

December 3, 2003

MEMORANDUM TO: Chairman Diaz  
Commissioner McGaffigan  
Commissioner Merrifield

FROM: William D. Travers */RA/*  
Executive Director for Operations

SUBJECT: STATUS OF THE OFFICE OF NUCLEAR MATERIAL SAFETY  
AND SAFEGUARDS BUSINESS PROCESS IMPROVEMENT  
INITIATIVES

SECY-02-0103, "*Staff Response to Item 3 of COMSECY-01-0022-FY 2003 - FY 2004 Budget Proposal Regarding the Office of Nuclear Material Safety and Safeguards Business Process Improvement Initiative*," dated June 14, 2002, states that the Office of Nuclear Material Safety and Safeguards (NMSS) will keep the Commission informed of the progress and results of the Business Process Improvement (BPI) effort for both the Licensing and Contract Financial Management initiatives.

In the last status update, provided by memorandum dated June 18, 2003, the staff offered to keep the Commission informed of the status of NMSS process improvement initiatives with a summary report at the end of fiscal year 2003 (FY 2003) and a mid-year and summary report for FY 2004, in lieu of further quarterly reports. In a Staff Requirements Memorandum dated August 5, 2003, the Commission approved the staff proposal to change the reporting frequency.

The following provides the status for the "Licensing and Certification" (Licensing BPI) and "Contract Financial Management" (Contract BPI) projects, as of the end of FY 2003. As discussed in the memorandum to the Commission dated June 14, 2002, the BPI projects were initiated to achieve efficiency and effectiveness gains by improving internal processes, with the goal of achieving at least a 10 percent gain. NMSS recommends that, in lieu of mid-year or periodic reports on BPI projects, efficiency gains from the Licensing BPI project and other initiatives be reported and included in the materials and waste budget submittals. As a result of the resource reductions since FY 2000 and the current very low level of budgeted activities in this area, NMSS believes that the annual frequency for reporting on these initiatives as part of the budget submittal is appropriate.

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Licensing and Certification BPI

As discussed in the June 18, 2003, memorandum to the Commission, NMSS has reevaluated the approach to be used for achieving its efficiency and effectiveness goals in the Licensing and Certification area. In FY 2001, NMSS reduced the full-time equivalents in its licensing programs beginning with the FY 2003 budget, assuming it could achieve future efficiencies in its licensing processes and, thus, offset the resource reductions. NMSS recognized that several individual licensing process efficiencies had already been incorporated into the resource estimates before the beginning of the Licensing BPI process. For example, a number of program efficiencies and reductions had been made in the fuel facilities Licensing and Inspection programs, to provide for fact-of-life high-priority resource needs.

NMSS management determined that most of the future opportunities for achieving gains in efficiency and effectiveness will be made in the level of technical review for licensing. Since the last update, NMSS has substantially reduced BPI contractor support for the licensing improvements project, redirecting the contractor to: (1) document the current licensing processes by developing process maps; (2) identify near-term improvements for each process for which a process map is developed; and (3) identify office-wide improvements. The BPI contractor's work is expected to be finished in December 2003, with the completion of the aforementioned tasks.

NMSS is also currently pursuing opportunities for improvements in the level of technical review during the licensing processes. This is being undertaken with in-house staff, supplemented with staff support from the Risk Task Group and the Office of Nuclear Regulatory Research. The wide variability in types of NMSS licenses creates a need for a broad range of individual improvements.

During the FY 2006 budget process, NMSS will examine how labor rates and casework volume have varied over the recent years as a means to assess the extent to which the licensing efficiencies have been realized. NMSS will continue working with other offices to improve its cost accounting information to better estimate the opportunities for any future efficiencies.

Contract Financial Management BPI

The contract BPI has been completed and the project has achieved its desired efficiency savings. The goal of 10 percent efficiency was primarily achieved in the management and support areas. These efficiencies will be used to increase management and support focus on more critical program activities (e.g., strategic planning).

SECY, please track.

cc: SECY  
OGC  
OCA  
OPA  
CFO