U.S. NUCLEAR REGULATORY COMMISSION MANAGEMENT DIRECTIVE (MD)

MD 4.8	BUDGET EXECUTION	DT-16-31
Volume 4:	Financial Management	
Approved By:	Stephen G. Burns, Chairman	
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Issuing Office:	Office of the Chief Financial Officer	
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EXECUTIVE SUMMARY

Management Directive (MD) 4.8, "Budget Execution," is being issued to replace, in part, MD 4.7, "Policies and Practices Governing NRC Long-Range Planning, Budget Formulation, and Resource Management" (Manual Chapter 1301). MD 4.7 addressed a broad scope of agency planning, budgeting, and financial activities. Based on Commission direction (COMSECY-13-0011), the Office of the Chief Financial Officer and the Office of the Executive Director for Operations are replacing MD 4.7 with four separate MDs: MD 4.7, "Budget Formulation"; MD 4.8, "Budget Execution"; MD 6.9, "Performance Management"; and MD 6.10, "Strategic Planning." The administrative control of funds section in MD 4.7 was superseded by MD 4.2, "Administrative Control of Funds," which was revised in 2015.

MD 4.8 describes the policy guidance and direction for executing the agency's funded appropriation, including defining stakeholder roles and responsibilities.

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I. POLICY

A. It is the policy of the U.S. Nuclear Regulatory Commission to execute the annual performance budget in accordance with enacted appropriations, Federal laws and regulations, and Commission direction to achieve agency program performance goals and objectives.

B. The annual performance budget is executed in accordance with the Budget and Accounting Act of 1921, as amended; Office of Management and Budget (OMB) Circular No. A-11, “Preparation, Submission, and Execution of the Budget”; and the Government Performance and Results Act Modernization Act of 2010 (GPRAMA).

II. OBJECTIVES

- Ensure that the NRC’s execution of the budget complies with laws, regulations, and Governmentwide policies, including OMB Circular A-11 and the GPRAMA.
- Provide guidance and establish the internal agency policy for managing the approved budget in accordance with established plans and the performance budget.
- Establish roles and responsibilities for the annual budget execution process.
- Document the Commission’s leadership role in budget execution decisionmaking.
- Establish a process for managing changes to the use of resources during budget execution that are made to meet current year program objectives and achieve optimal performance.

III. ORGANIZATIONAL RESPONSIBILITIES AND DELEGATIONS OF AUTHORITY

A. Chairman

1. Appoints the Executive Director for Operations (EDO), who serves as the Chief Operating Officer (COO), and the Chief Financial Officer (CFO), subject to the approval of the Commission.
2. Proposes for Commission approval the distribution of appropriated funds according to major programs and purposes, including a proposal for the allocation of funds constituting the Commission's own budget.
3. Submits to Congress the agency baseline budget, monthly funds status report, and any reallocation of funds memorandum, including agency reprogramming requests.

B. Commission

1. Approves the appointment of the EDO/COO and the CFO.
2. Approves the Chairman's proposal for the distribution of appropriated funds according to major programs and purposes, including the approval of funds constituting the Commission's own budget.
3. Approves plans for reductions to budgetary resources due to sequestration, rescission, or cancellation, and approves resolution of significant policy issues that arise during a lapse of funding.
4. Approves submittal of agency reprogramming requests to Congress.

C. Executive Director for Operations (EDO)

1. Serves as the COO, as defined by the GPRAMA.
2. Serves as the agency's lead to provide overall management to monitor and improve agency performance and achieve the mission and goals of the agency through the use of strategic and performance planning, performance measurement, analysis, regular assessment of progress, and use of performance information to improve the results achieved.
3. Appoints the Performance Improvement Officer (PIO) and the Chief Information Officer (CIO), who report to the COO.
4. Oversees the use of resources during program execution to ensure program goals and objectives are accomplished efficiently.

5. Recommends to the Chairman, jointly with the CFO, an implementation plan for the distribution of appropriated funds, which may include reductions to budgetary resources when the NRC's appropriation is less than the budget request. The CIO advises and concurs on the recommendation as it relates to information technology/information management (IT/IM) resources.
6. Recommends to the Commission, jointly with the CFO, plans for the prioritization of funding unfunded budget items (shortfall list) and any subsequent adjustments. The CIO advises and concurs on the recommendation as it relates to IT/IM resources.
7. Concurs in resource reallocation decisions and memoranda notifying the Commission of the impact of significant resource reallocations.
8. Recommends to the Commission, jointly with the CFO, plans for the distribution of reductions to budgetary resources due to sequestration, rescission, or cancellation. The CIO advises and concurs on the recommendation as it relates to IT/IM resources.

D. Performance Improvement Officer (PIO)

1. Serves as the agency's lead for the performance management program.
2. Participates in resource reviews during budget execution, especially as resource decisions impact agency program performance.
3. Conducts quarterly performance reviews.

E. Chief Financial Officer (CFO)

1. Serves as the agency's lead for the budget execution process, except for budget execution conducted within the authority of the Inspector General.
2. Recommends to the Chairman, jointly with the EDO, an implementation plan for the distribution of appropriated funds, which may include reductions to budgetary resources when the NRC's appropriation is less than the budget request. The CIO advises and concurs on the recommendation as it relates to IT/IM resources.
3. Submits to the Chairman, after coordination with the Office of Congressional Affairs and OMB, a baseline budget that reflects the Commission-approved implementation plan. The implementation plan describes the programmatic distribution of appropriated funds by budgetary control points.
4. Recommends to the Commission, jointly with the EDO, plans for the prioritization of funding unfunded budget items (shortfall list) and any subsequent adjustments. The CIO advises and concurs on the recommendation as it relates to IT/IM resources.

