



United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-277583

July 31, 1997

The Honorable Richard K. Arme
Majority Leader
House of Representatives

The Honorable John Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
and Oversight
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

Subject: Results Act: Observations on the Nuclear Regulatory
Commission's Draft Strategic Plan

On June 12, 1997, you asked us to review the draft strategic plans submitted by the Cabinet departments and selected major agencies for consultation with the Congress as required by the Government Performance and Results Act of 1993 (the Results Act). This report is our response to that request concerning the Nuclear Regulatory Commission (NRC).

NRC faces significant challenges as it begins to plan for its future. Many nuclear power plants are cutting costs to stay competitive in the face of deregulation. The safety consequences of these actions will likely result in NRC's reassessing its regulatory program in the future. Furthermore, an aging nuclear industry is challenging NRC's ability to ensure that adequate funds are available for decommissioning plants that have closed prematurely. Finally, the prospect of NRC's assuming oversight over the Department of Energy's (DOE) laboratories and weapons plants would dramatically affect NRC's resources, structure, and strategies.

Objectives, Scope,
and Methodology

We agreed to review NRC's draft plan and assess (1) whether it fulfills the requirements of the Results Act and provide our views on its overall

quality; (2) whether NRC's key statutory authorities are reflected in the draft plan and, if so, how they relate to the missions and the goals in the draft plan; (3) whether it reflects interagency coordination for crosscutting programs, activities, or functions that are similar or complementary to those of other federal agencies; (4) whether it addresses the major management challenges that we have previously identified; and (5) the adequacy of NRC's data and information systems for providing reliable information for measuring results.

We reviewed NRC's most recent draft strategic plan—dated July 1, 1997—that NRC provided to congressional committees. Our overall assessment of NRC's draft strategic plan was generally based on our knowledge of NRC's operations and programs; our various reviews of NRC; our discussions with NRC's Chief Financial Officer and Deputy Director, Division of Budget and Analysis; and other existing information available at the time of our assessment.

Specifically, the criteria we used to determine whether NRC's draft strategic plan complies with the requirements of the Results Act were the Results Act, supplemented by the Office of Management and Budget's (OMB) guidance on developing the plans (Circular A-11, Part 2). To make judgments about the overall quality of the plan and its components, we used our May 1997 guidance for congressional review of the plans (GAO/GGD-10.1.16) as a tool. To determine whether the plan contains information on interagency coordination and addresses the management problems previously identified by GAO, we relied on our general knowledge of NRC's operations and programs and the results of our previous reports. In determining whether NRC's draft strategic plan reflects its major statutory responsibilities, we reviewed applicable legislation, consulted with NRC's Office of General Counsel, and as you requested, we coordinated our review with the Congressional Research Service. To determine whether NRC has adequate systems in place to provide reliable information on performance, we relied on the results of our previous reports and those from NRC's Office of the Inspector General (OIG).

It is also important to recognize that NRC's final strategic plan is not due to the Congress and OMB until September 1997. Furthermore, the Results Act anticipated that it may take several planning cycles to perfect the process and that the final plan will be continually refined as future planning cycles occur. Thus, our findings reflect a "snapshot" of the draft plan at this time. We recognize that developing a strategic plan is a dynamic process and

that NRC is continuing work to revise the draft with input from OMB, congressional staff, and other stakeholders.

Our work was performed in June and July 1997 in accordance with generally accepted government auditing standards.

Background

NRC was created as an independent agency by the Energy Reorganization Act of 1974, which abolished the Atomic Energy Commission (AEC) and moved the AEC's regulatory function to NRC. This act, along with the Atomic Energy Act of 1954, as amended, provides the foundation for NRC's regulation of the nation's commercial nuclear power industry and the use of various kinds of radioactive materials for research and development; medical diagnosis and treatment; and industrial, academic, and consumer activities. NRC's appropriation for fiscal year 1997 is \$477 million; it has a staff of 3,061. NRC has licensed 110 commercial nuclear power reactors to operate in 32 states and has issued approximately 21,600 licenses either itself or through the 30 states that have signed agreements with NRC allowing them to regulate the use of radioactive material within their respective states.

