

## BUSINESS OPERATING PROCEDURE

BOP-001.4

Approved: 10-05-12

# PPBE Evaluation Process

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**NATIONAL NUCLEAR SECURITY ADMINISTRATION**  
**Office of Management and Budget**

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**AVAILABLE ONLINE AT:**

<http://hq.na.gov>

**INITIATED BY:**

Office of Planning, Programming,  
Budgeting and Evaluation

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## **PPBE EVALUATION PROCESS**

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1. **PURPOSE.** To institutionalize an annual National Nuclear Security Administration (NNSA) Planning, Programming, Budgeting, and Evaluation (PPBE) process to ensure that the NNSA achieves and articulates results by establishing clear, concise, meaningful, and measurable performance baselines, and by conducting credible reviews to compare results against these baselines.
2. **CANCELLATION.** BOP-001.4 Rev 3, *NNSA PPBE Evaluation Process* dated April 4, 2006.
3. **APPLICABILITY.** This policy applies to all NNSA programs Government Performance and Results Act (GPRA) Units and includes the evaluation activities associated with PPBE. This policy does not include evaluation activities associated with the management of capital assets (DOE O 413.3B) or contractor performance evaluation plans. It also does not include evaluation activities associated with Budget Formulation Validation. See BOP-001.311, *NNSA Budget Validation Process*, dated February 15, 2008.
4. **BACKGROUND.**
  - a. **Government Performance and Results Act of 1993 (GPRA):** Congress requires Federal programs to strengthen program management, effectiveness, and accountability by focusing on results. Programs must develop strategic plans to set long-term goals, write annual plans to set short-term targets towards achieving long-term goals, and submit annual reports on actual results compared to targets. These measurable and credible long-term goals, short term targets, and annual results are required to inform budget decisions.
  - b. **OMB Circular A-11, Part 6 - Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Report:** OMB provides information about performance measures and targets and gives guidance on planning performance goals.
  - c. **Agency Priority Goals:** The Office of Management and Budget (OMB) created Agency Priority Goals (APG) to assess how well programs are achieving the agency's highest priority goals by evaluating the quality, clarity, and completeness of performance data and results. A high-priority performance goal is a measurable commitment to a specific result the Federal Government will deliver for the American people.
  - d. **GPRA Modernization Act of 2010 (P.L. 111-352):** Congress requires quarterly performance assessments of Government programs for purposes of assessing agency performance and improvement, and to establish agency chief operating officers and performance improvement officers, and the establishment of the Performance Improvement Council.

- e. Office of Management and Budget Performance Reports: OMB requires an Annual Performance Report (APR) submitted in conjunction with the Congressional Justification. This report details the annual performance of each GPRA program, and summarizes the results of each performance measure reported in the President's Budget.
  - f. Department of Energy Performance Reports: The Department of Energy (DOE) requires programs to provide quarterly reports on the progress made towards achieving annual targets. These reports provide senior managers with the early warning and corrective actions if an annual target is at risk of being missed.
5. REQUIREMENTS. The NNSA PPBE Evaluation process includes: Corporate Performance Measures, Annual and Quarterly Performance Reviews, and the NNSA Performance Cascade.
- a. Integrated Criteria
    - (1) Each GPRA program should have one outcome measure (corporate measure). Additional measures may be included in the budget request if the result is very important to NNSA and DOE. Corporate measures are verified and validated as effective and meaningful during the annual budget formulation process.
    - (2) Measure activities that are meaningful to achieve long-term outcomes – not just activities that are easy to measure.
    - (3) Outcome measures should focus on the health of the program; use of indexes is encouraged.
    - (4) Use terms that are clear, concise, and meaningful to the public – do not use acronyms or technical jargon.
    - (5) End-point annual-target sets must be in terms that measure progress over time towards achieving the intended outcome.
    - (6) Outcome measures should be used in place of output measures whenever possible and input measures should not be used.
    - (7) Guidance for updating performance measures will be issued in June. All proposed changes to performance indicators and current year targets must be submitted in formal change request to the Office of Planning, Programming, Budgeting and Evaluation (NA-MB-50).
    - (8) Unless the GPRA program undergoes a major change, goal and target text should not be changed.

