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UNITED STATES NUCLEAR REGULATORY COMMISSION

BRIEFING ON NRC CORPORATE SUPPORT

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WEDNESDAY

April 15, 2009

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The Commission convened at 9:30 a.m., the Honorable Dale E. Klein, Chairman

presiding.

NUCLEAR REGULATORY COMMISSION

      DALE E. KLEIN, CHAIRMAN

      GREGORY B. JACZKO, COMMISSIONER

      PETER B. LYONS, COMMISSIONER

      KRISTINE L. SVINICKI, COMMISSIONER

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2   PANEL 1: NRC STAFF

3   WILLIAM BORCHARDT, Executive Director for Operations

4   DARREN ASH, Deputy Executive Director for Corporate

5   Management

6   JIM DYER, Chief Financial Officer

7   TIMOTHY HAGEN, Director, Office of Administration

8   THOMAS BOYCE, Director, Office of Information Services

9   PATRICK HOWARD, Director/Chief Information Security Officer,

10   Computer Security Office (CSO)

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1   P-R-O-C-E-E-D-I-N-G-S

2   CHAIRMAN KLEIN: Good morning. This is the day that we get to

3   look internal probably more than we look external, which we seem to do most of

4   our time. We're going to hear, obviously, about a process that we're always

5   concerned with; that's our financial status. We're also going to hear about our rent

6   and facilities management. We're also going to hear about our administrative

7   services and info technologies as well as information management. So, it should

8   be a busy day today.

9   Before we start we should at least make an acknowledgment that this might

10   be the last time that Tim sits on that side of the table and after 34 years it's a good

11   start. Tim, we thought that maybe you would reconsider and want to do another

12   34.

13   I'd like to, on behalf of the Commission, thank you for your service to the

14   agency. You've done a great job in an area that is challenging and I know since

15   I've been here I think almost every office has moved. And so, that's always a

16   challenge to do that and keep the systems running while that move is underway.

17   So, we look forward to hearing about all the activities of the administrative

18   area. Any comments before we start?

19   COMMISSIONER LYONS: I'd just like to add, Tim, I've really

20   appreciated the opportunity to work with you. I've appreciated what you've done

21   for the agency. You've had an immense range of challenges. So, thank you very,

22   very much.

23   CHAIRMAN KLEIN: Bill?

1   MR. BORCHARDT: Thank you, Chairman. I'd like to join your

2 comments about Tim, but the truth is he's leaving because we need the office

3 space.

4   [LAUGHTER]

5   COMMISSIONER JACZKO: Is his office that big?

6   MR. BORCHARDT: Yeah. Well, you should see it. It's a nice office.

7 He was in charge of space, so it's luxurious. Next slide, please.

8   This is the third in a series of Commission briefings talking about the staff

9 NRC activities. Of the three areas, this is clearly the one that impacts quality of life

10 for our work force. And as we've stressed before it's a very important aspect for

11 us to be able to hire and retain the highest quality staff in the Federal government,

12 so this is an area that's received a lot of attention over the years and I think we're

13 seeing some good success and some good progress.

14   On that vein I would like to just take this opportunity to reiterate our

15 encouragement to all the staff to participate in the upcoming OIG Safety Culture

16 and Climate Survey that will begin in early May.

17   As a result of the last survey, many of the things that you'll hear about today

18 and the positive results some of those ideas were born out of the feedback that we

19 got from the staff. So, we see it as a very important tool and we hope we get a

20 very high return rate on the survey so that we can have a well informed

21 perspective from the staff on things we need to work on in the future years.

22   I'll also say that it's obvious that this area -- this entire budget area --

23 requires a long-term continued commitment and I think some of the problems we

1   see today, although we're moving in the right direction, are a result of having short

2   funded those activities years ago. So, I'm very encouraged by the current funding

3   level and the trend of that which appears to be a long-term continued commitment

4   to these areas.

5   And as a final point I'd just like to recognize again -- I've done it before --

6   but the continuing improved relationship between the CFO's office and the EDO's

7   office staffs as a whole and the sharing of information that really is helping us

8   understand some of the things we didn't in all honesty understand as a

9   management team before.

10   I don't know that we have dramatic results to show you for the

11   improvement, but I think you first need to have the understanding and then you'll

12   see the improved performance.

13   And I'm very confident having actively engaged all of the office directors

14   and Jim Dyer and I meet with many of the office directors on a monthly basis that

15   we're going to see a dramatic turnaround in performance on some of those

16   important metrics.

17   With that, I'll turn it over to Darren.

18   MR. ASH: Thank you. Chairman Klein, Commissioners. I

19   appreciate being here today.

20   Like the materials program and the reactors program before us last month,

21   the briefing today is structured around the budget. I do want to acknowledge --

22   and Chairman you've already mentioned the topics we're going to be covering, but

23   I do want to put on the table that there will be three topics we will not cover.

1   One is human capital and EEO, which will be briefed tomorrow by HR and

2   SBCR. The procurement oversight process. Our intent as the staff intends to go

3   forward with a pilot program starting in June with the intent to inform the

4   Commission in November. And the third area is the protection of IT and disaster

5   recovery as we briefed the Commission on that back in December.

6   Before I want to start, I do want to acknowledge and appreciate the time

7   that Tim has been here and everything he's done for this agency. There will be a

8   more formal ceremony later this month -- actually, at the beginning of May, the 1st

9   of May, his retirement date. Everybody put that on their calendar.

10   And really just following up real briefly on what Bill had said about the state

11   of the corporate program.

12   We have made a number of significant improvements within this agency.

13   Some are very obvious to this agency; BlackBerrys as an example. Some are less

14   so, more from the background behind the scenes. A lot of the network

15   improvements, other infrastructure improvements that are not necessarily

16   noticeable by the staff, but there are still challenges and there will always be

17   challenges.

18   As Bill has referred to, we do need to make continued progress to show

19   results, but I think what's most critical for us is really the demand from the staff,

20   from the Commission, is consistency of service, stable service in all aspects, and

21   that we have the metrics to be able to demonstrate that we have the means to,

22   when we have issues, that we track against the milestones and complete our

23   actions against those milestones, but also have the metrics and the means to

1 demonstrate after those activities have been completed that we are delivering a

2 quality service.

3   And those types of metrics are particularly important in contracts and

4 having those metrics in place so that we can define and clearly track whether or

5 not we are and the contractors are performing as they should be.

6   Finally, success depends on, obviously, staff; having the skilled staff and

7 the resources and the people, but also oversight and attention, obviously from the

8 Commission, but also from us as well from the leadership team. You should

9 expect no less.

10   With that, because I know we've got a lot of material to cover, I'd like to turn

11 to page 5 and turn it over to Mr. Dyer.

12   MR. DYER: Thank you, Darren. Good morning Chairman,

13 Commissioners. Today I'm pleased to present to you the key accomplishments,

14 current priorities and potential policy issues associated with the NRC financial

15 management. May I have slide 6, please?

16   This slide identifies some of the NRC financial management

17 accomplishments that were recognized by outside organizations. The Office of the

18 Inspector General Auditor rendered an unqualified opinion on our fiscal year 2008

19 financial statements and didn't identify any material weaknesses with our internal

20 controls. This is an improvement from prior years.

21   Last year we closed the final material weakness concerning the

22 implementation of the Federal Information Security Management Act or FISMA

23 requirements for the agency IT systems.

1   We still have two significant deficiencies that are making improvements to

2   better estimate our accounts payable balances and enhance the controls on our

3   fees collection system and processes.

4   The NRC Performance and Accountability Report, or PAR, was recognized

5   by two external organizations for its quality. The Association of Government

6   Accountants awarded the NRC a certificate of excellence in accountability

7   reporting for the eighth consecutive year in recognition of the openness and

8   accuracy of both our financial and programmatic reporting.

9   The Mercatus Center of the George Mason University also improved its

10   scoring of the NRC Fiscal Year 2007 Performance and Accountability Report for

11   best informing the public rating the NRC fourth best in the Federal government for

12   being open and transparent.

13   I think these recognitions reflect well on the entire agency and staff, not just

14   the financial reporting as it's both for our programmatic reporting and our financial

15   reporting. Slide 7, please.

16   This slide includes some of the accomplishments we've made in our internal

17   financial management practices. Last year we streamlined our budget

18   development process by combining several steps and clarifying the roles and

19   responsibilities of offices.

20   The staff reviewed its implementation of this new process and identified

21   recommendations for further improvement, which were subsequently reviewed and

22   modified by an advisory group that Chairman Klein chartered and Commissioner

23   Svinicki's lead, and we are now in the process of implementing those changes

1   during our Fiscal Year 2011 budget development process that we just began.

2   We've also outsourced the NRC payments function to our shared service

3   provider, the Department of Interior National Business Center. This outsourcing

4   has improved the quality of our payment processing, however, we still need to

5   focus our attention in this area to improve the timeliness of payments.

6   Lastly, the Office of the Chief Financial Officer has enhanced its outreach to

7   NRC offices to provide better support during budget development and execution

8   as Bill discussed.

9   And the office -- OCFO -- or Office of Chief Financial Officer and Office of

10   Nuclear Reactor Regulation also conducted a public meeting to discuss how we

11   develop our annual fees for power reactor licensees. Can I have slide 8, please?

12   Looking forward, we have a number of high priority issues that we must

13   make progress on. First, we must improve budget execution. The past few years

14   we've seen an unprecedented growth in the NRC budget, extended continuing

15   resolutions, and a changing regulatory workload schedule from the industry, all of

16   which contributed to an excessive amount of carryover funding. And by that I

17   mean those funds that aren't expended in the year appropriated.

18   All offices must improve their budget execution, planning, monitoring and

19   recovery of unused funds for future use in order to more efficiently use our

20   budgeted resources. The EDO and the CFO and the major offices are meeting

21   monthly to review that progress in the last few months.

22   We're also modernizing four major financial systems. Our budget

23   formulation system has been significantly improved and upgraded for the current

1   Fiscal Year 2011 budget development cycle; electronic or e-Travel is currently

2   being implemented agency-wide; the time and labor payroll system is being

3   upgraded for implementation to start in early Fiscal Year 2010; and probably most

4   significantly we are preparing to move to a new core financial system at the

5   beginning of Fiscal Year 2011.

6   All of these modernization projects will improve our financial management

7   reporting and analysis capabilities.

8   We're also strengthening our internal controls for our programs, financial

9   reporting and financial systems. Recent improvements allowed closure of the

10   independent auditors' material weakness; however, we still need to continue our

11   efforts in this area. The modernized systems will provide an opportunity for

12   improved controls that we need to take advantage of.

13   We have also developed a training module to inform employees of their

14   internal control responsibilities and we are working with offices to update our risk

15   assessments on key programs to identify areas for strengthening our

16   programmatic internal controls. Slide 9.

17   Continuing with our financial management priorities as Darren discussed

18   and Bill discussed in the early slide the budget structure in slide 2 is actually the

19   new proposed budget structure and we are in the process of implementing that

20   structure in Fiscal Years 2011 and 2012 budget development process. We hope

21   that that will improve the account transparency, program symmetry and alignment

22   with our NRC mission.