NRC began its strategic planning process in August 1995. The effort, referred to as NRC's Strategic Assessment and Rebaselining Initiative, was the major program evaluation that supported the development of NRC's strategic plan. In Phase I of that initiative, NRC examined its functions and activities, including its statutes, regulations, and guidance documents from the Commission. After analyzing this information, NRC identified direction-setting issues to influence the strategic direction of NRC. In Phase II, NRC evaluated these issues and developed and evaluated a range of options for the future. These evaluations resulted in a series of issue papers that were provided to NRC's stakeholders for comment. The comments received were reviewed by the Commission. The Commission's decisions on the issue papers formed the basis for NRC's draft plan.

In addition, NRC issued its first audited financial statements in fiscal year 1992 and received its first unqualified audit opinion in fiscal year 1994. In fiscal years 1995 and 1996, NRC was also one of six federal agencies that participated in a governmentwide pilot project to streamline financial management reporting into a single accountability report. The project was undertaken in accordance with the Government Management Reform Act of 1994. In addition, NRC is continuing its efforts to improve the integration of performance measures, cost information, and financial reporting. Its

first step is to prepare a strategic plan, then a performance plan and a program report to implement the Results Act.

Results in Brief

To its credit, NRC has been actively pursuing the objectives of the Results Act since 1995, when it launched its own strategic planning initiative. However, NRC's draft plan does not provide the Congress with complete information for its consultation with NRC. The draft plan contains two of the six required elements of the Results Act—the mission and the goals and objectives. While NRC's draft plan meets some of the requirements for three others, it does not describe (1) the resources, such as staff skills and experiences, capital, and information, that will be needed to execute the plan's strategies; (2) how key external factors could affect the achievement of its goals; and (3) its schedule for future program evaluations. Finally, NRC has not included in its draft plan the relationship between the long-term goals and objectives and its annual performance goals.

The draft plan reflects NRC's major legislative requirements but does not expressly link its mission, goals and objectives, and strategies with NRC's relevant major statutory responsibilities. The Results Act does not require the agencies' strategic plans to contain a statement of statutory authorities. However, we believe that including such linkages may permit a better understanding of the diversity and complexity of NRC's overall mission and goals and objectives.

Although NRC shared its draft and is consulting with other agencies, the current draft plan does not fully discuss some programs and activities that are crosscutting, or similar to those of other federal agencies. For example, NRC and DOE share responsibility in the federal government's high-level waste disposal program: DOE builds such facilities, which NRC must license. Consequently, NRC is affected by changes in DOE's strategies and program funding. The draft plan would benefit by a more thorough discussion of these issues.

Our previous work has highlighted major management challenges that NRC needs to address more completely in its draft plan. For example, weaknesses in how NRC oversees nuclear power plants have led to questions about the quality of the information that NRC uses to inform the public about the safety condition of nuclear plants. Furthermore, we reported that NRC was not aggressively making plants fix their safety problems and has difficulty measuring the safety condition of the plants it

is required to regulate. The draft plan does not provide a thorough discussion of these issues. Similarly, the draft plan does not discuss in sufficient detail the consequences of competition and economic uncertainties in the electric utility industry with respect to decommissioning issues. We have reported that NRC's cost estimates for decommissioning are not realistic, which could mean future problems for those licensees not having sufficient funds to properly close their facilities.

While there are indications that some NRC systems may not provide reliable information for measuring results, NRC is continuing its efforts to improve the integration of performance measures, cost information, and financial reporting. NRC's OIG plans to do more work to determine if these systems can provide reliable information.

Draft Strategic Plan DOEs Not Contain All Key Elements Required by the Results Act

NRC's draft plan does not provide the Congress with complete information for its consultation with NRC. The draft plan contains two of the six required elements of the Results Act (the mission and the goals and objectives), meets some of the requirements of three others, but does not include the relationship between its long-term goals and objectives and its annual performance goals.

Mission Statement Included in Draft Plan

NRC's draft plan provides a short, overarching mission statement covering its basic responsibilities: "To regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of the public health and safety, to promote the common defense and security, and to protect the environment." While general in nature, the mission statement covers NRC's major activities. In addition, NRC has a vision statement that amplifies the importance of the stakeholders' respect for and confidence in the NRC.

Goals and Objectives Defined in Draft Plan

The second major element in NRC's draft plan is its strategic goals and objectives. The goals and objectives cover NRC's major functions and activities and are generally results-oriented. NRC presents seven overall goals for accomplishing its mission. One of them is that NRC's stakeholders have clear and accurate information and have respect for and confidence in NRC's regulatory program. This goal is particularly important and represents a major challenge to NRC in the light of the safety deficiencies recently discovered in several of the nation's commercial power reactors. For example, several reactors in the Northeast are shut down for safety

problems that NRC was unable to prevent despite a significant oversight presence.

