the regulatory framework to increase our effectiveness, efficiency and realism.</i>	X	▪ <i>The COSTS replacement system will integrate support for a broad range of contract financial management tasks to ensure the efficient and effective use of appropriated funds.</i>
4. International Nuclear Safety Support: Support U.S. interests in the safe and secure use of nuclear materials and in nuclear non-proliferation			▪
NRC Corporate Management Strategy 1: Employ innovative and sound business practices	<i>We will strengthen our financial systems and processes to ensure that our financial assets are adequately protected, consistent with risk, and that our financial information is better integrated with decision-making.</i>	X	▪ <i>The COSTS replacement system will integrate support for a broad range of contract financial management tasks to ensure the efficient and effective use of appropriated funds.</i>
NRC Corporate Management Strategy 2: Sustain a high-performing, diverse workforce.			▪
NRC Corporate Management Strategy 3: Provide proactive information management and information technology services.			▪
NRC Corporate Management Strategy 4: Communicate strategic change.			▪

2. How does it support the strategic goals from the President's Management Agenda?

Presidents Management Agenda (PMA)	Supports	How Does Your Initiative Support This PMA Item?
Human Capital		
Competitive Sourcing		
Financial Performance		
E-Government		
Budget and Performance Integration	X	<i>The project will provide program managers with accurate, complete and timely information with which to manage financial resources in order to achieve program goals. The project will also provide a mechanism for reallocating resources to reflect external schedule changes and receipt of emergent work. Lastly, the project will promote better control over financial resources and will facilitate cost accounting.</i>

3. Are there any alternative sources in the public or private sectors that could perform this function?
This information is not yet available, but it is our preference to use COTS products or products available from other government agencies. We will be conducting an analysis of alternative sources during Q3 of FY 2003.

4. If so, explain why your agency did not select one of these alternatives.
Not applicable, since the alternative analysis has not yet been done. This information will be done as part of the Planning stage in the SDLCMM.

5. Who are the customers for this project?
The NMSS customers are: [1] technical project managers responsible for managing the work performed under specific commercial contracts or interagency agreements, with another federal agency; [2] supervisors and managers of the technical project managers; [3] technical assistance project managers (contract specialists) responsible for negotiation, award, modification, administration, and close-out of the contract or interagency agreement; and [4] division and office management responsible for efficient and effective use of appropriated funds.

Our licensees are another important customer group who will benefit from our improved use of appropriated funds that are recovered from fees.

6. Who are the stakeholders of this project?
The stakeholders of the COSTS replacement system are the NMSS technical project managers who manage the contracts and interagency agreements, the technical assistance project managers (contract specialists) who negotiate and administer the contracts and interagency agreements, the supervisors and managers of the technical project managers and technical assistance project managers, and division and office management.

7. If this is a multi-agency initiative, identify the agencies and organizations affected by this initiative.
Not applicable, since this is not a multi-agency initiative.

8. How will this investment reduce costs or improve efficiencies?
The COSTS replacement system will be preceded by a business process improvement (BPI) of the NMSS headquarters contract financial management process. The BPI effort will result in recommendations to streamline the contract financial management process and eliminate redundant efforts, in order to improve efficiency and

effectiveness of NMSS contract management. The BPI effort will analyze all financial and operational activities necessary to accomplish the contract lifecycle, beginning with the identification of the need for contract support, and concluding with contract close-out. The streamlined process will then be implemented, and will be supported by the COSTS replacement system. The project will implement a system that will track the commitment and obligation of current year funds, and the expenditure of current and prior year funds against agency goals. The COSTS replacement system will provide improved decision making based on accurate, complete and timely financial information that will help optimize financial and program performance. The COSTS replacement system will also track the comparison of planned versus actual expenditures, to highlight contracts and interagency agreements requiring management attention due to under or over spending. In addition, the COSTS replacement system will identify 'problem' contracts where the technical work is not delivered according to the contractual agreement.

9. List all other assets that interface with this asset.
The COSTS replacement system may receive data from the Agency's Federal Financial System, and receive or supply data to the Agency's STARFIRE cost accounting system.

Have these assets been reengineered as part of this project? Yes___, No X.
The possible merits of reengineering these assets will be investigated during the NRC CPIC business case analysis in FY03.