23   We also are beginning our regular tri-annual update of the NRC Strategic

1   Plan, which will begin this month and is scheduled for issuance at the beginning of

2   Fiscal Year 2011.

3   And lastly, we expect to implement a government-wide performance

4   improvement initiative developed through the Performance Improvement Council

5   led by the Office of Management and Budget.

6   Separately, we also need to focus internally on improving our own internal

7   analytical skills within OCFO and throughout the offices. Slide 10, please.

8   Potential financial management policy issues coming to the Commission in

9   the near term include two potential fee policy issues. First, our proposed Fiscal

10   Year 2009 proposed fee rule has been out for comment and we received public

11   comments that we're currently evaluating. And any policy issues that arise from

12   this public input will be provided to the Commission; however, absent any new

13   policy issues I would propose to sign -- I am planning to sign out this final rule in

14   June of 2009.

15   Also, we have issued an advance notice on proposed rulemaking to obtain

16   public comments on the development of a variable approach for the annual fees

17   for power reactors collected under 10 CFR Part 171. The staff will propose a

18   course of action after evaluating the public comments.

19   We also have some key budget documents that will be submitted for

20   Commission approval. The Commission currently has our fiscal year 2009

21   midyear reallocation review to support congressional reprogramming request later

22   this year. The NRC staff proposal for the Fiscal Year 2011 budget will be provided

23   to the Chairman and then the Commission later this summer.

1   And lastly, we will propose a framework and schedule for revising the NRC

2   Strategic Plan.

3   This completes my presentation and all turn the discussion over to Tim

4   Hagan, Director of Administration.

5   MR. HAGAN: Thank you, Jim. Chairman Klein, it's been a long 34

6   years, but I haven't been bored one moment. And I wanted to thank you and the

7   Commissioners for your support particularly in the last couple years where it's

8   been a tremendous challenge, not only in space, but across the whole

9   administrative arena. We couldn't have gotten where we are today without your

10   support, so I thank you for that.

11   I'm going to cover today two major areas: rent and facilities management

12   and administrative services.

13   First, in the area of accomplishments in rent and facilities management. As

14   you know we take pride in making this the best place to work and I think we're very

15   pleased with some of the results we've seen from the surveys that show that we

16   are continuing to maintain our space and make it a highly productive environment

17   for employees and they're happy with the environment. So, we're pleased with

18   that.

19   That was not easy. Slide 13, please. As you know, we had to acquire

20   additional space and in the past couple of years we've moved around 2,000

21   people. We've acquired Church Street and Twinbrook and built those spaces out.

22   We also have been restoring conference rooms. I think that's something

23   near and dear to employees' hearts. We've restored 10 conference rooms thus far

1   and expect to restore another 14 here in the complex by July.

2   We've also been able to move 115 employees out of conference rooms,

3   which is an important aspect of the moves with about another 80 that are going to

4   be moved out in that July time frame.

5   We reached a major milestone, as you know, with our Three White Flint

6   building. We released a solicitation for offers and that solicitation closed on

7   February 27th. GSA and its broker contractor are in the process of reviewing the

8   bids for that building.

9   I want to also take the opportunity to thank you personally, Chairman Klein,

10   for your work and the Commission for the unwavering support we've had with the

11   acquisition of the third building. Thank you.

12   In terms of space management we've positioned ourselves for the future by

13   restructuring the organization. We created a space planning and consolidation

14   directorate headed up by a senior executive to make sure that we bring in the third

15   building on time. We also created this organization so they could focus on

16   Regional space needs, which you know are many right now. We have two

17   Regions who are about to move.

18   We also, with these multiple buildings, faced a challenge in terms of

19   employee safety. We quickly responded to that challenge and developed

20   occupant emergency plans for each of our interim sites and made sure we had

21   people -- emergency response people assigned to those teams and trained. Slide

22   15, please.

23   As you know our buildings are getting old. The One White Flint building is

1   22 years old and the Two White Flint building is 16 years old, so we've been

2   focused on many infrastructure initiatives to make sure the buildings are running

3   properly. We provided a number of those in your background material.

4   But just to name a few we overhauled the main electrical switch gear. We

5   overhauled the Two White Flint tenant chillers, upgraded the electrical support to

6   the Ops Center and upgraded the Two White Flint fire alarm system, just to name

7   a few. We also have been supporting the Regional needs for infrastructure as

8   they design their new space.

9   We also have a very successful greening program. In the recycling area we

10   have exceeded the Federal and county goals for recycling this year. We also, as

11   part of the greening program as you know, replaced 4,100 lights throughout the

12   White Flint Complex with more energy-efficient lighting.

13   As we look to the future, obviously, our number one priority is Three White

14   Flint pouring concrete. I hope you'll invite me back for that.

15   [LAUGHTER]

16   CHAIRMAN KLEIN: I'll take a picture and invite you back both.

17   MR. HAGAN: In that regard, we've established a project team to

18   focus on that with OIS involvement and all the players are going to be in place so

19   we can make sure that's a success.

20   We are going to continue to address the aging White Flint Complex. One

21   area of focus this coming year is the refurbishment of the One White Flint elevator

22   lobbies and also the bathrooms in this facility.

23   In supporting Regional space needs, I mentioned Region II and Region

1   IV are in the process of -- Region II already has a lease in place and Region IV is

2   in the process of evaluating proposals for a new lease for their space. So, we'll be

3   working with them to make sure both of those projects are a success.

4   Region III has an expansion project on the first floor of their building. And,

5   of course, Region I completed a 20/20 study which indicates there are some major

6   changes needed in their space.

7   Continuing with priorities -- slide 17, please. We also have a major initiative

8   in the One White Flint building lobby. I know that area when I first took you on a

9   tour you said, "We've got to do something about this lobby." It doesn't necessarily

10   accommodate visitors very well and the screening process in the lobby is a difficult

11   one.

12   GSA is sponsoring a project where we're going to expand the lobby area

13   and it's going to improve our ability to do the security screening process there. We

14   expect the drawings for that to be finished in August and for that project to start in

15   FY '10.

16   In terms of occupant emergency this is a continuing area that we are going

17   to strengthen and improve. As I mentioned, we did the occupant emergency

18   plans, but the plans are only as good as your ability to exercise them, so we've

19   stepped up the number of drills that we're going to have. We're going have

20   assembly and accountability drills at each of our interim sites and headquarters

21   annually. We're also going to expand our drills to include medical events at

22   buildings.

23   Moving to the area of administrative services -- slide 19, please. As you

1   know, as our agency has been growing and our requirements have grown we've

2   increased the number of commercial contract awards. The data here reflects

3   commercial contracts. We've seen a similar increase in terms of our awards to

4   DOE National Laboratories and our use of other Federal agencies to support our

5   requirements. And, of course, you know about the grants program which is huge

6   now compared to prior years.

7   Invoice processing. Jim mentioned that we outsourced the payment

8   process to the DOI National Business Center. We do have some work to do here

9   in terms of improving our timeliness. We are showing improvement in this area,

10   but what we've done is we've used SharePoint to establish a system for monitoring

11   the invoice process internally here, which is going to help us get there.

12   Advance procurement planning. Similarly, we've switched what used to be

13   a fairly manual process using a SharePoint tool that now makes the planning

14   process more transparent. We get the data quarterly now as opposed to twice a

15   year and it's shared. So, it's a much better tool to use and this should help us as

16   we look to manage our procurements from the budget process and the spending

17   plan process through to the end all the way to the expenditure process. Slide 21.

18   Continuing with priorities. We have -- I just mentioned the APP initiative.

19   The idea here is ultimately we want to make sure that the budget and spending

20   plans are directly linked to the Advance Procurement Plan and we can follow

21   everything through from inception to actually when the money is spent. Jim and I

22   are working and our staffs are working closely to make sure this happens. We're

23   hoping to implement that in the first quarter of FY '10.

1 An area that is a continuing area of focus is the fiscal year-end spending.

2 We will continue to focus on this area. One of the difficulties we have, as you

3 know, is when you're under a lengthy continuing resolution it creates a pocket of

4 funding that needs to be obligated in the second half of the year as we might

5 experience this year, but this will continue to be a focus of ours. Slide 22, please.

6 Continuing to recover excess funds. This is funding that is lying dormant, I

7 guess, in contracts that have expired. This has been a focus for the commercial

8 contracting area and we've been very successful in recovering those funds and

9 we're working with the offices to recover the excess funds that are sitting in DOE

10 labs. Slide 23, please.

11 In terms of improving procurement documents the focus of this was not the

12 procurement oversight committee process. There's a whole initiative going on

13 there. This is more internal to the division of contracts where they're taking more

14 of an inward look at policies and procedures to make sure that we have the right

15 ones in place, that there are adequate controls in place, but also that the

16 procedures are well known to the staff.

17 We've hired a lot of people in the Division of Contracts in the past couple of

18 years and they are very talented. We want to make sure that we have the right

19 procedures, policies, training in place so that we can make sure we take

20 advantage of not only the process efficiencies, but flexibilities afforded to us in the

21 process. So, that's an initiative going on that's an internal one.

22 Continuing with priorities for the future and the acquisition of goods and

23 services. We're going to step up the oversight of our DOE laboratory agreements,

1   but also we're going to extend that to take a look at the interagency agreements

2   we have in the agency. There has been an increase in the amount of money we

3   spend with other agencies, so we want to focus on that area, too.

4   Also, I'm sure you're aware that the administration has a number of

5   acquisition initiatives. We expect to get guidance in July from OMB on those

6   initiatives, but the focus really is to reduce the number of cross reimbursement

7   type contracts and to also emphasize competition.

8   I'm happy to say that our agency has always had a focus on making sure

9   that we award fixed-price contracts where we can and we are always focused on

10   making sure we maximize competition. So, we'll look forward to that guidance and

11   hopefully we'll have some information for you when it comes out. Slide 25, please.

12   As we look at the area of administrative services we've had several

13   accomplishments this year. We migrated the historical rulemaking documents to

14   the e-Rulemaking portal. This makes key information available to external

15   stakeholders on our rules.

16   Internally we also improved our communications to management and staff

17   and recognizing that we had a lot of things going on this year and we moved. And

18   so we have this essentially decentralized kind of environment. We thought it was

19   very important to step up communications in the support area.

20   And within our own organization we've created what's called "Admin at Your

21   Service". It's a weekly newsletter that lets offices know what's going on and what's

22   important to them in the different buildings. And we're also updating our website

23   to make it more meaningful to the employees.

1   And we also did outreach with offices more than we ever had in the past.

2   We attended All Hands Meetings in the program offices to entertain questions and

3   give them updates on what's going on in the administrative areas. Slide 26,

4   please.

5   Continuing with accomplishments, I think you remember when you took the

6   tour of P1 we have completely reconfigured that area and made it a much more

7   functionally efficient area. We've also improved the mail security screening and

8   separated it from that area. So, that's a big improvement there.

9   We also established a five-year Management Directive improvement plan.

10   This plan not only created a schedule and framework for updating directives and

11   keeping them current, but it also provided a simplified format for directives and

12   enhanced the search capabilities for our directives online. Slide 27, please.

13   We issued the revised NRC Editorial Style Guide. Surprisingly, that guide

14   had not been updated for 20 years. So, this is a big step, I think, in terms of

15   improving the quality and consistency of documents agency-wide. Slide 28,

16   please.