Resource Needs to Execute Strategies Not Discussed

NRC's draft plan includes a large number of strategies under each of its goals, and the plan has several measures that will be used to evaluate the results of the strategies. While the list is extensive and the measures are reasonable, the strategies do not describe (1) the resources, such as staff skills and experiences, capital, and information, that will be needed to execute the strategies and (2) the assignment of accountability to its managers for achieving the goals. Also, NRC did not provide projections of the funding and staff that will be available over the period covered by the plan. Without this information, it is difficult to judge NRC's likelihood of success in achieving the goals or the appropriateness of the strategies.

In addition, NRC recognizes that it may be asked to greatly expand its regulatory responsibilities in the future. However, the draft plan does not describe the full extent of resources that will be needed for this expansion. An advisory committee was formed in 1994 by DOE to examine and to make recommendations on the external regulation of DOE's facilities, including its national laboratories and weapons plants. The advisory committee recommended that DOE be regulated by an external regulator. NRC is one of the organizations that is being considered for such external regulation. If full responsibility for such DOE activities is assigned to NRC, it would, according to NRC's Chairman, add significantly to the agency's current nuclear regulatory responsibilities and require a restructuring of the agency and significant additional resources. For example, NRC estimates that this change could cost from \$150 million to \$200 million and add 1,100 to 1,600 personnel. To facilitate its consultations with the Congress, NRC's plan should discuss the impact of this change on its organization and future resource needs.

Some Key External Factors Not Included

NRC's draft plan did not identify all key factors external to the agency and beyond its control that could significantly affect the achievement of the strategic goals. For five of the seven goals in its draft plan, NRC listed major factors that could affect the achievement of its goals over the period covered by the plan. Furthermore, there were two goals for which the draft plan did not discuss key external factors: protecting the environment and regulatory excellence. Unless the Congress is able to consider the external factors affecting these goals, it may have difficulty in effectively consulting with NRC about the draft plan.

Program Evaluations Are Described, but Schedules for Future Evaluations Are Not Included

The draft plan describes NRC's evaluations that support the development of its strategic plan. NRC notes that the major program evaluation supporting the development of its draft plan was the Strategic Assessment and Rebaselining Initiative. In addition, NRC cited other evaluations it considered when it developed its strategic plan. However, the draft plan does not contain a schedule for future program evaluations, as required by the Results Act. Also, it does not describe the general methodology to be used, the timetable, the general scope of an evaluation, or the particular issues to be addressed, as called for by OMB guidance.

Relationship Between Long-Term Goals and Annual Performance Goals Is Not Included

The relationship between the long-term goals and the annual performance goals is incomplete. Although NRC has included some measures, it has not yet outlined the type, nature, and scope of the goals to be included in its annual performance plan, nor has NRC fully described the relationship between its annual performance goals and its strategic goals. Without this information, it is difficult to evaluate whether NRC's long-term strategic goals will be linked to its annual performance plans and the day-to-day activities of its managers and staff.

Legislative Authorities Are Considered

The Results Act does not require a statement of major statutory responsibilities to be included with the agency's plan.¹ Nevertheless, NRC's draft plan mentions its statutory authorities for its mission and some of its goals. On the basis of our review of relevant legislation, we believe that (1) the activities defined in NRC's plan are supported by legislation and (2) the plan reflects NRC's major legislative requirements. We also believe that expressly linking all of NRC's goals and strategies to its major statutory authorities would facilitate a better understanding of the diversity and complexity of its overall mission, goals, and strategies.

NRC's draft plan acknowledges that the principal safety terms embodied in its mission are not expressly defined by statute. NRC believes that it has interpreted those terms in a manner consistent with congressional intent through regulations, decisions, and practices that have withstood congressional and judicial review. We generally agree. Also, the Commission's inclusion of environmental protection in its mission statement is derived from the National Environmental Policy Act (NEPA) rather than from legislation specific to NRC. This aspect of NRC's mission flows from an early NEPA decision in which NRC's predecessor agency was

¹OMB Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation. This suggestion, however, does not extend to the statement of goals and strategies.

directed to take special note of the environmental impacts of its licensing decisions.

