



# Appendix B

## Suggested Practice

### Developing the Annual Operating Plan Phase II Guidance



The purpose of execution planning, which encompasses the Annual Operating Plan (AOP), is to facilitate program planning and communication and to establish a baseline for measuring the progress over the course of each fiscal year (FY).

#### *The Annual Operating Plan (AOP):*

- *Facilitates planning,*
- *Establishes a baseline for measuring progress, and*
- *Identifies the program's mission, functions, and resources.*

The AOP will identify the program mission and functions, which support the overall mission and functions of the higher-level organizations, program strategic objectives, FY tasks planned under each strategic objective, and the personnel and fiscal resources assigned for task accomplishment. The AOP will also identify responsibilities, planned milestones, controls for program execution, and interfaces and interrelationships with other organizations.

A general framework for conducting one-year operational planning is as follows:

- Assemble planning team,
- Review goals and objectives,
- Identify planned accomplishments for the year with associated measures and standards,
- Identify what work will be assigned,
- Identify who the work will be assigned to,
- Identify required funding,
- Identify vehicles for assigning the work,
- Identify milestones for ensuring vehicles are in place to assign and fund the work,
- Plan and establish projects,
- Identify scope of projects, major milestones, technical goals, and probable cost, and
- Establish Project Managers and provide necessary staff resources.

## A. Background and Purpose

The purpose of a program AOP is to facilitate program planning and communication, and to establish a baseline for measuring the progress (over the course of each FY) of programs established within Energy Efficiency and Renewable Energy (EERE). The AOPs are prepared annually prior to each FY for all identified programs within EERE.

## B. Development

The Program Manager is assigned responsibility for preparing the AOP by the respective Deputy Assistant Secretary for Energy Efficiency (EE), Deputy Assistant Secretary for Renewable Energy (RE), and Deputy Assistant Secretary of Business Administration.

It is expected that the majority of the information will be communicated by tables and charts that can also be used as a baseline for Program Progress Reviews. Narrative information should be as brief as possible, and should reference reports and Multi-Year Program Plans where appropriate. The primary intent is to establish an efficient FY planning process that will assist all management levels in effectively communicating and tracking progress of various programs. Since the AOPs will be developed prior to the FY and it is necessary that the program managers plan their execution of funds, the Spend Plan is developed and included as part of the AOP. In addition, a complete project listing is required. The project listing centralizes basic program information that often needs to be communicated quickly to the Assistant Secretary.

Contractor personnel can assist in the formulation of AOPs; however, since approved AOPs contain sensitive budget information (e.g., program Spend Plan), they are for internal distribution only.

The Deputy Assistant Secretaries for EE and RE and the Deputy Assistant Secretary for Business Administration are authorized to approve the AOP and all revisions thereto. Revisions are required when changes in the planned FY program funding exceed  $\pm 25\%$  of original value, or if programmatic changes occur that have a significant effect on management of projects.

Approved AOPs will be distributed under a cover memorandum to the program and business management personnel responsible for program success. In addition, the following individuals, as a minimum, should receive copies of the approved AOP:

- Deputy Assistant Secretaries;
- Administrative Officer;

- Office of Planning, Budget & Analysis Budget Specialist; and
- Principal Deputy Assistant Secretary.

### C. Instructions for the Preparation of Annual Operating Plans

Instructions for preparing the AOP are provided below. The AOP consists of ten sections not including the cover sheet, change sheet, and appendix. Each page of the AOP must be appropriately marked, “For the Department of Energy’s (DOE) Internal Use.”

#### COVER AND CHANGE SHEETS

**Cover Sheet:** Include the program name, fiscal year, revision number, date, and preparer/approval signatures. The cover sheet is the official program approval sheet and must be signed each time a revision is issued.

**Change Page:** Provide a statement explaining that the revision is a result of programmatic, technical, or funding changes. Include the page number i.

#### TABLE OF CONTENTS

Include a table of contents with the page numbered ii.

#### SECTION 1.0 PURPOSE

Explain the purpose of the AOP. For example:

“The purpose of this AOP is to specify the planned activities during FY 20XX in support of the Program. This plan identifies what activities will be accomplished, when they will be accomplished, and what resources are necessary for these activities. It serves as a basis for periodic program reviews and documents basic project information.”

