



UNITED STATES
NUCLEAR REGULATORY COMMISSION

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June 18, 1999

MEMORANDUM TO: Malcolm R. Knapp
Deputy Executive Director for
Regulatory Effectiveness

FROM: Frank J. Congel, Director
Incident Response Operations *FJ Congel*

SUBJECT: STATUS OF INCIDENT RESPONSE OPERATIONS
IMPLEMENTATION OF THE PLANNING, BUDGETING, AND
PERFORMANCE MANAGEMENT PROCESS

Purpose

The purpose of this memorandum is to discuss the status of the review performed by the Incident Response Operations (IRO) staff regarding its principal programs, in particular, the Incident Investigation Program, the Emergency Response Program, and Headquarter's Operations Center Program. The results of a recent self-assessment performed to evaluate IRO's principal programs will also be discussed, in addition to IRO's utilization of, and improvements made to, the existing Operating Plan and budgeting process. This review was performed in an effort to support the agency's commitment for meeting the requirements of The Government Performance and Results Act (GPRA) and NRC's Strategic Plan (NRCSP), through the implementation of the Planning, Budgeting, and Performance Management Process (PBPM).

Discussion

IRO recognizes that the PBPM process is a performance-based approach using outcome goals for the agency which will allow the NRC to be more effective in utilizing its resources and justifying its programs and activities both to Congress and Office of Management and Budget. The PBPM process will result in a sound, integrated, planning process consistent with the requirements of the GPRA and NRCSP. In addition, when effectively implemented, the PBPM process will institutionalize change for long-term organizational effectiveness. Therefore, in an effort to support the agency's commitment for meeting the requirements of GPRA and NRCSP, the IRO staff performed a review of its existing programs to ensure that IRO is making significant progress regarding the implementation of the PBPM. To effectively implement the PBPM process IRO must (a) continually plan and establish effective and efficient program goals, (b) continually assess how well IRO is meeting the established goals through the use of self-assessment and the solicitation of stakeholder and public comment, (c) continually review the Operating Plan in an effort to develop appropriate effectiveness metrics to measure whether IRO's programs are achieving the desired results and outcomes, and (d) continually evaluate the budget process to determine the resources necessary to achieve the established goals. In addition, IRO is considering future activities which will be planned, assessed, monitored, and

budgeted to verify that IRO is continually meeting its established program goals to coordinate with other NRC offices and organizations. A process will be developed which will establish a linkage between NRC's strategic goals, IRO's performance goals and strategies, and agency products.

IRO's Program Goals

To adequately implement the PBPM process, effective and efficient program goals must be established and key process elements must be implemented, as appropriate. Programs and strategies must also be established to move IRO towards a more performance-based organization, thus utilizing our resources more effectively. In addition, the insights gained through lessons-learned reviews should be implemented to ensure that IRO's principal programs are achieving the desired results and outcomes and stakeholder input should be solicited on a continual basis.

Based on a review of the existing principal program goals established to date, IRO believes that effective and efficient program goals are being implemented and monitored utilizing a sound integrated Operating Plan and budgeting process to ensure IRO's programs are achieving the desired results and outcomes. In addition, IRO has ensured that all of the appropriate performance-based elements are contained in the programs to allow for the effective utilization of resources. IRO's programs also allow for stakeholder input in an effort to improve public confidence. Specifically, IRO established goals to ensure that the Incident Investigation Program (IIP) is consistently maintained in a high-state of readiness to efficiently and effectively support an Incident Investigation Team (IIT). The Incident Investigation Management Directive and Manual provides effective formal guidance for the planning and conduct of an IIT, and based on lessons-learned reviews, the documents are revised as necessary, to address investigation and programmatic deficiencies. IIT findings are also documented and made publicly available to the stakeholders and public to improve industry and public confidence. In addition, goals for both the reactor and materials Emergency Response Programs ensure that the IRO staff continually interfaces with other Federal agencies and stakeholders involved in radiological incident response. IRO acts as a performance-based organization to effectively utilize its resources for responding to new initiatives while maintaining NRC's role in the principal Federal response plans. The IRO staff also coordinates with other agencies in training, exercises, and major planning meetings such as the evolving Federal response to terrorism. Based on lessons-learned reviews, the IRO staff revises existing procedures, agreements, and resources in an effort to avoid duplication or adverse impact. The IRO staff also participates in exercises, drills, major organizational meetings, and training sessions with State coordination as a focus. The training is enhanced by inviting State personnel to participate in short-term rotational assignments to familiarize them with NRC's response program functions and procedures. Finally, program goals have been established for the Headquarters Operations Center (HOC) which require that the HOC be continuously staffed with an on-call response coordination team member to effectively initiate the call-out process when the HOC is activated. Also, HOC response procedures are continuously updated to address lessons-learned and changes to the response program.