17   As we look to the future, our focus is going to be on -- in the area of

18   administrative support it's going to be making sure that we have a top-notch

19   multimedia program here at NRC.

20   As you know the recent activities we've had we've had some instances

21   where the support was not up to par and it caused us to focus on this area. We

22   have an excellence plan in place. We put a senior executive in charge of making

23   sure that excellence plan is executed. This is an area where I'm confident we're

1   going to get to the right place and stay in the right place.

2   In terms of the five-year plan, Management Directive Improvement Plan, it's

3   a continuing challenge because directives sometimes do not -- there's conflicting

4   priorities in the office as you go to update a directive and what we need to do is

5   have a continuing focus agency-wide on making sure we execute the updates as

6   planned.

7   Continuing with priorities. Being in multiple buildings creates a special

8   challenge in the administrative support area as you might imagine. We also have

9   the Regional moves that are going to take place, so it's a difficult challenge also.

10   We have expanded our "Fix It" program to all the interim sites, so it's a way

11   for us to keep on the pulse of what's happening in the agency and in the other

12   buildings. We're also going to continue our communications initiatives as I

13   mentioned.

14   One of the big things we're doing to make sure that we communicate is this

15   concept of "staying connected". We have a Staying Connected Working Group

16   and it has representatives from each of the interim sites. And the idea here is how

17   can we help the interim sites be a part of what's going on here at headquarters

18   and be aware of what's going on and participate. What things can we do?

19   We got feedback on the shuttle bus, for example, and we had to make

20   changes in the shuttle bus schedule, which I think was a big improvement and I

21   think everyone's pleased with it now. Anything we can do to make sure that

22   people feel like they're part of the White Flint Headquarters Campus would be

23   brought up in this working group.

1   Continuing with the administrative service in the area personnel and

2   physical security. As you know, we implemented the drug free workplace -- the

3   revised drug free workplace plan, which extended the testing pool to 100% of our

4   employees. We do testing 10 times a year in that program.

5   In the area of Lean Six Sigma we worked with HR and implemented some

6   efficiencies as a result of the Lean Six Sigma study. They were moderate, but

7   they helped to improve the fingerprinting process efficiencies and also we

8   automated the drug-testing and clearance request forms which helped shave

9   some time off.

10   Continuing in personnel and physical security. We focused on the 145b

11   process and what has happened by focusing on that area we were able to reduce

12   the amount of time it takes to get someone in the door from 38 to 26 days using

13   the 145b process.

14   HSPD-12. As you are aware, we issued badges to 356 people, which were

15   the first responders and some key senior managers in the agency. I'll talk in a

16   minute about the rest of that program. Slide 32, please.

17   The continuing focus has to be to provide a safe and secure work

18   environment for our employees. I mentioned the lobby project, but we have a

19   couple other measures that we're doing. We're going to increase perimeter

20   security. There's going to be a security fence put around Lot 4, for example.

21   There's other issues like that that we're going to be dealing with from a security

22   standpoint to make sure we have a safe and secure environment.

23   Priorities. Continuing to improve the timeliness of adjudications. That is

1   always a challenge. The Office of Personnel Management has recently issued

2   some new standards which we are looking at and they want to get to a system

3   where we have an e-Adjudication, and where we run checks of people annually.

4   At this point we're standing back and assessing what the impact of that would be

5   and we'll let you know what that is. It will have budget implications and system

6   implications.

7   We expect to complete the badging process for the HSPD-12 program by

8   the end of October. At that point all employees will have badges and our access

9   system will also be able to read those badges.

10   Continuing priorities. Under HSPD-12 we're going to have the physical

11   access and the badges issued and there's also then the computer access

12   infrastructure that we're working with CSO and OIS to implement. That's expected

13   to occur about one year after we implement the physical access, so October

14   of 2010 is the target for that.

15   And with that I'm going to turn it over to Tom.

16   MR. BOYCE: Good morning. Good morning Chairman,

17   Commissioners. Slide 36, please. With the EDO's support and discussion with

18   the Commission we continue our focus on managing our resources from an

19   agency-wide perspective, our IT resources.

20   We've established what we call a single point of contact within OIS. This

21   allows our customers to focus on their business needs while we focus on the

22   technology solutions. It assures they get the right support. We can coordinate

23   with OIS, CSO and ADM when necessary and it avoids duplication. We're able to

1   reuse technologies and make use of the best enterprise-wide contracts where

2   appropriate.

3   And it improves our engagement with the governance process. We engage

4   the ITBC and the ITSAC as appropriate on our customer's behalf. They don't

5   need to know all the nuances of this. With the single point of contact we try to take

6   care of all that for them.

7   As we've heard over and over again we're part of supporting the agency

8   growth. I'd like to think that our support for the agency growth is almost

9   transparent. It just happens. The computer moves, the phone moves, the

10   infrastructure is there and in place when we need it.

11   We supported the move up to Twinbrook and Research up to Church Street

12   this year. And, of course, we're continuing that support as the restacking goes on

13   and we're moving people out of conference rooms.

14   We're also working with the Regions to support them in their moves and

15   making sure the planning is there and the infrastructure is there for them to

16   connect back to headquarters.

17   And also, although it may seem trivial, we've done a lot in the area of

18   BlackBerry support for something that you can go across the street and buy. From

19   an enterprise perspective there's actually a lot involved in expanding our

20   BlackBerry program. We hit 300 by the end of last year and we put a contract in

21   place to support up to 1,000 from an infrastructure perspective and we're moving

22   forward with that program. Since the first of the year we've deployed an additional

23   100 and we're on pace to do another 300 or 400 soon. Slide 37, please.

1   In the area of accomplishments we've made great strides working with the

2   agency and Pat Howard's office here. Seventy three percent of our C&A is done.

3   We're on target to have them all done by September 30th. Working with OMB,

4   we've taken a common-sense approach and consolidated what was five separate

5   systems into one infrastructure system for C&A purposes. We're on target to

6   complete that.

7   And we're working with the CSO's office on an enterprise risk assessment.

8   That's currently underway. That will roll into not only our FISMA program, but our

9   disaster recovery program. And we're working with the CSO's office on quarterly

10 reviews of our Plan of Action and Milestones to make sure we're on target to

11 remediate any problems that we have identified during the FISMA process.

12   Topic of a lot of discussion -- our managed public key infrastructure

13 process. In support of the National Source Tracking System we went production

14 at the end of last year and while there were some start up technical issues those

15 were resolved. Since that time we've made significant process in credentialing our

16 outside stakeholders and we continue to focus on that process. We're making

17 refinements in the credentialing process while still keeping the rigor necessary for

18 security purposes in the credentialing process. We haven't lost our focus on that.

19   As Tim mentioned, together with the Office of Administration we're working

20 to leverage our investment in MPKI to support our HSPD-12 badging program. It's

21 sort of an enterprise focus, again making sure we're investing wisely.

22   We have 2,300 certificates issued for remote access into our Citrix system

23 and as those expire we'll roll those into our managed PKI programs. So, we're

1 making use of that investment over and over again. Slide 38, please.

2   Priorities. I feel OIS's number one priority, sort of like an administrative

3 priority on infrastructure, is a stable, reliable infrastructure. The phones, the

4 desktops, the Help Desk, the move support we've mentioned, access to the

5 Internet, running the data center. These are our number one priority. It does

6 consume the vast majority of our resources.

7   With that, however, we're here to support the business and the mission of

8 the agency. We must support the high priority business needs: high-level waste,

9 new reactor license renewal, hearing support systems, our document

10 management systems, are all priorities for us to keep running.

11   The high-level waste is a prime example of enterprise approach and

12 keeping things running and leveraging our technology. We must ensure we

13 maintain it, but also modernize it as we move forward. And keeping with the

14 theme of managing our resources from an agency perspective as complexities and

15 interrelationships of all these systems because you look at high-level waste it

16 touches our e-mail systems, it touches our document management systems, it

17 touches our security from a PKI perspective.

18   We must view our IT investments with this corporate perspective. We must

19 make sure we're working with the Regions and all the headquarter staff, whether

20 infrastructure and new technologies like BlackBerrys or mission related system like

21 high-level waste collectively. We want to make sure we prioritize them on all these

22 systems making sure we're investing in the right areas. And when we make these

23 investments making sure we keep the long-term costs in mind because any new

1 investment leaves us with long-term investment costs.

2   Along this theme, we held an IT Summit on February 26. It was well

3 attended. The EDO showed great support at that meeting. We had good

4 participation from the program offices and the Regional offices and we had two

5 primary goals in that. It was discussing enterprise support of IT, why proper

6 planning is important, what the planning process looks like, how the complexities

7 of the IT and how fast paced the IT changes these days, which is why we must

8 engage all the program offices in planning.

9   And secondly, we wanted to reconfirm the EDO-led infrastructure planning

10 team priorities. Last year, there was an infrastructure planning team that came up

11 with some top priorities out of which evolved some IT needs and consistent with

12 NRC's work/life balance working from anywhere came out on top out of this IT

13 summit.

14   BlackBerrys are part of that. So is our laptop program and so is expanding

15 our deployment of applications to our Citrix access, but it needs to continue to be

16 an area of focus. We need to continue to invest to make sure we modernize and

17 can move forward. Hopefully, we can get to a laptop program where you can have

18 the laptop at home and at work and move back and forth.

19   We also heard expanding on our productivity. One of the things we've

20 talked about is enhancing our multimedia capabilities. Our video teleconferencing

21 refresh is part of that. We're also piloting the ability for virtual meetings and as we

22 can move forward we hope to make that a production service.

23   Universal access was the third theme we heard out of the IT Summit.

1   Universal access means access to the data from anywhere from any device.

2   We're working on an enterprise directory service, which means we'd have one

3   place to authenticate people, which is the first step to getting to universal access.

4   We need to know who you are from a single authoritative source. We're working

5   on that. We hope to make major progress on that this calendar year. Next slide,

6   please.

7   Darren mentioned that you heard a little bit about security and disaster

8   recovery back in December. Pat Howard is here to update us on some of the

9   security efforts. Pat?

10   MR. HOWARD: Thanks, Tom. Good morning Chairman, members

11 of the Commission. When we did brief back in December the focus of what we

12 were talking about was on our compliance efforts that have been in place and

13 continue on.

14   This morning what I would like to really stress is three other initiatives in

15 other areas that are ongoing right now in the Computer Security Office to increase

16 the maturity of our program and our capabilities to respond to a threat

17 environment.

18   The first one is updating the NRC IT Security Policy Management Directive

19 12.5. That was last published in 2003. A lot has happened in those intervening

20 years. A lot has changed in terms of technology that's been implemented here at

21 NRC and around the world and the risk environment has changed as well. So, we

22 want to take that into account as we update 12.5.

23   We also want to take advantage of some industry standard best practices

1   that have evolved in the intervening years as well.

2   We intend to roll out in the fourth quarter a draft of that to be able to staff it

3   across the agency and get input upon the implementability, if you will, of the

4   policies. We want to bring in the yellow announcements and other policies that

5   have been published in the meantime. So, that's a pretty significant effort and

6   we're making pretty good strides towards achieving that fourth quarter rollout.

