

NNSA POLICY

NAP 130.1A

Approved: 12-09-19

Expires: 12-09-22

**PLANNING, PROGRAMMING,
BUDGETING, AND EVALUATION
(PPBE) PROCESS**



**NATIONAL NUCLEAR SECURITY ADMINISTRATION
Management and Budget**

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Management and Budget**

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PLANNING, PROGRAMMING, BUDGETING, AND EVALUATION (PPBE) PROCESS

1. PURPOSE. Establish procedures to ensure that the planning, programming, budgeting, and evaluation (PPBE) activities of the National Nuclear Security Administration (NNSA) comply with sound financial management principles.
2. AUTHORITY. 50 United States Code (U.S.C.) 2452, *Planning, programming, and budgeting process*, requires that the Administrator establish procedures to ensure that the planning, programming, budgeting, and financial activities of the Administration comport with sound financial and fiscal management principles.

3. CANCELLATIONS.

NNSA Policy (NAP) 130.1, *Planning, Programming, Budgeting, and Evaluation (PPBE) Process*, dated 01-17-17

4. APPLICABILITY.

Unless otherwise stated in the appendixes, the applicability is the same for each appendix.

- a. Federal. This policy applies to all NNSA federal elements.
- b. Contractors. Does not apply to contractors.
- c. Equivalency. In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 U.S.C. sections 2406 and 2511, and to ensure consistency throughout the joint Navy/Department of Energy (DOE) Naval Nuclear Propulsion Program, the Deputy Administrator for Naval Reactors (Director) will implement and oversee requirements and practices pertaining to this Directive for activities under the Director's cognizance, as deemed appropriate.

5. SUMMARY OF CHANGES.

This NNSA Policy (NAP):

- Establishes Management and Budget's (NA-MB) role as the originator of PPBE materials with program and field element support, and program and field elements' role as approver of programmatic PPBE products. This revised process ensures programmatic expertise is maintained with consistent PPBE products and data, in keeping with the principles of financial management.

- Defines the Account Integrator role and establishes processes to support Account Integrators in developing standardized, annual PPBE products reflective of their priorities. The Deputy Administrator for Defense Programs (DADP) is the Account Integrator for Weapons Activities. The Deputy Administrator for Nuclear Nonproliferation (DANN) is the Account Integrator for Defense Nuclear Nonproliferation. The Associate Administrator for Management and Budget is the Account Integrator for Federal Salaries and Expenses.
- The key products that guide the updated PPBE process are the annual NNSA Planning Guidance and the annual NNSA Programming Guidance.

6. BACKGROUND.

- a. Section 3252 of the *NNSA Act* requires the Administrator to develop a planning, programming, and budgeting process that operates under sound financial management principles. The *NNSA Act* also requires an annual provision to Congress of the Future-Years Nuclear Security Program (FYNSP), which details NNSA's planned expenditures and proposed appropriations for the next 5 fiscal years. This NAP describes the requirements, responsibilities, and basic processes for the conduct of each phase of the PPBE process. The NNSA PPBE process is similar to PPBE processes in use across the United States Government and has four major phases for each budget cycle: Planning, Programming, Budgeting, and Evaluation (includes execution and performance). At any time, multiple PPBE phases for different budget cycles will be ongoing.
- b. NA-MB is NNSA's center of excellence for PPBE and ensures the consistency and quality of PPBE products and data to support program execution and decision making. NA-MB provides PPBE staff and products to support NNSA elements. The provided NA-MB staff will not make programmatic decisions, but will develop PPBE products to support programs and document programmatic decisions.

7. REQUIREMENTS.

- a. NA-MB and NNSA elements participating in the PPBE process must identify roles and responsibilities, organizational interfaces (internal and external stakeholders), deliverables, reporting, conflict resolution, and governance structures to support the PPBE process.
- b. Each element must control PPBE information appropriately. In many cases, budget-related information is sequestered or otherwise restricted. In some cases, PPBE information may be restricted to federal access only, or may be closely held

until deemed authorized for release to broader audiences than those engaged in developing or handling the information.

- c. Corporate Assessments must be levied on NNSA elements to support crosscutting functions consistent with the budget justification. PPBE processes that qualify for Corporate Assessments must do at least one of the following:
 - (1) Provide a service or function that has cross-program and cross-organization impact consistent with the budget justification;
 - (2) Support NNSA leadership strategic priorities and enterprise initiatives; and
 - (3) Be required by law or imposed by Congress or other external entity.
 - (4) Functions performed in the Budget Analysis series must be performed by NA-MB personnel, except for those budget/financial activities required for program management per NAP-413.2, *Program Management Policy*.
 - (5) NNSA elements must meet the requirements established in each appendix.

8. RESPONSIBILITIES.

a. Administrator.

- (1) Approves strategic planning documents and mission priorities.
- (2) Approves and issues annual Planning Guidance.
- (3) Approves and issues annual Programming Guidance.
- (4) Approves NNSA budget request.

b. Principal Deputy Administrator.

Resolves disputes regarding corporate assessments for PPBE.

c. Deputy Administrator for Defense Programs.

Serves as Account Integrator for Weapons Activities.

d. Deputy Administrator for Defense Nuclear Nonproliferation.

Serves as Account Integrator for Nuclear Nonproliferation.

e. Associate Administrator for Management and Budget.

- (1) Develops PPBE deliverables.
- (2) Serves as Account Integrator for Federal Salaries and Expenses.
- (3) Provides estimates for corporate assessments for PPBE, adjusting as necessary once the appropriation is received.
- (4) Coordinates with NNSA elements to identify funding sources once assessments for PPBE are received, and develops required funding documents.
- (5) Tracks assessments for PPBE, supporting documentation, and execution of funding.
- (6) Processes program refunds for PPBE and manages change control.

f. Director, Office of Cost Estimating and Program Evaluation.

