

November 22, 2000

MEMORANDUM TO: Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM: Janice Dunn Lee, Director
Office of International Programs

SUBJECT: STATUS UPDATE - NRC RESPONSE TO GAO
RECOMMENDATIONS CONCERNING SOVIET-DESIGNED
REACTOR SAFETY

In April 2000, the General Accounting Office (GAO) issued its audit report entitled "Nuclear Safety: Concerns with the Continuing Operation of Soviet-Designed Nuclear Power Reactors (GAO/RCED-00-97)." This report made specific recommendations for responding to concerns about management of some NRC safety assistance activities. On June 29, 2000, the NRC addressed the four GAO recommendations in letters to the GAO and Congressional oversight committees. In its response, the NRC staff committed to provide an annual status report to the Commission on the obligation of funds in accordance with the program's priorities.

Attached is a short status report and summary of actions taken to date to ensure that funds NRC has received from USAID to support nuclear safety assistance activities within the NIS countries are obligated on a timely basis in accordance with the program's priorities. In sum, OIP believes that demonstrable progress is being made in addressing the concerns raised by the GAO regarding NRC's management of nuclear safety assistance-related activities. With respect to the GAO recommendation to develop a strategic plan covering nuclear safety assistance-related activities, OIP is developing this information and intends to integrate it into OIP's FY 2001 Operating Plan. Full integration is expected to be completed by the end of the third quarter of FY 2001.

OIP will continue to advise the Commission of the progress made in addressing the GAO's recommendations.

Attachment: Response to GAO Recommendation

CONTACT: E. Doroshuk, OIP
415-2775

MEMORANDUM TO: Chairman Meserve
 Commissioner Dicus
 Commissioner Diaz
 Commissioner McGaffigan
 Commissioner Merrifield

FROM: Janice Dunn Lee, Director
 Office of International Programs

SUBJECT: STATUS UPDATE - NRC RESPONSE TO GAO
 RECOMMENDATIONS CONCERNING SOVIET-DESIGNED
 REACTOR SAFETY

In April 2000, the General Accounting Office (GAO) issued its audit report entitled "Nuclear Safety: Concerns with the Continuing Operation of Soviet-Designed Nuclear Power Reactors (GAO/RCED-00-97)." This report made specific recommendations for responding to concerns about management of some NRC safety assistance activities. On June 29, 2000, the NRC addressed the four GAO recommendations in letters to the GAO and Congressional oversight committees. In its response, the NRC staff committed to provide an annual status report to the Commission on the obligation of funds in accordance with the program's priorities.

Attached is a short status report and summary of actions taken to date to ensure that funds NRC has received from USAID to support nuclear safety assistance activities within the NIS countries are obligated on a timely basis in accordance with the program's priorities. In sum, OIP believes that demonstrable progress is being made in addressing the concerns raised by the GAO regarding NRC's management of nuclear safety assistance-related activities. With respect to the GAO recommendation to develop a strategic plan covering nuclear safety assistance-related activities, OIP is developing this information and intends to integrate it into OIP's FY 2001 Operating Plan. Full integration is expected to be completed by the end of the third quarter of FY 2001.

OIP will continue to advise the Commission of the progress made in addressing the GAO's recommendations.

Attachment: Response to GAO Recommendation

CONTACT: E. Doroshuk, OIP
 415-2775

DISTRIBUTION:

ADAMS (IP-2A-42) JDunn Lee RHauber EDoroshuk
 JRamsey DMPerez GFowler RHoskins
 MPeterson OIP r/f WITS200000083

DOCUMENT NAME: A:\GAO Report Memo.wpd *SEE PREVIOUS CONCURRENCE

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures "N" = No copy

OFFICE	OIP/Team A	E	OIP/Team A		OIP/Team A		OIP/Team A	E
NAME	JRamsey*		GFowler*		DMPerez		EDoroshuk*	
DATE	11/20/00		11/21/00		11/22/00		11/22/00	
OFFICE	OIP/DD		OIP:D					
NAME	RHauber*		JDunn Lee					
DATE	11/22/00		11/22/00					

OFFICIAL RECORD COPY

RESPONSE TO GAO RECOMMENDATION

OIP has made obligating USAID Ukrainian FY 1999 funds before the end of FY 2000 a high priority, and has succeeded. In February of this year, the Director, OIP established a two-team structure within the office, designed in part to centralize programs for coordinating nuclear safety assistance activities in countries of the former Soviet Union (FSU), and Central and Eastern Europe (CEE). The FSU team was formalized and augmented with additional staff experienced in administering these programs. The FSU team meets with the Director, OIP on a weekly basis to review its activities, giving particular attention to the management of technical support contracts and funding issues. Monthly funding overview reports were developed with assistance from representatives of the Office of the Chief Financial Officer (OCFO), and this information provides the basis for obligating and redirecting funds. The results of these meetings are documented in Weekly FSU Status Meeting Summaries, and action items identified in the reports are tracked in the OIP Tracking System. A recent funding overview report for the month of October is enclosed as an example. As a result of tighter control of the overall program, all FY 1999 funds were obligated on a timely basis.

With the obligation of the FY 1999 funds successfully accomplished, OIP has turned its attention to expending old monies for assistance activities. OIP's goal is to develop a plan for this by the end of FY 2001.

At the same time, OIP has requested \$3 million in FY 2001 funds from USAID to support ongoing and planned activities in the FSU countries. This would involve \$1 million for nuclear safety assistance activities in Ukraine, \$1 million for Russia, \$0.5 million for Armenia and \$0.5 million for Kazakhstan. OIP also anticipates requesting \$4 million from USAID in FY 2002 funds to support the continuation of these activities. This would involve \$1 million for Ukraine, \$1.5 million for Russia, \$0.75 million for Armenia and \$0.75 million for Kazakhstan.

The Director, OIP met recently with senior State Department and USAID officials to discuss its progress and plans for future nuclear safety assistance activities in the FSU countries, and received favorable feedback.