



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

May 22, 2016

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Maureen E. Wylie */RA/*
Chief Financial Officer

Victor M. McCree */RA/*
Executive Director for Operations

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF THE NUCLEAR
REGULATORY COMMISSION'S SEQUESTRATION PROCESS
(OIG-14-A-20)

In response to the Office of the Inspector General's (OIG) memorandum dated July 14, 2015, provided below is the status of Recommendation 1 in the Audit of the Nuclear Regulatory Commission's (NRC) Sequestration Process (OIG-14-A-20).

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.

Response:

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 was recently approved by the Commission and is currently being prepared for publication in August of 2016. This MD provides high level guidance related to sequestration planning activities.

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The Sequestration Planning Guidance (Enclosure 1) 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. The Sequestration Planning Guidance is enclosed with the annual instructions. When these instructions (Enclosure 2) were issued in July 2015, a copy was provided to the OIG.

Enclosures:

As stated

cc: R. Lewis, OEDO
R. Boyer, OEDO
R. K. Wild, OIG

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