

1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

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4 BRIEFING ON STATUS OF OCFO PROGRAMS,
5 PERFORMANCE, AND PLANS,

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7 ROCKVILLE, MARYLAND

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9 WEDNESDAY, FEBRUARY 23, 2005

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11 The Commission met in open session at 9:30 a.m., at the
12 Nuclear Regulatory Commission, One White Flint North, Rockville,
13 Maryland, the Honorable Nils Diaz, Chairman of the Commission,
14 presiding.

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16 COMMISSIONERS PRESENT:

17 NILS DIAZ Chairman of the Commission.

18 EDWARD MCGAFFIGAN Member of the Commission

19 JEFFREY S. MERRIFIELD Member of the Commission

20 GREGORY JACZKO Member of the Commission

21 PETER LYONS Member of the Commission

22 (This transcript was produced from electronic caption media and audio
23 and video media provided by the Nuclear Regulatory Commission.)
24

1 STAFF AND PRESENTERS:

2 JESSE L. FUNCHES, CFO

3 PETER J. RABIDEAU, DCFO

4 MARY S. GIVVINES, DIR., FINANCIAL MANAGEMENT DIVISION

5 TIMOTHY I. PULLIAM, DIR., FINANCIAL SERVICES DIVISION

6 LESLIE W. BARNETT, DIR., PLANNING, BUDGET, ANALYSIS

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P R O C E E D I N G S

1
2 CHAIRMAN DIAZ: Good morning. And welcome,
3 everybody, to the briefing by the CFO. We are going to find out how
4 much money we've got to spend and why we cannot spend it.

5 Of course, the purpose of this meeting is to ensure that
6 the Commission and interested stakeholders are updated on initiatives
7 and programs and accomplishments of the CFO, whose main
8 obligation is to keep us always in the black. That is a very important
9 thing.

10 Part of the job is keeping effective management controls
11 to maintain internal controls of both our finances and our accounting,
12 and then to provide effective management and coordination with the
13 other agency offices so that all these programs are actually properly
14 funded and proper controls are maintained.

15 We, of course, are interested in hearing how much you
16 have progressed from last year. We look forward to hearing where you
17 are going in this coming year and how we are going to continue to
18 strengthen our accountability and financial practices.

19 And with that, do my fellow Commissioners have any
20 comments.

21 COMMISSIONER MERRIFIELD: Mr. Chairman, the only
22 thing I would note before we start. We talk a lot here at the agency
23 about the importance of succession planning. And I think I will give a
24 credit to our CFO for bringing with him three good pieces of evidence
25 that he has accomplished a lot in succession planning his organization.

26
27 CHAIRMAN DIAZ: Thank you, Commissioner Merrifield.
28 With that, Mr. Funches.

29 MR. FUNCHES: Good morning, Chairman,
30 Commissioners. We appreciate the opportunity to be able to brief you
31 today on the OCFO programs and activities.

32 At the table with me today are the senior managers of the
33 office. To my left is Peter Rabideau, Deputy Chief Financial Officer.
34 To his left is Mary Givvines, who is the Director of the Division of
35 Financial Management.

36 Mary is a new senior executive, she's been with us as a
37 senior executive since around the beginning of January. Prior to that,
38 she worked within the office. So we are pleased to have her as a
39 member of the senior management team.

40 To my right is Timothy Pulliam. Tim is the Director of the
41 Division of Financial Services. And to his right is Leslie Barnett, the
42 Director of the Division of Planning, Budget and Analysis.

43 If you could go to chart 2, please.

1 Our briefing today will include a discussion of our goals,
2 our strategies and the major initiatives that we have in place to achieve
3 the goals that we have set.

4 We will also summarize our major accomplishments
5 during the past year and discuss the challenges that we see for the
6 future.

7 Prior to getting into the briefing, I would like to highlight
8 one area that we continue to work on and continues to be an office
9 priority. That is the area of human capital.

10 We continue to work to improve the OCFO work
11 environment, that includes the findings from the OIG's culture survey.
12 While I believe we have made progress and continue to make
13 progress, there are still activities and improvements that we would like
14 to make to put the organization where we think we need to be.

15 In that regard, we have a consultant that is working with
16 us. We worked with him over the past year. And we had a
17 management meeting in December.

18 What we concluded at that meeting was that we should
19 continue the efforts that we have in the areas of communication and
20 improving communications at all levels, training, development,
21 workload planning and team building.

22 In addition, we concluded that to really move forward and
23 continue to move forward, we would make team building a higher
24 priority. And not only include people at the team level, but include all
25 management, including myself and Pete, across the organization.

26 So that is going to be a focus for us during the coming
27 year. We expect to have that kicked off in March of this year. So it will
28 be a major priority for the office going forward.

29 With that, I would like to turn it over to Pete and ask him
30 to talk about our goals going forward.

31 MR. RABIDEAU: Good morning.

32 Slide three, please.

33 We have established four goals for the Office of the Chief
34 Financial Officer. Our first and most important goal is to maintain a
35 diverse and high quality staff.

36 Our management team is focused on emphasizing the
37 importance of our people and their views to both the CFO and the
38 NRC. We are also emphasizing communication, information sharing,
39 staff development and performance expectations.

40 Our second goal is to protect agency financial assets
41 consistent with risk. Our strategies that we are employing in pursuing
42 this goal are to focus our assessment of internal controls on high risk
43 areas and to use improved information technology to reduce risks and

1 to reduce costs.

2 Our third goal is to better integrate financial and
3 performance information into decision-making. This goal's strategies
4 focus primarily on improving the agency's planning, budgeting and
5 performance management process, including better integrating of
6 program results into the planning and budgeting process, and providing
7 accurate, timely and more useful financial information to agency
8 managers.

9 Our fourth goal is to provide high quality financial
10 services. Our strategies that we are using are to employ information
11 technology to improve the delivery of services and to reduce costs and
12 to use cost-effective ways to increase customer satisfaction.

13 At this point in the presentation Ms. Givvines, Mr. Pulliam
14 and Mr. Barnett will summarize our successes and our challenges and
15 our initiatives toward meeting these goals.

16 MS. GIVVINES: Good morning.

17 Slide four, please.

18 I am going to start with our five key accomplishments in
19 the area of financial management. First, we received a clean opinion
20 on our '04 financial statements. On our report of effectiveness on
21 internal controls, we were cited with one material weakness, which I will
22 cover a little later, and two reportable conditions.

23 We did have to restate our 2003 financial statements
24 because of a billing error that was discovered subsequent to submitting
25 the statements.

26 The statements or the opinion which changed from an
27 unqualified to qualified opinion, we were not able to completely provide
28 the evidence that they were looking for for the completeness of our
29 accounts receivable.

