



Office of the Inspector General

U. S. Nuclear Regulatory Commission

Annual Plan

Fiscal Year 2003

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U.S. Nuclear Regulatory Commission

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FOREWORD

I am pleased to present the Office of the Inspector General's (OIG) fiscal year (FY) 2003 Annual Plan. The Annual Plan provides the audit and investigative strategies and associated summaries of the specific work planned for the coming year.

The U.S. Nuclear Regulatory Commission's (NRC) mission is to regulate this Nation's civilian use of byproduct, source, and special nuclear material to ensure adequate protection of public health and safety. This Annual Plan is the OIG's formal strategy for identifying priority issues and managing workload and resources for FY 2003. To develop this Annual Plan, we obtained input from several sources, including the Commission, Congress, the nuclear industry, NRC senior managers, and OIG's Annual Information and Planning Conference.

In addition, during this planning cycle, OIG examined the new challenges facing the NRC as a result of the events of September 11, 2001, and the emerging security and safeguards issues involved with nuclear materials and the NRC programs that govern them. OIG's ability to address these emerging issues and activities is limited by existing resources, coupled with the mandatory nature of audit work in the financial and information management area.

Therefore, we have programmed all our available resources to address the matters identified in this plan. This approach ensures full employment of our limited resources. Timely response to unanticipated high priority issues will require reassessment of this resource allocation.



Hubert T. Bell
Inspector General

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MISSION AND AUTHORITY

The NRC's Office of the Inspector General (OIG) was established on April 15, 1989, pursuant to Inspector General Act Amendments contained in Public Law 100-504. OIG's mission, as spelled out in the Act, is to (1) conduct and supervise independent audits and investigations of agency programs and operations; (2) promote economy, effectiveness, and efficiency within the agency; (3) prevent and detect fraud, waste, and abuse in agency programs and operations; (4) develop recommendations regarding existing and proposed regulations relating to agency programs and operations; and (5) keep the agency head and Congress fully informed of problems in agency programs. The Act also requires the Inspector General (IG) to report to the NRC Chairman and Congress semiannually on the results of OIG activities.

OIG is committed to ensuring the integrity of NRC programs and operations. Developing an effective planning strategy is a critical aspect of accomplishing this commitment. Such planning assures that audit and investigative resources are used effectively. To that end, OIG developed a Strategic Plan for FYs 2000 - 2005 which includes four general goals and a number of supporting objectives that describe planned accomplishments.

The Annual Plan reflects the interests and concerns of the Congress, NRC senior managers, including the Chairman and Commissioners, and the nuclear industry. The Annual Plan also serves as a basis for developing performance goals and measures envisioned by the Government Performance and Results Act. In particular, the Annual Plan addresses OIG's first Strategic Plan General Goal:

To add value to the NRC's technical and administrative programs, OIG will identify opportunities for improvement in the agency and conduct activities for the purpose of preventing and detecting fraud, waste, and abuse in NRC's programs and operations.

On January 24, 2000, Congress enacted the *Reports Consolidation Act of 2000* to provide financial and performance management information in a more meaningful and useful format for itself, the President, and the public. The Act requires each IG to summarize what the IG considers to be the most serious management and performance challenges facing his/her agency and to assess the agency's progress in addressing those challenges.

Serious management challenges are mission critical areas or programs that have the potential for a perennial weakness or vulnerability that, without substantial management attention, would seriously impact agency operations or strategic goals. In the latest annual assessment (December 2001), the IG identified the following as the most serious management challenges facing NRC:¹

1. Protection of nuclear material and facilities used for civilian purposes.

¹The challenges are not ranked in any order of importance.

2. Development and implementation of an appropriate risk-informed and performance-based regulatory oversight approach.
3. Identification, acquisition, implementation, and protection of information resources.
4. Administration of all aspects of financial management.
5. Clear and balanced communication with external stakeholders.
6. Intra-agency communication (up, down, and across organizational lines).
7. Integration of regulatory processes in a changing external environment.
8. Maintenance of a highly competent staff (i.e., human capital management).

OIG monitors agency performance on these management challenges and periodically revises our assessment of them, as needed.