- (1) Reviews and comments on policies and procedures for:
 - (a) Establishing requirements for the FYNSP.
 - (b) Prioritizing and estimating the funding required.
- (2) Analyzes the planning phase of PPBE.
- (3) Advises on programmatic and fiscal year guidance, and manages the program review, during the programming phase of PPBE.
- (4) Reviews the FYNSP on an annual basis to ensure it is accurate and thorough.
- (5) Submits a report to Congress on any major programmatic deviations in the FYNSP discovered in the review.

g. Director, Office of Policy and Strategic Planning.

- (1) Develops annual NNSA Planning Guidance.
- (2) Ensures annual NNSA Planning Guidance aligns with NNSA strategic plans.

- h. Deputy/Associate Administrators and Field Office Managers.
 - (1) Respond to requests for information regarding corporate assessments for PPBE.
 - (2) Approve corporate assessment estimates for PPBE.
 - (3) Identify funding for corporate assessments for PPBE.
 - (4) Provide input and feedback to NA-MB on any decisions related to the PPBE process that would result in a new assessment or increase an existing assessment.
- i. NNSA Program and Field Elements.
 - (1) Provide input to NA-MB regarding PPBE staffing, products, deliverables.
 - (2) Approve element-specific programmatic PPBE deliverables.
- j. NNSA Elements.

Must control PPBE information appropriately.

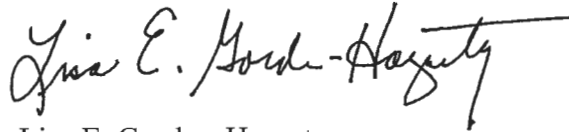
9. REFERENCES. References are listed in each appendix.

10. DEFINITIONS/ABBREVIATIONS.

- a. Account Integrator. The Account Integrator for each major appropriation (Weapons Activities, Defense Nuclear Nonproliferation, and Federal Salaries and Expenses) is responsible for integrating and prioritizing their respective portfolio.
- b. Budget Analysis. Budget Analysis is an Office of Personnel Management series (0560) that covers positions that perform, advise on, or supervise work in any of the phases of budget administration when such work requires knowledge and skill in applying budget-related laws, regulations, policies, precedents, methods, and techniques. Budget Analysis comprises Budget Analysts and Budget Officials.
- c. NNSA Element. An NNSA element is any federal NNSA program, field, functional, or other organization within the NNSA.
- d. NNSA Program Element. An NNSA Program Element is any NNSA element with primary ownership of a programmatic mission.
- e. NNSA Field Element. An NNSA Field Element is any NNSA element with primary ownership of an NNSA laboratory, plant, or site mission.

11. CONTACT. Associate Administrator for Management and Budget (NA-MB), 202-586-0101.

BY ORDER OF THE ADMINISTRATOR:



Lisa E. Gordon-Hagerty
Administrator

Appendixes:

1. Planning Phase
2. Programming Phase
3. Budgeting Phase
4. Evaluation Phase - Execution
5. Evaluation Phase - Performance
6. Federal Budget Process

APPENDIX 1: PLANNING PHASE

1. INTRODUCTION.

This appendix describes the process for conducting the Planning phase of the annual planning, programming, budgeting, and evaluation (PPBE) process.

The Planning phase of the PPBE process includes the full range of work in a manner that is fiscally informed, but not constrained, to ensure all requirements and mission needs are incorporated. This resultant Planning Guidance supports the development of each program's internal planning process for the upcoming Future-Years Nuclear Security Plan (FYNSP) and informs the "One NNSA" strategic planning process.

While planning is typically a year-round, continuous activity conducted by NNSA elements, a discrete Planning phase with stated objectives and guidance (provided by the annual National Nuclear Security Administration [NNSA] Planning Guidance) provides a specific corporate focus as preparations begin for Programming.

NNSA uses a tiered approach to strategic planning to achieve its mission. This is attained by specifying strategic goals and objectives through Department-level and NNSA-level strategic planning documents that are issued during each new Administration. These internal strategic documents must align with and support the mission priorities in the National Security Strategy, National Defense Strategy, and Nuclear Posture Review, as well as priorities reflected in program level plans and input from NNSA contractors. Those priorities should drive the development of a budget that allows for timely execution of key mission priorities and enables NNSA to achieve its missions.

2. REQUIREMENTS.

- a. The processes described for the Planning phase of the PPBE process must be followed.
- b. The annual Planning Guidance must:
 - (1) Express NNSA's priorities and strategic vision;
 - (2) Identify strategic planning activities ongoing and to be undertaken;
 - (3) Staff lists of deliverables required to inform the programming cycle; and
 - (4) Be signed by the Administrator.

3. RESPONSIBILITIES.

a. Administrator.

- (1) Approves NNSA strategic planning documents which inform the PPBE Planning phase.
- (2) Approves and issues annual NNSA Planning Guidance.

b. Associate Administrator for Management and Budget (NA-MB).

Produces cost estimates and additional analyses to support Planning deliverables, where applicable.

c. Director, Office of Cost Estimating and Program Evaluation.

Analyzes the Planning phase of the PPBE process and performs specific analyses as requested by the Administrator.

d. Director, Office of Policy and Strategic Planning.

- (1) Develops the annual Planning Guidance.
- (2) Ensures strategic priorities are reflected throughout the planning process.

e. NNSA Program Elements.

Lead program planning:

- (a) Develop program requirements from policy,
- (b) Determine program priorities,
- (c) Approve program-specific planning studies,
- (d) Develop and issue organizational strategic plans, and
- (e) Lead element-directed planning studies.

f. NNSA Elements.

