



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

**OFFICE OF THE
INSPECTOR GENERAL**

April 7, 2016

MEMORANDUM TO: Maureen E. Wylie
Chief Financial Officer

Victor M. McCree
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
BUDGET EXECUTION PROCESS (OIG-13-A-18)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
MARCH 31, 2016

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations 1 through 8 as discussed in the agency's response dated March 31, 2016. Based on this response, recommendations 1 and 3 remain in resolved status. Recommendations 2, and 4-8, were previously closed. Please provide an updated status on the resolved recommendations by December 15, 2016.

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

Attachment: As stated

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Audit Report

AUDIT OF NRC'S BUDGET EXECUTION PROCESS

OIG-13-A-18

Status of Recommendations

Recommendation 1: Complete implementation of NRC's Planning, Budgeting, and Performance Management process.

Agency Response

Dated March 31, 2016:

Status: Ongoing

The recommendation is addressed in the replacement of Management Directive (MD) 4.7, *"Policies and Practices Governing NRC Long-Range Planning, Budget Formulation, and Resource Management."* In order to improve communications, organization, and policy management, the Office of the Chief Financial Officer (OCFO) recommended to the Commission that MD 4.7 be replaced by four new MDs. The Commission approved this recommendation in COMSECY-13-0011, dated May 17, 2013. In response to Commission direction in COMSECY-14-0026, dated September 16, 2014, the Office of the Executive Director for Operations (OEDO) and the OCFO collaborated to develop a unified set of management directives covering *Strategic Planning* (MD 6.10), *Budget Formulation* (MD 4.7), *Budget Execution* (MD 4.8), and *Performance Management* (MD 6.9). The staff completed and submitted the unified set of MDs to the Commission in COMSECY-15-0031, *"Submission of Four Management Directives for Commission Review and Approval,"* dated November 3, 2015. This set includes the policy to complete implementation of the Planning, Budgeting, and Performance Management (PBPM) process. The staff is currently waiting to receive direction from the Commission to complete the issuance of these four MDs.

Target Completion Date: 4th Quarter Fiscal Year (FY) 2016

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when the agency completes implementation of NRC's Planning, Budgeting, and Performance Management process through the replacement of Management Directive and Handbook 4.7.

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Status of Recommendations

Recommendation 1 (cont.):

Status: Resolved.

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Status of Recommendations

Recommendation 3: Enforce the use of correct budget object codes.

Agency Response

Dated March 31, 2016:

Status: Ongoing

1. Monthly BOC Monitoring: The Division of the Controller (DOC), Financial Reporting and Analysis Branch (FRAB) continues to monitor obligation transactions on a monthly basis and identify exceptions. DOC/FRAB work papers for the monthly review have been incorporated into the monthly general ledger reconciliation process. DOC/FRAB began this process in the second quarter of FY 2015.
2. Corrections to Identified BOC Exceptions: DOC/FRAB continues to work with the Office of Administration, Acquisition Management Division (AMD) to make the BOC corrections to obligation transactions in both Financial Accounting and Integrated Management Information System (FAIMIS) and Strategic Acquisition System (STAQS). In January 2016, AMD staff notified DOC/FRAB that they could not go forward with developing a utility program to make recurring BOC corrections to obligation transactions in STAQS due to a funding shortfall. As a result, this action is on hold pending additional funding to complete the corrections to transactions in STAQS. Corrections to obligation transactions in FAIMIS is pending the corrective actions in STAQS.
3. Removal of Two Digit Major Object Class (MOC): The two digit MOC was removed from STAQS in February 2015. DOC/FRAB is waiting for AMD to correct the exceptions in STAQS, pending additional funding to develop the utility program. DOC/FRAB is prepared to make the corrections in FAIMIS upon

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Status of Recommendations

Recommendation 3 (cont.):

confirmation from AMD that the same corrections can be made in STAQS.

Target Completion Date: 4th Quarter FY 2016

OIG Analysis:

The proposed corrective action partially addresses the intent of OIG's recommendation. This recommendation will be closed when OIG sees evidence of completed reviews of the accuracy and consistent use of budget object codes.

Status:

Resolved.