AUDITS AND INVESTIGATIONS UNIVERSE

The NRC budget request for FY 2003 is \$605.6 million with a staffing level of 2,884 personnel. The agency's mission is to ensure that civilian uses of nuclear materials in the United States (in the operation of nuclear power plants, and in medical, industrial, and research operations) are carried out with adequate protection of the public health and safety, the environment, and national security. The agency also has a role in combating the proliferation of nuclear materials worldwide.

NRC is headquartered in Rockville, Maryland; has four regional offices located throughout the United States; and operates a technical training center located in Chattanooga, Tennessee.

The agency carries out its mission through various licensing, inspection, research, and enforcement programs. Currently, NRC responsibilities include regulating 104 commercial nuclear power reactors that operate in 31 states; 36 non-power reactors licensed to operate in 24 states; 8 major uranium fuel fabrication and production facilities; 2 gaseous diffusion enrichment facilities; and approximately 4,900 licenses issued for medical, academic, and industrial uses of nuclear material. The agency is also overseeing the decommissioning of 19 commercial nuclear power plants. The audit and investigation universe is, therefore, composed of a myriad of programs, functions, and support activities established to implement NRC's mission.

PLANNING STRATEGY

The OIG Annual Plan reflects our strategic approach to planning. It identifies specific areas to be covered during the current fiscal year. The Annual Plan is a "living" document and is modified throughout the year as circumstances, priorities, and/or resource availability dictate.

AUDITS STRATEGY

Effective audit planning requires extensive knowledge about the agency's mission and the programs and activities used to carry out that mission. Accordingly, OIG continually monitors specific issue areas to strengthen our internal coordination and overall planning process. Under our Issue Area Monitor (IAM) program, staff designated as IAMs are assigned responsibility for keeping abreast of major agency programs and activities.

The IAMs are a key component of our planning process. In addition, OIG aligns its planning efforts to the extent possible with the strategic arenas used by the agency in its planning process. Currently, NRC focuses on four strategic arenas. They are:

- ◆ Nuclear Reactor Safety,
- ◆ Nuclear Materials Safety,
- ◆ Nuclear Waste Safety, and
- ◆ International Nuclear Safety Support.

The agency also specifies goals and strategies for Management and Support, which cut across all NRC regulatory and support activities to accomplish the agency's overall strategic goals. Appendix V contains a listing of our IAMs and issue areas for which they are responsible.

The audit planning process is designed to yield audit assignments that will encourage efficiency, economy, and effectiveness in NRC programs and operations; detect and prevent fraud, waste, and mismanagement; improve program and security activities at headquarters and regional locations; and respond to unplanned priority requests and targets of opportunity. The priority for conducting audits is based on (1) mandatory legislative requirements; (2) emphasis by the President, Congress, NRC Chairman, or other NRC Commissioners; (3) a program's susceptibility to fraud, manipulation, or other irregularities; (4) dollar magnitude, duration, or resources involved in the proposed audit area; (5) newness, changed conditions, or sensitivity of an organization, program, function, or activities; (6) prior audit experience, including the adequacy of internal controls; and (7) availability of audit resources.

The OIG Strategic Plan is a critical part of the audit planning process. The Strategic Plan provides the foundation for identifying the most significant NRC programs so that audit resources may be directed in these areas in an optimum fashion. The Strategic Plan is updated every 3 years and is supported by a workload analysis. The workload analysis is a living document that is updated, as needed, by the audit teams to describe major NRC program areas and potential audits. The analysis is the connection between the Strategic Plan and the Annual Plan.

INVESTIGATIONS STRATEGY

OIG investigative strategies and initiatives add value to agency programs and operations by identifying and investigating instances of fraud, waste and abuse leading

to criminal, civil, and administrative penalties and recoveries. By focusing on results, OIG has designed specific performance targets with an eye on efficiency. Because the NRC's mission is to protect the health and safety of the public, the main investigative concentration involves alleged NRC misconduct that could adversely impact on health and safety related matters. These investigations include allegations of:

- ◆ Misconduct by high ranking NRC officials and other NRC officials, such as managers and inspectors, whose positions directly impact the public health and safety.
- ◆ Failure by NRC management to ensure that health and safety matters are appropriately addressed.
- ◆ Failure by the NRC to appropriately transact nuclear regulation publicly and candidly and to openly seek and consider the public's input during the regulatory process.
- ◆ Conflicts of interest by NRC employees with NRC contractors and licensees involving such matters as promises of future employment for favorable or inappropriate treatment and the acceptance of gratuities.

