

NNSA POLICY

NAP 130.1C

Approved: 07-18-23

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



**NATIONAL NUCLEAR SECURITY ADMINISTRATION
Management and Budget**

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

1. PURPOSE. To 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. CANCELLATION. NNSA Policy (NAP) 130.1B, Planning, Programming, Budgeting, and Evaluation (PPBE) Process, dated 05-25-21. Advance Change Directive (ACD) 130.1, Updating Account Integrator Roles in the National Nuclear Security Administration (NNSA), dated 06-23-21.
4. APPLICABILITY. Unless otherwise stated, 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):
 - a. Updates the Account Integrator's role throughout the Planning, Programming, Budgeting, and Evaluation (PPBE) process as outlined in NNSA Advance Change Directive (ACD) 130.1, *Updating Account Integrator Roles in the NNSA*.
 - b. Adds NA-MB's role in the development and integration of NNSA Program Element planning and programming tools.
 - c. Adds NA-MB's role in developing and maintaining tools and databases during the programming phase.

- d. Adds the Program and Federal Project Director (FPD) roles to provide reconciled cost estimates and advise the Account Integrator on developing an appropriate risk-informed budget.
- e. Adds Account Integrator's role in selecting project budgets based on approved cost estimate ranges for Phase 6.X/Phase X and DOE O 413.3B, *Program and Project Management for the Acquisition of Capital Assets*, projects.
- f. Adds NA-1's role in approving changes in budget execution that require congressional notification/approval.
- g. Adds Confidence Level and s-curve definitions and updates Budget Analysis definition.
- h. Adds Management and Budget's (NA-MB) role in supporting corporate planning studies and program/field-element requested studies during Planning Phase.
- i. Updates *Budgeting Phase* to *Budgeting – Formulation Phase* and *Evaluation – Execution Phase* to *Budgeting – Execution Phase*.
- j. Adds that Budget justifications may include additional supplemental information such as crosscutting exhibits.
- k. Simplified language around ensuring expended funds do not exceed appropriations.
- l. Updates NA-MB's role in obtaining necessary approvals/signatures within NNSA during the Budgeting – Execution phase.

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.
- d. 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*.
- e. 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.
 - (5) Approves changes in budget execution that require congressional notification/approval.
- b. Principal Deputy Administrator. Resolves disputes regarding corporate assessments for PPBE.
- c. Account Integrators.
 - (1) Approve corporate assessment estimates for PPBE in coordination with the respective Program Offices.
 - (2) Integrate and prioritize long-term planning between programs and portfolios within their account.
 - (3) Make and approve Planning, Programming, Formulation, and Execution (specifically reprogramming) decisions and prioritization tradeoffs within their respective account based on mission impact, risk assessment, affordability constraints, carryover balances, and recommendations and support provided by NNSA Elements and Associate Administrators.
 - (4) Request Headquarters Functional Organizations such as NA-MB, Office of Cost Estimating and Program Evaluation (CEPE), or the Office of Infrastructure (NA-90) to provide supportive information or analysis.
- d. Deputy Administrator for Defense Programs. Serves as Account Integrator for Weapons Activities.
- e. Deputy Administrator for Defense Nuclear Nonproliferation. Serves as Account Integrator for Nuclear Nonproliferation.
- f. Associate Administrator for Management and Budget.
 - (1) Develops and manages 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.
- g. 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.
- h. Director, Office of Policy, and Strategic Planning.
 - (1) Develops annual NNSA Planning Guidance.
 - (2) Ensures annual NNSA Planning Guidance aligns with NNSA strategic plans.
- i. Associate Administrator for Infrastructure.
 - (1) In coordination with program and field elements, drafts Construction Project Data Sheets for NNSA capital projects and provides them to NA-MB.
 - (2) Provides guidance and coordination to facilitate the preparation of project datasheets and any revisions thereto.