30 Our second major accomplishment is meeting the
31 accelerated performance and accountability report referred to as the
32 PAR. You may know that this year we were asked to complete it by
33 November 15th, which is five weeks ahead of last year's schedule. We
34 did complete it timely.

35 We were also selected as one of ten agencies last year to
36 receive the association of Government accounts certificate for our
37 excellence in that accountability report. This was the report for 2003
38 that we submitted in 2004.

39 Next, we did meet all our financial reporting requirements.
40 There are a number of monthly, quarterly and annual reports that we
41 submit to Office of Management and Budget and Treasury. We
42 completed those accurately, on time and in some cases ahead of
43 schedule. And I think that validates the integrity of managing our

1 assets, liabilities and budgetary resources.

2 Next, we move to meeting our fee collection
3 requirements. There were a number of items that took place that made
4 us a success in this area.

5 First, our proposed fee rule and our final fee rule were
6 published ahead of last year's schedule.

7 Backup slide 1, please.

8 In 2004, we collected 100.4 percent of our billings. Our
9 goal is 100 percent. We collected 547.5 million.

10 We also updated our 1994 study that deals with the
11 fairness and equity issues. We issued 4,900 bills associated with the
12 reactor program and approximately 1,800 associated with license and
13 inspection activities.

14 Backup slide 2, please.

15 And finally, as far as accomplishments, we continue to
16 keep our debt collection or our delinquent debt low. It was at an all
17 time low last year, 50 percent lower than the year before. Our goal is
18 the keep it 1 percent under billings. We were actually less than
19 two-tenths of 1 percent under that billings. We believe this is due to
20 our aggressive debt collection strategies and we are proud of that.

21 Next, we will move to our key initiatives. We have five.
22 The first one has to do with the internal controls we spoke about in the
23 license fee area. This was the material weakness we received.

24 There were three specific deficiencies the auditor cited.
25 They said that we had inadequate acceptance testing for software
26 modifications, there was intensive manual processes and we lacked
27 comprehensive Q and A over our processes.

28 Now, we have already taken a number of steps to
29 hopefully resolve the material weakness. We believe we have an
30 aggressive schedule ahead of us. We have changed the entire testing
31 process to include acceptance testing and also some independent
32 testing. We are making sure that all the applicable interfaces are
33 tested as well.

34 We are taking steps to improve our reconciliation process
35 to make there is adequate manual audit trails. And also making sure
36 there is documentation to cover all our processes and procedures.

37 And finally, we are doing some detailed reviews of our
38 own and of our internal controls of all the processes to make sure that
39 the controls in place for all the processes dealing with fee billing are
40 adequate.

41 Our long-term solution is to replace the fee billing system.
42 Now, that gets to us the next initiative, which is to replace our current
43 fee billing system.

1 The fee billing system that we have today is actually
2 comprised of multiple systems with multiple interfaces. There is lots of
3 platforms. It's very manual intensive, requires a lot to maintain. And
4 we think that we need to better protect our assets with a newer system.
5 We have begun this project. It is going to be in two phases. We
6 believe this project will help streamline the fee billing process, give us a
7 little more flexibility when it comes time to make changes, and help us
8 remain compatible with the IT infrastructure and just overall improve
9 our integrity of our data and our controls in our system.

10 The first phase will be completed in January of 2006.
11 That will be basically all the requirements -- we would have gathered all
12 the requirements at that point and also put what they call the CPIC
13 together, the capital project and investment control.

14 The second phase, which would be to implement
15 whatever alternative we decide on, and that would be by the end of
16 2007.

17 Next we have -- we would like to reach closure on the
18 possibility of revising our current license fee method. We believe that
19 the method that we have today -- we need to reduce the administrative
20 burden on our internal staff. We would also like to make it transparent
21 to the external licensees. And we also need to respond to an IG
22 recommendation that deals with using cost data to better refine our
23 hourly rates.

24 We do have a pilot fee model that we put in place in 2004
25 or that we produced. We are looking at that closely and analyzing the
26 data. And we hope to make a decision this fall of whether we want to
27 proceed and change to a new method.

28 COMMISSIONER MERRIFIELD: Mr. Chairman, can I ask
29 a question to clarify?

30 On the license fee billing system, is it your intention
31 and/or expectation that that will be a commercial office system that you
32 will be obtaining?

33 MS. GIVVINES: My understanding is yes, it will be.

34 Next item is meeting internal control requirements. OMB
35 Circular A-123 entitled "Management Responsibility Over Internal
36 Control" was significantly revised this past year, December 2004. This
37 circular provides our internal control standards for the government, and
38 it discusses how agencies need to put effective controls or assess the
39 controls they have in place.

40 There is added emphasis on internal controls,
41 documenting those internal controls and also, assessing how to go
42 about making sure you have effective internal controls. This is a result
43 of the Sarbanes-Oxley Act that was passed or created after the Enron

1 scandals. We are still accessing the impact this is going to have on our
2 agency.

3 We this is effective in the fiscal year 2006. We have
4 already started or are planning to do internal control reviews for the
5 financial side of the house this year.

6 We are working on a plan for next year and will determine
7 how that is going to affect the agency.

8 We believe that this is going to place considerable
9 resources in order to both plan, conduct and do any follow-up reviews
10 or actions that are necessary.

11 And finally, our last initiative is to clarify the purpose and
12 use of cost information. We have come a long way with our cost
13 accounting system. We actually eliminated a material weakness in
14 2003 and a reportable condition in 2004. And we feel like it is much
15 more efficient and that the integrity of the data has improved.

16 We are at the point now where we need to continue to
17 determine the uses of cost information. And we will work with offices to
18 support their needs.

19 The primary use right now is we use the cost data to
20 support our financial statements. That's required.

21 That concludes my portion. I'll turn it on over to Tim.

22 MR. PULLIAM: Thank you, Mary.

23 Good morning, Mr. Chairman and Commissioners.

24 It is my pleasure to present the Division of Financial
25 Services' key accomplishments and update you on our initiatives for
26 this year.

27 The Division of Financial Services continues to provide
28 the services required for the NRC's community to effectively do their
29 jobs. We realize that our job impacts inspectors, regional and
30 headquarters staff to help regulate and carry out their mission for the
31 agency. That's why we take pride in providing the best customer
32 service we can in the area of financial services.

33 In the area of travel, we provide policy and regulation and
34 guidance, process electronic tickets, assist in airline reservations,
35 obtain passports and visas and provide training to our staff in travel and
36 in charge card regulations.

37 We manage relocation services, providing guidance
38 related to all change of station moves and obtain movers. In FY '04,
39 we provided relocation services for 155 members of the staff, and also
40 provided a guaranteed home sale program.

41 We authorize and certify funds for travel and maintain the
42 funds from some of the smaller offices.

43 The division also conducts time and attendance reviews,

1 trains timekeepers and labor coordinators, and most importantly to
2 most of us is the overseeing of the pay cycle every two weeks.