7   Secondly, we are working to finalize the Information Security Strategic Plan.

8   The Commission directed that effort in November of 2007. We are moving

9   towards the final stages of completing that document and having it ready to

10   present to the Commission on the 1st of May.

11   That document will give us an overarching view of information security and

12   our effort here in the NRC agency-wide. It will look not only at the internal aspects

13   of information security, but also the external aspects as well and it addresses the

14   security of information in all forms, not just computers, but hard copy

15   documentation. So that's a very comprehensive effort and I think you'll be pleased

16   with the results when you see it.

17   One of the outcomes of that effort was to develop a steering committee for

18   information security and we look forward to the continued involvement and high

19   level visibility of information security oversight through the steering committee as

20   years go on.

21   The effort also resulted in a capability of addressing emerging cyber

22   security threats as they affect and involve our licensees on an external basis.

23   Finally, we are expanding effort in developing an enterprise situational

1   awareness capability to provide not only a response capability of how we respond

2   to that threat environment, but also to provide additional preventative measures to

3   keep things from happening.

4   That really focuses on developing the skills, the tools, the processes

5   necessary to harden our perimeter and put us in a better position to monitor what's

6   happening out there and insure that we are able to prevent and respond to it.

7   We want to be able to assure that our controls, the controls that we've

8   implemented are in place and are working effectively. We want to be able to do

9   this on a continuous basis enterprise wide. We're doing that to some extent now,

10   but it needs to be expanded. We want to continue to be able to monitor risk as

11   that changes. It's a very dynamic threat environment and we need to be able to

12   stay on top of it.

13   We want to also have a penetration testing capability of our own to be able

14   to determine where there are holes in our defenses in being able to respond

15   appropriately.

16   And then finally, to continue to enhance our capability to be able to respond

17   to incidents through technology and through the processes that surround those.

18   With that, I'll turn the mic back over to Tom.

19   MR. BOYCE: Thank you, Pat. On slide 42, our technology doesn't

20   mean a whole lot unless we're managing our information wisely. Under

21   accomplishments here we again are highlighting our hearing support. This is a

22   great example.

23   This was originally constructed to support the high-level waste hearing

1 process, but it has been expanded to support 27 adjudicatory processes now. It

2 also supports email capture and public comment capture. I'm proud to say it was

3 nominated by the American Council for Technology as a 2009 excellence.gov

4 finalist. We didn't win, but we were in the running at least. It's nice to see staff's

5 efforts get recognized.

6   On sensitive but unclassified info, we established a credit monitoring policy

7 for personally identifiable breaches of data in case we have a high risk of identity

8 theft and in that area there's also ongoing vigilance. We searched not only our

9 internal infrastructure, our network drives in case we've placed something out

10 there with personally identifiable information, but we also search our public web

11 space.

12   Continuing the theme of IM excellence. We continue to be responsible for

13 FOIA request. I went out in preparation for the meeting to see how the rest of

14 government is doing. I won't comment on that except to say I think we are doing

15 really good. We reduced our backlog at NRC from 17 in '07 to 6 FOIA requests.

16 While we still have the same number of requests, we have over 370 FOIA

17 requests a year, more than one a day.

18   ADAMS has served us well for many years, but we're looking at a broader

19 program now. We're calling it the Enterprise Content Management Program.

20 ADAMS is our document repository and it supports our official agency records, but

21 Tim mentioned SharePoint. There's many more technologies out there now and

22 we need to take a comprehensive view.

23   ADAMS does need some upgrading, but we want to make sure as we

1   upgrade ADAMS we're taking a comprehensive view of all of our information

2   management, whether it's in Outlook, a shared drive somewhere or out on

3   SharePoint. We want to make sure that it's taken into consideration as we move

4   forward.

5   And under the SGI LAN/Electronic Safe Program NSIR has expanded the

6   secure LAN to 100 NSIR users allowing easy access to information without having

7   to go and open a lock bar safe. And they've recently awarded a contract to

8   expand the system to not only headquarters, but out to the Regions. Next slide.

9   Obviously, one of our key priorities is continued support for our high priority

10   business needs. I've mentioned the upgrade of ADAMS. Jim mentioned the CFO

11   modernization. Obviously, that system touches almost everything we do here.

12   OIS is involved with his office. We've detailed a resource over to the CFO to make

13   sure that the planning process works as necessary and we're working with them to

14   do a data call to make sure we don't miss anything as we upgrade and modernize

15   our financial systems.

16   Information retrieval for staff continues to be a focus as we upgrade our

17   ADAMS system. I already mentioned the Enterprise Content Management

18   Program, the other applications and we're going to continue to digitize our

19   technical library.

20   Management and retrieval of our safeguards information. We already

21   mentioned the expansion of SLES. We hope to complete that by the end of 2011.

22   And we also are working with NARA to establish a process to electronically retire

23   our safeguards information rather than send them paper.

1   The Chairman started off by saying this is mainly an internal briefing, but I

2   think we'd be remiss to say, especially out of my office, that we must keep our

3   stakeholders in mind. We've got a three phased program to enhance our public

4   website.

5   We want to make sure the Web users can view information from a

6   stakeholder's perspective, whether it's information they might seek from

7   headquarters or a regional office. We want to make sure they can have a "My

8   NRC experience" and that they can search across our web space, whether it's in

9   our document management system or in some other repository that they don't

10   need to know how we are organized and where our information is stored. They

11   can come in and retrieve information as they need it.

12   And in our controlled unclassified information program OIS and NSIR are

13   working with the Controlled Unclassified Information Council to ensure our SGI

14   and SUNSI needs are considered. And NARA is in charge of issuing the final

15   regulation on this. They're still working on that. Once it's issued we'll work with

16   CSO and NSIR.

17   We have a five year time frame once the final rule is out -- it's going to entail

18   significant communications outreach and training.

19   You may or may not realize we're going to go from our -- I believe it's seven

20   categories down to three under the CUI program. So, it's likely to have a

21   significant impact, which leads us right into the potential policy issues on the next

22   slide.

23   We will undoubtedly need to obtain Commission approval for our final frame

1   work once we have that in place, it's probably some time away now. And while we

2   have a policy in place for encryption of data at rest, we don't have one yet for data

3   in transmission.

4   We're working with the CSO's office to prepare a Commission paper that

5   recommends a policy. This is likely to have some potential impact on our

6   stakeholders and we'll be asking for the Commission to weigh in on that.

7   And with that --

8   COMMISSIONER JACZKO: Tom, can I just ask -- I wasn't sure what

9   "not in rest" means. Is that talking about email here? Are we talking about thumb

10   drives, hard drives, things on laptops? What -- all of the above?

11   MR. BOYCE: All of the above; the thumb drive, hard drive -- data at

12   rest.

13   COMMISSIONER JACZKO: And email as well?

14   MR. BOYCE: Email would be more data in transmission.

15   COMMISSIONER JACZKO: So, "information in transit" means --?

16   MR. BOYCE: Transmitted outside of our firewall.

17   COMMISSIONER JACZKO: Okay.

18   MR. BOYCE: Outside of our network boundaries.

19   COMMISSIONER JACZKO: So that would include email, then?

20   MR. BOYCE: Email or other forms of electronic communication with

21   the stakeholders, like EIE.

22   COMMISSIONER JACZKO: Okay. Thanks.

23   MR. ASH: I don't have any other -- I appreciate everybody's remarks

1   and we can roll into questions. Bill do you have anything?

2   MR. BORCHARDT: The staff's presentation is complete, Chairman.

3   CHAIRMAN KLEIN: Well, thank you for a very informative and

4   wide-ranging presentation. Obviously, I drew the straw to get to go first and I

5   know this is going to surprise Darren that I will not ask about BlackBerrys initially,

6   but I will come back and say I won't ask you about when the concrete truck is

7   coming. We'll get back to that.

8   [LAUGHTER]

9   The first one I want to talk about is, I think, the area that we're all focusing

10   on and that is the budget and the budget process. At the first All Hands Meeting

11   that we had the budgeting process was one that we could probably say there was

12   room for improvement. I know Commissioner Svinicki all of her experience at

13   looking at DOD budgets with her green eye shades; she's helping try to formulate

14   a process that we come through.

15   And I guess I'd like to hear from both Bill and Jim. Where do you think we'll

16   be five years from now? We have some plans, but if you would describe what

17   your long-term goal is on a budget process. We'll start with the EDO side and

18   then let Jim talk about it in terms of our formulating of our budget within our

19   system.

20   MR. BORCHARDT: Well, I'm a very enthusiastic supporter of the

21   new budget structure that we've put together for 2011 and into the future because

22   I think it provides a much clearer picture of what the agency's priorities are and

23   how the various activities are being funded in a way that is understandable to all

1   the program offices. I hope it's understandable to the Commission as well.

2   It provides a much better analysis of those activities that cross cut across

3   offices so you can get a much clearer picture of that budgeting allocation going

4   forward. Then once you have that I believe then execution follows as being more

5   straightforward as well.

6   I think the activities that Jim and the CFO's office have put in with the

7   coordination efforts that we've alluded to between the CFO's staff and the program

8   offices are already paying dividends like I said at the very beginning. Much of the

9   mystery of the process is being removed and we're seeing a much higher level of

10   buy-in from the program offices then we ever have before.

11   CHAIRMAN KLEIN: I think one advantage, obviously, Jim having

12   been on the program management side so long, knows where all the skeletons

13   are. So, I think your insight has probably been helpful in coming up with

14   perspectives from the CFO now.

15   MR. DYER: Yes, Chairman. Just for the record, when we originally

16   came up with this new budget structure it started in NRR after the PART review

17   where we had in the licensing area where we had a whole lot of stuff buried in

18   licensing that I couldn't explain. And after that I said, "That's it. We're going to

19   start focusing on making the budget a little more open and transparent and know

20   where everything aligns up to that."

21   Where I see us in five years I think is a combination of, one, the budget

22   structure, and then also some of the modernization efforts. I think the budget

23   formulation system capabilities that is going to give open access to the offices to

1   do the sorts, the looks that they need to do as well as the Commission is going to

2   save a lot of the iterative process we do now with the questions and answers.

3   We can eventually create a database and provide access or download

4   reports that will streamline the questioning and answering process that EDO, the

5   office, and the Commission go through.

6   The other thing I think as Bill said is when we fully implement a new budget

7   structure we're going to get down to products, costing by products. This year for

8   the 2011, we're really just getting it down to product lines and focusing on reactor

9   licensing and materials user licensing and high-level waste licensing and things

10   like that and we can do some product line.

11   But we're actually going to be able to adjust -- make the budget decisions,

12   adjust the products, the outputs which will then help us in budget execution. And I

13   think couple that with the new core financial system, which is going to be much

14   more responsive we'll be better integrating budgeting and execution and have a

15   much more timely feedback loop on where we're going to be and be able to do

16   better budgeting.

17   CHAIRMAN KLEIN: Well, I think clearly we have opportunities that

18   we want to make it better, but it's also good to acknowledge your clean opinion.

19   So, we do have a lot of successes that we've had and that was a very significant

20   one. I think you and your team should be congratulated on that clean opinion.