Support planning studies.

4. PROCESS.

The Planning process is essential for program and field elements to understand how their individual efforts contribute to mission success.

- (1) The Office of Policy and Strategic Planning (NA-1.1) develops the annual Planning Guidance.
- (2) The Administrator issues the annual Planning Guidance.
- (3) Program and field elements provide element-specific planning deliverables to NA-1.1.
- (4) NA-1.1 produces corporate and element-specific planning deliverables with support from all NNSA elements.
- (5) Program and field elements approve element-specific planning deliverables.

5. REFERENCES.

Executive Order 13450, *Improving Government Program Performance.*

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APPENDIX 2: PROGRAMMING PHASE

1. INTRODUCTION.

The purpose of the Programming phase of the planning, programming, budgeting, and evaluation (PPBE) process is to make decisions to align available program resources with priorities resulting in a balanced, integrated, executable National Nuclear Security Administration (NNSA) Future-Years Nuclear Security Plan (FYNSP) to be proposed from the Department of Energy (DOE) to the Office of Management and Budget (OMB) as the basis for that year's Congressional budget request. This is primarily a Headquarters-driven process that allocates resources and integrates the NNSA appropriations to develop products for submission to DOE. During this phase available resources are allocated according to NNSA and DOE priorities.

The Programming phase is guided by the annual Programming Guidance:

- a. NNSA's Management and Budget (NA-MB) develops programming deliverables identified in the annual Programming Guidance in coordination with program, functional, and field elements.
- b. Program elements identify any additional programming deliverables. NA-MB develops programming deliverables. The program element provides support and approves the final product.
- c. The Account Integrator for each major appropriation integrates and prioritizes the programs within the appropriation. Actions taken by the Account Integrator and NA-MB during this phase include review of program materials, cost review and validation of budget estimates, and integration meetings to identify and resolve disconnects between program elements within major appropriations.
- d. Cost Estimating and Program Evaluation (CEPE) manages the program review during which CEPE may lead issue teams to examine items requiring a leadership decision. In these issue teams, CEPE and NNSA elements develop options and proposals for balancing resources across NNSA and the major appropriations. The issue teams will be federally staffed and will collaboratively determine program alternatives, offsets, and programmatic and portfolio effects and risks.
- e. The Management Council, chaired by the Principal Deputy Administrator, provides recommendations on unresolved issues and for the overall NNSA program and resource allocations for the Administrator's approval and transmittal to the Department. The Administrator signs the Administrator's Preliminary Decisions Memorandum, which is distributed to NNSA elements.
- f. The Programming phase enables NNSA to determine its budget request to OMB. Here, NNSA briefs the DOE leadership on the proposed budget and reprioritizes as necessary. DOE leadership issues the program decision guidance completing the Programming phase for NNSA.

2. REQUIREMENTS.

- a. NA-MB must develop programming deliverables and supporting documents detailing program work scope and risk in coordination with the respective program and field elements.
- b. NNSA elements must support NA-MB in producing deliverables.
- c. NNSA elements are responsible for approving their respective programming products and making programming decisions for their organization.
- d. Key documents and deliverables produced in the Programming phase include:
 - (1) Annual Programming Guidance,
 - (2) Integrated Priority Lists,
 - (3) Site Allocations for FYNSP,
 - (4) Proposed Budget Structure Changes, and
 - (5) Administrator's Preliminary Decision Memorandum (APDM).

3. RESPONSIBILITIES.

- a. Administrator.
 - (1) Approves and issues the annual Programming Guidance.
 - (2) Briefs the budget proposal to DOE and makes changes according to the Secretary's prioritization.
 - (3) Makes final resource allocation recommendations to the Department by signing the APDM.
- b. Principal Deputy Administrator.
 - (1) Chairs the Management Council programming discussions in preparation for the Administrator's approval of the APDM.
 - (2) Adjudicates issues identified during the Programming phase.
- c. Account Integrators.
 - (1) Integrate and prioritize programs within their respective accounts.
 - (2) Lead Account Integration meetings.

- (3) Brief Integrated Priority Lists and budget recommendations to the Management Council and the Administrator.
 - (4) Approve account Integrated Priority Lists and FYNSPs.
- d. Associate Administrator for Management and Budget.
- (1) Co-authors annual Programming Guidance, with top-line targets and scenarios, with CEPE and with support from program and field elements.
 - (2) Develops intermediate programming products, including cost estimates, cost reviews, program priority lists, and multi-year cost plans, in accordance with the annual Programming Guidance and in coordination with program elements.
 - (3) Develops Integrated Priority Lists in coordination with program elements for Account Integrator approval.
 - (4) Hosts programs' annual Programming meetings.
 - (5) Hosts account integration meetings for Account Integrators.
 - (6) Produces FYNSP and Integrated Priority List for Federal Salaries and Expenses account.
 - (7) Receives and processes Naval Reactors programming products.
 - (8) Develops integrated NNSA budget FYNSP proposal for the Administrator's approval.
 - (9) Prepares briefing to DOE on budget proposal.
 - (10) Staffs corporate planning studies:
 - (a) Multi-year program plans,
 - (b) Front-end assessments,
 - (c) Business case analyses,
 - (d) Portfolio analyses.
 - (11) Staffs program and field element-requested studies in accordance with element and NNSA priorities.

e. Director, Cost Estimating and Program Evaluation.

- (1) Coauthors the annual Programming Guidance.
- (2) Manages the program review by leading issue teams to develop program alternatives and trades, and presents these alternatives to the Management Council.
- (3) Supports programming through cost and schedule validation of budget estimates to ensure they are reasonable and executable.
- (4) Reviews accuracy and thoroughness of the FYNSP.
- (5) Conducts analyses of the integrated priority lists and presents the analyses to the Management Council, as required.

f. Program Deputy/Associate Administrators.