5. Recommends to the Commission, jointly with the EDO, plans for the distribution of reductions to budgetary resources due to sequestration, rescission, or cancellation. The CIO advises and concurs on the recommendation as it relates to IT/IM resources.
6. Concurs on resource reallocation memoranda to notify the Commission of the impact of significant resource reallocations.
7. Determines whether congressional re-programming approval is required before a reallocation of resources can be implemented.
8. Establishes full-time equivalent (FTE) ceilings for NRC programs based upon the appropriated budget.
9. Controls agency spending levels for salaries and benefits (S&B) to ensure alignment with approved S&B budgets.
10. Establishes policies and procedures for the execution of the enacted NRC budget.
11. Monitors execution of the NRC budget and coordinates the identification of excess funds and budget shortfalls in programs in order to optimize the use of resources.
12. Provides periodic financial reports and analysis on the official status of agency resources.
13. Prepares reports on the status of budget execution for internal decisionmaking and external reporting.
14. Serves as the agency lead to coordinate the development and publication of the NRC's annual report on operations, the Performance and Accountability Report (PAR).
15. Provides budget execution coordination, support, and analysis.
16. Participates in quarterly performance reviews (QPRs) of programs conducted by the PIO to provide a financial analysis of resources.
17. Provides a uniform spending plan system to project, control, monitor, and inform on the use of funds.
18. Maintains, controls, and defines the codes used to classify financial transactions to track budget execution activity.
19. Establishes and maintains agency financial systems for budget execution.
20. Concurs in all papers to the Commission that address the use of resources.
21. Approves the dissemination of any financial information to external organizations.

F. Chief Information Officer (CIO)

1. Reports directly to the COO to carry out the IT/IM responsibilities of the agency.
2. Serves as the agency's lead to set strategy and define the development processes, milestones, review gates, capital planning, enterprise architecture, project management, security risk tolerance, and reporting of all IT/IM resources.
3. Advises and concurs in the annual implementation plan as it relates to the distribution of IT/IM appropriated funds within the agency, which may include reductions to budgetary resources when the NRC's appropriation is less than the budget request.
4. Advises and concurs in the plans for the funding of unfunded IT/IM budget items (shortfall list) and any subsequent adjustments.
5. Advises and concurs in the plans for the business line distribution of reductions to IT/IM budgetary resources due to sequestration, rescission, or cancellation.
6. Approves the reallocation of IT/IM resources in accordance with established agency policies.
7. Reviews and approves acquisitions that contain IT/IM resources.

G. Chief Human Capital Officer (CHCO)

1. In accordance with FTE allocations provided by the Budget Director of the Division of Planning and Budget, Office of the Chief Financial Officer, issues current and revised fiscal year ceiling allocations for FTE staff resources to all NRC offices and regions in accordance with Management Directive (MD) 10.38, "Position Management."
2. Manages FTE ceilings with organizations below the office level, limiting recruitment to authorized FTE levels tempered by consideration of agency plans for future year staffing levels.

H. Office of the General Counsel (OGC)

Ensures that the agency comports with all applicable budget execution law by reviewing budget execution documents, as applicable.

I. Office Directors and Regional Administrators

1. General

   (a) Execute a segment of the NRC budget through an allowance(s) approved by the Budget Director in accordance with the appropriated budget and implementation

plan. For purposes of budget execution, the CFO and EDO have chosen to treat corporate support product lines as business lines, similar to the program business lines.

(b) Prepare and maintain a budget execution plan to control the use of allowance resources during budget execution, including the determination of excess funding and shortfall funding needs.

(c) Monitor allowance FTE usage in order to stay within authorized ceilings.

(d) Notify the Commission in writing of the impact of significant resource reallocations of more than $500,000 or 4 FTE after coordination with the relevant business line leads, Deputy Executive Directors for Operations (DEDOs), the EDO, and the approval of the Budget Director.

(e) Monitor, record, and account for the use of resources during budget execution.

(f) Keep the Commission informed of less significant reallocations.

2. Business Line Lead

(a) Oversees the execution of a key programmatic component, or business line, of the NRC safety and security mission and its associated activities. For corporate support activities, oversees the execution of a corporate support product line in support of the NRC's safety and security mission.

(b) Identifies emergent work and makes decisions to add/shed/defer work that impacts budget execution and the need to shift resources within the business line.

(c) As necessary, collaborates with the other business line leads, partner offices, relevant DEDOs, and the EDO in shifting business line resources for reallocation or to support add/shed/defer decisions.

(d) Identifies excess funds or funding shortfalls in the business line that will lead to the returning of resources to the Budget Director for other uses, the shifting of resources through reallocation to fund the shortfall, or obtaining additional resources through the shortfall funding process.

(e) Identifies how the business line will accommodate reductions to appropriations due to sequestration or other reductions to resources as a result of Government action such as rescission or cancellations.

(f) Participates in the QPR to review the status of business line resources and discuss resource needs through the end of the execution period.

(g) Coordinates all budget execution decisions that require a major shift of resources, as appropriate, with the relevant office director, allowance holder, regional administrator, or partner office.

3. Partner Office

(a) Executes a segment of the NRC budget through an allowance(s) approved by the Budget Director in accordance with the appropriated budget and implementation plan.

(b) Supports the business line lead as a partner office in achieving the goals and objectives of the business line.

IV. APPLICABILITY

The policy and guidance in this directive and handbook apply to all NRC employees and NRC contractors. With regard to the execution of the Inspector General budget, and in accordance with Section 12 of the Inspector General Act of 1978, as amended (5 U.S.C. App.), all references in this directive and handbook that require Commission notification, review, and/or approval will be construed to mean Chairman notification, review, and/or approval only.

V. DIRECTIVE HANDBOOK

Handbook 4.8 provides policy and guidance for the NRC budget execution process.

VI. REFERENCES

Nuclear Regulatory Commission

COMSECY-13-0011, “Management Directive 4.7, Policy and Practices Governing Nuclear Regulatory Commission Long-Range Planning, Budget Formulation, and Resource Management” (ML13078A042).

COMSECY-14-0005, “Staff Requirements – COMSECY-14-0005 – FY 2015 Congressional Budget Justification” (ML14071A218).

Management Directive—

4.5, “Contingency Plan for Periods of Lapsed Appropriations.”

4.7, “Budget Formulation.”

6.9, “Performance Management.”

6.10, “Strategic Planning.”

10.38, “Position Management.”

SRM-COMSECY-04-0028, ““Thresholds for Reporting Resource Reallocations to the Commission” (ML041800269).

Office of Management and Budget

OMB Circular A-11, “Preparation, Submission, and Execution of the Budget” (annually).

OMB Circular A-136, “Financial Reporting Requirements” (annually).