Self-assessments

An additional key factor in the PBPM process is assessing how well IRO is meeting the established goals. IRO must also critically and honestly assess the effectiveness and efficiency of the existing programs. NRC senior management stressed that implementing insights gained from recent self-assessments and third-party assessments are primary sources for making such an assessment.

IRO believes significant progress was achieved for assessing how well IRO is meeting our established goals by performing a recent self-assessment entitled, "The Incident Response Function Self-Assessment," and implementing the insights gained during and subsequent to the self-assessment. For example, the primary focus of the Incident Response Function Self-Assessment Report (SA) was to identify initiatives to improve the efficiency and effectiveness of the Incident Response Program. Specifically, the incident response functions and incident response readiness activities were assessed. An examination was made of how they were implemented to achieve the following purposes (a) identifying activities that do not critically contribute to the success of the incident response function or incident response readiness activities, (b) recognizing excess capacity or duplication of efforts that is not required to achieve measurable outcomes or program outputs, and (c) seeking approaches that can deliver services more economically and re-engineer work processes to improve overall efficiency and effectiveness. In addition, the SA team utilized methodology developed by Arthur Andersen Consulting, contracted by to the NRC as a third-party reviewer, for the specific purpose of identifying opportunities to improve the effectiveness and efficiency of the agency's existing programs.

The SA team was also chartered to identify other initiatives that would significantly improve the effectiveness and efficiency of the NRC's processes for responding to incidents and emergencies involving facilities and processes licensed by the NRC or an Agreement State. These include power reactors, fuel cycle facilities, transportation, spent fuel storage, research reactors, and industrial, medical, and research uses of byproduct material. Initiatives to improve the interfaces with the NRC's response partners, such as State and Federal agencies, were also included in the SA scope. Within the broad-based scope of the SA, the team included initiatives identified by the Chairman, as well as applicable "related strategic issues" from NRC's Strategic Assessment and Rebaselining initiative. In particular, the Chairman requested that the SA consider whether incident response procedures were in conformance with the Chairman's authorities and responsibilities and whether initiatives could be identified and implemented to ensure that the roles and responsibilities of the Chairman or her designated Executive Team leader are implemented proficiently in an emergency.

The SA report was reviewed by various stakeholders, including an external peer group composed of radiological response program representatives from other Federal agencies, States, and a power plant licensee. The peer review comments were evaluated and used to prepare the final SA report. Consensus decisions of a Management Oversight Group, composed of senior NRC managers and staff provided the basis for the recommended initiatives and suggested initiatives in the final report.

In addition to assessing the recommendation for effectiveness and efficiency, the IRO staff was also involved with the evaluation of the SA team's recommended initiatives for risk- and safety-significance. As a result, the IRO staff expeditiously implemented several of the risk-significant recommendations prior to the completion of the self-assessment, specifically, (a) conducting the required response training for NRC managers, technical staff, and the Commissioner Assistants regarding NRC's responsibilities under FRERP, (b) clearly delineating NRC's role as an observer for event reports for nuclear materials not licenced by the NRC or Agreement States, (c) reestablishing a nuclear materials fuel cycle facility (FCF) incidence response coordinator in IRO, (d) ensuring the implementation of IRO's plans to have the Headquarters Operations Officers take additional training on FCF and materials devices, and (e) incorporating NRC training materials into the Federal Emergency Management Agency's standard radiological response training package.

To date, the IRO staff has reviewed all recommendations and has implemented, or is in the process of implementing, the additional specific effectiveness and efficiency improvements, as appropriate. In the future, the IRO staff intends to continually revisit the Incident Response Function Self-Assessment Report and implement, as necessary, any additional insights gained. This is a component of the continuing effort to assess how well IRO is meeting the established goals and to critically and honestly assess the effectiveness and efficiency of IRO's existing programs.