Lead program-specific annual Programming meetings.

g. NNSA Elements.

- (1) Support NA-MB in producing programming products in accordance with the annual Programming Guidance.
- (2) Communicate work scopes, risks, and issues with initial budget cases to NA-MB and CEPE.
- (3) Support CEPE-led program reviews.
- (4) Approve element's programming products and deliverables.

4. PROCESS.

The Programming phase updates NNSA's resource strategy to reflect the Administrator's priorities and the fiscal environment.

- a. The Administrator issues the annual Programming Guidance, which includes top-line targets and scenarios.
- b. NA-MB staffs programming activities to develop intermediate products with NNSA element support. These products include cost estimates, cost reviews, program priority lists, and cost plans in accordance with the annual Programming Guidance. NNSA elements approve the products.
- c. Deputy and Associate Administrators make programming decisions for their respective programs.

- d. NA-MB hosts integration meetings for each account. The Account Integrators lead the integration meetings and establish priorities within their appropriation.
- e. CEPE leads issue teams comprising federal staff from CEPE and program elements. Issue teams determine program options, offsets, programmatic and portfolio effects, and risks.
- f. With support from program elements, NA-MB produces Integrated Priority Lists and FYNSPs for each account, which will be approved by the Account Integrator.
- g. NA-MB consolidates the approved Integrated Priority Lists to draft an integrated budget proposal from all account lines for Administrator approval.
- h. CEPE reviews the accuracy and thoroughness of the FYNSP.
- i. The Administrator, with support from the Management Council, adjudicates outstanding issues and approves final resource recommendations in the Administrator's Preliminary Decision Memorandum.
- j. The Administrator submits briefs to DOE on the budget proposal and adjusts the proposal to meet the Secretary's priorities in coordination with NNSA elements.
- k. The Programming phase ends with the brief to DOE Chief Financial Officer and Deputy Secretary of Energy, adjustments from these are the basis for the development of the OMB Briefs and the start of the Budget Formulation phase.

5. REFERENCES.

Executive Order 13450 *Improving Government Program Performance.*

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APPENDIX 3: BUDGETING PHASE

This appendix describes the procedures for developing the annual National Nuclear Security Administration (NNSA) budget transmissions as required by the planning, programming, budgeting, and evaluation (PPBE) process. The Budgeting phase includes development of the Office of Management and Budget (OMB) and President's budget requests. The Budgeting phase involves the production of a formal budget request and associated justifications to OMB.

1. INTRODUCTION.

- a. In coordination with program, field, and functional elements, Management and Budget (NA-MB) develops OMB budget justification materials for the Future-Years Nuclear Security Plan (FYNSP), which articulate work scope and schedules commensurate with the funding request. The program elements approve these materials.
 - (1) The Department of Energy (DOE) Chief Financial Officer (CFO), as part of the Department's budget request, transmits NNSA's budget materials to OMB.
 - (2) After a review of the budget materials and a series of briefings, OMB issues policy and resource decisions to guide the formulation of the President's budget request back to the Department; this is known as the *Passback*.
 - (3) The Department can choose to appeal these decisions, which may require additional integration meetings by the Management Council, the Administrator, and the Secretary. If the Department decides to appeal, documentation is sent to OMB identifying what is being appealed and the rationale for the appeal.
 - (4) OMB issues the final settlement decisions which are binding and form the basis for the President's budget request.
- b. In accordance with 31 U.S. Code 1105, the President's budget request is developed and normally transmitted to Congress on or before the first Monday in February.
 - (1) Justifying President's budget requests requires that NNSA elements interact formally with Congressional staff and Congress.
 - (2) These interactions include briefing, testifying, responding to questions for the record, and developing appeals to appropriation and authorization markup.

2. REQUIREMENTS.

NNSA participates in the Department's budget formulation process, which is followed by the OMB and Congressional budget review processes. Budget justifications include the FYNSP and performance data.

- a. NNSA must prepare and transmit the OMB and President's budget request to Congress through the Department's CFO in accordance with DOE guidance and the OMB passback process.
- b. With program and field element support, NA-MB must develop budget justifications and ancillary materials, such as Construction Project Datasheets and crosscutting exhibits, for program or Account Integrator approval and transmission to OMB and Congress. Budget justifications provide the basis for the Congressional review process, including testimony, questions and answers, markups, and appeals.
- c. NNSA elements must provide information to develop the OMB and President's budget request.
- d. NNSA must participate in OMB reviews and the OMB passback process to determine final funding decisions and policy guidance for the President's budget request.

3. RESPONSIBILITIES.

a. Administrator.

- (1) Provides formal funding decisions to develop the FYNSP, statistical tables, and justification documents.
- (2) Approves annual budget request to DOE CFO.
- (3) Briefs NNSA budget to OMB executives.
- (4) Testifies to Congressional authorization and appropriation committees and subcommittees regarding the budget request, as required.
- (5) Authorizes NNSA staff to interact with members of Congress or their designees on a case-by-case basis.

b. Principal Deputy Administrator.

- (1) Briefs NNSA budget to OMB executives, as required.
- (2) Testifies to Congressional authorization and appropriation committees and subcommittees regarding the budget request, as required.

- c. Associate Administrator, Office of External Affairs.
 - (1) Reviews, provides guidance and comments on briefs and other communications to Congressional committees and other external stakeholders.
 - (2) Manages scheduling of briefings to Congressional committees, subcommittees, and staff.