- j. Associate Administrator for Partnership and Acquisition Services.
 - (1) Provides guidance and coordination to facilitate the preparation of Work Authorizations (WAs) 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-PAS reserves the option to review all WAs for compliance at any time.
 - k. Deputy/Associate Administrators and Field Office Managers.
 - (1) Respond to requests for information regarding corporate assessments for PPBE.
 - (2) Identify funding for corporate assessments for PPBE in coordination with the respective Program Offices.
 - (3) 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.
 - l. NNSA Program and Field Elements.
 - (1) Provide input to NA-MB regarding PPBE staffing, products, and deliverables.
 - (2) Approve element specific programmatic PPBE deliverables.
 - m. 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, including long-term portfolio planning, and has authority for making and approving all Planning, Programming, Formulation, and Execution (specifically reprogramming) decisions within their respective account.
 - 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 Analyst and Budget Official positions within NA-MB.

- c. Confidence Level. The probability of the project cost or schedule being less than or equal to the associated estimate. For example, a cost estimate at a 70% confidence level (often noted as P70) indicates an expected 70% probability that project costs will be less than or equal to the value (and conversely 30% likely to exceed it). NAP 413.6 *Confidence Levels and Escalation for Cost Estimation* includes more information on confidence levels.
- d. Headquarters Functional Organizations. An NNSA headquarters organization that is responsible for enabling mission work by providing expertise, advice, and counsel to program offices, senior management, and field offices in accordance with roles established by DOE/NNSA policy and performing defined regulatory functions and oversight support in consultation and coordination with program and field offices.
- e. NNSA Element. An NNSA element is any federal NNSA program, field, functional, or other organization within the NNSA.
- f. NNSA Program Element. An NNSA Program Element is any NNSA element with primary ownership of a programmatic mission.
- g. NNSA Field Element. An NNSA Field Element is any NNSA element with primary ownership of an NNSA laboratory, plant, or site mission.
- h. Reconciled Cost Estimate. The leadership approved estimate after the project and independent cost estimating teams reconcile their PCE and ICE.
- i. S-Curve. The full cost-risk (or schedule-risk) profile for a project schedule or cost estimate. It is an output from the risk and uncertainty analysis used to inform management reserve and contingency estimates, and represents the probability of the analyzed metric (e.g., cost or schedule) will be at or less than the value of the curve. It may also be referred to as the cumulative distribution function.
- j. Target Confidence Levels. The confidence level probability reflecting the project's budget amount, with higher target confidence levels reflecting a greater risk aversion (and conversely lower reflecting a greater risk acceptance). These are selected on a project-by-project basis by the decisionmaker during Programming and may differ from program/project recommended confidence levels, as leadership may adjust to balance risk across their portfolio.

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

BY ORDER OF THE ADMINISTRATOR:

Jill Hruby
Administrator

Appendixes:

- A. Planning Phase
- B. Programming Phase
- C. Budgeting – Formulation Phase
- D. Budgeting – Execution Phase
- E. Evaluation Phase - Performance
- F. Federal Budget Process

APPENDIX A: 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 Program (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) Identify staff who are in charge of deliverables required to inform the programming cycle.
 - (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. Account Integrator.

- (1) Integrates long-term planning between programs and portfolios within their account.
- (2) Makes and approves Planning decisions within their respective account based on mission impact, risk assessment, carryover balances, and recommendations and support provided by the NNSA Elements and Associate Administrators.

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

- (1) Produces cost estimates and additional analyses to support Planning deliverables, where applicable.
- (2) Staffs corporate planning studies:
 - (a) Multi-year program plans,
 - (b) Front-end assessments,
 - (c) Business case analyses,
 - (d) Portfolio analyses.
- (3) Staffs program and field element-requested studies in accordance with element and NNSA priorities.
- (4) Provides tools to enable program elements to collect requirements in preparation for programming.

d. Director, Office of Cost Estimating and Program Evaluation. Analyzes the Planning phase of the PPBE process and performs specific independent analyses as requested by the Administrator.

e. Director, Office of Policy, and Strategic Planning.