3 Backup slide number 3, please.

4 Another vital role we play is payment services. Our
5 services include payments of staff, vendor and other government
6 agencies, accurately and timely.

7 In FY 2004, we made approximately 30,000 payments in
8 staff travel, commercial and interagency payments with an error rate of
9 less than one percent.

10 Chart six, please. Slide six.

11 We also managed payroll services and made
12 approximately, 81,000 payments for NRC salaries and awards.

13 In the area of E-travel. As you know, E-travel is the
14 government-wide initiative with the goal of providing government-wide,
15 web-based services that apply world class travel management
16 practices to consolidate federal travel.

17 Over the past year with input from our travel review group,
18 which is made up of the majority of the offices, we interviewed all
19 E-travel providers and selected Carson Wagonlit Government Travel.

20 I also would like to stress that we could not have made
21 the timely deadlines that GSA put upon us without the help of the
22 Office of Information Services and the Division of Contracts.

23 Next slide, please.

24 We have two initiatives for this year. The first initiative is
25 to implement E-travel. We are required to fully implement E-travel by
26 October 1, 2006. So over the next year and a half is extremely
27 important -- the next year and a half will be extremely important for the
28 successful implementation.

29 Over the next few months, we will be working with GSA,
30 the E-travel sponsor, Carlson Wagonlit, and DOI national business
31 center in setting up a full implementation schedule.

32 NRC has combined with 15 other small agencies to have
33 DOI cross service this effort. DOI will also cross service our E-travel
34 into our accounting system of the federal financial systems. This
35 should minimize expenses for the interfaces.

36 As we move forward, the NRC family will continue to play
37 a vital role in this successful implementation. We will continue to work
38 with the travel review group and anticipate starting pilots later in 2005.

39 Our second initiative is to determine a long-term solution
40 for collecting time and labor. Over the past year, we have reviewed
41 over 20 time and labor systems and our currently in the final stages of
42 evaluating how best to proceed with meeting our system requirements.

43 We anticipate deciding on our course of action sometime

1 in March or April of this year. If we decide a transition to a new system,
2 conversion will be during FY '06.

3 Thank you for your time. And I would like to pass the
4 briefing over to Mr. Leslie Barnett, Director of Division of Planning,
5 Budget and Analysis.

6 COMMISSIONER MERRIFIELD: Mr. Chairman, the
7 same question I directed to Ms. Givvines, I direct to Mr. Pulliam. Is that
8 a COTS, commercial off-the-shelf system, that we will be seeking to
9 implement for time and labor?

10 MR. PULLIAM: Most of the systems are COTS. Some
11 are from other agencies. Some are from outside, commercial entities.
12 But all of them would have to have some type of a change to make
13 them meet our requirements.

14 MR. BARNETT: Thank you, Tim.

15 Good morning, Mr. Chairman and fellow Commissioners.

16
17 As the Director of the Division of Planning, Budget and
18 Analysis, it is my pleasure to cover the key accomplishments and
19 initiatives in the division.

20 Please turn to slide 8.

21 Key to the agency meeting its mission is obtaining the
22 required resources. I believe we have been effectively fulfilling this
23 important function.

24 Over the last five years, the agency's workload has
25 expanded significantly, resulting in increased resource needs.
26 Increased demands have manifested themselves in areas such as
27 homeland security, high-level waste and new reactor licensing.

28 More recently, the Defense Authorization Act placed new
29 requirements on the NRC in the oversight of DOE's
30 waste-incident-to-reprocessing.

31 During this period of increased demand, NRC budgets
32 have been supported by OMB on behalf of the President and the
33 Congress with minimal changes. The changes that have occurred
34 amounted to small rescissions throughout most federal agencies and
35 fact-of-life changes in high-level waste resources to reflect the delay in
36 expected submission of DOE's application.

37 Please turn to backup slide number 4.

38 This slide shows the trend of the NRC budget, which has
39 gone from \$559 million in fiscal year 2002 to \$702 million in fiscal year
40 2006, and displays the amounts in the general fund, nuclear waste fund
41 and offsetting fees.

42 MR. FUNCHES: I would like to make one point as it
43 relates to fiscal year 2006. 2006, if you look at the blue, it shows the

1 offset in fees. That represents the OMB's decision during the budget to
2 request that the fee legislation be extended to beyond 2005.

3 If legislation is not passed, then the fee recovery
4 requirement would revert back to 33 percent. So 2006 assumes that
5 there will be legislation that will be passed at the 90 percent level, if
6 nothing happens, will revert back to 33 percent. And we will continue to
7 work with the staff on the hill to make sure that they are aware of that
8 particular factor.

9 MR. BARNETT: Thank you, Jesse.

10 If we could just please turn to backup slide 5.

11 Just like we have shown dollars, this slide shows the
12 trend in full time equivalents, which have gone from a level of 2,865 in
13 fiscal year 2002 to 3,154 in fiscal year 2006.

14 We can return to slide number 8, please.

15 Continuing with the accomplishments, we have completed
16 an agency-wide effort to develop NRC's fiscal year 2004-2009 Strategic
17 Plan which was published in August of 2004.

18 The new Strategic Plan incorporates improvements such
19 as eliminating redundancies which previously existed in the previous
20 Strategic Plan, more streamlined and focused, incorporates a vision
21 statement, and reflects revisions in order to address a changing
22 environment. I think it has been a significant improvement.

23 We have met all requirements in budget execution and
24 have consistently stayed within the guidelines mandated in the
25 Anti-Deficiency Act, Budget Empowerment Act and Appropriations
26 Acts. We have successfully managed funding for the agency
27 without impacting essential agency activities during numerous
28 continuous resolutions over the past 18 months. This has been a
29 particularly difficult period for us and for the rest of the agency. And we
30 have had to keep close monitoring over the situation.

31 During this time frame, we effectively dealt with ten
32 continuing resolutions with our allowance holders, we processed 30
33 allotments and issued over 430 allowances to allowance holders,
34 ensuring funding of agency activities while maintaining effective
35 management controls.

36 We have monitored financial performance including the
37 issuance of the budget execution report which is issued quarterly to the
38 Commission and is made available to all financial managers.

39 In the budget execution area, I think we have furthered
40 and have made some improvements this year. By expanding the
41 coverage of the budget execution report to start reporting after
42 E-utilization, and also, we have issued threshold for reporting resource
43 reallocations to the Commission, and we have issued nuclear waste

1 fund policies and procedures for more effective controls over charges
2 to the Nuclear Waste Fund.

3 Please turn to backup slide number 6.

4 This slides shows the trend in carryover funds, which has
5 been slightly higher than in previous years. This is largely attributable
6 to the late receipt of our appropriations over the last several years.