21   That was very good.

22   I guess from both Bill and Jim's perspective could you both comment on are

23   we getting the information to the people that really need it? One of the things I've

1   often seen in organizations are shadow accounting systems built in because you

2   can't get the information out of a CFO or a business side. Do you think we're

3   getting that information, Bill, to where people need it?

4   MR. BORCHARDT: I think it's better than it's ever been. I think it's

5   probably a little bit more that we can continue down that path, but it's so strikingly

6   better than it was 10 years ago, for example, that I think it's a great success.

7   CHAIRMAN KLEIN: What about your perspective? Do you think it's

8   getting there?

9   MR. DYER: It's getting better, but I think we're just scratching the

10   surface. I think the information that we're providing now to offices we can do a

11   much better job in the future and getting it down even to the first-line supervisor

12   level.

13   CHAIRMAN KLEIN: Thanks. In terms of the IT area in general --

14   and I always look at both Bill and Darren because of the pyramid organization

15   chart. So, obviously, both Pat and Tom are involved in this, but I usually look at

16   holding you two accountable for activities.

17   I guess the big picture from my perspective, typically when there's IT

18   challenges it's because we haven't put enough resources in. I think we probably

19   are still suffering from not having invested for a while. I know since I've been here

20   it's approaching almost three years that we put a lot of money in the IT, but I'm

21   getting a little frustrated in things like BlackBerrys aren't getting out as quickly as I

22   would like; web streaming. You talked about consistency. It would be nice to

23   have consistent successes, not consistent failures.

1   And so, I guess what can we do as a Commission to have more

2   successes? I think we've done it from the Commission perspective of trying to get

3   resources into this area, but I guess I'm looking for what else do we need to do to

4   have more successes?

5   MR. BORCHARDT: Well, I think the Commission has made the

6   expectations clear. I think it has to do with execution now. Darren and his team

7   have put together a plan that he might address for a moment or two here that will

8   help us show measurable and visible progress.

9   There have been, as you mentioned, some cases recently where things

10   didn't go quite as well as we had hoped and we're learning from those and have a

11   plan in action. But I don't know off the top of my head of anything in particular that

12   we would look to the Commission to do differently.

13   MR. ASH: I'd agree. Your point about the resources -- in many

14   ways it's not necessarily the money. Obviously, we appreciate the support we get

15   from the Commission. Some of the challenges we've had is having the bandwidth.

16   And what I mean by that is the people; having people to have in place to manage

17   those projects and to plan and ultimately execute properly. But I think the key

18   word is planning. It's having sufficient time to properly plan so that that end

19   product is the right thing for this agency.

20   The other thing I think we've struggled with to even a great extent is among

21   all the different things that we've got on our plate. You think about going to the

22   buffet and the plate is only so large and yeah, you could carry, I guess, a couple

23   plates, but ultimately the plate is so large; is giving us an opportunity and with your

1   support to help us prioritize.

2   Again, when you've got limitations and we've got a wonderful staff,

3   wonderfully skilled staff to do this, but if those same individuals are doing -- if they

4   can't take another thing on their plate some things ultimately have to drop off or

5   become a lower priority.

6   And so, I think if the Commission were to give us anything I think help us in

7   some cases prioritize. Obviously, BlackBerrys have been critical and we've heard

8   that message, but there are other things that the Commission has said we need to

9   do.

10   We also get the same messages from the staff. We want to be responsive

11   and I think that's the thing that Tom, Pat and I are bringing to the table. We want

12   us, we want our staff to be responsive to the needs of this agency. But as we've

13   alluded to there's a lot of things we need to do. Where do we start? And I think

14   through the budget process I think that's one area that you can help us.

15   CHAIRMAN KLEIN: I think if you look at our new hires, we're coming

16   out with hiring a lot of people that are much more electronically adept. And so, we

17   need to move as quickly as we can to support the people we hire so they can do

18   their jobs more effectively.

19   MR. ASH: I think we also have to be very clear to all of our

20   customers, manage expectations in terms of when certain capabilities will be

21   available. I know we've heard from a number of organizations; things like single

22   sign-on.

23   Tom alluded to those types of capabilities. Having the mechanisms and the

1   means to be able to do single sign-on, to be able to enter one password versus

2   five or 10 or whatever. But as Tom alluded to there's a number of things we have

3   to put in place for that to be successful.

4   But we need to do a better job in terms of communicating and explaining to

5   everybody, yes, we've heard you; yes, we want to get this capability, but this is

6   what it will take to do in terms of making sure its enterprise ready and this is the

7   time frame that it will take to do it.

8   CHAIRMAN KLEIN: Thanks. Commissioner Jaczko?

9   COMMISSIONER JACZKO: Well, I guess I would just start off with a

10   comment. I'm one technology iteration back from BlackBerrys, so I was pleased

11   this last year and I don't think you really highlighted too much, but you did get

12   telephones for everybody. I think that was a major accomplishment. I'm probably

13   of the view that BlackBerrys aren't necessarily a productivity enhancer, but that's

14   just my own personal foible, I think.

15   I think that's certainly one we're working on and I do hope that we'll see

16   progress. But I did want to comment that this is the first briefing where I haven't

17   had to ask about telephones. I think that's a very positive sign.

18   On the new agency budget structure as I was going through the

19   background material, which actually I have to say I thought was a very unique way

20   to do the background material to tie it specifically to the slide numbers. I think that

21   was a very useful way to go through and see the material.

22   I would just note that the staff indicated on the bullet for challenges to

23   success with the new implementation of new agency budget structure there's a

1   simple "None" there. So, I hope that means that in fact there are no challenges

2   and we'll see, I guess, as we go forward. I hope that will be the case. Perhaps

3   that was done --

4   MR. DYER: We were trying to keep it to two pages.

5   [LAUGHTER]

6   COMMISSIONER JACZKO: That may not have been the bullet you

7   wanted to skimp on, but as we go forward we'll see.

8   I wanted to turn to one of the areas that has really been more in the policy

9   area for the Commission that involves a lot of these things and Tom, you touched

10   on that a little bit and that is where we go with the sensitive but unclassified --

11   controlled unclassified information SUNSI things going forward. I have a couple of

12   questions on that.

13   The first one and I would note probably by way of example, while all the

14   background information, I think, was very good for this meeting all of it was

15   marked sensitive, internal information. Providing background information for a

16   public meeting that's all marked "sensitive internal information" means we have

17   probably a broader problem not only with the SUNSI not necessarily with the

18   program itself, but with implementation and I think we still have challenges when it

19   comes to marking information and marking information appropriately.

20   That is the end result becomes, I think certainly from my perspective I tend

21   to ignore those markings. This is not classified information we're talking about. Its

22   for the most part information that in particular with that particular designation of

23   sensitive internal information that it kind of -- is the self defined in our SUNSI policy

1   sensitive information I think is defined to be in a broad category sensitive

2   information or anything that's marked sensitive.

3   So, we kind of get ourselves in a loop there. I think it's an important part of

4   this program and we're going to be having some changes, but I think by way of a

5   question and maybe you could comment on what we're doing to periodically

6   review these things to periodically look. Are we implementing these things in the

7   way that we intend them to be implemented? If you want to tackle that or anybody

8   else.

9   MR. BOYCE: I might turn to my colleague here. This is certainly not

10 an area of expertise of mine, although I would think that going from I think it was

11 23 originally to seven now, the three with CUI will simplify things and make it

12 easier for us to bin things in the right categories. I think I would turn to Pat.

13   MR. HOWARD: I think we have to look at it in terms of implementing

14 new technology as well. As we modernize, as we move into the future, we need to

15 identify the kind of controls as part of our requirements definition that will do a lot

16 of this in an automated fashion for us, so we get it right; that it's based upon real

17 risks and real requirements for the system well up front.

18   So, that has to be a part of what we're doing as well in combination with

19 what our expectation for users are. I think a large portion of our enforcement of

20 our compliance at this point is placed in the user's hand. So, it's really an

21 education challenge to continue to ensure that they know the policies and continue

22 to comply with them.

23   COMMISSIONER JACZKO: Maybe you could comment on that -- or

1   Bill perhaps. What we do to train people on SUNSI and how they should be

2   marking? Again, it does come down often to, I guess, the document creator would

3   be the one that originally marks some of these things. Do we have refresher

4   training?

5   MR. BORCHARDT: There's training for people who are designated

6   classifiers of information and there's individuals in each office that have that

7   responsibility. They get formal training and certified and all the appropriate stamps

8   and everything.

9   COMMISSIONER JACZKO: In terms of the SUNSI does that fall into

10   that category as well? We don't have stamps and signing for SUNSI designation

11   --

12   MR. BORCHARDT: Right.

13   COMMISSIONER JACZKO: -- in the same way we do classified or

14   SGI?

15   MR. BORCHARDT: It's a lower level. It's a general awareness

16   training category. I think as a practical manner we rely on those same people

17   because that tends to be an area of expertise that they have. But it's not as

18   formalized -- you're right -- as the formal classification systems.

19   COMMISSIONER JACZKO: Well, as I said I think that's an

20   important piece of it and we can have all the great systems and classifications we

21   want particularly in this area because we're not talking about national security

22   information. We're not talking about safeguards information. It's much lower.

23   Now, while some of its very important, like the personal identifiable

1 information and things like that where in particular there are statutory requirements

2 to protect that information.

3   Just again by way of a question on this issue as I was going through the

4 background material I was a little bit confused by where SGI will fall out in the new

5 CUI regime. It's considered to be an excepted category and I know the

6 Commission worked hard and the Chairman in particular worked hard on getting

7 that done so that SGI did not become part of CUI and then we were faced with a

8 very difficult challenge with how to manage that.

9   But it seemed that that term "excepted category" wasn't perhaps as much of

10 an exception as I thought that it was. Maybe if you have a better sense of what

11 that means and how that will impact us as we go forward.

12   MR. BOYCE: I'm looking over at Pat here and I think he's as --

13   MR. ASH: Maybe Joe?

14   MR. BOYCE: Do you have any insights for us?

15   COMMISSIONER JACZKO: Or it may just be that the insights don't

16 exist.

17   MR. BOYCE: I don't think the story is written yet.

18   MR. HOLONICH: Joe Holonich. I'm the Director of the Information

19 and Records Services Division in OIS. I think, Tom, you're on the mark. The story

20 hasn't been written yet. We coordinate closely. My two people who go down

21 there, Russ Nichols and Donna Sealing, coordinate closely with Lynn Silvious over

22 in NSIR to work with the SGI issue, but until we get the final guidance and the final

23 packages put together by NARA we're just developing as we go. We're kind of

1   watching what NARA is doing.

2   COMMISSIONER JACZKO: So, at this point the possibility exists

3   that we might have to make some kind of changes to SGI? I just thought what it

4   was going to be was SGI was completely not part of CUI and so we would

5   continue to be able to do things as we did.

6   MR. HOLONICH: That's my understanding, Commissioner. SGI is a

7   special class of information, but we're still making sure. Because it is controlled

8   unclassified information we're still making sure we're coordinated with NSIR and

9   the folks in NSIR who handle SGI.

10   COMMISSIONER JACZKO: Okay. So, as of this point we're not

11   concerned that we might have to make changes to this?

12   MR. HOLONICH: My understanding is CUI will impact our SUNSI

13   policy, but it will not impact the SGI policy.