- d. Associate Administrator for Management and Budget.
 - (1) Leads the overall budget formulation process and coordinates with the DOE CFO.
 - (2) Develops and issues the NNSA budget guidance to support OMB and the President's budget request.
 - (3) Develops budget justification materials for program and Account Integrator approval, with support from program elements.
 - (4) Reviews and integrates any input from NNSA elements, including crosscut and ancillary data, to ensure the requests meet Departmental and OMB requirements.
 - (5) Implements budget formulation policies and procedures, and develops budget formulation materials with program support.
 - (6) Produces final integrated budget documentation, including coordinating Office of Classification final review.
 - (7) Maintains statistical tables and databases that support budget justifications.
 - (8) Serves as NNSA's liaison to DOE CFO and OMB on budget deliverables and inquiries.
 - (9) As requested, prepares briefings to Congressional authorization and appropriation committee and subcommittee staff on budget requests.
 - (10) In coordination with program elements, develops OMB briefings.
 - (11) Briefs overall NNSA budget to OMB executives, as required.
 - (12) Testifies to Congressional authorization and appropriation committees and subcommittees regarding the budget request, as required.
 - (13) Briefs overall NNSA budget to Congressional committees and subcommittee staff, as requested.

e. Deputy/Associate Administrators.

- (1) Testify to Congressional authorization and appropriation committees and subcommittees regarding the budget request, as required.
- (2) Brief respective portion of the budget request to Congressional committees and subcommittee staff, as requested.
- (3) Brief respective portion of the budget request to OMB examiners.

f. NNSA Elements.

- (1) Provide data and support in response to budget guidance.
- (2) Review and comment on final budget documents.
- (3) Participate in the OMB budget briefings and passback process as required.
- (4) Respond to NA-MB as liaison for OMB and CFO inquiries.
- (5) Support development of briefs to Congressional authorization and appropriation committees and subcommittee staff on budget requests, as requested by Congress.

4. REFERENCES.

- a. OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, July 2016
- b. DOE O 520.1A, *Chief Financial Officer Responsibilities*, dated 11-21-06

5. DEFINITIONS.

Passback. Budgetary decisions of OMB Director that are passed back to the agencies.

APPENDIX 4: EVALUATION PHASE - EXECUTION

1. INTRODUCTION.

This appendix describes the procedures for executing the National Nuclear Security Administration (NNSA) budget as required by the planning, programming, budgeting, and evaluation (PPBE) process. Evaluation-Execution is the phase in which appropriated resources are distributed and controlled to achieve their approved purpose. The Office of Management and Budget (OMB) apportionment process makes funds available to the Department of Energy (DOE) for obligation and expenditure. Appropriation legislation and accompanying tables are the controlling documents for funds distribution, and display the budgetary resources available. The DOE funds distribution process makes funding available for obligation by congressional control. Management and Budget (NA-MB) certifies funds consistent with the *Chief Financial Officers Act*. The Office of Acquisition and Project Management (NA-APM) obligates funding consistent with the Federal Acquisition Regulations, and Business Operating Procedure 541.1, *Contracting Authorities*.

2. REQUIREMENTS.

- a. NNSA must use the Approved Funding Program (AFP) to provide financial guidance by reporting level Budget and Reporting Classification Code.
- b. AFPs are typically issued twice per month, but can be issued more frequently as needed. Changes must net to zero and obligational control amounts must tie to appropriation legislation unless a reprogramming is executed.
- c. NNSA must have issued a Work Authorization (WA) or have an Interagency Agreement or equivalent prior to the execution of work or the incurring of any costs through Management and Operating (M&O) contracts.

3. RESPONSIBILITIES.

- a. Associate Administrator for Management and Budget.
 - (1) Develops initial and subsequent WAs, in coordination with NNSA elements.
 - (2) Reviews Implementation Plans (IPs) to ensure they meet fiscal requirements, in coordination with NNSA elements.
 - (3) Sends approved WAs and IPs to field Contracting Officers (COs), the appropriate field office budget contact, and the Office of Acquisition and Project Management (NA-APM) Request Mailbox.
 - (4) Works jointly with program and field elements, COs, and contractors to resolve questions or concerns regarding scope of work, schedule, and associated estimated cost (price if a fixed price WA) for each WA.

- (5) Ensures the estimated cost does not exceed the Department's Base Table, plus carry over, when under a Continuing Resolution (CR), the final appropriation, or full-year CR, once enacted.
- (6) Coordinates with Federal Program Managers, COs, and other internal stakeholders to validate that work is completed within the negotiated cost (price if fixed price WA).
- (7) Issues AFPs to integrated contractors.
- (8) Enters values and funding changes into a financial system (i.e., funds distribution system [FDS 2.0]).
- (9) Drafts reprogramming packages, in coordination with program elements.
- (10) Reviews reprogramming packages and provides to DOE Chief Financial Officer.

b. Contracting Officers.

- (1) Work jointly with the Program/Project Officers and contractors to reach agreement on an acceptable scope, cost (price if a fixed price WA), and schedule for each WA.
- (2) Review and sign the proposed WA for each contract under their cognizance to ensure work is appropriate for performance by the contractor and is within the contracted scope.
- (3) Ensure that the contractor signs the WA within the required schedule.
- (4) Ensure the work is completed within the negotiated cost (price if fixed price WA).
- (5) Send WAs to M&O contractor for signature.
- (6) Distribute fully executed WAs to programs and the WA mailbox.
- (7) Serve as the primary point of contact for questions or issues concerning the WA.

c. Program Deputy/Associate Administrators.

Approve programmatic reprogramming packages.

d. NNSA Program Elements.

- (1) Produce and approve program IPs.
- (2) Approve initial and subsequent WAs.