7 Unliquidated carryover was 143 million, representing
8 approximately seven months of non-salary and benefit expenditures
9 compared to the goal of four.

10 Unobligated carryover did decline from previous year to
11 29.8 million, representing approximately 4 percent of the budget
12 compared to the goal of 5 percent.

13 Returning to slide 8.

14 We have worked closely with offices that have
15 implemented several actions to improve the effectiveness and
16 efficiency in the budget process, which have resulted in improved
17 communication and coordination with internal stakeholders, improving
18 planning and guidance, including earlier involvement of the staff and
19 the Commission in the budget process, and also system and data
20 improvements.

21 These improvements are demonstrating results. As one
22 example, we have provided the fiscal year 2007 key planning
23 assumptions, major program outputs and performance measures to the
24 Commission for decision one month earlier than last year.

25 NRC received OMB's top score "effective" on its program
26 assessment rating tool for the nuclear materials user licensing and
27 inspection program in the fiscal year 2006 President's budget. A lot of
28 that credit goes to the NMSS staff and the other contributing offices
29 along with CFO.

30 NRC has now completed PART assessments. All three
31 programs received a score of "effective" government-wide.

32 To put this achievement into perspective, a cumulative
33 total of 600 programs have been assessed by OMB's PART. Only 15
34 percent, including the three NRC programs I mentioned, received the
35 rating of "effective".

36 Finally, we substantially improved the 2004, 2005 edition
37 of the NRC Information Digest and we greatly appreciate the staff of
38 the Office of the Information Services working closely with OCFO and
39 contributing offices in making these improvements.

40 Please turn to slide 9.

41 I would like to briefly touch on the two initiatives within the
42 division.

43 First, we are working to replace the agency's budget

1 system and we are making good progress. The current system called
2 Controller Resource Database is over ten years old, based on outdated
3 technology and does not effectively support current needs.

4 OCFO is working with the Office of Information Services
5 and following the CPIC process, the business case has been
6 completed, requirements have been assessed, and yes, we would
7 expect, Commissioner Merrifield, that it would be a COTS product at
8 this point in time.

9 Acquisition of the system is expected in May and launch
10 is expected in January 2006 for using the 2008 budget formulation
11 cycle. OCFO expects the new system to continue improvements in the
12 efficiency of the budget process.

13 Our second initiative is to improve the documentation of
14 the planning, budgeting and performance management process.
15 Specifically, we are updating Management Directive 4.7 to better
16 document the PBPM process. This initiative will also address the
17 recent OIG budget formulation audit recommendations.

18 This concludes my part of the presentation. At this point,
19 I will return the presentation to Mr. Funches.

20 MR. FUNCHES: As you can see, we have made
21 accomplishments during the past year, but we still have challenge in
22 front of us. And I think we are all committed to the goals that we have
23 set.

24 Obviously, one thing you might have noticed is that we
25 have made the human capital goal our number one goal, and will
26 continue to focus on that as well as initiatives to improve the
27 effectiveness and efficiency of all of our financial management
28 activities.

29 With that, that concludes the formal presentation by
30 myself and the staff. We are prepared to answer your questions.

31 CHAIRMAN DIAZ: Thank you, Mr. Funches, and each
32 one of you. We appreciate your presentation.

33 Commissioner Lyons.

34 COMMISSIONER LYONS: Thank you, Mr. Chairman.

35 Jesse, let me start by congratulating you and your team
36 on those PART scores. Those are most impressive.

37 And let me also note that as I begin my service here, I
38 think the first document that was highlighted for me to pay a lot of
39 attention to is your Information Digest. I doubt there's a day that I have
40 been here that I have not looked up something in that Information
41 Digest. I found it extremely easy to use. And I really do appreciate it.

42 I can't comment on how it was improved from the past,
43 because I didn't see the past. I can only congratulate you on the

1 version that you have now.

2 MR. FUNCHES: Thank you.

3 COMMISSIONER LYONS: Perhaps a couple of
4 questions for Mary.

5 I was curious, what it means when the debt collection
6 goes over 100 percent? And I was also curious what it meant when we
7 talk about aggressive debt collection strategies?

8 I have to admit, I was conjuring up various words that
9 could fit that.

10 MS. GIVVINES: The first question is how –

11 CHAIRMAN DIAZ: You are very good.

12 [Laughter.]

13 MS. GIVVINES: The first question is how do we get to
14 the 100.4?

15 COMMISSIONER LYONS: Yes.

16 MS. GIVVINES: When we prepare our budget every
17 year, that's the basis that we use to develop the rates, both the annual
18 fees and the hourly rates.

19 So we do our best based on those resources or those
20 estimates to come up with what those rates should be.

21 So on occasion, we actually can go over 100 percent of
22 the budget.

23 MR. FUNCHES: Let me just add to what Mary said. The
24 Act itself basically says approximately 100 percent or approximately 90
25 percent in this case now. And the reason it was written that way as
26 approximate is to recognize the inherent inaccuracies, if you will, in
27 trying to estimate how much you are going to collect.

28 So we usually try to target a band around plus or minus 2
29 percent; around typically, we stay within that band. There have been
30 years where we have been slightly under also. But it is really the
31 inherent inability to make accurate estimates.

32 COMMISSIONER LYONS: Thank you for that
33 explanation.

34 COMMISSIONER MERRIFIELD: Isn't it also because
35 part of what we collect is based on fixed costs? We send a fee to our
36 utilities.

37 MR. FUNCHES: Right.

38 COMMISSIONER MERRIFIELD: But also, the fees that
39 are spent on inspection are not predictable. We may be responding to
40 something that occurs in a given year that may take a lot more
41 resources than were originally in the budget. And then we have to pass
42 those costs off to the licensees for inspection.

43 MR. RABIDEAU: Anything that is collected over 100

1 percent is carried over to the following year and is used to reduce
2 annual fees in that year.

3 COMMISSIONER LYONS: Thank you.

4 What about aggressive debt collection --

5 MS. GIVVINES: We have made some changes. First,
6 we put a senior staff person on the debt collection process.

7 We also used to send out three letters after 30 days, 60
8 days and 90 days. We now only send two letters and we do an awful
9 lot of making calls to make sure we hound our licensees to collect our
10 payments.

11 So we believe those efforts, having that extra resource on
12 there, changing it around from three to two has really made a
13 difference in the collection.

14 MR. FUNCHES: And we do issue orders. If people don't
15 pay, we will issue them orders to revoke their license if they don't pay
16 on time.

17 COMMISSIONER LYONS: But it is not like we're using a
18 debt collection agency or something like that?

19 MS. GIVVINES: Actually, after 180 days, if we have a
20 delinquent debt, we do turn it over to the Department of Treasury, who
21 does that part for us. So they are our debt collection agency in a
22 sense.