14   COMMISSIONER JACZKO: Okay. Good. I appreciate that

15   clarification because it wasn't as clear, I think, as I was reading the background

16   material. So, that's very helpful. I appreciate that. I have additional questions I'll

17   ask if we have a second round. Thank you.

18   CHAIRMAN KLEIN: Commissioner Lyons?

19   COMMISSIONER LYONS: Well, first, thanks very much to all of you

20   for, I think, a very good presentation on a very, very wide ranging set of subjects.

21   You highlighted a number of areas of very substantial accomplishments and you

22   certainly have my compliments there. Also, particularly I'd say in the budgeting

23   and information technology areas you highlighted some areas where there still is

1   room for improvement and still ongoing activities.

2   Jim, you mentioned the continuing work on unobligated carryover and

3   carryover in general and I very much agree that as an agency we need to continue

4   to try to highlight that concern and try to work through the management processes

5   to reduce those carryovers.

6   In the information and technology area, certainly we are very much a

7   technical agency and I think it's important that first our staff have appropriate

8   information technology and high-tech tools. And I think it's also very important as

9   several of you highlighted that we use that technology to help in staff interactions

10   and in public participation.

11   And you highlighted some challenges there and certainly I will very much

12   appreciate as you continue to work through those challenges.

13   I think we need particularly some of the concerns lately in public

14   interactions using some of the web streaming you need to work through those as

15   an agency we need to get those concerned behind us.

16   By way of just a few questions, Jim, you mentioned that we were rated

17   fourth by George Mason in openness and transparency. What can we learn or

18   can we learn from the three rated ahead of us whoever they are?

19   MR. DYER: Yes, sir, we can and I am in full disclosure. We were

20   characterized as the best of the rest. The other three agencies -- and I don't

21   remember exactly who they were -- but they had a significant edge on us on the

22   overall scoring. And so, we are looking to improve.

23   We've made some changes to our fiscal year 2008 Performance and

1   Accountability Report to capture some lessons learned and this year we even went

2   forward with the Chairman's video introduction and putting it on the website as a

3   more personal touch to it. So, we do identify lessons learned with each and every

4   one.

5   COMMISSIONER LYONS: Well, just as we've had agencies coming

6   to us to ask about how we have successfully moved up in terms of being a highly

7   rated place to work, I hope we reach out to agencies that may have a leg up on us

8   and see what we can learn from them, too. It's nice to be fourth, but it's even

9   better to be first.

10   Tim, there'd be so many areas for kudos to you and your staff. If I were to

11   highlight just one I'd say the staff moves certainly exceeded my expectations. In

12   fact, I anticipated quite a disaster and you proved me wrong. You and your staff

13   accomplished the moves of an incredible number of staff incredibly smoothly and

14   my compliments. It was very, very impressive.

15   And then maybe a question and I don't know if it would go more to Darren

16   or Tom. Darren, you mentioned help from the Commission perhaps in

17   prioritization, but in several of the slides -- in the discussion on several of the

18   slides in our read-ahead materials there was concerns about whether we have all

19   of the appropriate personnel that we need to accomplish some of these initiatives.

20   I was curious if you have unfilled positions now. If you're able to recruit -- I

21   know it's an incredibly challenging area to recruit -- but are we able to compete

22   reasonably effectively among other government agencies?

23   Is this possibly an area where the Commission can be doing anything more

1   to help from the standpoint of getting you folks the right people to discharge the

2   information technology area? It's kind of a broad question.

3   MR. BOYCE: I'll look for Darren's input as I respond to that, but I

4   appreciate the concern on having the proper staff to manage things, especially as

5   the agency has grown. And I alluded to the fact that most of our resources go to

6   keeping the lights on.

7   The fact that the agency moves go so well means that staffs making that a

8   priority rather than working on new initiatives. I'm looking right now to bring on

9   some either re-hired annuitants or limited term appointments so we can have

10   additional staff to get things done.

11   My organization is at or maybe even slightly above its FTE ceiling at the

12   moment, so I don't have any vacancies to fill. When we do have vacancies I do

13   find we're very competitive. Obviously, it's a great place to work and our

14   challenges here from a technology perspective attract people. We're doing things

15   that the technology staff wants to do. So, we're looking at creative ways to fill

16   those positions.

17   I have Darren's approval to go forward with several spots with either

18   re-hired annuitants or limited term appointments for some of these special projects

19   that we're working on.

20   MR. ASH: I'm a member of the FEPCA Panel along with Milton

21   Brown and my fellow DEDOs and we're very mindful of what our FTE ceiling is and

22   OIS is currently in the yellow. We could probably spend more time talking about it

23   at the HR briefing tomorrow, but really the guidance that I gave to Tom was, yes,

1   we need to get these projects done.

2   I don't know if we really need -- I don't think it's necessary to add new

3   permanent FTEs. I think we can be creative. We have not as an organization

4   made use of re-hired annuitants. I think we've got one within OIS. These are

5   short-term, maybe a year, maybe two years, maybe less.

6   These are projects that we can get new people with the right skills, but not

7   make a permanent addition to the agency. I agree with Tom. In my opinion I think

8   that's the right approach is being creative, but ensuring that we've got the people

9   with the right skills to do these projects.

10   MR. BORCHARDT: It's important that we stay mindful of the

11   balance between infrastructure resources for the overall agency budget, and those

12   that go directly to the program responsibilities. It's about one-third now of our

13   budget is in this area. A lot of it is fixed cost and we don't have flexibility for an

14   awful lot of that third. There's a temptation to want to grow this area, but it would

15   lose an appropriate balance if we let it get away from us.

16   COMMISSIONER LYONS: Well, I hope you continue to look at

17   possibilities for contracting in areas where you can reliably get help from outside. I

18   certainly also recognize that contracting is not automatically a panacea and it may

19   end up costing you more time and effort to do it right then to just do it yourself. But

20   at least I hope you keep that always in your thinking.

21   By way of just a couple of other comments -- and I'm out of time -- I very

22   much appreciate your focus on "work from anywhere". I think that is important to

23   the agency, both from disaster recovery as well as work/life balance. I strongly

1   support your efforts in that area.

2   And then just to add a little bit of highlight to a comment I made at the start.

3   Some of the challenges we've had, particularly in web streaming of some of the

4   hearings. I think that's really an area where I don't know if it's looking at different

5   or other improved contractors. I don't know what it is, but I think that it's very

6   unfortunate when we have a problem in web streaming of a hearing when it

7   certainly can have an impact on the public's ability to participate. I know you're

8   putting that as a priority and I certainly concur that it has to be a high priority. I'll

9   stop there.

10   CHAIRMAN KLEIN: Commissioner Svinicki?

11   COMMISSIONER SVINICKI: Thank you. I want to talk about

12   budgets for a minute. The Chairman asked some questions about budget

13   formulation and he made reference to the advisory group that he set up. I was

14   really pleased to participate in that budget advisory group and all of the office

15   representatives who participated I thought we had a really solid engagement.

16   And certainly Bill Borchardt started out by talking about the commitment

17   between the CFO and the EDO and I'll call the ongoing engagement on that what

18   it is, which is basically the two of you calling office directors and you talk budgets.

19   I made a commitment to Jim early on that in each of my periodic meetings with

20   managers here I would look at the budget status report and I raise that with the

21   office directors. I'm guessing I get about as enthusiastic of a response on that as

22   you do. But it is really necessary.

23   I do have great passion for budgets. I know that makes me an outlier. I'll

1 explain to you why I think it's so important. Budget formulation is a great thing, but

2 budget execution is really important. Now, this is going to sound critical and I'm

3 actually very complimentary of the progress that's been made in the last year,

4 which is really all I've been here to observe.

5   A perfectly formulated budget does not help the credibility of this agency if it

6 is not well executed. We heard a little bit today about the Commission helping to

7 prioritize and I think in licensing space we're hearing that as well.

8   Here's the challenge that I have with that is that if the agency staff presents

9 a budget to the Commission and that survives an OMB review and if the

10 Commission appears before Congress and indicates that that's the budget that we

11 need; if embedded in that there needs to be an implication inside of that that if that

12 budget is approved it can be executed by the staff in the year in which it is asked

13 for.

14   So, this progressively accumulating carryover situation is -- I want to be

15 clear about why this is so important to me. The credibility of this agency is

16 important. It's a fragile thing. I think that there is a lot of -- the plans that we put

17 out and the work that we say that we can get done in any given year there are a lot

18 of other constituencies that make their planning based on our planning and that's

19 not just the regulated community. Many of our public stakeholders and intervenor

20 groups also will budget and plan based on what we put forward.

21   So, if there's a disconnect in the budget that we put forward and our

22 confidence in our ability to execute it I think the sooner that we can calibrate those

23 two things a little more closely together the more that's going to help us with our

1 credibility going forward.

2   I didn't wear my green eye shade today, but it's more than a green eye

3 shade issue because it gets to public confidence and credibility. So, that's why it

4 matters so much. That's why I have a week to week commitment to monitoring it

5 and why I appreciate so much the EDO and CFO holding those meetings.

6   I've told Jim this in our meetings is that it's going to take the leadership at

7 that level because the office directors have heard your message. They are very

8 committed to it and I was being a little facetious about their attitudes. Some of

9 them have more or less interest in looking closely at their budget on a regular

10 basis, but budget execution I think we're getting to be in really good shape on

11 formulation. But execution we're taking all the right steps.

12   Bill's opening comment about understanding comes first and progress

13 comes second is spot on and I think we're making our fidelity on understanding

14 kind of our situational awareness here has gotten a lot better in the last year and I

15 compliment that. But that's a little bit of me waxing philosophical on budgets.

16   Jim or Bill I don't know if you want to make any comment based on that?

17 I've had conversations with both of you. I don't think you have any disagreement

18 with me.

19   MR. DYER: Commissioner, no, in fact, I look forward to your

20 briefings as well as all the Commissioners. It's not just you. I think all four of you

21 have quizzed me on my monthly reports with the EDO. I hear he gets quizzed,

22 too.

23   COMMISSIONER SVINICKI: Okay. Well, on to a couple of more

1   mundane things. E-Travel, Jim. I know that you've taken a very -- we've taken

2   kind of a cautious roll out there, which I was very encouraged about. The Regions

3   have a lot of important needs on travel planning. We've got folks on the road all

4   over the place all the time and I think, again, as the Chairman said coming out of

5   NRR you're very sensitive to that; of how much of a burden and how well we can

6   do this and we roll things out when we know we're going to be successful at it.

7   Can you give us a better sense on e-Travel of where you think we are with that?

8   MR. DYER: Yes, ma'am. I'm highly optimistic of it. The first of April

9   was a critical time period as we started transitioning Region I, the first Region into

10   full production in the e-Travel. We're optimistic.

11   We've embedded one of our e-Travel staff in Region I for the first two

12   weeks. He'll be finishing up, I think, the end of this week. Where that aspect is,

13   I'm optimistic. I attended the point of contact meeting yesterday afternoon where

14   actually a lot of the Commission staff points of contact are now there. There's a

15   very healthy exchange of lessons learned and good practices being cultivated for

16   this. So, I'm optimistic.

17   COMMISSIONER SVINICKI: So, you think our measured rollout

18   was the way to go?