Crosscutting Program Activities Not Fully Addressed, but Coordination Is Occurring

Although NRC shared its draft plan and is consulting with other agencies—principally DOE and the Environmental Protection Agency (EPA)—the plan does not contain a complete discussion of the programs and activities that are crosscutting, or similar to those of other federal agencies. Because overlapping and fragmented programs can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort, it is important for NRC to address these issues in its plan.

For example, NRC and DOE have joint responsibilities in a long-range undertaking of high-level waste disposal: DOE builds such facilities, which NRC must license. NRC's efforts are dependent on the funding DOE receives and the amount of work DOE undertakes. Recent budget reductions and other changes in DOE's waste program have caused NRC to significantly redirect its waste disposal efforts, including the deferral of the activities necessary for licensing. The high-level waste issue is evolving, and more changes are likely given the contentiousness of the issue among federal, state, and local officials and the public. The draft plan lacks a sense of how the two programs will be coordinated with respect to changes in funding and program direction. NRC's draft plan could be improved by describing how it plans to fulfill its responsibility without causing undue delay or unnecessary rework in DOE's reduced high-level waste disposal program.

In another example, NRC and EPA are jointly involved in developing standards covering such issues as radioactive mixed waste, air emissions of radionuclides, decommissioning, and low-level waste standards. In our prior work on some of these issues, we discussed the differences among standards set by federal agencies.² Federal radiation standards that have been developed reflect a lack of overall interagency consensus on how much radiation risk to the public is acceptable. Because the standards have different regulatory applications and are based on different technical methodologies, the estimated risks to the public that are associated with these standards and guidelines vary considerably. NRC's draft plan does not discuss how the agency is working with EPA and others to develop

²Nuclear Health and Safety: Consensus on Acceptable Radiation Risk to the Public Is Lacking (GAO/RCED-94-190, Sept. 19, 1994).

consensus, nor does the plan discuss the impact on NRC's programs if EPA develops more stringent standards than those that NRC is now using.

Draft Plan Addresses Previously Identified Management Problems

NRC's draft plan addresses major management challenges that we have previously identified: overseeing the safety of nuclear power plants and ensuring adequate decommissioning funds. However, the plan could be more helpful if the measures to address these challenges were clearer.

In discussing NRC's oversight of nuclear power plant safety, the draft plan says that NRC will regularly assess, objectively measure, and report on licensees' performance and that it will use this information to identify adverse safety trends and to identify early the individual plants with declining performance. It further states that it will halt operations if performance falls below an acceptable level. However, as we recently reported, NRC was not aggressively making plants fix their safety problems.³ We also found that NRC's process for informing the public of the existence of problem plants was deficient, resulting in misinformation about the safety condition of some nuclear plants. Part of the problem is that NRC does not precisely define safety and thus has difficulty measuring the safety condition of the plants it is required to regulate. Instead, NRC presumes that plants are safe if they operate within their approved designs and in accordance with NRC's regulations. However, NRC is no longer confident that all plants are operating as designed. We recognize the difficulty in measuring safety, but without an accurate and reliable set of measures on nuclear plant safety conditions, NRC will continue to struggle with its program. The draft plan would benefit by a more thorough discussion and outline of safety measures.

Similarly, in discussing the adequacy of funds for decommissioning nuclear plants, NRC's plan notes that it will ensure that licensees have adequate funds available for decommissioning by establishing additional financial requirements. However, growing competition and economic uncertainty in the electric utility industry is challenging both NRC and the industry to set proper levels of funding for decommissioning. We previously reported that NRC's cost estimates for decommissioning appeared low. NRC required only that utilities set aside decommissioning funds of \$105 million for a 1,100-megawatt pressurized water reactor and

³Nuclear Regulation: Preventing Problem Plants Requires More Effective NRC Action (GAO/RCED-97-145, May 30, 1997).

\$135 million for a 1,100-megawatt boiling water reactor.⁴ With many plants not completing their useful life, plants may not be setting aside the total amount of funds needed for decommissioning. NRC's draft plan would benefit by a more thorough discussion of this issue.

Actions May Be Needed to Provide Reliable Information on Performance

NRC may need to develop new systems and improve old ones to track performance measures evolving from the draft plan and to identify management problems. NRC acknowledges deficiencies and has a number of initiatives under way. For example, NRC's CFO is developing a plan for an agencywide financial management system. The goal for this plan is to be operational within the next 2 years, to integrate financial planning data with performance data, and eliminate the need for multiple financial tracking systems. In March 1997, the acting CFO submitted a plan that identified a proposed approach to developing an integrated financial management system.