23 MR. FUNCHES: In fact, we are required to turn it over to
24 Treasury after 180 days. And they can also do offsets. They can do
25 offsets. They have a lot of authority to collect that.

26 COMMISSIONER LYONS: Commissioner Merrifield
27 asked the question that I most wanted to discuss and to emphasize, so
28 it's slightly passed now. But the emphasis on COTS, wherever
29 possible for software, is one that I would very strongly agree with.

30 And I think given the range of products that are out there,
31 I'm glad to hear that you are looking first at COTS opportunities as
32 opposed to doing things in-house. My compliments on that.

33 The only other question I had perhaps for Tim, and it may
34 be a little premature, but I was just curious on the E-travel system. If
35 we have any data on evaluation of that system and how it is going to
36 work or is it simply too early? Is that what we will be gathering in the
37 next year.

38 MR. PULLIAM: We have had them come in and before
39 we made a decision, we sat down at the computer and we went
40 through how the implementation would go and also how it would work.

41 If you're saying how would we implement or --

42 COMMISSIONER LYONS: Well, I was just curious if you
43 had any evaluative data as to whether it will be a simplification or an

1 improvement for the staff, will it be easier?

2 MR. PULLIAM: I think it will be easier because it will be
3 all on-line. It will also give the managers some more information when
4 they are approving orders, they will see the different types of flights that
5 are going out of the different airports within this area, so they will have
6 more choices and say, okay, this is not necessarily the cost effective
7 way for to us view travel or to send you out of this airport. We think you
8 should go out of this one instead.

9 So it will give the managers a more effective tool in
10 reviewing their travel budgets.

11 COMMISSIONER LYONS: I'll be interested as you get
12 more data on it.

13 MR. RABIDEAU: Also today one has to prepare
14 separately a travel authorization, a travel voucher. Both of those are
15 prepared separately.

16 Data from each of those are then keypunched into an
17 accounting system. And what you are going to look at in the future is
18 one entry of data once. It will be able to be reused by traveler. It will
19 be able to be reused by the CFO organization.

20 You are also talking about a large number of paper
21 records. We do, what, 19,000 trips a year. A large number of paper
22 records that will no longer have to be retained.

23 COMMISSIONER MERRIFIELD: Will that be carried over
24 into reimbursement paperwork as well?

25 After the travel, the individual member of the staff has
26 conducted their travel and they have to put in the paperwork to get
27 reimbursed, is that all going to follow through on that same system?

28 MR. RABIDEAU: Yes. But the one thing we are still
29 looking at are receipts and how best -- there is a limited number of
30 receipts that now have to be retained. And we are looking at how best
31 to do that, whether to do that electronically or a paper copy.

32 MR. FUNCHESS: But the voucher will be produced by the
33 system. So you do the authorization, put in where you are going. And
34 then when you come back, you do the voucher.

35 You would bring up that authorization, fill in the
36 information you need for the voucher, and it again will be processed
37 electronically across the system.

38 So you would not have to re-enter the trip date, time and
39 all that. You just bring that back up and just complete the necessary
40 information for payment.

41 COMMISSIONER LYONS: Just as a comment, the Senate
42 that I just left transitioned to a system very similar to what you are
43 describing, I assume part of the same government initiative about four

1 to six months ago. It was a vast improvement.

2 It was a very, very good system. So I wish you luck.

3 MR. FUNCHEs: They are web based, so that will help,
4 too.

5 COMMISSIONER LYONS: Thank you, Mr. Chairman.

6 CHAIRMAN DIAZ: Thank you, Commissioner Lyons. Of
7 course, we have been trying to put tight controls on our travel. We
8 hope this will help us achieve that.

9 First, I want to recognize that there have been so many
10 areas in which you have done so very well. I mean, that is an important
11 issue for the Commission that our financial business and our internal
12 controls are where they should be.

13 We noted that you got a clean report on '04 that certainly
14 indicated that you took the issues of the previous year seriously. And
15 we appreciated that. We look forward to keeping that where it is right
16 now. And so I'm sure you have work worked hard on this that.

17 Let me go back to some of the issues that you dealt with.
18 First, you talk about, you know, your diverse high quality staff. And like
19 Commissioner Merrifield said, we are very pleased you have taken a
20 series of initiatives.

21 We still would like to see when you get your hands
22 around the total issue some measures in how you have responded to
23 the IG concerns. I think that the date has passed and I'm sure you
24 have taken the appropriate actions. Sometime in the future when you
25 really have measures that you can say we have resolved the issue, I
26 think it will be important for the Commission to see that you did what
27 you believe needed to be done and that those issues are resolved.

28 There was a concern at a time. I'm sure you have taken
29 all the appropriate actions, but we want -- I would like to see what the
30 fundamental things are.

31 MR. FUNCHEs: We are continuing to work that issue.
32 The big thing we want to do in the coming year is to have some
33 facilitated expert come in to help us with team building. And we have a
34 person that the contract is almost final now and we are going to work
35 across the organization on that team building effort, myself, people at
36 the table and the other managers and staff within the room.

37 CHAIRMAN DIAZ: Okay.

38 Pete, you have stated that all the required monthly,
39 quarterly, annual reports to OMB and Treasury were submitted
40 accurately and on time. Have you received any feedback from OMB
41 and the Treasury on those or is there a feedback mechanism?

42 MR. RABIDEAU: We have. Everybody is going to sort of
43 like a red light score card nowadays. And Treasury has consistently

1 told us that our measures with them have been green.

2 And there is a new score card that's out, that OMB has
3 recently put out on some measures associated with government
4 agencies. That's still getting its legs so-to-speak. And some of the
5 issues there show up that we are red in a couple of areas.

6 And one is a function of, for example, how they make the
7 measurement. It is a percentage change. So if you go from zero on
8 clearing out old funds, prior months' funds, if you go from zero to a
9 number of 25,000, let's say, it shows up as 100 percent increase, which
10 is a red finding.

11 But if I go from a billion dollars from the prior month to
12 \$1.1 billion it shows me as being green.

13 So, since it's based on a percentage function, it gives --
14 show us as being red when, in fact, we are doing the job very well.

15 CHAIRMAN DIAZ: It is probably an engineer.

16 [Laughter.]

17 MR. FUNCHES: Divide by zero again, right.

18 MR. RABIDEAU: There are a couple of other measures
19 where we are showing up red. And I think that is a function more that
20 what has happened this year is that the score for the measurement
21 criteria has changed a little bit.

22 For example, on electronic payments. They have
23 changed what they count for electronic payments. And we are doing
24 that also, changing what we count.

25 As a result of that, we are not this year where we would
26 like to be. We would like to be at a higher percentage. And we are
27 working to get there.

28 CHAIRMAN DIAZ: Now, throughout the presentation,
29 there were a series of issues, internal controls, documentation, there
30 seems to me that I'm hearing that you have a large number for OCFO
31 of serious challenges using NRC auspices.