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

- f. NNSA Program Elements. Lead program planning:
 - (1) Develop program requirements from policy,
 - (2) Determine program priorities,
 - (3) Approve program-specific planning studies,
 - (4) Develop and issue organizational strategic plans, and
 - (5) Lead element-directed planning studies.
 - (6) Provide reconciled cost estimates to NA-MB for projects governed by Phase 6.X/Phase X, including risk informed cost estimating products (e.g., s-curves, associated target confidence level, etc.), which inform PPBE decisions made by the Account Integrator.
 - g. Federal Project Director. Once appointed, provides reconciled cost estimates to the Project Management Executive and NA-MB for projects governed by DOE O 413.3B, *Program and Project Management for the Acquisition of Capital Assets*, including risk informed cost estimating products (e.g., s-curves, associated target confidence level, etc.), which inform PPBE decisions made by the Account Integrator.
 - h. NNSA Elements.
 - (1) Support planning studies.
 - (2) Support the Account Integrator when necessary.
4. PROCESS. The Planning process is essential for program and field elements to understand how their individual efforts contribute to mission success.
- a. The Office of Policy and Strategic Planning (NA-1.1) develops the annual Planning Guidance.
 - b. The Administrator issues the annual Planning Guidance.
 - c. NNSA Elements perform studies and analyses as directed in the planning guidance.
 - d. Program and field elements provide element-specific planning deliverables to NA-1.1.
 - e. NA-1.1 produces corporate and element-specific planning deliverables with support from all NNSA elements.
 - f. Program and field elements approve element-specific planning deliverables.

- g. Account Integrators integrate long-term planning between programs and portfolios within their account.
- h. Program and project leads provide reconciled cost estimates to NA-MB to inform PPBE decisions made by the Account Integrator.

5. REFERENCE.

- a. Executive Order 13450, Improving Government Program Performance, November 2007.
- b. NAP 413.6 *Confidence Levels and Escalation for Cost Estimating*, September 2022.

APPENDIX B: 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 Program (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, which is informed by the Planning 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) drafts the annual Programming Guidance for NA-1 approval.
- b. NA-MB develops programming deliverables identified in the annual Programming Guidance in coordination with program, functional, and field elements.
- c. Program elements identify any additional programming deliverables such as required presentation materials for management council meetings, account-integrator requested products coordinated by MB matrix staff, white papers, and entries into web-based databases. NA-MB develops programming deliverables. The program element provides support and approves the final product.
- d. The Account Integrator integrates and prioritizes the portfolio and program activities within their accounts. This includes, with NA-MB's support, a review of program materials, cost estimates, and integration meetings to resolve disconnects between program elements. Account Integrators also select project budgets based on approved cost estimate ranges for Phase 6.X/Phase X and DOE O 413.3B, *Program and Project Management for the Acquisition of Capital Assets*, projects.
- e. 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 accounts. The issue teams are federally staffed and collaboratively determine program alternatives, offsets, and programmatic and portfolio effects and risks. The program review concludes with briefings to the management councils on the accuracy, thoroughness, affordability, executability, and risks of the proposed FYNSP scenarios.
- f. The Management Council, chaired by the Principal Deputy Administrator, provides recommendations on unresolved issues (including appeals) and for the

overall NNSA program and budget 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.