#### SECTION 2.0 SCOPE

Explain that the AOP is for internal use only and is not to be distributed to contractors. It is an internal program execution document and is not meant to be a strategy or multi-year planning document. Remember to appropriately mark each page of the AOP, “For DOE Internal Use.”

#### SECTION 3.0 PROGRAM MISSION AND FUNCTIONS

Describe the overall mission and functions of the program. Explain why the program exists, what the major technologies or program elements are, and how they relate to Program/EERE/DOE missions and functions. The program mission and functions should describe the type of activities for which the program management team is responsible (e.g., propulsion system technology development, vehicle/ fuel deployment, exploratory development, materials, etc.). If necessary, some brief background information may be included in this section.

#### **SECTION 4.0 PROGRAMMATIC STRATEGIC OBJECTIVES**

Describe in narrative form the strategic or multi-year objectives of the program. Number strategic objectives sequentially.

Under each strategic objective, briefly describe the ongoing and planned program activities. These activities may span several years with a multitude of supporting programs and tasks.

#### **SECTION 5.0 FISCAL YEAR TASKS**

Identify the tasks or projects to be completed in the upcoming FY that will help accomplish the strategic objectives of the program. Each task or project should be aligned with a strategic objective.

#### **SECTION 6.0 MILESTONE PLAN**

Provide a Milestone Plan organized by strategic objective that identifies the major program milestones for the FY. Include the responsible program office personnel and planned completion dates. The milestone plan will be used as a basis for measuring the progress of program execution. The milestone plan may be a table or Gantt chart.

#### **SECTION 7.0 RESOURCES**

Describe the assignment of personnel and fiscal resources required for executing the program. Identify program manpower assignments in a responsibility matrix by task. Include the names of the program staff and an approximate percentage of time spent on the program. It may also be helpful to include an organizational chart which identifies the functional responsibilities of major participants (e.g., program/technical management support, national laboratory role, procurement offices, etc.). Provide FY budget resources in the form of a Spend Plan based on the average of the House and Senate marks, unless further information is known about the upcoming FY budget. Provide this FY Spend Plan as part of the AOP. Identify fiscal resources by strategic objective along with planned capital equipment dollars and previous year carryover dollars.

**SECTION 8.0 PROGRAM INTERFACES AND SUPPORT**

Provide a listing of contacts by organizations supporting the program and list work agreements and reporting requirements. Identify cooperative agreements with other organizations or agencies. Include phone numbers of key individuals to contact should the cognizant personnel not be available.

**SECTION 9.0 HARDWARE AND DOCUMENT DELIVERABLES**

List the major hardware and report deliverables planned for the FY (e.g., brassboard systems, subsystems, vehicles, conceptual design reports, cost studies, benefit analyses, etc.). List the large end products that represent tangible results of the research and development invested. It is not necessary to list all contract deliverables (e.g., routine test plans, management plans, etc.); however, significant hardware or deliverable items should also be included in the milestone plan.

**SECTION 10.0 COMPLETE PROJECT LISTING**

List the ongoing or FY planned projects. Include the project listing. Include on the listing: the prime contractor and key subcontractors, points of contact, contract amounts, cost share percentage, start dates, durations, and an indication of small business status. Enter the project information into the EERE Corporate Planning System (CPS).

## Help Menu

### AOP/Program Execution Plan:

*The EERE Corporate Planning System provides EERE management with the ability to produce the AOP and the Annual Spend Plan.*

*Additional information about the CPS's role in AOP development can be located in Chapter 8 of this Guide: EERE Information and Business Management Systems.*

#### Does Your Plan . . .

- Identify work necessary to achieve or make significant progress towards program goals and objective?
- Align with and map to field activity/national laboratory/contractual plans for the fiscal year?
- Act for resources needed to execute the expected level of available funding?
- Put in place or plan for tasking/financial assistance instruments e.g., contracts, task orders?

### Reference

The Standard Operating Procedure (SOP) Annual Operating Plan (AOP) guidance may be accessed at: [http://eere-intranet.ee.doe.gov/BA/IBMS/pdfs/annual\\_operating\\_plan\\_guidance.pdf](http://eere-intranet.ee.doe.gov/BA/IBMS/pdfs/annual_operating_plan_guidance.pdf).