32 Are any of these challenges a problem? Or do you see
33 them as something that you have managed and will be able to resolve
34 them in the time and resources that is you have allocated?

35 MR. FUNCHES: I think we might have over emphasized
36 these. The near term internal control issue has to do with the fee
37 system. The rest of the accounting system, the payments, a couple of
38 minor issues in the payment area for improvement are not there.

39 But it is an important issue and one that we obviously
40 take very seriously. And as Mary mentioned, we have steps in the way
41 we believe that we can -- it is a solvable issue. We have actions
42 underway and planned that we think will eliminate those issues.

43 CHAIRMAN DIAZ: Jesse, that was one issue. I was

1 listening very attentively to all your presentations. They there keep
2 being a series of initiatives or challenges.

3 When you look at each one of them separately, you say,
4 yes, this is something. But looking at them, it seems to me that you do
5 have some series of challenges.

6 My point, since my time is expired, is that I think when you
7 can take each one of these challenges and put them in a manner that
8 the Commission can fully understand what issue you are addressing,
9 certainly, it will be appropriate for us to have that information.

10 In other words, each one of you have an area that you are
11 responsible for, each one of you have highlighted a series of issues.
12 And they were highlighted in broad terms, which is adequate for this
13 meeting.

14 But for us to be making serious decisions, I think they
15 should be put in a framework that we can understand what the issues
16 are, the time constraint, resources involved, how it is going to affect,
17 how is the connectivity with the other agency's offices. And I think we
18 look forward to receiving that.

19 And with that, Commissioner McGaffigan.

20 COMMISSIONER MC GAFFIGAN: Thank you, Mr.

21 Chairman.

22 Jesse mentioned something I want to emphasize. This is
23 a year in which Congress has to act on fees. The proposal that OMB
24 will make will be to make the 90 percent permanent so we don't have to
25 deal with it every five years. But this year we must deal with it.

26 I was talking to a senior Senate staffer yesterday and he
27 was not aware of that. And I regret that when Luis Reyes testified
28 before the House Committee that he didn't write in a paragraph about
29 that.

30 If they are going to do an Energy Bill, we told you guys to
31 track that everywhere you can think of. But it is a very important thing.
32 It is \$300 plus million in the General Fund if it is not enacted.

33 The last time that this happened, it was authorized under
34 an Appropriations Act, a fiscal year 2001 Appropriation Act.

35 But that is a very important thing. I mention it just
36 because we have to get it done this year.

37 Turning to another subject. The computer or the
38 appropriators from which Commissioner Jaczko came will be highly
39 motivated to get this done, if nobody else gets it done this year, since
40 300 million dollars does not grow on trees.

41 The computer initiatives, from my new colleagues -- when
42 I first got here, I was all hot to trot for COTS. And I'm absolutely for
43 commercial off the shelf software. I do warn you having been here a

1 long time now, the devil is in the details. And one of the presenters
2 said we will have to change some of these to meet our requirements.

3 What was the name of the financial mega system that you
4 pulled the plug on because it just absolutely went array?

5 MR. FUNCHES: We were trying to bring up a COTS
6 system.

7 COMMISSIONER MC GAFFIGAN: What was it called?

8 MR. FUNCHES: Starfire.

9 COMMISSIONER MC GAFFIGAN: You guys want to
10 learn the Starfire story. That was commercial off the shelf.

11 I commend Jesse. He pulled the plug when many
12 modules clearly were not going to be delivered.

13 A lot of these computer programs you heard talked about
14 today would have been solved by Starfire if Starfire had worked. We
15 now have to do it bit by bit.

16 But the devil is in the details as to how many changes we
17 have to make to meet our requirements, to meet our IT infrastructure
18 and match it up with it. And that's where the money goes. Just so you
19 know that.

20 I mention that -- but I for my new colleagues, I suggest
21 that -- it is actually a success story in some sense. We pulled the plug.
22 It was not going to work and we pulled the plug.

23 But it was a disaster in terms of what was delivered.

24 COMMISSIONER MERRIFIELD: You're not meaning to
25 leave the impression you are against COTS.

26 COMMISSIONER MC GAFFIGAN: No. I'm for COTS.
27 The fewer the changes we need to make to meet our requirements and
28 the more all these different systems are thought about -- I suspect
29 yesterday when Ms. Silber was talking to us about the 17 systems that
30 she has to re-certify this year -- 16, that a fair number of those are
31 these guys' systems. And the reason they are looking for change is
32 that they are going to have to do patch work in order to meet the
33 security requirements.

34 But, I think -- I don't know. I don't know what the answer
35 is. But I think it is more an OIS issue than a CFO issue.

36 But thinking about all these things in some strategic way,
37 we always hearing that people have ceased to support our computer
38 systems any longer. And that's built into the computer industry. They
39 will do it to you at home.

40 If you try to stay at Windows '98, it gets really hopeless
41 really fast, as I can attest. So they force you to XP. In four years, there
42 will be superstar or something and everybody will have to transition and
43 whatever.

1 COMMISSIONER MERRIFIELD: Since you are on this
2 topic, I'm supportive of COTS, too. I think we did have our problems
3 with Starfire.

4 Hopefully, now that time has passed, I think there has
5 been greater connectivity, to use the Chairman's word, in the industry
6 to try to have systems that make more sense.

7 I do want to point out if there are procedures that we have
8 that are making it less likely that we can adopt COTS software, we are
9 required to do additional tweaks to it to drive up the cost, drive up the
10 complexity, and drive up the likelihood of failure.

11 I mean, I think those are the kind of things that should be
12 brought to the Commission. If there are policy issues that we need to
13 change that would make it more welcoming to use the COTS software,
14 I think that's something you need to keep us aware of.

15 MR. FUNCHES: I fully agree with that. Sometimes you
16 do need to adjust policy, processes, procedures to fit the COTS as
17 opposed to modifying the COTS to try to fit the current processes and
18 procedures. And we are very mindful of that.

19 And we have a kind of a standing thing. We will make
20 sure we look at those issues.

21 COMMISSIONER MC GAFFIGAN: One last -- it's more
22 a comment than anything. I use this forum because I think it is the right
23 one.

24 Some outside groups, Riverkeeper comes to mind, claim
25 that because we get 90 percent of our fee budget from licensee fees,
26 where we are simply a tax collector, they claim that that somehow
27 influences policy here.

28 I just want to say publicly, we get our budget from the
29 Congress. Congress gives us an appropriation every year. They tell us
30 how much of it they want us to be a tax collector for.

31 You folks carry out the tax collection function or the fee
32 collection function. And it has no effect on policy whatsoever. And that
33 has been the case forever, and it will be the case going forward.