OMB Memorandum M-15-14, “Management and Oversight of Federal Information Technology,” June 10, 2015.

Public Laws

Budget and Accounting Act of 1921, Pub. L. 67-13, 42 Stat. 20 (1921).

Chief Financial Officers Act of 1990, Pub. L. 101-576, 104 Stat. 2838 (1990).

“Closing of Appropriation Accounts Available for Indefinite Periods” (31 U.S.C. 1555).

“The Budget and Fiscal, Budget, and Program Information,” (31 U.S.C. Chapter 11).

Energy Reorganization Act of 1974, as amended (42 U.S.C. 5801 et seq.).

Federal Information Technology Acquisition Reform Act, Pub. L. 113-291, Title VIII, Subtitle D, 128 Stat. 3438-3450 (2014).

Government Performance and Results Act Modernization Act of 2010, Pub. L. 111-352, 124 Stat. 3866 (2011).

Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.).

Inspector General Act of 1978, as amended (5 U.S.C. App.).

“Procedure for Appropriation Accounts Available for Definite Periods” (31 U.S.C. 1552).

Reorganization Plan No. 1 of 1980 (5 U.S.C. App. 1).

U.S. NUCLEAR REGULATORY COMMISSION DIRECTIVE HANDBOOK (DH)

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I. BACKGROUND

A. Planning, Budgeting, and Performance Management Process

1. The Planning, Budgeting, and Performance Management (PBPM) process (see Exhibit 1 to this handbook) is the framework the U.S. Nuclear Regulatory Commission employs to meet the requirements of the Government Performance and Results Act Modernization Act of 2010 (GPRAMA). The GPRAMA requires Federal agencies to be results-oriented, linking work and resources to performance expectations.
2. The PBPM process enables the NRC to link budgeted resources with program performance. Through the PBPM process, the NRC establishes performance goals to identify the required work and the resources to conduct that work. PBPM is a continuous performance monitoring and review process. This process ensures that the agency is achieving its goals and activities in an efficient and effective manner.
3. The PBPM process links four essential elements into a performance framework. The four elements are strategic planning, budget formulation, budget execution, and performance management.
   (a) Strategic Planning – provides for developing the strategic plan, where the long term strategies and performance expectations for the agency are established, and provides guidance for the annual agency budget and performance plan (see Management Directive (MD) 6.10, “Strategic Planning”).
   (b) Budget Formulation – provides direction for determining the projected workload, resources, and performance indicators needed for formulating the annual budget

to achieve the agency's goals and strategic objectives. Budget formulation produces the annual performance budget that is submitted to the President and the Congress (see MD 4.7, "Budget Formulation").

(c) Budget Execution – provides for managing and using resources obtained through the budget formulation and appropriations process to accomplish the NRC's goals and objectives. Budget execution provides the information needed for performance management and informs the next update of the strategic plan and the budget formulation cycle. The financial costs and results are presented to the public in the NRC's audited financial statements published in the Performance and Accountability Report (PAR).

(d) Performance Management – provides the use of goals, indicators, targets, analysis, and data-driven reviews to improve the results of programs and the effectiveness and efficiency of agency operations. Performance management also contributes to the development of performance indicators in the Annual Performance Plan (APP) and reporting of performance results in the Annual Performance Report (APR), which is included in the agency's PAR (see MD 6.9, "Performance Management").

4. The components of the PBPM process are closely linked and complementary, reflecting a continuous cycle of performance management centered on outcomes. The NRC integrates its PBPM functions by aligning resources with the agency's goals and establishing performance indicators to enable periodic measurement and monitoring of program execution. Regular performance assessments are used to analyze performance and seek improvements in effectiveness and efficiency.

B. Applicable Laws and Guidance

1. Budget and Accounting Act of 1921

   The Budget and Accounting Act of 1921 requires the President to coordinate the budget requests for all Government agencies and to send a comprehensive budget to the Congress. It also requires the President to include certain information in the budget. The Congress has amended the requirements many times and has codified them in U.S. Code Title 31, "Money and Finance," Chapter 11, "The Budget and Fiscal, Budget, and Program Information."

2. Energy Reorganization Act of 1974

   The Energy Reorganization Act of 1974, as amended, established the NRC and assigned to the NRC the regulatory work to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials. The Act gave the Commission its collegial structure and established its major offices. Per this Act, the Chairman of the Commission is the principal executive officer of the Commission, and he or she exercises all of the executive and administrative functions of the Commission, including functions of the Commission with respect to the use and

expenditure of funds. Functions reserved to the Commission include those with respect to revising budget estimates and determining the distribution of appropriated funds according to the major programs and purposes.

3. Reorganization Plan No. 1 of 1980

   The Reorganization Plan No. 1 of 1980 strengthened the executive and administrative roles of the NRC Chairman. The plan provides that the Chairman shall use and expend funds consistent with the distribution of appropriated funds according to major programs and purposes approved by the Commission. Further, the Chairman shall present the budget estimate to the Commission for its consideration. The plan also provides that the Chairman shall be governed by the general policies of the Commission and by the regulatory decisions, findings, and determinations, including those for budget revisions, the Commission may be authorized to make.

4. Chief Financial Officers Act of 1990

   The Chief Financial Officers Act of 1990 assigns certain statutory responsibilities to the Chief Financial Officer (CFO). Those responsibilities include, but are not limited to, reporting directly to the head of the agency regarding financial management matters, developing agency financial management budgets, overseeing all financial management activities relating to the programs and operations of the agency, and developing and maintaining an integrated agency accounting and financial management system, including financial reporting and internal controls.

5. Government Performance and Results Act Modernization Act of 2010

   The GPRAMA requires Federal agencies to develop strategic plans with long-term goals, annually develop performance plans with performance goals and associated indicators, and report annually on prior year performance. The intent of the GPRAMA is to make Federal agencies more results oriented by linking work and resources to performance expectations and assessing agency performance and improvement. The GPRAMA contains guidance for implementing strategic plans, APPs, and APRs.

6. Federal Information Technology Acquisition Reform Act

   The Federal Information Technology Acquisition Reform Act (FITARA) enhances the authority of the Chief Information Officer (CIO) related to agency information technology/information management (IT/IM). The CIO plays a significant role in the decision processes for all annual and multi-year IT/IM planning, programming, and budgeting. In addition, the CIO is responsible for agency IT/IM execution decisions, related reporting requirements, reports related to IT/IM, and the management, governance, and oversight processes related to IT/IM.

