



OFFICE OF THE  
INSPECTOR GENERAL

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

January 19, 2016

MEMORANDUM TO: Victor M. McCree  
Executive Director for Operations

Maureen E. Wylie  
Chief Financial Officer

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

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF NRC'S  
SEQUESTRATION PROCESS (OIG-14-A-20)

REFERENCE: EXECUTIVE DIRECTOR FOR OPERATIONS AND CHIEF  
FINANCIAL OFFICER MEMORANDUM DATED  
DECEMBER 30, 2015

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendation as discussed in the agency's response dated December 30, 2015. Based on this response, Recommendation 1 remains in resolved status. Please provide an updated status of the recommendation by May 26, 2016.

If you have questions or concerns, please call me at 415-5915, or Paul Rades, Team Leader, at 415-6228.

Attachment: As stated

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## Audit Report

### AUDIT OF NRC'S SEQUESTRATION PROCESS

OIG-14-A-20

#### Status of Recommendation

Recommendation 1:           OIG recommends that the Executive Director for Operations and the Chief Financial Officer collaboratively establish agencywide guidance for future sequestration planning activities and reductions.

Agency Response Dated  
December 30, 2015:

Agree. The Office of the Chief Financial Officer (OCFO) and the Office of the Executive Director for Operations (OEDO) have three levels of agencywide guidance for future sequestration planning activities and reductions, including the process for determining how the sequester reduction will be applied across NRC programs and how the sequester funding plan will be developed.

The Management Directive (MD) for Budget Execution (Enclosure 1) was submitted to the Commission for review and approval on November 3, 2015. This MD provides high level guidance related to sequestration planning activities.

The Sequestration Planning Guidance (Enclosure 2) provides more detailed information than the MD. This guidance provides an overview of sequestration and its application to the NRC budget, information on how sequestration reductions will be prioritized, and a high level schedule. The guidance will be maintained as a living document, and will be reviewed and updated, as necessary, to incorporate changes in sequestration requirements or in the agency's internal processes.

In fiscal years when sequestration might be implemented, the OCFO and OEDO also issue annual sequestration instructions (similar to the annual budget formulation instructions). The annual sequestration instructions provide detailed instructions to the business and product line leads with regard to developing a list of potential sequestration reductions, such as dollar and full-time equivalent targets, and a schedule with due dates.

## Audit Report

### AUDIT OF NRC'S SEQUESTRATION PROCESS

OIG-14-A-20

#### Status of Recommendation

Recommendation 1 (cont.):

The Sequestration Planning Guidance is enclosed with the annual instructions. When these instructions (Enclosure 3) were issued in July 2015, a copy was provided to the OIG.

On January 14, 2016, the OEDO contact for this response indicated that the agency expects to finalize the draft Management Directive (MD) for Budget Execution (Enclosure 1) during the timeframe in between April 15, 2016 and May 15, 2016.

OIG Analysis:

OIG reviewed Enclosure 1— Management Directive (MD) for Budget Execution; Enclosure 2—Sequestration Planning Guidance; and Enclosure 3— annual sequestration instructions and determined that this agencywide sequestration guidance continues to address the intent of the recommendation. Therefore, this recommendation continues to be resolved. OIG will close the recommendation once it has reviewed the final MD 4.8, Budget Execution, and verifies that it contains agencywide guidance for future sequestration planning activities and reductions.

**Status:**

Resolved.