34 It's a total canard that somehow our tax collection function
35 influences our policy making function.

36 No need to respond to that. It is just fact.

37 CHAIRMAN DIAZ: Thank you, Commissioner
38 McGaffigan.

39 Oh, I'm sorry.

40 COMMISSIONER MERRIFIELD: A couple of quick
41 comments.

42 You know, I've spoken at length privately with you, Jesse,
43 about our electronic payment activity and the notion I think we can do

1 better. And you have told me that you are going to try to do better in
2 that regard. So I don't think we need no go over that one today.

3 I want to thank Commissioner Lyons for his comments
4 about the Information Digest. As Jesse will tell you, privately, I have
5 badgered him the entire time I have been a Commissioner to make
6 improvements in that document.

7 You like it, I think that is a -- well, we will talk about that
8 one later on.

9 We talked a little bit about the Inspector General's survey
10 of culture and climate. And I want to associate myself with the remarks
11 of the Chairman.

12 In terms of that effort on the part of the inspector general,
13 clearly, your office was one that really I think a lot of light was shined on
14 some gaps there. And I think it is very positive you are working on
15 team building, you are bringing in some consultants to help work on
16 that.

17 The proof of the pudding will be in the eating. And I think
18 I share the Chairman's hope and expectation that when that survey
19 happens again, that we will see significant improvement in the results.

20 The Inspector General recently issued an audit of the
21 budget formulation process. You didn't go into very much detail in your
22 presentation on that audit and how you are going to be responding to
23 that. I am wondering if you can talk a little bit more about some of the
24 recommendations made in that audit and how you will respond to
25 them?

26 MR. BARNETT: Commissioner, there are really four
27 recommendations that the IG audits has, three of them dealing with
28 basically updating management directives within OCFO to clarifying
29 coordination with the EDO, the roles and responsibility of CFO/
30 Executive Director of Operations in the budget formulation process.
31 That's the first.

32 The second is to document the decision-making process
33 and roles and responsibility of the PRC, Program Review Committee.

34 And the third is documenting the budget formulation
35 process to ensure logical comprehensive sequencing of events that
36 provide for obtaining early Commission direction approval.

37 We are in the process to responding back with specific
38 actions to the IG recommendations. And we are doing that.

39 But I did address -- we have a full initiative under my
40 division to basically deal with the documentation of the budget process.

41 Part of the budget formulation replacement system, we
42 had a contractor come in and document the process as is, looking at
43 that process with our stakeholders to see where there are efficiencies

1 and where there are logical sequencing steps that can take place.

2 So between that effort and the effort of 4.7, I believe we
3 would be able to address these recommendations.

4 MR. FUNCHES: A key thing in those documents that Les
5 mentioned is the management directives -- they exist today, but they
6 are dated. And what we will do is in responding to the
7 recommendation, address the recommendations and the findings that
8 the IG had there, working with the EDO's office to develop those
9 management directives. And we will use the standard coordination
10 process.

11 But our belief is that we take that management directive,
12 document the entire PBPM process as well, the steps as well as the
13 decision points and flow charts that we will address those
14 recommendations.

15 COMMISSIONER MERRIFIELD: Well, I think the issue of
16 the dialogue between the EDO's office and your office in budget
17 formulation I think is a good issue that the IG has brought out.

18 I know on your part, there has been an effort to have a
19 greater degree of connectiveness between your office and that of the
20 EDO.

21 There is obviously progress, as he points out, that still
22 needs to be made. Without going into detail, we are obviously in the
23 early parts of our budget formulation process for '07. And in terms of
24 the materials that were provided the Commission, I think a greater
25 degree of consistency in terms of level of information and the
26 assumptions made by individual offices needs to be harmonized.

27 We had some who really get down into detail and I think
28 provide the Commission a good level of understanding of those
29 assumptions and why we should support those. Some of the offices,
30 frankly -- and I mentioned those in particular to you -- are insufficient.

31 So I think that connectiveness would certainly help in
32 giving the Commission a better product for its deliberations.

33 The last one very quickly, there is a lot of measurements
34 that we are subject to. And more frequently, we are mentioned in the
35 Federal Digest. So there is more transparency, at least
36 government-wide, into some of those.

37 Do we have any correlation, any compilation of all these
38 measurements?

39 Because it seems to me as a Commissioner, either I read
40 in the trade press or I read in the information that you give us, here is
41 where we are being graded here, here is where we are being graded
42 here. Without some greater understanding in totality how, through your
43 efforts we are being graded as an agency, I don't have that right now.

1 Am I missing something?

2 MR. FUNCHES: Each set of measures tend to measure
3 a specific area. For example, GSA has a set of measures on travel
4 card and purchase card. And their emphasis is on, obviously, keeping
5 the delinquent debt on those cards low. That's what they measure.
6 We come out very well there. So their measure is to have a purpose
7 there.

8 We have some measures on the performance and
9 accountability report -- Mercatus report. And there are some different
10 ones. I think last year, we gave you some mention of those.

11 But they each have their own issue they are trying to
12 measure or area they are trying to focus on.

13 We look at them all and try to -- overall, I think most of the
14 ones we have are green. The ones we get from Treasury, which are
15 directly from Treasury in terms of getting information to them, feeding
16 into their centralized system are green.

17 The ones that we get on GSA, basically I think that they
18 use color green.

19 The ones we have, the three reds now are the only areas
20 I know we are red in would be in the new ones that were just created
21 kind of out of an effort from the CFO's Council. And we have those
22 three area that were red. I think there are nine others.

23 MR. RABIDEAU: There are eight total.

24 MR. FUNCHES: Eight. The other five are green.

25 Overall, I think our metrics would be green if you look at it.
26 They each tend to measure a different issue. But if you look at them in
27 total, I think overall we would be green from just looking at the
28 measures that are available.

29 COMMISSIONER MERRIFIELD: Thank you, Mr.
30 Chairman.

31 CHAIRMAN DIAZ: Thank you, Commissioner Merrifield.
32 Commissioner Jaczko.

33 COMMISSIONER JACZKO: Thank you, Mr. Chairman.

34 I do also want to congratulate you on your work on getting
35 the PART score and also on the wonderful Information Digest. I
36 often -- well, not often, but recently been reminded by the Chairman
37 that the honeymoon for Commissioner Lyons and myself is soon
38 coming to an end. At that point, I think I will be using the Information
39 Digest even more.

40 So I appreciate the good information there.

41 I did want to ask one question on this issue with the
42 homeland security activities and the request that was made this year to
43 OMB to have that taken outside of the fee collection system. As you
44 know, the Commission recently sent our legislative package to the

1 Congress or approved a package to the Congress that asked –

2 COMMISSIONER MC GAFFIGAN: We have not sent it
3 yet. We are still working with OMB.

4 COMMISSIONER JACZKO: We have approved a
5 package that includes a request to take those activities outside of the
6 fee schedule.