- g. The Programming phase enables NNSA to develop its budget request to OMB. 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 manage the NNSA Programming process on behalf of the Account Integrators and is the primary point of contact for the Programming process.
- b. NA-MB must develop programming deliverables and supporting documents detailing program work scope and risk in coordination with the respective program and field elements.
- c. NNSA elements must support NA-MB in producing deliverables such as required presentation materials for management council meetings, Account Integrator requested products coordinated by MB matrix staff, white papers, and entries into web-based databases.
- d. Account Integrators are responsible for approving final programming products including budget allocations, FYNSPs, and Integrated Priority Lists.
- e. NNSA elements are responsible for approving their respective programming products and making programming decisions for their organization.
- f. 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 budget 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 portfolio and program activities within their respective accounts.
 - (2) Lead Account Integration meetings.
 - (3) Make and approve Programming decisions and prioritization tradeoffs within their respective account based on mission impact, risk assessment, affordability constraints, carryover balances, recommendations, and support provided by NNSA Elements and Associate Administrators.
 - (4) Select project and program budgets based on approved cost estimate ranges for Phase 6.X/Phase X programs and all DOE O 413.3B projects.
 - (5) Brief Integrated Priority Lists and budget recommendations to the Management Council and the Administrator.
 - (6) Approve final programming products including budget allocations, account Integrated Priority Lists, and FYNSPs.
- d. Associate Administrator for Management and Budget.
 - (1) Manages the Programming process in support of the Account Integrators and serves as primary point of contact for Programming.
 - (2) Drafts annual Programming Guidance, with top-line targets and scenarios, with support from program elements, field elements, and CEPE.
 - (3) 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.
 - (4) Develops Integrated Priority Lists in coordination with program elements for Account Integrator approval.
 - (5) Develops and maintains tools and databases to collect and maintain change control on programmed budget builds.

- (6) Attends and provides matrixed support for programs' annual Programming meetings.
 - (7) Hosts account integration meetings for Account Integrators.
 - (8) Produces FYNSP and Integrated Priority List for Federal Salaries and Expenses account.
 - (9) Receives and processes Naval Reactors programming products.
 - (10) Develops integrated NNSA budget FYNSP proposal for the Administrator's approval.
 - (11) Prepares briefing to DOE on budget proposal.
 - (12) Staffs corporate planning studies:
 - (a) Multi-year program plans,
 - (b) Front-end assessments,
 - (c) Business case analyses,
 - (d) Portfolio analyses.
 - (13) Staffs program and field element-requested studies in accordance with element and NNSA priorities.
- e. Director, Cost Estimating and Program Evaluation.
- (1) Manages the program review by leading issue teams to develop program alternatives and trades and presents these alternatives to the Management Council.
 - (2) Supports programming through cost and schedule validation of budget estimates to ensure they are reasonable and executable.
 - (3) Reviews accuracy and thoroughness of the FYNSP.
 - (4) Conducts analyses of the Integrated Priority Lists and presents the analyses to the Management Council, as required.
- f. Associate Administrator for Infrastructure.
- (1) Advises Account Integrator on developing an appropriate risk-informed budget profile for DOE O 413.3B projects.

- (2) Provides a project estimate and profile that is executable to the Project Management Executive as defined by DOE O 413.3B, *Program and Project Management for the Acquisition of Capital Assets*.
 - g. Program Deputy/Associate Administrators. Lead program-specific annual Programming meetings.
 - h. NNSA Elements.
 - (1) Advise Account Integrator on developing an appropriate risk-informed budget.
 - (2) Support NA-MB in producing programming products in accordance with the annual Programming Guidance.
 - (3) Communicate work scopes, risks, and issues with initial budget cases to NA-MB and CEPE.
 - (4) Support CEPE-led program reviews.
 - (5) 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 recommendations to the Account Integrator for their respective programs.
 - d. NA-MB hosts integration meetings for each account. The Account Integrators lead the integration meetings, establish priorities within their appropriation, and make and approve PPBE decisions within their respective accounts.
 - 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 briefs 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 briefing DOE; decisions from the brief(s) are the basis for the development of the OMB Budget Request and the start of the Budget Formulation phase.
5. REFERENCE. Executive Order 13450, *Improving Government Program Performance*, November 2007.

APPENDIX C: BUDGETING – FORMULATION PHASE

1. INTRODUCTION.

- a. 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-Formulation phase includes development of the Office of Management and Budget (OMB) and President's budget requests. The Budgeting-Formulation phase involves the production of a formal budget request and associated justifications to OMB and Congress.
- b. In coordination with program, field, and functional elements, Management and Budget (NA-MB) develops OMB budget justification materials for the Future-Years Nuclear Security Program (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 *Pass back*.
 - (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.
- c. 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 supplemental information such as crosscutting exhibits 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 pass back process.
- b. With program and field element support, NA-MB must develop budget justifications and ancillary materials, such as 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 pass back 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, as necessary.
- (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. Account Integrator.