As resources allow, the OIG will also implement a series of proactive initiatives designed to pulse specific high-risk areas that are most vulnerable to fraud, waste and abuse. A primary focus will be on electronic-related fraud in the business environment. The OIG is committed to meet the security needs of this constantly changing environment by investigating unauthorized intrusions, computer related fraud, and by conducting computer forensic examinations. Other proactive initiatives will include: procurement fraud, theft of property, Government credit card abuse and fraud in the Federal Employees Compensation Act program.

As part of this proactive initiative, the OIG will be meeting with internal stakeholders and external entities to make them aware of our expertise and willingness to work with them in these areas. This style of approach provides a meaningful, systematic approach to removing barriers, identifying vulnerabilities and provides an opportunity to inform and improve the performance of the agency.

Appendix D provides OIG Investigations' FY 2003 objectives and initiatives. Specific investigations are not included in the plan because investigations are primarily responsive to reported violations of law and misconduct by NRC employees and contractors, as well as allegations of irregularities or abuse in NRC programs and operations.

PERFORMANCE GOALS

For FY 2003, we will continue to use a number of key performance indicators and targets for gauging our audit and investigative work. These are:

AUDITS

1. Keep average cost per audit to one (1) full-time equivalent (FTE) or less.

2. Complete audits in 6 months on average.
3. Obtain a satisfactory peer review.
4. Obtain agency agreement on 90 percent of audit recommendations.
5. Obtain final agency action on 65 percent of all audit recommendations within 1 year.

INVESTIGATIONS

1. Complete 80 percent of all non-fraud investigations, including event inquiries, by the established due date.
2. Complete 90 percent of active cases in less than 2 years.
3. Achieve a rate of 30 percent of investigations being referred for criminal prosecution.
4. Obtain agency action in response to at least 90 percent of investigative reports issued by OIG.
5. Obtain acceptance by NRC's Office of General Counsel of at least 70 percent of OIG-referred Program Fraud and Civil Remedies Act cases.
6. Address a majority of investigative issues raised in customer surveys.
7. Address a majority of investigative issues identified in quality control reviews.

OPERATIONAL PROCESSES

The following sections detail the approach used to carry out the audit and investigative responsibilities previously discussed, as well as provide a brief description of our management and operational support staff functions.

AUDITS

OIG's audit process comprises the steps taken by OIG to conduct audits and involves specific actions, ranging from annual audit planning to performing audit follow up. The underlying goal of the audit process is to maintain an open channel of communication between the auditors and NRC officials to ensure that audit findings are accurate and fairly presented in the audit report. Audit coverage includes consideration of factors such as legislative requirements; interest expressed by different stakeholders; a program's susceptibility to fraud, waste, or abuse; resources involved in the proposed audit area; the newness, changed conditions, or sensitivity of organization, program, or

function activities; prior audit experience, including the adequacy of internal controls; and the availability of audit resources.

The OIG performs the following types of audits:

Performance - These audits are conducted on selected NRC administrative and program operations to evaluate the effectiveness and efficiency with which managerial responsibilities are carried out. They focus on whether management controls, practices, processes, and procedures are adequate and effective. Performance audits evaluate whether programs and activities achieve their anticipated results.

Financial - These audits include the financial statement audit required by the Chief Financial Officers Act and other financial-related audits. They include reviews of such items as internal control systems, transaction processing, and financial systems.

Contracts - Based on a Memorandum of Understanding between the OIG and NRC's Division of Contracts (DC), Office of Administration, OIG provides oversight of the Defense Contract Audit Agency (DCAA) or outside independent public audit firms that perform contract audits. Pre-award audits of contract proposals in excess of \$550,000 are a priority for the agency. At this time, OIG estimates that four pre-award audits will be needed in FY 2003. Post award audits are divided into two categories — incurred cost audits of active contracts and closeout audits of completed contracts. For incurred cost audits, contracts over \$10 million will be audited at least every 3 years, contracts over \$5 million but under \$10 million will be audited at least once during the life of the contract, and contracts under \$5 million will be periodically selected on a judgmental basis. For FY 2003, OIG plans to select 10 active contracts for audit. For contracts in closeout, there are four outstanding requests for final audit. In the past, DCAA has performed the audits of NRC contracts. For FY 2003, OIG plans to have some contract audits performed by outside, independent audit firms.