7 And I know this year that request was made to OMB to do
8 that at OMB's level and they rejected that.

9 Where are you -- in FY '07, do you intend to make that
10 request again or do you expect a similar response from OMB?

11 MR. FUNCHES: Let me give you a little bit of history on
12 homeland security. The first funds we had from homeland security we
13 got through a -- specific on homeland security we received from a
14 supplemental. And that was funded from the General Fund.

15 I think the next year, we had a request and OMB made a
16 request to the Congress to fund homeland security off the fee base the
17 following year.

18 COMMISSIONER JACZKO: I'm sorry. That year they
19 requested to do it outside the fee?

20 MR. FUNCHES: Yes. 2003. That was not approved by
21 Congress.

22 COMMISSIONER MC GAFFIGAN: So OMB has largely
23 taken its lead from the Congress the last couple of years.

24 MR. FUNCHES: Right. So what the Commission has
25 asked to us do is kind of re-look at what ought to be on a fee base,
26 what are the options. We did that last year. So we had an initiative last
27 year to take a re-look at it. I don't think it was mentioned, but we
28 completed that.

29 And what that laid out was the different options, the ten
30 percent, using the same rationale that the original ten percent was,
31 looking at also the issue that is caused by when you get to a very low
32 number of materials license, the national materials program issue, how
33 do you fund a core set of activities?

34 And then it also looked at homeland security as an issue.
35 And it came up with a range, I believe it was from 10 to 17 percent.
36 And that was put on the table for discussion with OMB this year.

37 And that's where we are now. That information is there.

38 What happens next year would be a policy call by the
39 Commission on how we go forward next year, depending -- and I would
40 assume it depends on what happens.

41 COMMISSIONER MC GAFFIGAN: All versions of the
42 Energy Bill have included the provision to take the non-inspection
43 security off the fee base. I hasten not to tell an appropriation's staffer

1 how they would react if both provisions were enacted, the permanent
2 extension of the 10 percent and the -- but I think their people know how
3 to write, provide that notwithstanding this year, we will collect more if
4 we need to in order to meet their appropriations target. That has
5 happened a few times.

6 I doubt that we will go to 15 percent all at once as a
7 practical matter.

8 COMMISSIONER JACZKO: About how much does it
9 amount to?

10 MR. FUNCHES: We are talking a little over \$600 million,
11 so another 5 percent, 30 million.

12 COMMISSIONER JACZKO: Thanks. Just one other
13 question.

14 On the new labor, time and labor management system,
15 time and labor systems, you talked about making a decision in March,
16 April of this year on a course of action and that the conversion would
17 start in FY 2006.

18 How long would it take to get that system implemented?

19 MR. FUNCHES: We are looking at two things. One is
20 whether we stay with the current system. Or can we find something
21 that is better - a COTS - that is better is cost effective to move from the
22 current system in this particular case.

23 And I think what Tim said was that if the decision is to go
24 to a new system, then we would begin implementation --

25 MR. PULLIAM: It would probably take us about two
26 years.

27 MR. FUNCHES: Because you want to test it real well. It
28 would touch almost all of the people. Then you would have to go
29 through the training and all that, because when we brought this one up,
30 before we used to do paper time and attendance and labor distribution.

31 And you have to train the people, you have to roll it out
32 gradually. And it just takes time. It's probably a year to get it up and --
33 a year to 18 months to get it up, and another six months just to kind of
34 roll it out to people.

35 COMMISSIONER JACZKO: The expectation would be
36 that this overall system provides cost savings and improved
37 efficiencies?

38 MR. FUNCHES: Right. That's what we are looking at.
39 Can we do it better? Can it be more effective for us? Can it be more
40 efficient for us? And that's the input to the decision that we have to
41 make on this particular one.

42 The one we are using now is a version of People Soft that
43 we had linked to the payroll system. But then the government decided

1 to go to three providers of payroll. And so, rather than upgrading the
2 payroll system to the next version, we then migrated to one of the six.
3 And we are still using the input to the system because there was no
4 input that would serve our needs at the time.

5 MR. RABIDEAU: It is also software that is no longer
6 supported.

7 MR. FUNCHES: The version we have.

8 COMMISSIONER MERRIFIELD: If I have not heard that
9 statement once, I must have heard it 50 times.

10 COMMISSIONER MC GAFFIGAN: There is some benefit
11 to having OIS and CFO go back to back.

12 COMMISSIONER JACZKO: Thank you.

13 CHAIRMAN DIAZ: Well, thank you, fellow
14 Commissioners. I think you are showing remarkable discipline in your
15 questioning. I just have the feeling that we didn't give you all of the
16 drilling that you deserve.

17 So, I think that we were left here with some need for
18 going further, some of the questions.

19 I think that, obviously, there is tremendous amount of
20 interest in these things. And we don't have the opportunity to get in
21 touch with you and your problems and your accomplishments
22 practically once a year, although we will have an opportunity to
23 challenge you during the budget process.

24 Seems to me like we need to make this meeting a little
25 longer, give you a little bit more time, and provide significant more time
26 for the Commissioners to question.

27 I think one of the things that I am seeing in this round this
28 year is that the staff -- and this is as I'm talking to common meetings --
29 needs to be a little more pointed in their answers. It's not talking about
30 specifically any of you. But this is what makes some of the questioning
31 so important is to get answers that are specific in short period of time.

32 We always have the opportunity to provide questions in
33 writing and also being sent back to the Commission as a whole.

34 Overall, I want to thank you for today. I think that we
35 know pretty much where you are. But we do expect to see you again
36 shortly and challenge you in some of these areas. And I think that
37 overall we have accomplished the objective of the meeting. We do
38 want to have an opportunity to interact a little more with you next time.

39 Unless my fellow Commissioners --

40 COMMISSIONER MERRIFIELD: Yes, Mr. Chairman, just
41 real briefly on that score, and I thought it was a good briefing, I too
42 would like some additional time.

43 I also think that perhaps next year, the backup slides and

1 information to the Commission could be at a higher level of detail. I
2 know some of the other offices have provided a lot more in terms of
3 backups, perhaps not slides that would go on the screen, but in terms
4 of background material for our reading to get us up to speed in more
5 detail about some of the programs that they are involved with, I think
6 that would be helpful.

7 My last question about sort of a compilation of all of these
8 ways in which we are being measured, Mr. Chairman. I would like to
9 discuss that as something we need to consider. We have a lot of
10 different data points.

11 As we know, even though each one of those surveys has
12 a different purpose, having them in some kind of a compilation to see
13 trending of where we are going on these important financial issues, I
14 think, is something we ought to think about.

15 CHAIRMAN DIAZ: I think so. And with that, we are
16 adjourned.

17 MR. FUNCHES: Thank you.
18 (Whereupon, the hearing was adjourned.)
19