- (9) Consistency in performance measures from year to year allows multi-year performance trends to be identified and used to inform future resource decisions.
  - (10) Budgets must be linked to annual targets so the marginal impacts of funding decisions can be assessed.
- b. Performance Reviews. The NNSA validates results, ensures planning integrity, informs resource decisions, and holds managers accountable by conducting credible, tiered, and linked performance reviews and annually reporting results to the Administrator in the NNSA Annual Performance Report.
- (1) Agency Priority Goal Reviews. The OMB created Agency Priority Goal reviews to assess performance measures and results against the stated APG. The OMB conducts reviews of each APG every quarter. To facilitate this process, each Goal owner must submit to DOE, through NA-MB-50, a one-page summary of performance against the APG, and provide answers to survey questions posted by the OMB examiner. Should a more extensive review be warranted, the Goal Leader and Owner will participate in an on-site review by OMB examiners and performance personnel.
  - (2) Annual Program Reviews. The NNSA leadership led by the Principal Deputy Administrator, reviews NNSA programs in preparation for the NNSA's Programming process. The focus of these reviews is to verify and validate that NNSA programs are on track to meet their long-term goals, annual targets, as well as to alert management of potential issues that could impact program success.
  - (3) Program Manager Reviews. Program Managers must conduct detailed reviews of program, project, and contractor performance at least annually, but quarterly reviews are recommended. The focus of these reviews is to validate progress on milestones leading to achievement of annual targets. The format for these reviews is the responsibility of the cognizant manager. However, this policy requires NNSA program managers to document and maintain their detailed review process and track findings until resolved.

6. REPORTING REQUIREMENTS.

- a. OMB and DOE Performance Reports.
  - (1) The DOE requires programs to provide quarterly input into the Performance Measures Manager (PMM) on the progress made towards achieving annual targets. These data provide senior

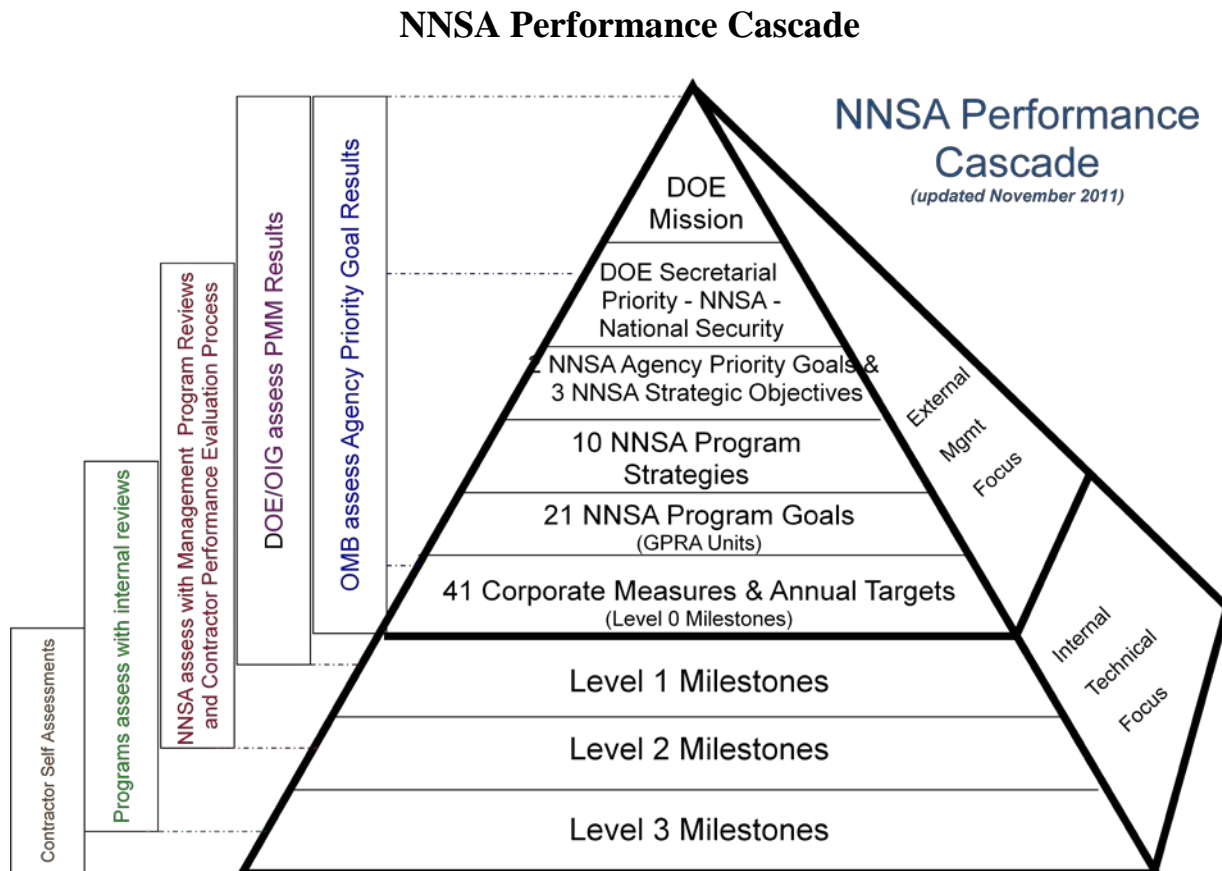
managers with early warning and corrective actions if an annual target is at risk of being missed. Guidance for reporting the data in PMM is included in the quarterly guidance document, issued by NA-MB-50 one month prior to DOE due dates.