19   MR. DYER: Yes, ma'am.

20   COMMISSIONER SVINICKI: Okay. Thank you for that. Tim, I was

21   wondering if we could talk a little bit if this is indeed your portfolio. In mid-year

22   reprogrammings it seems sometimes that the Regions are playing catch-up in

23   terms of either a space acquisition or outfitting space that they've acquired in the

1   last mid-year reprogramming. Do you think that we have good coordination with

2   the Regions in terms of their space planning needs?

3   It just seems like -- I know mid-year's opportunities can always present

4   themselves late and we always want to capitalize on things that are going to be

5   helpful to the Regions, but it just seems like that's where we seem to be finding in

6   mid-year reprogrammings which seems to me to be an indicator that maybe we're

7   not getting them integrated fully into the planning process.

8   MR. HAGAN: The short answer is now we are having effective

9   communication with the Regions. During the acquisition of interim space at

10   headquarters and the moves I'll admit our contact with the Region wasn't what it

11   should be. We're there now. We have focused. The restructuring I mentioned

12   actually gives that focus to the Regional initiatives.

13   We did have a situation with a Region where the need emerged at the

14   same time that space became available. So, it's one of those things that just

15   seemed to happen and it worked out and that generated a midyear request. That

16   was one of those magical things, I guess, but I will admit early in the process of

17   the moves down here at headquarters we weren't as engaged with the Regions as

18   we should have been, but we're there now.

19   COMMISSIONER SVINICKI: Okay. I appreciate your focus on that.

20   Thank you, Mr. Chairman. I'll have questions for the next round.

21   CHAIRMAN KLEIN: I guess this is probably a Darren question. If

22   you look at lessons learned and lessons implemented, obviously, the NSTS had

23   some challenges. Can you talk a little bit of how we'll take those lessons learned

1   as we move towards web based licensing?

2   MR. ASH: I think the first and foremost lesson learned is when we

3   introduce -- and I'm not going to classify it as new technology -- is take the

4   opportunity to pilot prototype those things earlier, much earlier in the process.

5   That was one of our biggest mistakes with respect to NSTS is implementing MPKI;

6   truly implementing MPKI and rolling it out, both from a process and credentialing

7   perspective to the user community very late in the process and role it into web

8   based licensing. As we make decisions about how we're going to do credentialing

9   it's that same concept. In whatever decisions we make, do it early, pilot it, test it

10   out so that when we do do the full rollout it's proven.

11   I do want to speak a little about security. I think that was one of the biggest

12   issues in past years with respect to NSTS and how the decisions we made in

13   terms of what level of security we were going to classify the system at. Obviously,

14   we classified it at the highest level and what that meant were hard tokens.

15   I think that as an agency we learned a great deal, and I think that as a

16   learning agency we want to be able to apply those lessons particularly to

17   something as sensitive as web based licensing. My lesson learned and I think the

18   staff's lesson learned is don't make the system -- and I'm going to pick on web

19   based licensing -- so difficult to use for the user community, the population that's

20   going to be using it, so difficult that they can't use it.

21   Is there an opportunity to look at security in such a way that, yes, you're

22   protecting the system, yes you're protecting the information and you're making it

23   secure, but not making it so secure -- too secure -- that they can't use it. Again,

1   you're affecting usability?

2   I think with Pat, with Tom, with FSME I think that we've got great

3   opportunity to apply those lessons learned to make sure that what we do with web

4   based licensing -- whatever the solution is going to be -- is appropriately protected,

5   but also is designed from a security perspective the right way.

6   So, NSTS again we had issues obviously plainly obvious, but I like the

7   opportunity to be able to learn from those and apply it to both web based licensing,

8   but other applications as well.

9   CHAIRMAN KLEIN: I think on the web based licensing we'll really

10   want to make sure we talk to the Agreement States to make sure that we're very

11   well integrated as that one moves forward.

12   MR. ASH: Agreed.

13   CHAIRMAN KLEIN: Well, I'll probably direct a question to Tim, but

14   it's probably also a Bill and a Jim issue. It seems to me on our budgeting process

15   that continuing resolutions are the standard operating procedure; that we end up

16   not getting a budget on time and probably it would be interesting to go back and

17   see if we ever have gotten a budget on time. It almost seems like we're forced

18   into a CR issue that causes all kinds of dilemmas.

19   I know that Commissioner Svinicki talked about budget execution, but it's a

20   challenge on budget execution when we don't get a budget on time. That makes it

21   even, I think, more challenging.

22   But in terms of what I see, I see a lot of year-end contracts. And so, I don't

23   know if this is a budget execution problem or a budget planning problem. Could

1   you comment on why I see so many year-end contracts?

2   MR. HAGAN: I would say it's more of a planning than anything. As I

3   mentioned we're trying to strengthen our advance procurement planning process

4   and link it to the budget so that we get an earlier focus on what needs to be done

5   to get a contract in place and to plan a contract. As Darren said, let's do it right.

6   We also have, I think, tremendous demand I think for talent in developing

7   requirements, developing scopes of work and things like that that seem to take a

8   little longer to do. That also is part of planning. You factor that into your planning

9   process.

10   I think if we approve planning and have it more transparent we'll be able to

11   reduce that fiscal year-end spending. What we do with the continuing resolution is

12   to preach that you should continue to move forward with your contract actions

13   assuming that at some point you will have the funding. We can incrementally fund

14   contracts and so the process should not wait.

15   A lot can be done in advance of actually getting the full budget. That's what

16   we preach and I think the advance procurement planning process and that

17   transparency will be able to get that message out early and follow up and make

18   sure that these things get initiated on time.

19   MR. BORCHARDT: I think from where I sit over this last year the

20   thing that I was struck by is that when you recognize that you're about to enter into

21   a continuing resolution or you enter into one that we as an organization tend to

22   take our foot off the accelerator and we stop doing those contacting actions and

23   wait for the CR to clear.

1   Part of it is probably the EDO's fault because I send out a memo that says,

2   "Okay, we're in a CR. Let's limit training to only necessary training. The same

3   with travel." So, we put all this -- kind of tell everybody to slow down and think

4   about what you're doing.

5   We never talk about contracting actions, but it happens to contracting

6   actions. And we also have the mindset that we either need to fully fund the

7   contract or not move forward with it.

8   The point that Tim was making is we can partially fund it and get the

9   mechanisms in place so that we're ready to put more money in once we do get our

10   appropriations. That's two very kind of in the grass issues, but it's a behavior that

11   we can begin to affect October of next year when we're in a continuing resolution.

12   CHAIRMAN KLEIN: That's probably something we need to watch

13   because it seems that we end up in this position every year that we have a CR

14   and probably that is a good point to watch what signals we send inadvertently.

15   What do you think, Jim?

16   MR. DYER: I agree. It's a planning issue, Chairman, and from my

17   perspective we don't do spending planning. We do obligation planning. And that's

18   what the advance procurement plan really deals with. What's the contract work

19   load? When are we going to get our money out?

20   What we don't do is take it the next step and look at what your

21   expenditure -- planned expenditures over and as we came up this year with a

22   metric of don't obligate any more that you can't spend by halfway through the year

23   or we guess where the CR period is going to be four months, six months in. And

1   then back up and decide how much you're going to obligate.

2   We do not do that and that's the discipline we have to develop. As Tim was

3   talking about this integrated spending plan, the advance procurement plan is when

4   you map out and project forward what is your expenditure going to be on a

5   contract? And if it shows that you're going to be forward funded for an excessive

6   period of time then you need to incrementally fund and use the money somewhere

7   else.

8   CHAIRMAN KLEIN: Thanks. Just one quick final question. I think

9   the work anywhere is really an important aspect because we are moving to a

10   mobile mode of operation and certainly those of us that travel BlackBerrys actually

11   are quite handy. And so I think we need to be aware of how our work force can

12   work and be effective.

13   Could you tell me, Darren, just kind of where are we in terms of capacity? I

14   have the fear that -- of course, we don't have to worry about a snowstorm now; at

15   least it may be something else. But if we have a storm and people can't get into

16   White Flint One and Two will they be able to work at home? I'm talking about a

17   significant load? Are we there?

18   MR. ASH: I think -- and Tom -- if I say anything wrong please correct

19   me, but really when we went through the significant snow storm back in February,

20   I think we had a significant number of staff teleworking that day and the road

21   conditions I think we all experienced that road conditions were not the best. It was

22   the best for many folks to telework.

23   I think, as I understood it, we successfully met that challenge in terms of the

1   volume of folks that were needing to access the agency, particularly through Citrix,

2   web mail and so forth. And I think we passed that test.

3   MR. BOYCE: That day, capacity was not an issue. We approached

4   900 concurrent users at one point with Citrix and it wasn't a problem at all. We

5   currently have the capacity for least 1,200 Citrix concurrent accesses and we

6   haven't ever hit that yet.

7   We are looking to expand that capability, not just numbers, but the number

8   of applications we serve up with Citrix.

9   CHAIRMAN KLEIN: Thanks. Commissioner Jaczko?

10   COMMISSIONER JACZKO: Well, I guess I would just briefly

11   comment on the budget since it's been discussed to some extent. I certainly

12   would agree with Commissioner Svinicki. Budget execution, I think -- and I think

13   this gets to some extent to Jim's comments that we don't track expenditures and

14   that to a large extent gets to budget execution.

15   My experience has been that the Commission -- and I think Jim and Bill

16   we've talked about this -- that the budget is a stand-alone product that we do every

17   year. And we tie up a lot of people's time and resources and then we put it on the

18   shelf and then we go spend money.

19   And I've had occasion to pull it off the shelf and I can never figure out where

20   we are and what that has to do with this big thing that I have on my shelf. And that

21   I think has been a frustration and it also shows itself in the challenges we have

22   when we deal with a CR because we should be able to easily go through the

23   budget and identify those activities which we would fund under CR and those

1   which we wouldn't.

2   And again that gets back to the budget, I think, being a more useful

3   document and a more relied upon document that actually forms the basis for how

4   we're spending our money. I think we're making progress. I think the changes to

5   the budget structure will help because it will provide a more accessible mechanism

6   to discuss activities since we're talking now about program activities rather than

7   about the subprograms and the kinds of breakdowns we used to have.

8   So, I'm hopeful that that will show improvement, but I think there's a level of

9   perhaps just change in how we do business here that really needs to permeate

10   through the staff and I think that will probably take some time as we go forward.

11   But I certainly think Commissioner Svinicki raises some good points and I think it's

12   an area where we still do have some work to do.

13   Turning back on some of these issues of IT, which others have raised as

14   well. Last year at this comparable Commission meeting, although it was held at a

15   slightly different time, one of the tasks that the staff was to do a benchmarking of

16   IT programs against other Federal agencies. And I'm just wondering on the status

17   of that. I think there's a paper in development.

18   MR. ASH: The paper, I think, is due back to EDO I think by early

19   next week and then shortly thereafter assuming everything is good with it up to

20   SECY and up to the Commission. It's almost done.

21   COMMISSIONER JACZKO: Well, I think that would be very useful

22   to see that because I think we can certainly gain some knowledge I think from

23   other agencies and we certainly have areas of success on National Source

1   Tracking and there has been a long history.

2   In the end, I think, with National Source Tracking the credentialing issue

3   aside, and I think that is a separate issue in many ways. National Source Tracking

4   came in about a year late, which for the level of security and the security that

5   needed to be built in wasn't too bad. The amount we went over budget was

6   probably more of a concern to me than the time because we did get it done in a

7   reasonable period of time without too much overage. But certainly better to be on

8   target.