7. Office of Management and Budget Circular No. A-11, "Preparation, Submission, and Execution of the Budget"

   Office of Management and Budget (OMB) Circular No. A-11 provides requirements for the agency's performance budgeting process and execution of the budget. It includes guidance on how to prepare and submit materials required for OMB's presidential review of agency requests and formulation of the fiscal year budget. Additionally, the Circular provides the requirements for strategic plans, APPs, and APRs. It is revised annually.

8. OMB Circular No. A-136, "Financial Reporting Requirements"

   OMB Circular A-136 establishes a central point of reference for all Federal financial reporting guidance, including the PAR. It is revised annually.

II. THE BUDGET EXECUTION PROCESS

A. The Commission's Role

1. Authority

   The Reorganization Plan No. 1 of 1980 provides:

   > The Chairman shall also be the principal executive officer of the Commission, and shall be responsible to the Commission for developing policy planning and guidance for consideration by the Commission…shall determine the use and expenditure of funds of the Commission, in accordance with the distribution of appropriated funds according to major programs and purposes approved by the Commission; shall present to the Commission for its consideration the proposals and estimates set forth in subsection (3) of this paragraph…
   >
   > (3) preparation of…
   >
   > (ii) the budget estimate for the Commission; and (iii) the proposed distribution of appropriated funds according to major programs and purposes.

   5 U.S.C. App. 1.

2. Commission Direction

   In COMSECY-14-0005, the Commission directed, "Following receipt of fiscal year appropriations, the staff should request Commission approval for distribution of appropriated funds…" This direction requires the CFO to work with the Executive Director for Operations (EDO) and allowance holders to jointly develop an

appropriation implementation plan as part of the initial step in planning for budget execution.

B. The Federal Fiscal Environment

Budget execution is a fluid process. Changes in the Federal fiscal environment from one year to the next drive changes to the timing and methods of NRC budget execution. When executing the budget, consider events that can impact the normal process or order of events: delays in receiving full funding for the NRC, across-the-board reductions in funding directed by Congress, and emergencies and new program priorities that re-direct funding.

C. Funding Budget Execution

1. Appropriation

   (a) Article I, Section 9 of the U.S. Constitution provides that, "No Money shall be drawn from the Treasury but in Consequence of Appropriations made by Law…." Moreover, funds collected by agencies must be returned to the Treasury unless Congress has specifically authorized the agency to retain and expend those funds. Fees collected by the NRC are remitted to the Treasury. Congress provides the NRC with an annual appropriation to fully fund its operations. However, Congress requires the NRC to offset the appropriation's outlays with fees collected for its licensing and services, which must be remitted to the Treasury. Generally, in public financial reports, the appropriation is shown net of collections.

   (b) The appropriation process begins with the submission of the President's Budget to Congress, which concludes the budget formulation stage of the PBPM process. The President's Budget includes the NRC's funding request for the target fiscal year, which is referred to as the Congressional Budget Justification (CBJ). Changes to the NRC budget can be made by Congress. The normal progression, or flow of the process, results in an approved appropriation passed by Congress and signed into law by the President. The target date for this to be completed is before the start of the fiscal year on October 1.

   (c) Following the appropriations process, there are the apportionment, allotment, and allowance processes that are described in MD 4.2, "Administrative Control of Funds." These processes provide NRC managers the authority to use Federal funds for authorized programs.

2. Baseline Budget

   (a) Changes to the NRC budget can occur during the congressional review/approval process for the appropriation. The changes occurring between the submission of the President's Budget to Congress and the final appropriation are reconciled in the implementation plan, which is submitted for Commission approval. After Commission approval, the implementation plan is summarized in the baseline budget. The baseline budget is a required submittal to Congress. The baseline

budget establishes with Congress the programmatic baseline for the NRC's budget execution.

(b) The baseline budget identifies, with appropriate explanations, comparability and program changes since submission of the NRC budget to Congress. Comparability changes are changes within the NRC's budgetary control points. Program changes are defined as changes between the NRC's congressionally-established budgetary control points.

(c) The baseline budget is prepared by the Division of Planning and Budget (DPB) within the Office of the Chief Financial Officer (OCFO) consistent with the implementation plan approved by the Commission. It is reviewed by OMB before being submitted to the House and Senate Appropriations Subcommittees on Energy and Water Development by the Chairman. Copies of the baseline budget are provided to the Director, Office of Congressional Affairs, for transmittal to the remaining NRC congressional oversight committees. A copy is provided to the Commission for information.

(d) OCFO prepares monthly reports required by Congress that identify and explain funding changes within and between congressionally-established budgetary control points since the submission of the baseline budget. These reports shall be signed by the Chairman for transmission to Congress.

3. Continuing Resolution

(a) When an appropriation is not enacted by the beginning of the new fiscal year, Congress may pass a temporary funding measure called a continuing resolution (CR) to fund Federal agencies. A CR is a joint resolution by the House and Senate that provides for continuing appropriations for a specified period of time. If the appropriation is repeatedly delayed, successive CRs may be enacted to bridge the gap and provide continuous funding to agencies.

(b) Usually, CRs do not appropriate specific sums of money. Rather, CRs provide a rate of operation (formula) for calculating the amounts available for continuing agency operations. This formula is applied by OMB in apportioning funds under the CR without an agency request for apportionment. Once the CR is enacted, OMB determines how much will be automatically apportioned to each agency under the CR formula. Depending upon the length of the CR and other relevant circumstances, DPB may consult with the offices and regions but will make the determination of the distribution of funds from the automatic apportionment.

(c) In allocating funds under a CR, DPB first ensures staff salaries and benefits are funded for the duration of the CR, then addresses the travel and contract support funding needs of the agency. In anticipation of the CR, DPB will coordinate with program offices to determine the estimate of resources necessary to operate through the duration of the CR and what activities can be deferred. Some negotiations may be necessary between the offices and regions and DPB to keep agency funding within the limits set by the CR. If determining which items

will be deferred involves major policy decisions, the EDO/CFO will consult the Commission and obtain Commission approval for the decision.