IRO Operating Plan and Budgeting Process

The PBPM process must also contain the necessary elements for a disciplined integrated process for the planning, budgeting, assessment, and measuring of performance. In addition, the IRO staff and management must continually review IRO's Operating Plan and budgeting process in an effort to develop appropriate effectiveness metrics to ensure that IRO's program goals and strategies are achieving the desired results and outcomes.

IRO recently evaluated its operating and budgeting plans and processes for Fiscal Year 1999. Based on lessons-learned during the evaluation, IRO integrated the operating and budget plans which emphasized planning such that the budget naturally follows. The revision also included efforts to develop appropriate effectiveness metrics to assure that IRO's programs are achieving the desired results and outcomes. Finally, the IRO staff and management revised the Operating Plan to ensure that the program goals and strategies are established such that the resources and programs follow.

IRO management reviews the Operating Plan and budgeting process (on a quarterly basis or as needed). Determining the work to be done requires an evaluation of Quantity, Quality, and Timeliness metrics. These metrics identify the results and outcomes that are necessary to meet the established program goals and strategies. IRO management then determines resources needed to carry those activities out. IRO management also recognizes that they must measure and monitor the performance throughout the year, track the performance in the Operating Plan, and then ensure that IRO solicits feedback, which will allow for better planning to more effectively accommodate new activities or emerging activities. As part of the agency initiative, IRO expects to be included in future activities with the Arthur Andersen Consulting firm in an effort to identify improvements in other areas such as budgeting and resource management.

Discussion Regarding Strategic Plan Objectives

To effectively implement the PBPM process, the agency must improve the linkage between NRC's strategic goals, its performance goals, strategies, and the the agency's output. In addition, the agency's planning methodology needs to move from an output type of approach to an outcome approach to justify the necessary resources.

In an effort to meet these goals, IRO is cognizant of the fact that the Executive Committee established a working group in coordination with the Arthur Andersen Consulting firm and identified the following outcome performance goals (1) maintain safety, (2) reduce unnecessary regulatory burden, (3) improve public confidence, and (4) improve internal efficiency and effectiveness. The agency's goal is to build linkages through these outcome goals to emphasize to NRC staff and to outside stakeholders as to why the agency performs these activities.

The Reactor Arena Strategic Plan Working Group was recently established to review and revise the existing NRC Strategic Plan. The Task Force plans to incorporate the above four goals and any other performance/strategic goals, as appropriate. The completion of the initial revision to the NRC Strategic Plan is tentatively scheduled for July 1999, at which time the plan will be issued to the Commission, stakeholders, and the public for comment before incorporating any final revisions.

IRO plans to coordinate with the Task Force and other NRC offices to identify the linkage between the NRC's strategic goals, IRO's performance goals, strategies, and the output that the agency produces.

Conclusion:

IRO will continue supporting the agency's efforts for meeting the requirements of The Government Performance and Results Act and the agency's Strategic Plan by continuing to establish effective and efficient program goals which IRO will utilize as a performance-based approach using outcome goals to be more effective in utilizing its resources. IRO will also continue its efforts to achieve a sound integrated process for the planning budgeting, assessment, and measuring performance. In addition, IRO will establish its program goals in an effort to institutionalize change for a long-term organizational effectiveness.

To achieve these goals, IRO will continue implementing insight gained from lessons-learned and self-assessments and continue reviewing the IRO Operating Plan in an effort to develop appropriate effectiveness metric to assure that IRO's programs are achieving the desired results and outcomes. IRO must continue to measure and monitor the performance throughout the year, track the performance in the Operating Plan, and then ensure that we have feedback such that IRO management can adjust the resources as necessary. Finally, IRO will coordinate with the appropriate organizations to improve the linkage between the NRC strategic goals, IRO's performance goals, strategies, and the output that the agency produces.

IRO believes that these efforts will ensure all of IRO's principal programs will be maintained in a high-state of readiness and support the agency's goals to be prepared to respond appropriately as the Lead Federal agency to significant reactor, fuel cycle facility, and nuclear materials

events involving NRC and Agreement State licensees, to support Federal responses to other significant radiological events for which the NRC is not the Lead Federal agency, and to investigate safety significant events independent of the staff previously involved in licensing and inspection of the involved licensee.

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