



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

**OFFICE OF THE
INSPECTOR GENERAL**

May 2, 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 MANAGEMENT OF THE BASELINE
SECURITY INSPECTION PROGRAM (OIG-12-A-10)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR REACTOR AND
PREPAREDNESS PROGRAMS, MEMORANDUM DATED
APRIL 10, 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 April 10, 2012. Based on this response, recommendations 1, 2, 3, 4, and 5 are in resolved status. Please provide an updated status of the resolved recommendations by November 2, 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
J. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

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Status of Recommendations

Recommendation 1: Develop and maintain a centralized database of security findings data to be used for evaluating licensee performance trends, and communicating this information to NRC staff, industry, and appropriate public stakeholders.

Agency Response
Dated April 10, 2012: Agree. To ensure an adequate database is constructed, the Office of Nuclear Security and Incident Response (NSIR) will confirm its data needs regarding the type of data to be collected and the method for sorting the data. The confirmation will ensure the staff appropriately establishes a database that provides a systematic analysis to assess the trends across NRC regions and/or licensee fleets. The centralized database will be developed and available for full implementation by October 2013. The NSIR point of contact is Shyrl Coker.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation when OIG staff have reviewed documentation of NSIR's data collection and analysis procedures, and have verified that the centralized security database functions as intended in accordance with Recommendation 1.

Status: Resolved.

Audit Report

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Status of Recommendations

Recommendation 2: Formalize and implement a process for maintaining current and accurate data within a centralized database.

Agency Response
Dated April 10, 2012:

Agree. NSIR will establish and implement an NSIR office procedure to ensure data from the security inspection reports is included in a centralized database. NSIR expects to have the formal procedure in place for maintaining current and accurate security findings data by the first quarter of Calendar Year (CY) 2013. The NSIR point of contact is Shyrl Coker.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed NSIR's new office procedure for maintaining current and accurate security findings data in a centralized database and have verified implementation of this new guidance.

Status: Resolved.

Audit Report

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Status of Recommendations

Recommendation 3: Formalize and implement a process for ensuring Safeguards Information (SGI) findings data is current and accessible for use in trending security findings issues.

Agency Response
Dated April 10, 2012: Agree. NSIR will include instructions in the NSIR office procedure, established and implemented for Recommendation 2 of this report, to ensure that SGI findings are categorized and put into a centralized database by the first quarter of CY 2013. The NSIR point of contact is Shyrl Coker.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have verified that the NSIR office procedure referenced under Recommendation 2 contains instructions specific to SGI findings data and have confirmed implementation of this new office procedure in accordance with Recommendation 2.

Status: Resolved.

Audit Report

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Status of Recommendations

<u>Recommendation 4:</u>	Formalize and implement procedures for testing draft Significance Determination Process (SDP) tools by staff to determine how draft tools would screen past violations and/or hypothetical security violations.
Agency Response Dated April 10, 2012:	Agree. NSIR has historically implemented the practice of testing draft SDP tools, notwithstanding the one instance in CY 2008 when NSIR missed an opportunity to test a draft SDP tool. To ensure a consistent application of changes to SDP assessment tools is implemented by the staff, NSIR will develop an office procedure to formalize the testing of draft SDP tools in accordance with the Reactor Oversight Process. The procedure will include the testing and screening of past security violations and/or hypothetical security violations. NSIR expects to have the formal procedure in place by the first quarter of CY 2013. The NSIR point of contact is F. Paul Peduzzi.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed NSIR's office procedure for testing draft SDP tools and verified implementation of this new guidance.
Status:	Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

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Status of Recommendations

Recommendation 5: Formalize and implement a process for performing periodic review of existing security SDP tools to check for consistency of application and results.

Agency Response
Dated April 10, 2012:

Agree. IMC 0307, "Reactor Oversight Process [ROP] Self-Assessment Program," states that the ROP consists of inspections, performance indicators, SDPs, assessment, and enforcement. It is important that the ROP be periodically evaluated and improved when necessary to ensure continued achievement of its specified goals and intended outcomes. This is accomplished through the evaluation of performance metrics, one of which is designated as the SDP. This Metric is identified in IMC 0307, "Reactor Oversight Process Self-Assessment Metrics."

NSIR shall incorporate language into Appendix E of IMC 0609, "Physical Protection Significance Determination Process for Power Reactors," that directs the annual audit of the security SDP and associated tools to ensure the consistent application of the SDP and SDP results. This language shall direct staff to perform this audit in accordance with IMC 0307, Appendix A. The action for this recommendation will be completed by the end of CY 2012. The NSIR point of contact is F. Paul Peduzzi.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed the updated version of IMC 0609, Appendix E, to ensure that it aligns with IMC 0307, Appendix A, and have verified that annual audits of security SDP tools are performed in accordance with this updated guidance.

Status: Resolved.