(d) A CR generally makes amounts available subject to the same terms and conditions and the work (programs) specified in the enacted appropriations from the prior fiscal year. The CR may also establish additional terms and conditions. For example, a CR may prohibit work "for which appropriations, funds, or other authority were not available."

4. Current Estimate

(a) The current estimate highlights adjustments made to the distribution of budgeted funds between submission of the budget and execution. It identifies adjustments made at the program, business line, and product line levels and provides an explanation for each adjustment. The types of changes that are generally included in the current estimate are adjustments necessitated by budget structure changes, Commission-directed changes, and movement of full-time equivalent (FTE) between offices.

(b) The current estimate documentation presents the original amounts from the President's Budget, the current estimate, the delta, and an explanation for the adjustment. The current estimate accompanies the formulated budget for the next budget year. The Commission will consider it along with the new formulated budget for approval.

(c) The Commission approves the current estimate as it approves the formulated budget or may make changes. When adjustments meet certain thresholds, a separate, more detailed, and immediate Commission notification/approval process is required as described in Section II.G.6 of this handbook.

D. Reimbursable Funding

Where authorized by statute, the NRC performs services for other Federal and non-Federal organizations on a reimbursable basis. Reimbursable funds provided to the NRC by these outside organizations represent additional funding in excess of the agency's appropriated funds. These reimbursable funds are executed by agency allowance holders. See the handbook for MD 4.2 for information on reimbursable funding.

E. Funds Control

Responsibility for management of the NRC budget starts with individuals who are delegated responsibility for funds control. Funds are distributed and controlled within the NRC in accordance with MD 4.2. An Advice of Allowances and Financial Plan (AAFP) is issued, which authorizes the amount that can be spent by the allowance holder (AH) for specified programs and activities. The AH is delegated authority by the Budget Director of the Division of Planning and Budget, OCFO, to receive, control, and use NRC

resources to execute specific agency program(s) and/or activities in accordance with priorities established by the business line lead. Usually, the AH delegation is to an office director or a regional administrator. The AH may delegate to an allowance financial manager (AFM) the management of the allowance on a daily basis.

F. Planning and Management of Budget Execution

1. Implementation Plan

   (a) Upon receipt of the appropriation, the CFO and EDO, working with allowance holders and business line leads, jointly prepare an appropriation implementation plan that proposes how the appropriation will be executed by program, business line, and product line. An initial priority list of shortfall (unfunded) items may also be submitted with the implementation plan. The CIO provides advice and concurs on the implementation plan and shortfall list (if submitted) as they relate to IT/IM resources. The proposed appropriation implementation plan is submitted to the Chairman jointly by the EDO and CFO. The Chairman provides comments and adjustments, if any, and forwards the implementation plan to the Commission for their review and final approval.

   (b) Reductions to the President's Budget may occur during the appropriation process. The distribution of any reductions will be made part of the proposed implementation plan submitted to the Commission for approval.

2. Execution Plans

   (a) Allowance holders should prepare a budget execution plan for managing resources. Budget execution plans should ensure the effective and efficient use of agency resources. Execution plans are used to guide budget execution actions such as determining funds available for commitment and obligation. It is important for offices and regions to plan for obligating resources and timing of procurement actions to meet the lead times necessary to complete the procurement action and ensure obligation of funds in the fiscal year appropriated.

   (b) OCFO provides an automated spending plan system to assist allowance holders in execution planning. The system combines information from the budget formulation system, the acquisition system, and the core accounting system. The automated spending plan system can be used to plan funding needs throughout a contract lifecycle or other types of agreements. The projection of procurement actions can alert fund managers when requisitions should be submitted to the Acquisition Management Division, Office of Administration. In the OCFO spending plan system, status summaries can be viewed at all funding levels from office allowance to cost center document number. Specific information for funding status of individual acquisitions is also available to project managers and contracting officer representatives (COR).

3. Shortfalls and Emergent Needs

   (a) Shortfalls and emergent needs occur for several reasons. For example, the Commission identifies new priority work, a need arises after the budget is submitted, there is an unanticipated increase in the workload, an emergency diverts funds, or a project is delayed to future years. OCFO issues guidance on how to prioritize shortfalls and emergent needs for funding. Offices and regions identify to the Budget Director budget shortfalls and emergent needs. The items are classified as high, medium, or low priority. OCFO coordinates the preparation of an agencywide funding priority list and maintains it throughout the year.

   (b) The shortfalls and emergent needs are prioritized agencywide on a "shortfall list" to be funded as funds become available during execution. The CFO and EDO recommend to the Commission an overall agency prioritization of the items on the shortfall list. The CIO advises and concurs on any shortfall recommendations as they relate to IT/IM resources. The Commission makes the final decision on the prioritization.

   (c) During budget execution, funding for shortfalls and emergent needs can become available through savings in current-year programs, prior-year de-obligations, or unobligated carryover. The priorities established in the shortfall list will normally take precedence over any other use of funds that become available. Generally, other shortfalls and emergent needs not on the list will be considered for funding after the priority list is addressed.

   (d) A shortfall list may be prepared in conjunction with the implementation plan process and/or it may be done as part of a mid-year resource review.

4. Salaries and Benefits Funding

   (a) Salaries and benefits (S&B) routinely comprise more than 50 percent of NRC total funding on an annual basis. Offices budget for the staffing levels needed to carry out program or corporate support activities.

   (b) While offices budget for S&B requirements during budget formulation, OCFO centrally manages and executes the agency's S&B budget. OCFO monitors S&B spending levels for each office and region to ensure alignment with approved S&B budgets. OCFO advises agency management when spending exceeds projected levels in order to initiate discussion on where adjustments may be required to maintain agency spending within S&B budget limitations. Conversely, OCFO may discover savings in this area and initiate discussions on where the funds can be better utilized.

   (c) To help maintain S&B budget integrity, fund managers should use FTE as a guide when using personnel resources. The Office of the Chief Human Capital Officer (OCHCO) will consider FTE limits when processing recruitment or reassignment actions.