- (2) PMM reporting is at the annual target level. Programs assess the projected year-end results for each annual target using the DOE rating system where Green requires 100% or greater of the annual target to be achieved, Yellow requires 80% to less than 100% of the annual target to be achieved, and Red requires less than 80% of the annual target to be achieved. For all progress, programs must report the specific result achieved and describe the significance of the achievement. For Yellow and Red progress, programs must also explain the cause of the at-risk annual targets; assess the possible impact of not achieving the target, and the action plan for recovery.
  - (3) Programs must document and use consistent and current internal control procedures to describe the data, formulas, and detailed processes used to determine results. This documentation is required to provide evidence to substantiate the accuracy of reported results to auditors.
- b. NNSA Annual Performance Report. The NNSA corporate PPBE evaluation cycle culminates each year with the issuance of the “NNSA Annual Performance Report” one month following the publication of the DOE Agency Performance Report. The NNSA report serves as a corporate summary by integrating past performance results from PMM with planned future targets from the budget and an executive analyses of trends and results.

## 7. PERFORMANCE FRAMEWORK.

- a. The mission of the Department of Energy is “Discovering the solutions to power and secure America’s future.”
- b. To accomplish the mission, the Department focuses on four supporting Secretarial Priorities: Science, Discovery and Innovation; Economic Prosperity; Clean, Secure Energy; and National Security. NNSA is responsible to accomplish the National Security priority.
- c. The Department has established seven APGs, which represent the top priorities for the agency and the current Administration and align with the Secretarial priorities. NNSA is responsible for two of the APGs – Nuclear Weapons and Secure Nuclear Materials.

- d. Each GPRA program with the NNSA has clearly defined Program Goals that also align with the strategic goals and objectives of the Department.
  - e. Corporate Performance Measures and associated output and outcome targets support achievement of the program goals.
8. PERFORMANCE CASCADE. NNSA articulates the unique contribution each target makes towards achieving the DOE mission by linking them in a cascade so resources can be better focused on fulfilling the overall mission. As illustrated in the NNSA Performance Cascade below, internal milestones are linked to endpoint/annual targets that roll into unique NNSA program goals that are aligned to DOE Strategic Objectives, Secretarial Priorities, and ultimately to the DOE mission.