- (1) Makes and approves Budgeting-Formulation decisions within their respective account based on mission impact, risk assessment, affordability constraints, carryover balances, and recommendations, and support provided by the NNSA Elements and Associate Administrators.
- (2) Testify to Congressional authorization and appropriation committees and subcommittees regarding the budget request, as required.
- (3) Brief respective portion of the budget request to Congressional committees and subcommittee staff, as requested.

d. Associate Administrator, Office of Congressional and Intergovernmental 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.

e. 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.
- f. Associate Administrator for Infrastructure. In coordination with program and field elements, drafts Construction Project Data Sheets for NNSA capital projects and provides them to NA-MB.
- g. 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.
- h. 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 pass back 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*, August 2021

- b. DOE O 520.1B, *Financial Management and Chief Financial Officer Responsibilities*, dated 1-07-21

5. DEFINITION.

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

APPENDIX D: BUDGETING - EXECUTION PHASE

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. Budgeting-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 Partnership and Acquisition Services (NA-PAS) 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 generally tie to appropriation legislation.
 - 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. Administrator. Approves and signs off on external reprogramming and congressional notifications.
 - b. Account Integrator. Approves programmatic reprogramming packages.
 - c. 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 Design and Construction 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 appropriated funds.
- (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, obtains necessary approvals/signatures within NNSA, and provides to DOE Chief Financial Officer.

d. 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 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) Send WAs to M&O for signature and ensure the contractor signed WAs are returned within the required schedule.
- (4) Sign WA after the M&O returns the WAs with its signature.
- (5) Ensure the work is completed within the negotiated cost (price if fixed price WA).
- (6) Distribute fully executed WAs to the M&O contractor, Programs, and the WA mailbox.
- (7) Serve as the primary point of contact for questions or issues concerning the WA.

e. Program Deputy/Associate Administrators. Identify reprogramming requirements and make recommendations on source of funds to the Account Integrator.

f. 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.

g. 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).

h. Associate Administrator for Infrastructure (NA-90).

- (1) Provides guidance and coordination to facilitate the preparation of project datasheets and any revisions thereto.

i. Associate Administrator for Partnership and Acquisition Services (NA-PAS).

- (1) Provides guidance and coordination to facilitate the preparation of WAs 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-PAS reserves the option to review all WAs for compliance at any time.

j. Federal Project Director (FPD).