5. Centrally Managed Funds

   It is more efficient to manage and execute certain types of funding centrally. The controls and level of centralized functions vary depending upon what approach is most efficient. For example, with some exceptions, OCHCO obtains input from individuals and offices to formulate an NRC headquarters training budget; next, OCHCO manages and executes the training budget for the entire NRC. Headquarters-based travel is formulated and managed by offices, but the budget is executed through the Central Allowance by OCFO. Change of station travel is formulated, managed, and executed through the Central Allowance. With some exceptions, the IT/IM budget is formulated, managed, and executed by the Office of the Chief Information Officer.

6. Reporting Financial Performance

   (a) Summary and detail level reports (e.g., the Budget Execution Report (BER)) are made available by the OCFO and provide information on the status of budget execution.

   (b) OCFO-issued financial reports provide information such as fund sources, allocations/reallocations, commitments, obligations, and expenditures sorted by the budget structure (i.e., program, business line, product line). The reports are generated from the agency accounting system. Summary level reports provide comparative analysis and trends.

G. Adjustments To Appropriated Resources

1. Budgetary Reductions Resulting from the Appropriations Process

   In the event the NRC's appropriation is less than the budget request, the appropriation reductions will be included in the appropriation implementation plan (see Section II.F.2(b) of this handbook) that is submitted for Commission approval.

2. Commission Direction on Resource Reallocations

   (a) Reallocation provides for changes to the previously planned use of resources. It allows the NRC the flexibility to address emergent work, emergency situations, budget shortfalls, or shifts in resources necessary to successfully carry out the NRC mission.

   (b) Policy for involving the Commission in significant resource reallocations (see COMSECY-04-0028, "Thresholds for Reporting Resource Reallocations to the Commission") was developed to meet the following objectives:

      (i) To ensure the Commission decides resource reallocations that modify or establish policy;

(ii) To inform the Commission of significant resource reallocations; and

(iii) To allow the staff to timely and efficiently make day-to-day resource reallocation decisions to implement Commission policy and programs.

3. Reallocation

(a) Reallocation is the shifting of resources during budget execution from one program, business line, product line, or product to another.

(b) During the execution year, fact-of-life changes may occur that result in the need to re-evaluate plans and resources. Emergent work, emergency events, changing priorities, budget shortfalls, and other circumstances can result in resource needs that differ from the time of the original budget formulation process. A reallocation of resources from one program, business line, product line, or product to another may be necessary to align with current programmatic needs and fact-of-life changes. Summary level reports (i.e., the BER) provide highlights of major offices and program/business line funding. A separate and more immediate process is established to notify the Commission of significant reallocations, as described later in this section.

4. Reallocations that Result from Resource Reviews

(a) When resource reviews result in recommendations to reallocate $500,000 or more in contract support/travel costs, or four or more FTEs, at the product level (or above), the recommendations shall be submitted to the Commission for approval.

(b) Resource reviews generally occur at midyear and involve agency activities in which there are shortfalls (see Section II.F.3(d) of this handbook).

5. Reprogramming that Requires Congressional Approval or Notification

(a) Congress requires advance congressional notification or approval for certain reprogramming between the major programs, congressionally-established budgetary control points that meet a certain dollar threshold, or prior to reprogramming actions known to be of congressional interest.

(b) The Budget Director shall determine if a reprogramming request meets the criteria for prior congressional notification or approval. The Budget Director will notify the requesting office if the reprogramming request must be submitted to Congress for notification or approval. Congressional approval could take 2 to 3 months to process. All reprogramming requests that require congressional notification or approval must first be submitted to the Commission for approval.

(c) Congress requires that the NRC notify the House and Senate Appropriations Subcommittees on Energy and Water Development of transfers between certain business lines that exceed a threshold established by Congress. Congress must be notified as soon as practicable but no later than two weeks after the transfer is made.

6. Special Commission Notification of Significant Resource Reallocations

   (a) The Commission shall be informed by memorandum of significant reallocations of resources at the product level (or above). Significant resource reallocations are defined as adjustments to resources at the product level (or above) that reach a threshold of $500,000 or more in contract support/travel costs, or four or more FTEs. The threshold applies to each specific decision to reallocate resources. Resource reallocation actions should not be split to avoid exceeding the threshold.

   (b) The office director or regional administrator shall notify the Commission of all significant reallocations as defined in Section II.G.6(a) of this handbook. The memorandum notifying the Commission shall include a discussion of (1) why the reallocation was needed; (2) specific source(s) for the reallocation; and (3) the substantive program implications. For significant reallocations involving an AAFP change, the draft memorandum from the office director to the Commission must accompany the AAFP change request when submitted to the Budget Director.

   (c) For significant reallocations involving an AAFP change, the initiating office shall submit to DPB an AAFP change request reflecting the reallocation for review and approval by the Budget Director. Generally, reallocation requests will result from the collaboration of the appropriate business line leads, DEDOs, and office directors. Prior to Budget Director approval, reallocations impacting IT/IM resources must be approved by the CIO.

   (d) For significant reallocations involving an AAFP change, the initiating office director or regional administrator shall issue the memorandum in final notifying the Commission of the reallocation within 5 days after approval of the change request by the Budget Director. Notification of other reallocations shall be submitted to the Commission within 4 weeks of executing the reallocation. EDO offices shall obtain concurrence from the affected business line lead(s), the EDO, and the CFO (and the CIO when the reallocation impacts IT/IM resources). Commission-level office directors shall obtain OCFO concurrence (and the CIO when the reallocation impacts IT/IM resources) and submit the memorandum directly to the Commission. See Exhibit 2 to this handbook for a sample memorandum.

7. Less Significant Resource Reallocations

   Less significant resource reallocations are defined as those that are less than the threshold of $500,000 in contract support/travel costs, or four or more FTEs at the product level (or above). Less significant resource reallocations are captured in the BER issued monthly by DPB. However, office directors and regional administrators are requested to highlight during their periodic meetings with the Commission resource reallocations that involve activities known to be of Commission interest, notwithstanding the thresholds discussed above.

8. Rescissions, Cancellations, and Sequestrations

   Rescissions, cancellations, and sequestrations are terms used for reductions in budgetary resources.