I.C. Performance Goals and Measures (All Assets)

Fiscal Year	Strategic Goal(s) Supported	Existing Baseline	Planned Performance Improvement Goal	Actual Performance Improvement Results	Planned Performance Metric	Actual Performance Metric Results
2004	<p><i>Nuclear Materials Safety: Prevent radiation-related deaths and illnesses, promote the common defense and security, and protect the environment in the use of source, byproduct, and special nuclear material for medical, academic, and industrial purposes.</i></p> <p><i>Nuclear Waste Safety: Prevent adverse impacts from radioactive waste to the current and future public health and safety and the environment, and promote common defense and security.</i></p> <p><i>NRC Corporate Management Strategy 1: Employ innovative and sound business practices.</i></p>	<p><i>NMSS currently has forward funding that exceeds the NRC goal by one month.</i></p>	<p><i>Reduce the number of months of NMSS forward funding to be equal to or better than the NRC goal.</i></p>		<p><i>Track NMSS forward funding at the end of each month. Compare the NMSS level to the NRC goal for that month to ensure that the NMSS level is equal to or better than the NRC goal.</i></p>	

I.D. Program Management [All Assets]

1. Is there a program manager assigned to the project? If so, what is his/her name?
Pamela Easson, PMDA/NMSS (301-415-7082) is the program manager. Yes No
2. Is there a contracting officer assigned to the project? If so, what is his/her name?
Sharon Stewart, Chief, Contract Management Center I, DC/ADM (301-415-7314) is the contracting officer. Yes No
3. Is there an Integrated Project Team?
The IPT was formed in Q1 of FY2003 and is headed by Pamela Easson. Ms. Easson is responsible for planning, budgeting, procurement and lifecycle management. Yes No
- 3.A. If so, list the skill set represented.
The IPT team represents skills including Information Technology, Finance, Acquisition, and Programmatic Management.
4. Is there a sponsor/owner?
Melvyn Leach, Director NMSS/PMDA (301-415-7836) is the sponsor. Yes No

Part II: Additional Business Case Criteria for Information Technology**II. A. Enterprise Architecture**

Over the past several years NRC has developed various architectural components of an EA. These were primarily focused on the Technical Reference Model with some effort in documentation of the NRC's business lines. In the past year NRC recognized the need for an EA function and has just recently staffed the function. NRC has chosen the Federal Enterprise Architecture Framework (FEAF) to represent its EA and has begun mapping current artifacts into the FEAF to achieve a Current Architecture (the "as is" EA). This will be the baseline and reference point for assessment of the architecture drivers, which create the reasons for change and provide the requirements for the Target Architecture ("to be" EA).

Over the past several years there has been minimal change in the business lines and the data/applications that support them. The focus has been on cross cutting efforts to achieve a more efficient work force and for financial efficiency and control.

NRC has also begun mapping the agency's Enterprise Business Model to the Federal Enterprise Business Reference Model.

II.A.1 Business

- A. Is this project identified in your agency's enterprise architecture? If not, why?

No, the COSTS Replacement System is a new initiative and has not been specifically named in NRC's in-progress EA, although it is in compliance with the NRC EA, such as it is today. Even though this project is still in the conceptual stage, the NRC business need has been identified, a search for duplicative systems and alternatives is underway, and the project conforms to the NRC EA in its current state.

- B. Explain how this project conforms to your departmental (entire agency) enterprise architecture.

The COSTS Replacement System falls within the scope of NRC's evolving EA. As such, this system supports the performance of the business functions identified in the agency enterprise business model, documented in the NRC publication, "NRC Enterprise Model," provides the data required by NRC's "Support Delivery of Services" business area, specifically the planning and resource allocation line of business, and utilizes products and components that are aligned with NRC's current application and technology standards and future direction as specified in NRC's existing technology planning documents. Although the NRC's existing technology planning documents are being updated, the current documents identify some core technology needs. These core technology needs are in the process of being updated and expanded through an evolving organizational EA governance process that will ensure that all current and future technology needs are vetted by NRC business managers to validate links to NRC business drivers for the identified technologies. When fully functional, NRC's integrated EA and CPIC processes will enable NRC to apply the same sound risk management strategies to its IT investments that have long characterized NRC's core business operations. NRC has also provided the Federal Enterprise Business Reference Model (FEBRM) with high level business functions and subfunctions derived from the "NRC Enterprise Model." NRC is working to uncover additional internal cross-cutting initiatives and has begun to look at other-agency business processes and State business processes to identify potential areas for collaborative efforts.

- C. Identify the Lines of Business and Sub-Functions within the Federal Enterprise Architecture Business Reference Model that will be supported by this initiative.

The COSTS Replacement System acts in the "Support Delivery of Services" business area, specifically the Planning and Resource Allocation line of business. Within Planning and Resource Allocation line of business, the COSTS Replacement System supports the business functions "Project Planning" and "Budget Execution."

- D. Briefly describe how this initiative supports the identified Lines of Business and Sub-Functions of the Federal Business Architecture.

The COSTS Replacement System supports the Project Management sub-function by facilitating the planning and monitoring of project resources among programs and processes. By tracking projects and their milestones in appropriate strategic arenas, the COSTS Replacement System ensures that projects are effectively planned and implemented, accounting for scheduling and budgeting constraints. The COSTS Replacement System supports the Budget Execution sub-function by combining strategic arena data, milestones, and budgetary data involving day-to-day requisitions and obligations for agency expenditures. The COSTS Replacement System promotes the effective use of funds by facilitating the reprogramming of funds toward projects which are best aligned with the agency's priorities and, given schedule and external constraints, can most efficiently use available funds.