9. RESPONSIBILITIES.

- a. The Administrator, NNSA is responsible for:
  - (1) Approving overall NNSA corporate performance measures
  - (2) Approving APGs prior to their submission to OMB
- b. The Deputy Associate Administrator for Financial Management is responsible for:
  - (1) Managing the overall NNSA PPBE Evaluation process
  - (2) Keeping the PPBE Evaluation process documentation current and posting it on the NNSA PPBE intranet at <http://hq.na.gov/PPBE/>
  - (3) Coordinating and issuing the annual Evaluation process-related guidance documents
  - (4) Maintaining the integrated NNSA Performance Cascade
  - (5) Maintaining configuration control over the NNSA Corporate Performance Measures and publishing them in the budget
  - (6) Providing performance management feedback and advice to Headquarters NNSA program elements
  - (7) Reviewing, consolidating, and transmitting the NNSA quarterly PMM data to DOE
  - (8) Developing, coordinating, and issuing the “NNSA Annual Performance Report” to the Administrator, NNSA
  - (9) Providing training to NNSA staff on the elements of the NNSA PPBE Evaluation process
- c. Headquarters NNSA program elements within the various NNSA Appropriation accounts (Weapons Activities, Defense Nuclear Nonproliferation, Naval Reactors, and Office of the Administrator) are responsible for:
  - (1) Being familiar with the requirements of the NNSA PPBE Evaluation process, including current guidance available on the NNSA PPBE intranet at <http://hq.na.gov/PPBE/>



- (2) Generating products that fulfill NNSA PPBE Evaluation process requirements (quality performance measures, credible Program Managers Reviews, and timely and accurate PMM reporting)
- (3) Documenting and using consistent internal control procedures that provide evidence to substantiate the accuracy of reported results to auditors
- d. Other NNSA entities (e.g., Site Offices, General Counsel). May be asked to participate at various stages of the process as specified in this document

10. REFERENCES.

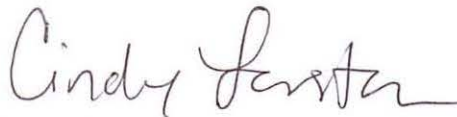
- a. Government Performances and Results Act (GPRA) of 1993
- b. Executive Order 13450 – Improving Government Program Performance
- c. GPRA Modernization Act of 2010

11. DEFINITIONS.

- a. Performance Measures: A generic term that refers to external corporate performance data includes the goal, indicators, endpoint targets, and annual targets. Performance measures explain what a program expects to accomplish for a specified funding profile over a specific time period. This data links resources to performance objectives, and is used to inform resource decisions, justify budget requests, improve delivery of products and services, and hold program managers accountable for results. NNSA has established common terms to improve internal communications and integrated criteria to create a single set of performance data.
- b. Indicators: An index or set of generic but meaningful units by which progress towards the goal is measured. Indicators should use common qualifiers (e.g. “annual” or “cumulative”) to clarify the unit of measure.
- c. Endpoint Targets: Long-term objectives that are critical steps towards achieving the goal. Each goal should have 3-5 endpoint targets written in specific numerical units that can be measured and must include the projected fiscal year that the objective is to be completed. Endpoint targets may be completed before the goal is reached.
- d. Annual Targets: Specific and auditable annual outcomes and outputs towards achieving the endpoint target measured in the same indicator units as the endpoint target. Annual targets should be a single number per year and must be linked to and substantiated by technical milestones.

- e. Milestones: Generic term that refers to key internal technical performance data that is required to meet program criteria. Milestones are meaningful to subject matter experts to oversee day-to-day operations aimed at achieving annual targets. Milestones are in validated program baselines, one, two, and three levels of detail below the annual targets, and are contained in published program documentation. They are incorporated into Work Authorizations, Project Work Plans, Program Plans, Implementation Plans, Execution Plans, Personnel Appraisals, and Contractor Performance Evaluation Plans. Agency Priority Goals process requires quarterly milestones to be reported on OMB's website <http://Performance.gov>.
12. CONTACT. Office of Planning, Programming, Budgeting and Evaluation, NA-MB-50

BY ORDER OF THE ADMINISTRATOR:



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