   (a) Rescission

      (i) A rescission is a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of the Impoundment Control Act of 1974. Resources that are proposed by the President for rescission may be withheld from obligation for 45 calendar days of continuous session of the Congress (excluding an adjournment of more than 3 days in which either House is not in session) pending congressional action on the proposal. The term is often used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including reductions that were not proposed pursuant to the Impoundment Control Act. Rescissions can either be temporary or permanent. See OMB Circular A-11, Section 20.3.

      (ii) Rescissions can be specific or non-specific as to which agency programs reductions in budgetary resources are to be applied. Most rescissions applicable to the NRC are proposed by Congress as Governmentwide, across-the-board reductions to agency appropriated accounts.

   (b) Cancellation

      (i) A cancellation is a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) that is not subject to the requirements of the Impoundment Control Act of 1974. Resources that are proposed by the President for cancellation cannot be withheld from obligation pending congressional action on the proposal. The term is sometimes used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including rescissions proposed by the President. Cancellations can either be temporary or permanent. See OMB Circular A-11, Section 20.3.

      (ii) Cancellations can be specific or non-specific as to which agency programs reductions in budgetary resources are to be applied.

      (iii) Cancellations, as a reduction of budgetary resources described above, should not be confused with the canceled phase of annual and multiyear authority, or cancellations of budgetary resources in appropriations accounts pursuant to 31 U.S.C. 1552, “Procedure for Appropriation Accounts Available for Definite Periods,” and 31 U.S.C. 1555, “Closing of Appropriation Accounts Available for Indefinite Periods.”

   (c) Sequestration

      (i) Sequestration is a cancellation of budgetary resources originating with Congress in specific legislation. Generally, specific statutes require such cancellations if revenue or direct spending legislation is enacted that, in total,

increases projected deficits or reduces projected surpluses relative to the baseline. Under the law, selected programs would be subject to across-the-board cancellations. Such cancellations are required if discretionary appropriations exceed the statutory limits on discretionary spending. See OMB Circular A-11, Section 20.3.

(ii) Sequestration reductions are generally applied across-the-board, but may exempt certain programs. The sequestration process has been used much more extensively by Congress in recent years. In anticipation of an upcoming sequestration, the OCFO will issue instructions for the development of a sequestration plan and lead the planning process. The OCFO will consult with the EDO, the CIO when IT/IM resources are impacted, offices, and regions to determine how non-specific, or across-the-board reductions, will be taken by the programs. The OCFO, in consultation with the EDO, offices, and regions, will prepare the sequestration plan. The CIO will advise and concur in the sequestration plan preparation when IT/IM resources are impacted. The plan will identify where sequestration reductions will occur in the NRC programs. The sequestration plan shall be submitted for Commission approval.

H. Lapsed Appropriations

In the situation where neither a full-year appropriation nor a CR has been approved by Congress, NRC funding will lapse, requiring the agency to plan for a potential shutdown of operations in accordance with MD 4.5, “Contingency Plan for Periods of Lapsed Appropriations.” During a lapse in appropriations, the NRC may be able to continue operations for a period of time by utilizing unobligated carryover funding. Once unobligated carryover funding is exhausted, an orderly shutdown of most agency operations will occur. The Commission will approve resolution of significant policy issues that arise during a lapse of funding.

I. Information Classification and Data Collection

1. Code Management and Control

(a) Various Federal statutes require agencies to establish systems for budget management, funds control, and accounting, subject to strict standards and internal controls. Agencies must implement systems that classify transactions, report financial data, and maintain a high degree of integrity. Financial transactions are classified to maintain budget integrity and tracking to authorized funding. Moreover, proper classification of transactions impact agency reporting, financial statements, and fee billing. A key part of NRC core financial, acquisition, and time and labor (T&L) systems is a structure to code financial transactions in order to achieve required transaction classifications and accurate reporting of time.

(b) OCFO defines and controls the NRC coding structure that consists of the components described in the following sections.

2. Budget and Reporting Number

   (a) The budget and reporting (B&R) number is a combination of codes that classify financial transactions into budgetary/organizational elements. The B&R number consists of the following key elements.

Budget Fiscal Year
Fund
Fund Source
Office/Region
Program
Business Line
Product Line
Product

   (b) Each B&R element is an important information gathering category that can be used alone or in conjunction with another element(s) for reporting. The chief purpose of B&R is to classify financial information for budget formulation, funds control, budget execution, program costing, performance reporting, financial reporting, fee billing, and other purposes. The components of the B&R are required for coding into acquisition and financial systems such as the Strategic Acquisition System (STAQS) and the Financial Accounting and Integrated Management Information System (FAIMIS) when recording transactions. Variations of B&R are also referred to as the FAIMIS Accounting Template Code or STAQS Account Structure Code. All other codes such as the task assignment control number, cost center, and job control number (JCN) must be associated with a B&R number in order to be valid and work in financial systems.

3. Cost Center

   (a) The cost center captures common project work across the agency in a single code instead of offices setting up separate codes for the same project or purpose. The cost center creates an informative data point as the different offices use the same cost center to collect financial information for a specific work activity. The cost center code is related to the B&R number in that it infers many of the B&R elements when used in transactions in acquisition and financial systems.

   (b) Below the cost center level, financial transactions are further identified by document number (i.e., contract number, purchase order number, travel order number, etc.).

4. Job Control Number

   Previously, the JCN was used for classification purposes (such as classifying acquisition transactions and travel to specific B&Rs). In other situations, it was used as a document number. Generally, the JCN was used to track a single acquisition.

The JCN is now discontinued, but is still in use in the acquisition and financial systems to track prior year financial activity. The cost center replaces the JCN and the JCN eventually will be phased out.

5. Budget Object Class Codes

   (a) A budget object class (BOC) is a classification category that identifies the type of good or service purchased by the Federal Government. The major object classes are:

10	Personnel Compensation and Benefits
20	Contractual Services, Travel, Transportation, and Supplies
30	Acquisition of Assets
40	Grants and Fixed Charges
90	Other

   (b) These major object classes are further divided into more specific, detailed BOCs that expand the two digit major object classes to four digits at the NRC.

   (c) BOC codes classify obligations according to their initial purpose, not the end product or service. BOC codes provide a capability to report and analyze obligations and costs for similar goods and services across the agency.

   (d) Agencies are required by law to budget and report financial activity by object class. NRC guidance on using BOCs is updated every year based upon OMB updates and can be found on the OCFO SharePoint site.