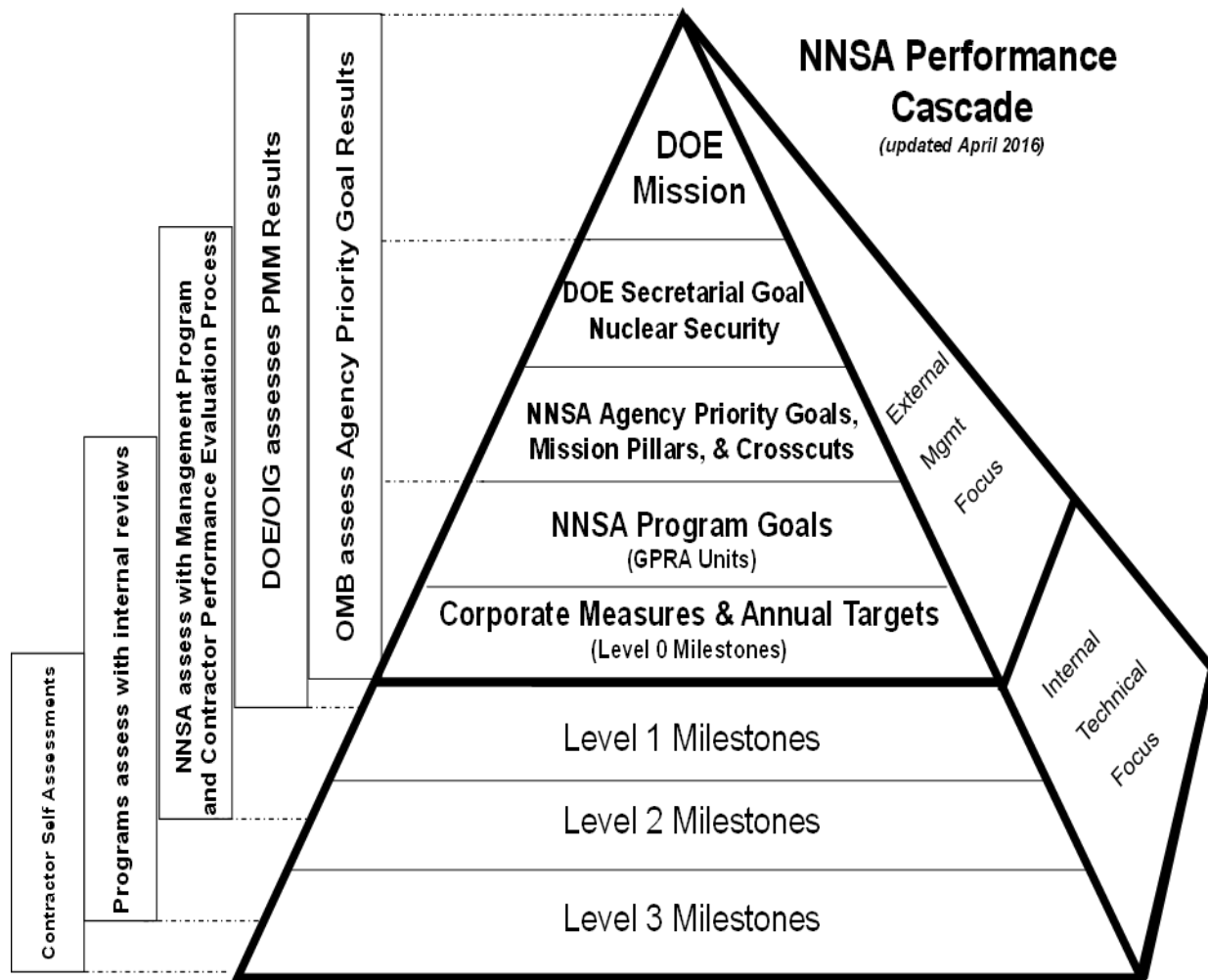
- (1) Serves as a point of contact for questions or issues concerning their project WAs.

4. REFERENCES.

- a. OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, August 2021
- b. DOE O 413.3B Chg. 6 (LtdChg), *Program and Project Management for the Acquisition of Capital Assets*, dated 01-12-21
- c. DOE O 520.1B, Financial Management and *Chief Financial Officer Responsibilities*, dated 1-07-21
- d. DOE O 412.1A Chg1 (AdminChg), *Work Authorization System*, dated 5-21-2014
- e. SD 412.1, *Work Authorizations*, dated 01-18-2017

APPENDIX E: 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 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 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 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) Drafts corporate products that fulfill PPBE evaluation phase requirements.
- (3) Supports 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) Produce element-specific products that fulfill PPBE Evaluation phase requirements (quality performance measures, credible Program Managers Reviews, and timely and accurate PMM reporting).
 - (2) 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*, November 2007.
- d. DOE O 130.1A, *Budget Planning, Formulation, Execution and Departmental Performance Measurement*, dated 01-07-21

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. 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 measurable 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 F: FEDERAL BUDGET PROCESS

Figure 1: Federal Budget Calendar (notional)

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 Appropriates Bill or CR		
Current Year (e.g., 2019)	President Enacts Appropriates Bill or CR	Financial Operating Plan Developed		Obligating, Accounting, Monitoring, & Reporting							Sweeps		Close-out of FY	

Figure 2: Federal Budget Process Timeline (notional)

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.