



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE
INSPECTOR GENERAL**

June 28, 2012

MEMORANDUM TO: R. W. Borchardt
Executive Director for Operations

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: AUDIT OF NRC'S PROTECTION OF SAFEGUARDS
INFORMATION (OIG-12-A-12)

REFERENCE: ACTING DEPUTY EXECUTIVE DIRECTOR FOR
REACTOR AND PREPAREDNESS PROGRAMS
MEMORANDUM DATED MAY 9, 2012

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendations as discussed in the agency's response dated May 9, 2012. Based on this response, recommendations 3 is unresolved and recommendations 1, 2, 4, 5, 6, 7, and 8 are resolved. Please provide an updated status of the unresolved and resolved recommendations by September 3, 2012.

If you have any questions or concerns, please call me at 415-5915 or Beth Serepca, Team Leader, at 415-5911.

Attachment: As stated

cc: N. Mamish, OEDO
K. Brock, OEDO
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Audit Report

AUDIT OF THE NRC'S PROTECTION OF SAFEGUARDS INFORMATION

OIG-12-A-12

Status of Recommendations

<u>Recommendation 1:</u>	<p>Develop a structured reporting process that includes:</p> <ul style="list-style-type: none">• One point of contact to receive response of all Safeguards Information (SGI) releases;• A numbering system to track the number of releases reported in a consistent manner;• A system to report information on releases from the central point of contact to the responsible program offices; and• A system to trend releases and to make any needed programmatic changes.
Agency Response Dated May 9, 2012:	<p>Agree. NSIR will revise Management Directive 12.7 (NRC Safeguards Information Security Program) to ensure that the information in this recommendation is incorporated. The target completion date is May 30, 2014. The POC for this initiative is Robert Norman.</p>
OIG Analysis:	<p>The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG reviews the structured reporting process within MD 12.7.</p>
Status:	<p>Resolved.</p>

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Status of Recommendations

Recommendation 2:

Update the affected Management Directives (MD) 3.4, 7.4, 12.1, 12.5, and 12.7 to provide consistent guidance on the new reporting structure outlined in recommendation 1.

Agency Response
Dated May 9, 2012:

Agree. The guidance for reporting security infractions is contained in MD 12.1 (NRC Facility Security Program) and all MDs that address security infractions should, at a minimum, include that basic reporting requirement. NSIR will initiate the revision of MD 12.7 and include the security infraction reporting requirements specified in MD 12.1 and OIG recommendations contained in number one (1) above. These changes will then flow down into the other MDs identified in the recommendation (MD 3.4, 7.4, 12.1 and 12.5) so that the responsible Program Office can incorporate the reporting requirements and OIG recommendations that are reflected in the revised MD 12.7. The target completion date for revision of MD 12.7 is May 30, 2014. The POC for this initiative is Robert Norman.

OIG Analysis:

The proposed corrective actions address the intent of OIG's recommendation. This recommendation will be closed when OIG reviews the listed MDs for consistent communication of the reporting structure outlined in recommendation 1.

Status:

Resolved.

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Status of Recommendations

Recommendation 3: Develop and implement interim guidance to communicate the structured reporting process to U.S. Nuclear Regulatory Commission (NRC) staff.

Agency Response
Dated May 9, 2012: Agree. NSIR will clarify and communicate the security infraction reporting requirements of MD 12.1 through the NRC Announcement system and through the NRC Security Advisors. The NRC Announcement will be communicated to the NRC staff in a manner and timeline that is in keeping with NSIR policy for obtaining management approval for an NRC Announcement. The target completion date is September 14, 2012. The POC for this initiative is Robert Norman.

OIG Analysis: The proposed corrective action does not address the intent of OIG's recommendation. The intent of this recommendation is to communicate the new structured reporting process to NRC staff in a timely manner. Issuing guidance that restates the infraction reporting requirements of MD 12.1 does not communicate the structured reporting process outlined in recommendation 1. This recommendation will be considered resolved when the agency's response includes a plan of how the agency will develop and implement interim guidance to communicate the reporting process described in recommendation 1.