In addition, NRC will need to address several issues raised in other audit reports. For example:

- The OIG has done a number of reviews of NRC's information systems and found that NRC has had a history of weak information systems development. For example, an OIG official told us that the Office of Information Resources Management's projects lacked the management controls to provide information in a systematic manner to management.
- Our recent review of NRC's inspection program found that NRC has not made a concerted effort to verify the accuracy, completeness, or reliability of its data on nuclear plant performance indicators.⁵ These data are used by NRC to measure the effectiveness of its programs. We and the OIG have noted that these performance measures are generated by the regulated industry, which made the data difficult to assess and verify as well as analyze.

Important Information Technology Management Challenges Are Not Fully Addressed

The Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996 direct agencies to implement a framework of modern technology management based on practices followed by leading private and public organizations that have successfully used technology to improve

⁴Nuclear Regulation: NRC's Decommissioning Cost Estimates Appear Low ([GAO/RCED-88-184](#), July 29, 1988).

⁵Nuclear Regulation: Preventing Problem Plants Requires More Effective NRC Action ([GAO/RCED-97-145](#), May 30, 1997).

performance and help meet strategic goals. Under these laws, agencies are to better relate their technology plans and information technology use to their programs' missions and goals. While NRC notes that a strategic information resources management plan describing information resources management activities will be developed and maintained, the draft plan does not discuss how NRC intends to plan for and use information technology to support the agency's missions and improve program performance.

Furthermore, we recently reported that NRC, like many other agencies, will face emerging management challenges of implementing modern technology and resolving the need for computer systems to be changed to accommodate dates beyond the year 1999—the “year 2000 problem.” Consequently, in developing its information resources management plan, NRC needs to discuss how it plans to address the year 2000 problem as well as any significant information security weaknesses—two issues that we have identified as high-risk across the government.⁶

Agency Comments and Our Evaluation

We provided a draft of this report to NRC for its review and comment. (NRC's comments are in the enclosure.) While NRC said our report makes several suggestions that will be useful as it finalizes its draft strategic plan, it disagreed that the draft plan lacked the key elements required by the Results Act. NRC believes that its draft plan contains the essential information necessary for a meaningful dialogue between NRC and its oversight committees. In particular, NRC did not agree that (1) its resource needs should have been discussed because it said that it did not have any unique resource needs; (2) it needs to include key external factors for two of its general goals, protecting the environment and regulatory excellence; and (3) its draft strategic plan did not include the relationship between its long-term goals and its annual performance goals. In addition, while NRC agreed that its plan did not include a specific schedule for future program evaluations or the general methodology, scope, or issues to be addressed, it pointed out that its plan does state that a high-level program evaluation focal point was established in NRC's new organizational structure and that the grouping of offices for this regulatory effectiveness organization was designed to facilitate improvement of program evaluation.

We agree with NRC that the Results Act anticipated that it may take several planning cycles to perfect the planning process, and we recognize that NRC is continuing to revise its draft plan to provide a better foundation for the

⁶GAO High-Risk Series (GAO/HR-97-20, Feb. 1997).

consultation process with the Congress. However, the Results Act and implementing OMB guidance require that all elements be included in an agency's plan. The Results Act and implementing OMB guidance expect a discussion of required resources, such as human, capital, and information, needed to achieve goals and strategies. In connection with the need to include a discussion of external factors that may influence the achievement of goals, we believe that the draft plan could have included more information. For its "protecting the environment" goal, changing federal and state environmental policies have a reasonable likelihood of occurring. Its "excellence" goal is highly dependent on the aggressiveness of licensees to follow NRC's regulations. These types of external factors appear to be important and, therefore, should be included in NRC's plan. In connection with the required discussion of how strategic goals link to annual performance goals, the draft plan recognizes that linkages are needed but does not define these linkages beyond asserting that the existence of performance goals establishes the relationships. The Results Act and OMB's guidance require the plans to clarify the linkages by, among other things, defining key terms, discussing how well information technology is supporting goals, and if any goals have been established to reduce the unintended negative effects of an agency's programs. In addition, we made changes to our report where appropriate in response to NRC's detailed comments.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days from its issue date. At that time, we will send copies of this letter to the Minority Leader of the House of Representatives; Ranking Minority Members of your Committees; the Chairmen and Ranking Minority Members of other Committees that have jurisdiction over NRC's activities; the Chairman of NRC; and the Director, Office of Management and Budget. Copies will be made available to others on request.