- E. Was this project approved through the EA Review committee at your agency?

Yes, the COSTS replacement system was approved, at the conceptual level, by the EA Review committee.

- F. What are the major process simplification/reengineering/design projects that are required as part of this initiative?

The Office of Nuclear Material Safety and Safeguards is undertaking a business process improvement review of its Contract Financial Management (CFM) process, commencing in September, 2002. This process will streamline the CFM process and finalize requirements for IT support.

- G. What are the major organization restructuring, training, and change management projects that are required?

The affected organizations are not large, but some restructuring of roles and responsibilities is likely. The office uses a structured methodology for business process improvement that requires that restructuring, training, and change management be explicitly addressed.

- H. What are the Agency lines of business involved in this project?

The COSTS Replacement System operates in the Planning and Resource Allocation line of business, the resources managed are used in the "permit issuing and control", "weapons control", and "pollution prevention and control" lines of business. The Office uses these resources to ENSURE the public health and safety through licensing, inspection, and environmental reviews for all activities regulated by the Nuclear Regulatory Commission (NRC), except operating power and all non-power reactors, and for the safeguards technical review of all licensing activities, including export/import of special nuclear material, excluding reactors.

- I. What are the implications for the agency business architecture?

The COSTS Replacement System is harmonized with the agency business architecture, utilizing the official sources of budgetary data, in a manner consistent with agency business practices.

II.A.2 Data**A. What types of data will be used in this project?**

The COSTS replacement system will utilize financial data on contracts, travel, training and reimbursable agreements, as well as contract deliverable and milestones.

B. Does the data needed for this project already exist at the Federal, State, or Local level? If so, what are your plans to gain access to that data?

The data currently exists within the agency, though not in a single system. The COSTS replacement system will make data from multiple systems available to decision makers.

B. Are there legal reasons why this data cannot be transferred? If so, what are they and did you address them in the barriers and risk sections above?

The data will be transferred from other systems in the agency. No new information collection is planned.

C. If this initiative processes spatial data, identify planned investments for spatial data and demonstrate how the agency ensures compliance with the Federal Geographic Data Committee standards required by OMB Circular A-16.

Not applicable. No spatial data will be used.

II.A.3 Application and Technology**A. Discuss this initiative/project in relationship to the application and technology layers of the EA. Include a discussion of hardware, applications, infrastructure, etc.**

The acquisition strategy for this project will prefer solutions which are compatible with the emerging EA for the agency. The COSTS Replacement System should run on hardware currently in the agency's infrastructure. We will carefully identify all applications and other IT services which the COSTS Replacement System will use or interface with and ensure that appropriate protocols are supported. The COSTS Replacement System will run on the existing agency headquarters local area network. No wide area telecommunications will be required. The COSTS replacement system team will work closely with the OCIO EA team to ensure that the COSTS system is developed in accordance with NRC's updated EA application and technology layers and migration plan.

A. Are all of the hardware, applications, and infrastructure requirements for this project included in the EA Technical Reference Model? If not, please explain.

COSTS is in the conceptual stage, so not all requirements have been identified at this time. Our acquisition strategy will require hardware, applications, and infrastructure already identified in the Technical Reference Model. As we refine the requirements, we will address any potential for collaboration and/or elimination of redundancy. We will seek to utilize OMB's Federal Enterprise Architecture (FEA) component solutions as they are made available and brought into alignment with NRC's agency enterprise architecture. Should an FEA component meet our requirements, we will require an acquisition strategy that will utilize proven FEA components aligned with our NRC enterprise architecture. We will perform a cost benefit risk analysis to determine the risks associated with our choices, and if applicable, address through the existing NRC Environment Change Control Process, the feasibility of quickly introducing new technologies into NRC's enterprise architecture, particularly any new FEA component technology that might better meet our needs. Those FEA components that can be integrated with our existing infrastructure will be represented in our NRC Technical Reference Model as they become available.

II. C. Government Paperwork Elimination Act (GPEA)

II.C.1 If this project supports electronic transactions or record-keeping that is covered by GPEA, briefly describe the transaction or record-keeping functions and how this investment relates to your agency's GPEA plan.

The COSTS replacement system provides for tracking and analysis of data that is collected for other systems. There are no transactions in this system. This system is not a record-keeping system. This investment is not related to the agency's GPEA plan.

II.C.2 What is the date of your GPEA plan?

The Agency's GPEA plan is dated August, 2002.

II.C.3 Identify any OMB Paperwork Reduction Act (PRA) control numbers from information collections that are tied to this investment.

There are no information collections tied to this investment.