Status: Unresolved.

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Status of Recommendations

<u>Recommendation 4:</u>	Update the annual online information security awareness training to reflect the reporting requirements for SGI releases.
Agency Response Dated May 9, 2012:	Agree. NSIR will coordinate with the Office of the Chief Human Capital Officer and initiate the update to the Information Security Awareness training course located in iLearn (Course number 972). The target completion date to update course 972 is October 1, 2012. The POC for this initiative is Robert Norman.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed the annual online training and determined that it reflects the reporting requirements for SGI releases.
Status:	Resolved.

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Status of Recommendations

Recommendation 5: Update MD 12.7 to include detailed guidance on granting "outsiders" access to SGI.

Agency Response
Dated May 9, 2012: Agree. NSIR will initiate the revision process for MD 12.7. NSIR will ensure that detailed guidance for granting SGI access to non-NRC employees and contractors, not involved in Adjudicatory Proceedings, is included in the revised MD 12.7. The target completion date for revision of MD 12.7 is May 30, 2014. The POC for this initiative is Robert Norman.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed the MD and determined that it includes detailed guidance on granting "outsiders" access to SGI.

Status: Resolved.

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Status of Recommendations

Recommendation 6: Develop and issue interim guidance covering how to grant "outsiders" access to SGI.

Agency Response
Dated May 9, 2012:

Agree. NSIR will develop and issue interim guidance, through the NRC Announcement System, to NRC staff that describes procedural steps for requesting SGI access, excluding those involved in Adjudicatory Proceedings, for non-NRC employees or its contractors. The target completion date for issuance of the interim guidance is July 30, 2012. The POC for this initiative is Robert Norman.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed the interim guidance and determined that it contains information on how to grant "outsiders" access to SGI.

Status:

Resolved.

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Status of Recommendations

Recommendation 7:

Develop and implement formal business processes for certified designators and the Safeguards Information Local Area Network and Electronic Safe (SLES) designator role. These procedures should include periodically verifying:

- The need for individuals to maintain designator role; and
- A match between the certified designator list and the SLES designator user list.

Agency Response
Dated May 9, 2012:

Agree. NSIR has coordinated with the Office of Information Services (OIS) and established procedures that include NSIR/ISB consultation and approval prior to the creation of a SLES account with SGI Designator authority. On April 13, 2012, NSIR reconciled the SGI Designator List with the names of personnel possessing a SLES account with SGI Designator authority. The SGI Designator List was expanded to include the names of SLES account holders that have met the SGI Designator authority prerequisites. All other personnel in possession of a SLES account with SGI Designator authority, and having not met the SGI Designator authority prerequisites, had their SGI Designator authority removed within the SLES system.

With respect to periodic verification for those possessing SGI Designator authority, NSIR will modify the SGI Designator authority certification procedure. The revised MD 12.7 will require those seeking SGI Designator authority to obtain Supervisor/Manager approval as one of the prerequisites for certification. SGI Designator authority will expire annually, and recertification will be contingent, in part, on Supervisor/Manager approval. Pending revision of MD 12.7, NSIR will issue interim guidance to the NRC staff informing them of the new requirement for refresher training and Supervisor/Manager approval for both initial and annual SGI Designator authority certification. The target completion date for issuance of the interim guidance is July 30, 2012. The POC for this initiative is Robert Norman.

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Status of Recommendations

Recommendation 7 (cont.):

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed the formal business processes and determined that they include periodic verification of the need for individuals to maintain the designator role and a match between the certified designator list and the SLES designator user list.

Status:

Resolved.

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Status of Recommendations

Recommendation 8: Develop and require annual refresher training for the SGI Designator role.

Agency Response
Dated May 9, 2012: Agree. Based upon the OIG recommendation, NSIR will ensure that the annual recertification training requirement for SGI Designators is incorporated into the revised MD 12.7. The target completion date for revision of MD 12.7 is May 30, 2014. The POC for this initiative is Robert Norman.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have determined that refresher training was developed and is required training for the SGI designator role.

Status: Resolved.