



OFFICE OF THE
INSPECTOR GENERAL

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

June 8, 2016

MEMORANDUM TO: Victor M. McCree
Executive Director for Operations

Maureen E. Wylie
Chief Financial Officer

A handwritten signature in blue ink that reads "Stephen D. Dingbaum".

FROM: Stephen D. Dingbaum
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
MAY 22, 2016

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendation as discussed in the agency's response dated May 22, 2016. Based on this response, Recommendation 1 remains in resolved status. Please provide an updated status of the recommendation by December 15, 2016.

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

Attachment: As stated

cc: R.Lewis
H. Rasouli, OEDO
J. Jolicoeur, OEDO
J. Bowen, OEDO
S. Hudson, OCFO
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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
May 22, 2016:

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.

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

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Status of Recommendation

Recommendation 1 (cont.):

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.

OIG Analysis:

OIG reviewed the Enclosure 1—Sequestration Planning Guidance and Enclosure 2—annual sequestration instructions. These documents continue to address the intent of the recommendation. OIG will close the recommendation once it has reviewed the final MD 4.8, Budget Execution, and confirms the inclusion of agencywide guidance for future sequestration planning activities and reductions. Therefore, this recommendation continues to be resolved.

Status:

Resolved.