- (3) Work jointly with NA-MB, field elements, COs, and contractors to resolve questions or concerns regarding scope of work, schedule, and associated estimated cost (price if a fixed price WA) for each WA.
- (4) Coordinate with field elements, NA-MB, CO, and other internal stakeholders to ensure the work is completed within the negotiated cost (price if fixed price WA).
- (5) Issue technical direction in writing through an authorized Contracting Officer's Representative, as appropriate.
- (6) Provide additional programmatic information when requested to review and approve WAs. Provide AFP input to MB for execution through the funds distribution system.
- (7) Provide programmatic input for AFP to NA-MB.

e. NNSA Field Elements.

- (1) Work jointly with NA-MB, program elements, COs, and contractors to resolve questions or concerns regarding scope of work, schedule, and associated estimated cost (price if a fixed price WA) for each WA.
- (2) Coordinate with program elements, NA-MB, CO, and other internal stakeholders to ensure the work is completed within the negotiated cost (price if fixed price WA).

f. Acquisition and Project Management (NA-APM).

- (1) Provides guidance and coordination to facilitate the preparation of WAs and project datasheets and any revisions thereto.
- (2) Assists in the resolution of issues relating to the WA.
- (3) Conducts random reviews of WAs for quality control, including compliance with regulation and policy. NA-APM reserves the option to review all WAs for compliance at any time.

4. REFERENCES.

- a. OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, July 2016
- b. DOE O 413.3B, *Program and Project Management for the Acquisition of Capital Assets*, dated 05-12-18
- c. DOE O 520.1A, *Chief Financial Officer Responsibilities*, dated 11-21-06

- d. DOE O 412.1A, *Work Authorization System*, dated 5-21-2014
- e. SD 412.1, *Work Authorizations*, dated 01-18-2017

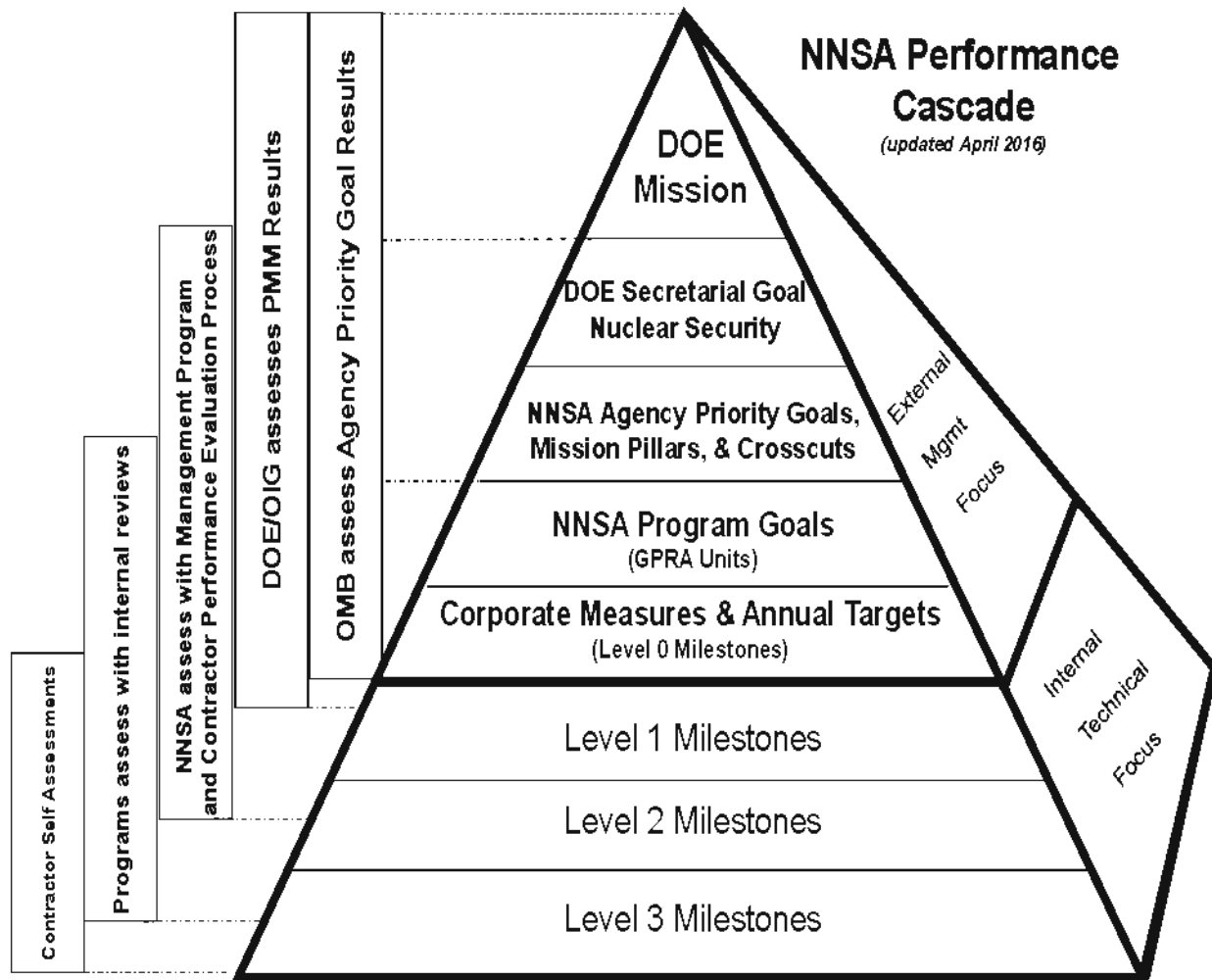
APPENDIX 5: EVALUATION PHASE - PERFORMANCE

1. INTRODUCTION.

Evaluation-Performance is the phase in which progress made toward achieving identified performance measures at multiple levels within the National Nuclear Security Administration (NNSA) is assessed. These performance measures can either be low-level milestones for internal use, or high-level performance measures in accordance with the *Government Performance and Results Modernization Act* of 2010 and Executive Order 13450, *Improving Government Program Performance*. The results of the Evaluation phase feed back into the Planning phase for the next planning, programming, budgeting, and evaluation (PPBE) cycle, and impact the performance evaluation of managers and contractors (per NAP-540.3, *Corporate Performance Evaluation Process for Management and Operating Contractors*).