9   Web based licensing, I think, is a completely different story. I don't even

10   know right how if we have a contract in place for development of web based

11   licensing.

12   MR. ASH: No, we don't.

13   COMMISSIONER JACZKO: And that is a system that again this was

14   something that predated my arrival at the Commission and so it's a system that's

15   been talked about for a long time as a system that we're going to have. And right

16   now we don't have a contract to move forward with development. So, we are very

17   behind on web based licensing and it is a system, I think, that's very crucial to

18   what we do, in particular to addressing a lot of issues with source security, which

19   we'll talk about in future meetings.

20   One issue that I did want to turn to a little bit and that is specifically on the

21   issue of the public key infrastructure and what we're doing with MPKI. In the

22   background material and as I've had discussions with people, we are making

23   progress with National Source Tracking with getting more individuals to use the

1   system.

2   I noticed in some of the background material one of the comments, one of

3   the next steps that was identified was a workflow upgrade to improve the process

4   for obtaining credentials and that's targeted for the fourth quarter of '09.

5   Maybe you can expand a little bit on what that is. Is that something that's

6   already in place and we're just being conservative when we think it's going to be

7   formally in place? Are we using those workforce upgrades now or those going to

8   be additional enhancements to how we do the process?

9   MR. BOYCE: Both. Some of it is issues that we're working with

10   VeriSign for different things they can do as far as sources they're using to this

11   quality assurance and verify who you are and what company you work for, but we

12   also didn't actually do a full Six Sigma, but we sat down and iteratively worked

13   through the whole work flow of when somebody gets a package and when that

14   makes sense to put it in the mail. What's the package look like?

15   Every little piece of what somebody has to touch to get a credential was

16   well thought out considered with the help desk involvement, VeriSign's

17   involvement. And we've come up with a new work flow to streamline it, but still

18   keep the same security rigor in. And that's going to take some software changes

19   that have to ripple through the change management process. So, that's why you

20   see the time frame.

21   COMMISSIONER JACZKO: So, the work flow change has been

22   created. Now, we need to do the actual hardware or the software implementation?

23   MR. BOYCE: Yes.

1   COMMISSIONER JACZKO: Well, again, I think that will be certainly

2   an important piece of getting this completed. I think we have broader issues than

3   of actually getting people to use the credentialing, which is a different -- it's more

4   of regulatory issue than a technology issue. So, I think that will be useful.

5   I have one last question and this is an issue that goes back a ways as well.

6   It's certainly an area where, I think, we've made a lot of progress and that is on

7   how we deal with the drug testing for agency employees.

8   One of the things that I think committed at previous meetings of this nature

9   is to continue to ask the questions about frequency of testing and whether we

10   have the right frequency for testing. We have made some changes recently in the

11   process. We expanded the pool to include, I believe, all employees essentially in

12   the pool, which I think is an appropriate change.

13   We also increased the frequency for testing as well. Now that we have

14   some experience with the program I'm wondering if people have thoughts they'd

15   want to share about whether or not we have the right frequency; whether that's

16   something we might be able to take a look at or whether we still need more data or

17   some combination of those things.

18   MR. HAGAN: When we changed the program we decided that we

19   would reassess the program one year after it started. So, we're planning to do

20   that. Thus far, we've gotten some feedback from employees primarily related to

21   work at home and the policy that if you get called you have to come in and take

22   the test. So, we're going to be looking at those kinds of things. That's the kind of

23   feedback we've gotten.

1   There has been concern raised not only this year but in past years about

2   how the randomness works and the selection process. That's a random process

3   that we get independently verified by our agency statisticians so we make sure

4   that that is truly random -- the testing.

5   COMMISSIONER JACZKO: Early on there were some challenges

6   with that simply because we had increased the frequency, but the pool was not

7   completely enlarged at that point, so some people may have experienced greater

8   frequency simply because the pool was smaller and we were doing a lot more

9   testing.

10   MR. HAGAN: I'm not aware of that.

11   COMMISSIONER JACZKO: That was the explanation I was given

12   for some of my repeated trips.

13   MR. HAGAN: I can comment that after I announced that I was going

14   to retire I was tested two consecutive times. We do check on how the process

15   works and the randomness and all that.

16   COMMISSIONER JACZKO: I appreciate that. As I said, I think it's

17   certainly something that we do have a very good work force here and I think this is

18   an appropriate program to have. Particularly as we get experience with the

19   program I think it's worth reevaluating some, in particular, of the frequency of the

20   testing as we go forward. Thank you.

21   CHAIRMAN KLEIN: Commissioner Lyons?

22   COMMISSIONER LYONS: I don't think I'll use all my time, but one

23   area that I would like to at least explore a little bit further and both Dale and Greg

1   have also been exploring it is the computer security area. Not as much focused

2   on NSTS, although that's certainly a concern and certainly been the focus of some

3   of the questions.

4   I guess among the staff I hear a general concern that as we increase or

5   enhance computer security we're making their jobs more difficult or they're making

6   it more difficult for them to do their jobs.

7   I'd be curious if you see ways of addressing that perception. I believe I'm

8   quite sure it is a real perception. I don't know if further education would be useful.

9   I don't know if there are changes you could make in the approaches to computer

10   security that would have less impact on individuals' ability to do their jobs. Pat,

11   you're nodding your head. Maybe you'd jump in. I'd be curious on whatever

12   comments you can make.

13   MR. HOWARD: Yes, sir. Be glad to. There's certainly impacts in

14   any of the policy decisions that we make. We have a pretty good body of security

15   policy that's already in place and we don't want to lose that as we develop our new

16   policies in the future continue to build on the decisions we've made in the past.

17   So, as we roll out new policies we really have to assess the impact and I

18   think that's one thing that we've learned the message we've gotten pretty clearly in

19   the last year or so. We need to have a mechanism for sounding out the user

20   community on what the impacts are going to be. So, we've initiated working

21   through the IT Business Council to get them involved in the policies that we are

22   considering rolling out to them drafts to review giving us information as to how it

23   would affect their business. And then making adjustments.

1   A lot of these requirements are pretty solid. We don't have much ground to

2 give in terms of whether we implement it or not, but we do have the wherewithal to

3 talk about the implementation plan; how fast we roll it out. Ideally, we want to

4 strive for trying to build it into our modernization plans, these controls as we roll

5 out new requirements, new business processes, new systems and build it in where

6 it's much easier rather than trying to do it in a manual fashion after the fact.

7   So, I think we're being more careful about assessing what those business

8 impacts are and trying to build those into the implementations as we roll them out.

9   We are open to taking feedback from the business units. We've done that

10 as I said in the last year pretty effectively, I think.

11   COMMISSIONER LYONS: Well, if it's at all possible as we're rolling

12 out perhaps new requirements to reduce some of the old ones or perhaps use

13 technology to minimize the impact on individuals, I think it's a real concern and

14 one that I'm sure you folks appreciate. I don't know if anyone else wants to

15 comment.

16   MR. ASH: It ultimately gets back -- and I agree with Pat. You built it

17 in on the front end. You think about everything we do as an agency and what

18 regulate. You want these things, these types of controls built in the front end

19 rather than have to bolt it on or have to have other types of mitigating controls after

20 the fact. You want things less intrusive.

21   You want the user community to be able to know that their information is

22 secure, but they don't have to go through multitudes of steps to use the system. It

23 should be built in behind the scenes.

1   It gets back to how we decide -- like Pat said -- how we design and how we

2   implement a system. Unfortunately, there's a number of things because of the

3   threat environment that we have discussed. We do have requirements that are

4   imposed upon us by OMB, but ultimately as an agency we have to make some risk

5   based decisions.

6   The Federal desktop core configuration is a great example. I think

7   everybody in this room and the Commission we all know about the 12 character

8   password. That is one that is a risk based decision. Recently we made a decision

9   to change the frequency of how often you have to change that password; change it

10   from 60 days to 90 days.

11   In the scheme of things that's a minor risk based decision, but from a user

12   perspective changing and coming up with a 12 character password four times a

13   year versus six times a year is a big deal. And again being able to respond to

14   those types of concerns that are being raised. I think that's important for us, for

15   Pat, for Tom and for others that do IT within this agency.

16   COMMISSIONER LYONS: Well, I appreciate that as you look at the

17   requirements and possible new changes that you do also take a very serious look

18   at how it impacts the staff's ability to do their job and where you see ways of

19   whether it's cutting back or changing the way that a security requirement is met in

20   a less intrusive way. I think that would be very positive.

21   CHAIRMAN KLEIN: Commissioner Svinicki?

22   COMMISSIONER SVINICKI: I think I just have two very specific

23   questions here. The first is on the Licensing Support Network. And without

1 getting into anything procurement sensitive in your response, the current O&M

2 support contract for the Licensing Support Network expires in a number of months

3 and there's been concern that there will be sufficient time to get another or some

4 measure of support contract in place prior to the expiration of the current contract.

5   And, of course, under 10 CFR Part 2 the unavailability of an Electronic

6 Hearing Docket can have a day to day impact on the adjudicatory schedule. So,

7 obviously, this is important for timely proceedings and staying to the schedules

8 that we've got in our rules.

9   Is there anyone who can give me some confidence that whatever measures

10 we need to take on an expedited basis to address this that we're doing that?

11 Okay.

12   MR. BORCHARDT: We'll have to get back to you.

13   COMMISSIONER SVINICKI: You might, again, of course, marked

14 Official Use Only Sensitive Internal Information, but it is the most recent

15 semiannual report regarding LSN program administration that highlights this as a

16 potential place where we're going to have a systems failure. So, if someone could

17 refer to that report and then let the Commission know, I would appreciate that.

18   And my other question had to do with Management Directives update. We

19 heard a little bit about a system that can track keeping Management Directives up

20 to date, but specifically there is a Management Directive on the budget process.

21   And what with the process improvements that the CFO and the EDO put in

22 place last year I think that Management Directive is now out of date. Is there a

23 schedule for updating that one? I've forgotten the number, Jim, but I know you

1 know it.

2   MR. DYER: Yes, ma'am. It's Management Directive 4.7 and we

3 have a sliding schedule on that. We just came in because in anticipation of going

4 through another lessons learned on the revised budget implementation this year

5 for the 2011 and then a subsequent advisory group review, we're targeting the

6 beginning of the calendar year.

7   COMMISSIONER SVINICKI: Okay. Thank you. Thank you,

8 Mr. Chairman.

9   CHAIRMAN KLEIN: Well, thank all of you for a great presentation.

10 What you all do is what helps make us become an effective agency because it is

11 important to supply the tools for our people to work. And as we continue to

12 balance our infrastructure internal needs with getting real work done we'll try to

13 keep those budgetary issues in balance.

14   And Tim, make sure you leave your phone number so when White Flint

15 Three trucks roll in I can call you to come back. Thanks again for your service and

16 thanks all of you for a good presentation.

17   (Whereupon, meeting was adjourned.)