6. Cost Activity Code

   (a) A cost activity code (CAC) (formerly referred to as task assignment control or technical assignment control number or activity code) is used to specify the type of work NRC employees perform.

   (b) The CAC is used in the NRC Human Resources Management System (HRMS) T&L System by employees to report time for work activities. It is used in other NRC program management systems for project planning and scheduling to manage and assign work. The CAC is also used in FAIMIS to capture contract costs for license fee billing.

   (c) When established, the CAC must be associated with a B&R number, which classifies the transactions to the proper budget elements, including fee billing categories.

   (d) The data captured through T&L reporting is used for preparing payroll, fee billing, reimbursable agreement billing, and cost accounting. The hours worked by the CAC captured in the T&L System also provide labor data back to project management systems.

III. GLOSSARY

Add Work

Undertaking emergent work during the budget execution period that is not specifically identified in the enacted budget.

Allowance Holder

Designated by the Budget Director, OCFO (see MD 4.2, “Administrative Control of Funds”).

Budgetary Control Points

Budgetary control points are programs, business lines, product lines, products, or any other budgetary classification that Congress has specifically identified for special tracking, reporting, and/or approvals. Congress may require notification and/or approval if transfers of funding are made between these classifications that exceed dollar thresholds Congress establishes.

Business Line Lead

A designated program office responsible for accomplishing a key programmatic component (business line) of the NRC safety mission and its associated activities. A designated corporate support office responsible for accomplishing a corporate support product line in support of the NRC’s safety mission.

Current Estimate

Delineates changes to the programmatic distribution of funding in the President’s Budget between submission of the budget and execution.

Defer Work

Delaying the start or extending the schedule for completion of planned work.

Emergent Work

Unplanned and unbudgeted work resulting from fact-of-life changes during the execution year, such as new assignments, increased scope of existing assignments, and changes in priorities.

Execution Plan

Allocating the budgeted funds of an allowance, in a documented plan or system, to the planned work and activities of the allowance by the month and year the funds are expected

to be committed, obligated, and expended. The execution plan identifies the resource needs of allowance activities by projecting current and future acquisition funding needs.

Partner Offices

Offices and regions that perform work in support of a business line.

Performance and Accountability Report (PAR)

The PAR (NUREG-1542) is the NRC's annual report on operations. It includes a report on the agency's programmatic performance; management's discussion and analysis; the audited financial statements of the NRC; the Office of the Inspector General's assessment of the NRC's most serious management and performance challenges; and other information.

Planned Work

Work that is planned for and budgeted in the fiscal year being executed.

Reallocation

Shifting of resources from one program, business line, and/or product line to another during the budget execution period, which requires only internal NRC approval.

Reject Work

Declining to undertake emergent work.

Reprogramming

A reallocation of resources between major programs (e.g., between Nuclear Reactor Safety, and Nuclear Materials and Waste Safety) or congressionally-established control points within an agency's account.

Shed Work

Eliminating planned work during the budget execution period or reducing the scope of work previously identified during the budget formulation or intervening period.

Shortfall List

A prioritized list of budget shortfalls or emergent needs that are unfunded through the budget process, which the agency has decided it will fund in accordance with an established priority if funds become available during the budget execution period.

IV. ACRONYMS

AAFP	Advice of Allowances and Financial Plan
AFM	Allowance Financial Manager
AH	Allowance Holder
APP	Annual Performance Plan
APR	Annual Performance Report
BER	Budget Execution Report
BOC	Budget Object Class
B&R	Budget and Reporting (number)
CAC	Cost Activity Code
CBJ	Congressional Budget Justification
CFO	Chief Financial Officer
CHCO	Chief Human Capital Officer
CIO	Chief Information Officer
COO	Chief Operating Officer
COR	Contracting Officer Representative
CR	Continuing Resolution
DEDO	Deputy Executive Director for Operations
DPB	Division of Planning and Budget (OCFO)
EDO	Executive Director for Operations
FAIMIS	Financial Accounting and Integrated Management Information System
FITARA	Federal Information Technology Acquisition Reform Act
FTE	Full-Time Equivalent
GPRAMA	Government Performance and Results Act Modernization Act of 2010
HRMS	Human Resources Management System
IT/IM	Information Technology/Information Management

JCN	Job Control Number
MD	Management Directive
NRC	Nuclear Regulatory Commission
OCFO	Office of the Chief Financial Officer
OCHCO	Office of the Chief Human Capital Officer
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PBPM	Planning, Budgeting, and Performance Management
PIO	Performance Improvement Officer
QPR	Quarterly Performance Review
S&B	Salaries and Benefits
STAQS	Strategic Acquisition System
T&L	Time and Labor

EXHIBITS

Exhibit 1 Planning, Budgeting, and Performance Management Process

Exhibit 2 Sample Commission Notification Memorandum

MEMORANDUM TO THE COMMISSION
ON SIGNIFICANT RESOURCE REALLOCATIONS
SAMPLE FORMAT

MEMORANDUM TO: Chairman [Insert Name]
Commissioner [Insert Name]
Commissioner [Insert Name]
Commissioner [Insert Name]
Commissioner [Insert Name]

FROM: Office Director

SUBJECT: SIGNIFICANT RESOURCE REALLOCATION [indicate the impacted major program business line(s) or corporate/office support product line(s)]

This memorandum is to inform you of a significant resource reallocation within/between the Office(s) of _____ for the [indicate the impacted major program(s), business line(s), product line(s), and product(s)].

[Describe why the resource reallocation was needed.]
[Identify the resources affected by the reallocation. A resource table may be used if multiple reallocations are involved.]
[Discuss substantive program implications, including any program impacts to the program/business line/product line losing resources.]

cc: EDO (if the memo is from an EDO office)
CFO
CIO (when reallocation impacts IT/IM resources)
Appropriate DEDO(s)
Appropriate office director(s), i.e., affected allowance holders and business/product line leads.
The appropriate manager(s) in the affected program(s).

CONCURRENCES: Obtain business line lead concurrence
Obtain CFO concurrence (Deputy Budget Director)
Obtain DEDO concurrence (if the signing office director reports to the EDO)
Obtain CIO concurrence (all offices when reallocation impacts IT/IM resources)