2. REQUIREMENTS.

NNSA articulates the unique contribution each performance measure makes toward achieving the Department of Energy (DOE) mission by linking them in a cascade to better focus resources on fulfilling the overall mission, as illustrated in the diagram below.



- a. Integrated Criteria. Each *Government Performance and Results Act (GPRA)* program must have at least one performance measure, preferably an outcome measure versus an output measure, that:
 - (1) Evaluates activities meaningful to achieve complex, long-term outcomes focused on the health of the program;
 - (2) Is validated during the annual budget formulation process;
 - (3) Uses terms that are concise and meaningful to the public; and
 - (4) Includes an annual endpoint target that measures progress over time toward achieving the intended outcome.
- b. NNSA must issue annual guidance for updating performance measures.
- c. Each GPRA program must strive for consistency in performance measures from year to year to allow identification of multiyear performance trends to be used to inform future resource decisions:

- (1) Unless the GPRA program undergoes major changes or an update is required to provide a more meaningful and accurate representation of program performance, goals and target text must remain unchanged.
 - (2) NNSA must provide proposed changes to performance indicators and current year targets in a formal change request to the DOE Office of the Chief Financial Officer (OCFO) who will review the request and, upon approval, submit it to the Office of Management and Budget (OMB).
 - (3) Budgets must link to annual targets in order to assess the effects of funding decisions.
- d. Performance Reviews. NNSA must validate results, evaluate planning integrity, inform resource decisions, and hold managers accountable by conducting credible, tiered, and linked performance reviews. Results are reported to the Administrator in the NNSA Annual Performance Report (APR) and are published alongside out-year targets in the DOE APR. Internal and external performance reviews to be conducted on a recurring basis include:
- (1) Agency Priority Goal (APG) Reviews. The *Government Performance and Results Modernization Act* of 2010 requires quarterly reviews of progress towards achievement of those performance measures designated as APGs. Each quarter the OCFO will request a progress update and next steps for each APG. This information is discussed with the Deputy Secretary during the quarterly data driven review, approved by the Deputy Secretary, and subsequently provided to OMB by the OCFO for publication on Performance.gov. Goal leaders and owners must respond to OMB questions on the information provided. The goals should correlate to the strategic direction stated in NNSA's strategic planning documents.
 - (2) Annual Program Reviews. NNSA leadership, including program managers and Deputy/Associate Administrators, must review programs at various times throughout the fiscal year to validate that programs are on track to meet their long-term goals, annual targets, as well as to alert management of potential issues that could affect program success.
 - (3) Program Manager Reviews. Program Managers must conduct detailed reviews of program, project, and contractor performance annually (quarterly reviews are recommended) to validate progress on milestones leading to achievement of annual targets. The format for these reviews is the responsibility of the appropriate manager. However, this policy requires Program Managers to document and maintain their detailed review process and track findings until resolved. 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.

e. OMB and DOE Performance Reports.

- (1) NNSA must provide to OMB an Annual Performance Report and Annual Performance Plan in conjunction with the Congressional Justification. This report is published on the DOE website (<http://energy.gov/cfo/reports/annual-performance-reports>) and details the annual performance of each GPRA program and summarizes the results of each performance measure reported in the President's budget.
- (2) Programs must provide quarterly and end-of-year results data for entering into the Performance Measures Manager (PMM) on the progress made toward achieving annual targets. These data provide senior managers with an early warning for corrective actions if an annual target is at risk.

3. RESPONSIBILITIES.

a. Administrator.

- (1) Approves overall NNSA corporate performance measures.
- (2) Approves NNSA-related APGs prior to their transmittal to DOE for Secretarial approval for transmission to OMB.

b. Associate Administrator for Management and Budget.

- (1) Manages the overall PPBE Evaluation phase.
- (2) Draft corporate products that fulfill PPBE evaluation phase requirements.
- (3) Support program elements with development of products that fulfill PPBE Evaluation phase requirements
- (4) Coordinates and issues the annual Evaluation phase-related guidance documents.
- (5) Maintains the integrated NNSA Performance Cascade.
- (6) Assesses expenditures, full-time equivalents (FTE) usage and other metrics for Federal Salaries and Expenses (FSE) components of all organizational elements.
- (7) Maintains configuration control over the NNSA Corporate Performance Measures and publishes them in the budget.

- (8) Provides performance management feedback and advice to Headquarters program elements.
- (9) Reviews, consolidates, and transmits the NNSA quarterly PMM data to DOE OCFO.
- c. Director, Office of Cost Estimating and Program Evaluation (CEPE).
 - (1) Evaluates cost and schedule baselines of Major Atomic Energy Defense Acquisitions (MAEDAs) against their performance baselines.
 - (2) Reports any major MAEDA programmatic deviations from the FYNSP to the Administrator and Principal Deputy Administrator.
 - (3) Provides data and support as identified in the Evaluation guidance documents, or as requested by NNSA elements.
- d. Director, Office of Policy and Strategic Planning.
 - (1) Supports NNSA elements in development of APGs.
 - (2) Reviews APGs in order to ensure alignment with NNSA strategic plans and U.S. national security policy drivers.
 - (3) Identifies and tracks the APGs.
- e. NNSA Elements.
 - (1) Understand the requirements of the PPBE Evaluation phase.
 - (2) Produce element-specific products that fulfill PPBE Evaluation phase requirements (quality performance measures, credible Program Managers Reviews, and timely and accurate PMM reporting).
 - (3) Document and use consistent internal control procedures that provide evidence to substantiate the accuracy of reported results to auditors.

