



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE
INSPECTOR GENERAL**

March 28, 2013

MEMORANDUM TO: J.E. Dyer
Chief Financial Officer

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE
BUDGET FORMULATION PROCESS (OIG-05-A-09)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
MARCH 15, 2013

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated March 15, 2013. Based on this response, recommendations 1-3 are now closed. Recommendation 4 was previously closed. All recommendations to this report are now closed.

If you have any questions or concerns, please contact me at 415-5915 or Eric Rivera, Team Leader, at 415-7032.

Attachments: As stated

cc: M. Laudau, OEDO
K. Brock, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

OIG-05-A-09

Status of Recommendations

Recommendation 1: Clarify, in coordination with the Executive Director for Operations, the roles and responsibilities of the Chief Financial Officer and Executive Director for Operations in the budget formulation process.

Agency Response Dated
March 15, 2013:

Agree. The CFO/EDO annually provide offices with budget instructions that specifically describe the roles and responsibilities of the CFO and EDO in the budget formulation process. Primary roles and responsibilities are detailed on Pages 4-5 of the fiscal year (FY) 2015 Budget Instructions (ML#13039A075).

For example, the budget instructions establish that the overall role of the Office of the Chief Financial Officer (OCFO) is to lead the budget process, budget structure, and development of the budget formulation schedule. OCFO is responsible for coordinating the budget process, including scheduling Commission briefings and requests for additional information, providing systems administration and training, and data management coordination. Further, OCFO coordinates with offices on all OCFO, Office of the Executive Director for Operations (OEDO), and Commission budget questions, and serves as the single point of contact for offices.

In addition, the budget instructions establish that the overall role of the OEDO is to determine the resource requirements in the budget, and to lead development of the content narrative justification for the resources in the budget. The Deputy Executive Director for Operations (DEDO) provides EDO reporting offices with direction, as needed, for each business line, including workload expectations to ensure that the budget baseline developed by OCFO is aligned with the Chairman's direction.

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

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Status of Recommendations

Recommendation 1 (cont.):

OIG Analysis: On an annual basis, agency offices receive budget instructions that specifically describe the roles and responsibilities of the CFO and EDO in the budget formulation process. This corrective action satisfies the intent of this recommendation. Therefore, this recommendation is closed.

Status: Closed.

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

OIG-05-A-09

Status of Recommendations

Recommendation 2: Document the decision-making process and roles and responsibilities of the Program Review Committee.

Agency Response Dated
March 15, 2013:

Agree. The decision-making process and roles and responsibilities of the Program Review Committee practices were discontinued in FY 2008 with the establishment of a top-down budget formulation process. The business line lead offices are responsible for developing a budget from a program perspective as the main focus to enable close coordination and collaboration among lead and supporting offices involved in a particular sub-program. This approach emphasized that the respective DEDO for each program provides specific program direction, including workload expectations to ensure the budget developed by offices is aligned with a top-down strategic direction.

OIG Analysis:

The decision-making process and roles and responsibilities of the Program Review Committee practices were discontinued in FY 2008 with the establishment of a top-down budget formulation process. This corrective action satisfies the intent of this recommendation. Therefore, this recommendation is closed.

Status:

Closed.

Audit Report

AUDIT OF THE BUDGET FORMULATION PROCESS

OIG-05-A-09

Status of Recommendations

Recommendation 3: Document the budget formulation process to ensure a logical, comprehensive sequencing of events that provides for obtaining early Commission direction and approval.

Agency Response Dated
March 15, 2013:

Agree. Since the audit report recommendation status request for OIG-05-A-09, the budget formulation process has been improved by recommendations provided by two internal Budget Business Process Improvement task forces, as well as by recommendations from a contractor that benchmarked the Nuclear Regulatory Commission budget process against those of other similarly situated Federal agencies. The lessons learned from these initiatives are reflected in the annual CFO/EDO budget instructions. The budget instructions provide the Chairman's decisions on the High Level Planning Guidance to help with the development of budget requests. The annual budget instructions provide a detailed description of a work-in-progress approach to developing the Chairman's budget proposal to the Commission in order to obtain early Commission direction and approval on the budget request.

OIG Analysis:

The agency has improved the budget formulation process through recommendations provided by two internal task forces as well as by recommendations from a contractor. Lessons learned from these initiatives are reflected in the annual CFO/EDO budget instructions which provide the Chairman's decisions on the High Level Planning Guidance. Also, annual budget instructions provide a detailed description of a work-in-progress approach to developing the Chairman's budget proposal to the Commission in order to obtain early Commission direction and approval on the budget request. These corrective actions satisfy the intent of this recommendation. Therefore, this recommendation is closed.

Status:

Closed.