Please call me at (202) 512-5138 if you or any of your staff have any questions about this letter. Major contributors to this report were Gary R. Boss, Philip A. Olson, and Jackie A. Goff.

A handwritten signature in black ink, appearing to read "Victor S. Rezendes". The signature is fluid and cursive, with the first name "Victor" being the most prominent.

Victor S. Rezendes
Director, Energy, Resources,
and Science Issues

Enclosure

Comments From the Nuclear Regulatory Commission



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

July 28, 1997

Mr. Victor S. Rezendes
Director, Energy, Resources, and
Science Issues
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Rezendes:

We appreciate the opportunity to comment on the draft U.S. General Accounting Office (GAO) report, "Results Act: Observations on the Nuclear Regulatory Commission's Draft Strategic Plan." As you noted in your report, developing a strategic plan is a dynamic process and NRC is continuing work to revise its plan with input from OMB, Congressional staff, and other stakeholders. GAO also has recognized that the Results Act anticipated that it may take several planning cycles to perfect the process and that the final strategic plan would be continually refined as future planning cycles occur. Your report makes several suggestions which will be useful to the U.S. Nuclear Regulatory Commission (NRC) in finalizing the current draft strategic plan and in refining its strategic plan in the future.

Your report states that the NRC's draft strategic plan does not provide the Congress with complete information for its consultation with NRC because it does not contain all the key elements required by the Results Act. We do not agree with this assessment. While the draft strategic plan is still a work in process, as your report noted, we believe that it contains the essential information necessary for a meaningful dialogue between the NRC and its oversight committees. Specific areas discussed in your report are addressed in the following paragraphs.

The report points out that resource needs to execute strategies were not discussed in the draft strategic plan. Resource needs were not discussed because we anticipate no major unique resource requirements. We specifically did not discuss resources needed for oversight of DOE facilities, since regulation of these facilities has not been approved by Congress. Congress is aware of the issues associated with potential DOE oversight and is considering FY 1998 funding for a pilot project. This is consistent with our strategy on page 11 of our strategic plan which states, "We will position the NRC to perform regulatory oversight for certain DOE nuclear facilities." We expect the pilot project to provide information, including cost information, which will prove useful to Congress in its consideration of legislation for oversight of DOE facilities. Submittal of such legislation is now not expected before 1999.

Your report notes that our draft strategic plan does not include key external factors for two of the general goals: protecting the environment and regulatory excellence; and that it would be difficult for the Congress to have an effective consultation with the NRC about the draft plan in the absence of this information. Our understanding of the requirements of the Results Act and implementing OMB guidance is that we are to include a discussion of key external factors which have a reasonable likelihood of occurring and would have a significant influence on the

Enclosure I
Comments From the Nuclear Regulatory
Commission

2

achievement of the general goal. During our strategic planning process, we did not identify any such factors for the two general goals in question. If, as a result of our consultations with OMB, Congress, and other stakeholders, we identify any such factors, we will include them in our final strategic plan. In the interim, we believe the current draft plan provides a sound basis for Congressional consultation.

While a specific schedule for future program evaluations, the general methodology, scope, or issues to be addressed were not included in the draft strategic plan as noted in your report, the plan does state that a high-level program evaluation focal point was established in the NRC's new organizational structure and the grouping of offices for this regulatory effectiveness organization was designed to facilitate improvement of program evaluation. We are putting performance evaluation into our planning process in a manner that will require periodic program reviews to assess how effectively the programs are achieving goals and will produce program guidance for the next budget cycle and input, as appropriate, to the strategic plan and performance plan. This process will ensure that development of policies and the performance plan will guide the development of the NRC programs which will in turn be the bases for the budget. The strategic plan states that five major NRC processes will be evaluated and improvements implemented by July 1, 1999.

Your report states that our draft strategic plan does not include the relationship between our long-term goals and our annual performance goals. Our understanding of the requirements of the Results Act and the implementing OMB guidance is that we were to briefly outline the type, nature, and scope of the performance goals to be included in the performance plan, the relationship of those performance goals to the general goals, and the relevance of those goals in helping determine the achievement of the general goals. We felt the best approach was to include the top-level performance goals from our draft performance plan in the draft strategic plan. Each of the top-level performance goals is displayed with the general goal which it supports. Displayed in this manner, we believe the linkage between the general goals and the top-level performance goals is clear. This linkage is specifically discussed on page 3 of the plan: "For each arena...we provide...top-level performance goals for measuring results toward meeting our general goals.... The top-level performance goals are the annual outcomes in support of the general goals, and as such, link the strategic plan to the FY 1999 performance plan."