4. REFERENCES.

- a. *Government Performances and Results Act (GPRA) of 1993*
- b. *GPRA Modernization Act of 2010*
- c. Executive Order 13450 – *Improving Government Program Performance*
- d. DOE G 120.1-5, *Guidelines for Performance Measurement*, dated 06-30-96

5. DEFINITIONS.

- a. GPRA Program: A program covered by the *Government Performance and Results Act*, namely a specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government.
- b. Agency Priority Goals (APG). The Department establishes APGs that must be updated every 2 years and represent the top priorities for the agency and the current Administration and align with Secretarial priorities. NNSA is responsible for the APGs related to nuclear security. Current and past APGs are published on the internet at the following URL: (<https://www.performance.gov>).
- c. Performance Measures. Refers to external corporate performance data that includes goals, indicators, endpoints, and annual targets. Performance measures explain what a program expects to accomplish for a specified funding profile over a specific period. This data links resources to performance objectives, informs resource decisions, justifies budget requests, improves delivery of products and services, and holds program managers accountable for results.
- d. Indicators. An index or set of units to measure progress toward the goal. Indicators should use common qualifiers (e.g., annual or cumulative) to clarify the unit of measure.
- e. Endpoint Targets. Long-term objectives that are critical steps toward achieving the goal. Each goal should have three to five endpoint targets written in specific measureable numerical units and must include the projected fiscal year that the objective is to be completed. Endpoint targets may be completed before the goal is reached.
- f. Annual Targets. Specific and auditable outcomes and outputs toward achieving the endpoint target measured in the same numerical units as the endpoint target. Annual targets should be a specific numerical value, not a range, and must be linked to, and substantiated by, technical milestones.
- g. Milestones. Key internal technical performance data that is required to meet program criteria. Milestones are meaningful for subject matter experts to oversee day-to-day operations aimed at achieving annual targets. Milestones are in validated program baselines, one of three levels of detail below the annual targets, and are contained in published program documentation. The APG process requires quarterly milestones to be reported on the official United States Government website: (<https://www.performance.gov>).

APPENDIX 6: FEDERAL BUDGET PROCESS

Figure 1: Federal Budget Calendar

FEDERAL BUDGET PROCESS CALENDAR OR EVENTS

	Oct	Nov	Dec	Jan	Feb	March	Apr	May	June	July	Aug	Sept
Planning Year (e.g. 2021)						Agency Budget Formulation Process						President's Budget Formulation Process
Budget Year (e.g., 2020)	President's Budget Formulation Process				Congressional Appropriations Process							
Current Year (e.g., 2019)	Budget Execution Process											

The following table shows the process in more detail

	Oct	Nov	Dec	Jan	Feb	March	Apr	May	June	July	Aug	Sept
Planning Year (e.g. 2021)							Agency Planning Process	Agency Budget Formulation			OMB Budget Review	
Budget Year (e.g., 2020)	OMB Hearings	OMB Passback	Agency Appeals & Resolution	Congressional Justification (CJ) Developed	Budget Submitted to Congress	Congressional Appropriations, Hearings, & Markup					Congress Passes Approps Bill or CR	
Current Year (e.g., 2019)	President Enacts Approps Bill or CR	Financial Operating Plan Developed		Obligating, Accounting, Monitoring, & Reporting						Sweeps	Close-out of FY	

Figure 2: Federal Budget Process Timeline

DATE	ACTIVITIES
Calendar year prior to the year which fiscal year begins	
Spring	OMB issues planning guidance to executive agencies for the budget beginning October 1 of the following year.
Spring & Summer	Agencies begin development of budget requests.
July	OMB issues annual update to Circular A-11, providing detailed instructions for submitting budget data and material for agency
September	Agencies submit initial budget requests to OMB.
October-November	OMB staff review agency budget requests in relation to President's priorities, program performance, and budget
November-December	President, based on recommendations by the OMB director, makes decisions on agency requests. OMB informs agencies of decisions, commonly referred to as OMB "passback."
December	Agencies may appeal these decisions to the OMB director and in some cases directly to the President.
Calendar year in which fiscal year begins	
By first Monday in February	President submits budget to Congress
February 15 th	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after the President submits the budget	Committees submit views and estimates to Budget Committees. (Frequently, the House Budget Committee sets own date based on Legislative Calendar.)
April 1 st	Senate Budget Committee reports concurrent resolution on the budget.
April 15 th	Congress completes action on the concurrent resolution on the budget. (This is not signed by the President.)
May 15 th	Annual appropriation bills may be considered in House.
June 10 th	House Appropriations Committee reports last annual appropriation bill.
June 15 th	Congress completes action on reconciliation legislation. (If required by the budget resolution.)
June 30 th	House completes action on annual appropriation bills.
By July 15 th	President submits mid-session review to Congress.
August 21 st (or within 10 days after approval of a spending bill)	Agencies submit apportionment requests to OMB for each budget account.
September 10 th (or within 30 days after approval of a spending bill)	OMB apportions available funds to agencies by time period, program, project, or activity.
October 1 st	Fiscal year begins.
Calendar years in which fiscal year begins & ends	
October-September	Agencies make allotments, obligate funds, conduct activities, and request supplemental appropriations, if necessary. President may propose supplemental appropriations & impoundments to Congress.
September 30 th	Fiscal Year ends.