

## Audit Report

### GOVERNMENT PERFORMANCE AND RESULTS ACT: REVIEW OF FY 1999 PERFORMANCE REPORT

OIG-01-A-03

#### Status of Recommendations

Recommendation 1: Develop an NRC Management Directive (MD) to provide the management controls needed to ensure that NRC produces credible Government Performance and Results Act of 1993 (GPRA) documents.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG acknowledges that the responsibility for performance management and GPRA related activities and the planned MD on Performance Management were transferred to the OEDO. This recommendation will be closed when OIG receives a copy of the final relevant management directives that include management controls needed to ensure that NRC produces credible GPRA documents.

Status: As previously indicated, the recommendations are being addressed as part of the revision to MD and Handbook 4.7, "*NRC Long Range Planning, Programming and Budget Formulation*," Office of the Chief Financial Officer decided to modify the approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. MD 4.7 will be replaced with three separate MDs: "*Strategic Planning Process*" (new); "*Budget Formulation*" (MD 4.7); and, "*Performance Management*" (new).

Responsibility for performance management and GPRA related activities was transferred to the Office of the Executive Director for Operations (OEDO), on March 18, 2011, (ML11080A042). This transfer of duties resulted in the transfer of the development of the MD on "*Performance Management*" to OEDO. OCFO maintains the responsibility for the development of the MDs for "*Strategic Planning Process*", and "*Budget Formulation*" (MD 4.7).

GPRA requires that an agency's strategic plan be updated for submission to Congress and the President every three years. The GPRA Modernization Act of 2010 modified this requirement. That law requires agencies to submit an updated Strategic Plan to the President and Congress by February of the following year after a presidential election. The U.S. Nuclear Regulatory Commission (NRC) formed the Strategic Plan/Logic Model Working Group (SPLMWG) to develop a revised Strategic Plan for FY 2014 - 2018 to replace the agency's current FY 2008 – FY 2013 version (NUREG-1614, Vol.4). The SPLMWG has developed the high-level framework, which has been approved by the Commission. Following issuance of the NRC FY 2014 – FY 2018 Strategic Plan in February 2014, staff will conduct an assessment of the revised strategic planning development process, and update the MD on the "*Strategic Planning Process*" accordingly.

The NRC budget formulation process has been improved by recommendations provided by two internal Budget Business Process Improvement projects, as well as by recommendations from a contractor that benchmarked the NRC budget process against those of other similarly situated

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Federal agencies. The lessons learned from these initiatives, as well as the controls that ensure an effective and efficient formulation process are reflected in the FY 2015 Budget Instructions. The instructions provide a detailed description of a work-in-progress approach to developing the Chairman's budget proposal to the Commission. This should result in early Commission direction and approval on the budget request.

The NRC's streamlined budget formulation process is reflected in the FY 2015 Budget Instructions where lead offices will continue to be responsible for determining business/product line workload priorities that ensure that development of an integrated budget aligns with the Chairman's priorities. Implementing a streamlined budget approach is expected to require fewer resources and to take less time in developing the budget.

MD 4.7 will be updated after implementation of the recommendations from the two task forces during the FY 2015 budget formulation cycle. The revised version is expected to more clearly delineate the roles and responsibilities and standardize systems and processes.

The NRC has revised Management Directive 4.4 "*Internal Controls*", and published it in November, 2012. MD 4.4 establishes and assigns responsibilities for internal control and reasonable assurance over NRC programmatic operations.

OCFO also issues agency guidance and instructions annually for completing GPRA documents, including establishing performance metrics and reporting on unmet goals.

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#### Status of Recommendations

Recommendation 3: Include guidance on reporting unmet goals in both the Management Directive and the interim policy guidance on implementing GPRA initiatives.

OIG Analysis: The proposed corrective action addresses the intent of OIG recommendation. OIG acknowledges that the responsibility for performance management and GPRA related activities and the planned MD on Performance Management were transferred to the OEDO. This recommendation will be closed when OIG receives a copy of the final relevant management directive that include guidance on reporting unmet goals relative to implementation of GPRA initiative.

Status: As previously indicated, the recommendations are being addressed as part of the revision to MD and Handbook 4.7, "*NRC Long Range Planning, Programming and Budget Formulation.*" OCFO decided to modify the approach to the replacement of the MD and Handbook in order to improve policy communication, organization and achieve agency consensus on the policies covered. MD 4.7 will be replaced with three separate MDs: "*Strategic Planning Process*" (new); "*Budget Formulation*" (MD 4.7); and, "*Performance Management*" (new). Recommendation 1 will be addressed in the MD "Performance Management."

Responsibility for performance management and GPRA related activities was transferred to the OEDO, as approved by Chairman Jaczko, on March 18, 2011, (ML11080A042). This transfer of duties resulted in the transfer of the development of the MD on "*Performance Management*" to OEDO. OCFO maintains the responsibility for the development of the MDs for "*Strategic Planning Process*" and "*Budget Formulation*" (MD 4.7).

The formal Business Process Improvement (BPI) project on Performance Management was completed in the 3<sup>rd</sup> quarter of FY2012. A draft MD for "*Performance Management*" was developed to help better align our policies with Government Laws and regulations such as the GPRA Modernization Act of 2010. This draft also provides criteria for successful measures and a new framework for the measures. Due to continued changes in the performance management process, the MD is scheduled to be completed by December 2013. We anticipate sending an updated draft to offices, including OIG, for comment by April 2013.

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