The report also points out that previously identified problems and audit findings are not discussed in detail in the strategic plan. While this is true, the strategies adopted in our strategic plan are aimed at correcting these weaknesses. Additionally, the NRC has already responded to the audit findings and corrective actions have been taken or are underway. For example, in response to your audit report, "Preventing Problem Plants Requires More Effective NRC Action," we provided improvement initiatives which will enhance our plant performance measurement capability. These included (1) clarification of the information contained in the Final Safety Analysis Report; (2) clarification of project manager responsibilities and training requirements; (3) piloting a program to manage licensee commitments; and (4) enhancements to the Senior Management Meeting Process. These are consistent with our strategy on page 8 of our strategic plan to "...improve the measurement of performance of nuclear power plants to identify plants that warrant heightened NRC attention." To implement this strategy, we are

**Enclosure I
Comments From the Nuclear Regulatory
Commission**

3

undertaking an initiative that will result in an integrated assessment of operating plant performance.

With respect to the cross-cutting federal program with DOE pertaining to disposal of high-level waste, the NRC has a clear regulatory role and a plan to carry out its regulatory responsibilities on a time line which is compatible with DOE's schedule. As stated on page 13, we will participate in the development of a high-level waste safety standard that will be implemented through site-specific, performance-based regulation, and we will focus on resolving the key technical issues that are most important to the performance of a high-level waste repository to provide early feedback to DOE on potentially significant site, design, or assessment flaws. The resources we need to meet our responsibilities and stay on schedule have been included in our past budget requests and will be in our FY 1999 request. Budget reductions in the past and potential budget reductions this year could adversely affect the NRC's ability to complete a timely review of DOE's viability assessment, and in the longer term, would impact NRC's ability to keep pace with the national high-level waste program.

The report identified areas that are not mentioned in the strategic plan, such as Year 2000, the information security program, and how the NRC intends to plan for and use information technology to support the agency's missions and improve program performance. Plans, goals, and performance measures for these areas will be included in the NRC's FY 1999 annual performance plan which complements the strategic plan.

Comments on the findings of fact in GAO's draft report are enclosed.

Sincerely,


Jesse L. Funches
Chief Financial Officer

Enclosure:
Comments on GAO Findings

Enclosure

Comments on GAO Draft Report

1. Page 4, last paragraph, line 2:

In fiscal year 1996, NRC was also one of six federal agencies that participated in a government wide pilot project to streamline financial management reporting into a single accountability report.

Comment

The accountability report was produced for fiscal year 1995.

2. Page 5, third paragraph:

Although NRC shared an earlier draft plan with other agencies, the current draft plan does not fully discuss some programs and activities that are cross-cutting or similar to those of other federal agencies. For example, NRC and DOE share responsibility in the federal government's high-level waste disposal program; DOE builds such facilities, which NRC must license. Consequently, NRC is affected by changes in DOE's strategies and program funding. The draft plan could benefit by a more thorough discussion of these issues.

Page 11, first paragraph:

Although NRC shared an earlier draft plan with other agencies—principally DOE and the Environmental Protection Agency (EPA)—the plan does not contain a complete discussion of the programs and activities that are cross-cutting or similar to those of other federal agencies. Because overlapping and fragmented programs can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort, it is important for NRC to address these issue in its plan.

Comment

NRC shared the current consultation draft with, and is currently consulting with, EPA, FEMA and DOE. To date no issues, inconsistencies or duplicative areas have been identified in their respective strategic plans.

3. Page 14, second paragraph, first bullet, line 5:

In March 1997, the OIG reported that significant weaknesses in the protection of NRC's sensitive information systems that were discovered in 1991 had not yet been corrected. According to NRC's OIG, it plans to do more work in this area.

**Enclosure I
Comments From the Nuclear Regulatory
Commission**

Enclosure

Comment

These sentences should be deleted. OIG Report 97A-06, "Survey of NRC Actions to Secure its Sensitive Information Systems" states that "...actions taken by NRC are complete..." and that "...we have decided not to conduct further work at this time." The OIG's mention of future work in this area did not relate to following up on this weakness.

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