The key elements in the audit process are as follows:

Audit Planning - Each year, OIG holds an information and planning conference which addresses currently topical areas. Additionally, suggestions are solicited from the Commission, OIG staff, agency management, and external parties. An annual audit plan is developed and distributed to interested parties. It contains a listing of planned audits to be initiated during the year and the general objectives of the audits. The annual audit plan is a "living" document that may be revised as issues warrant, with a subsequent redistribution of staff resources.

Audit Notification - Formal notification is provided to the office responsible for a specific program, activity, or function, informing them of our intent to begin an audit of that program, activity, or function.

Entrance Conference - A meeting is held to advise agency officials of the purpose, objectives, and scope of the audit, and the general methodology to be followed.

Survey - Exploratory work is conducted before the more detailed audit commences to gather data for identifying audit objectives, documenting internal control systems, becoming familiar with the activities to be audited, and identifying areas of concern to management.

Audit - A comprehensive review is performed of selected areas of a program, activity, or function using an audit program developed specifically to address the audit objectives.

Discussion Draft Report - A discussion draft copy of the report is provided to agency management to allow them the opportunity to prepare for the exit conference.

Exit Conference - A meeting is held with the appropriate agency officials to present and discuss the results of the audit. This meeting provides agency management the opportunity to confirm information, ask questions, and provide any necessary clarifying data.

Final Draft Report - If requested by agency management during the exit conference, a final draft copy of the report that includes comments from the exit conference is provided to the agency to obtain formal written comments.

Final Audit Report - The final report includes, as necessary, any revisions to the facts, conclusions, and recommendations of the draft report discussed in the exit conference or generated in written comments supplied by agency managers. Written comments are included as an appendix to the report. Some audits are sensitive and/or classified. In these cases, final audit reports are not made available to the public.

Response to Report Recommendations - Action offices provide a written response on each recommendation (usually within 30 days) contained in the final report. Agency management responses include a decision for each recommendation indicating agreement or disagreement with the recommended action. For agreement, agency management provides corrective actions taken or planned and actual or target dates for completion. For disagreement, agency management provides their reasons for disagreement and any alternative proposals for corrective action. If questioned or unsupported costs are identified in the audit report, agency management states the amount that is determined to be disallowed and the plan to collect the disallowed funds. If funds that can be put to better use are identified, agency management states the amount that can be put to better use. If these amounts differ from OIG's, agency management states the reasons for the difference.

Audit Follow up and Closure - This process ensures that recommendations made to management are implemented.

INVESTIGATIONS

OIG's investigative process normally begins with the receipt of an allegation of fraud or mismanagement. Because a decision to initiate an investigation must be made within a few days of each referral, OIG does not schedule specific investigations in its plan.

Investigations are opened in accordance with OIG priorities and general guidelines and in consideration of prosecutorial guidelines that may be established by the local U.S. Attorneys for the Department of Justice (DOJ). OIG investigations are governed by the President's Council on Integrity and Efficiency Quality Standards for Investigations, the OIG Special Agent Handbook, and various guidance provided on a periodic basis by the DOJ.

Only four individuals in the OIG can authorize the opening of a case: the IG, the Deputy IG, the Assistant IG for Investigations, and the Senior Level Assistant for Investigative Operations. Every allegation received by OIG is given a unique identification number and entered into a database. Some allegations result in investigations, while others are retained as the basis for audits, referred to NRC management, or, if appropriate, referred to another law enforcement agency.

When an investigation is opened, it is assigned to a special agent who prepares a plan of investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and agency policies that may be involved. The special agent then conducts the investigation, which may require interviewing witnesses and subjects, reviewing and analyzing records, obtaining physical evidence, and conducting surveillance and/or undercover operations. In those cases when the special agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the special agent prepares an investigative report summarizing the facts disclosed during the investigation.

The investigative report is distributed to officials who have an official interest in the results of the investigation. In those cases where a prosecuting attorney decides to proceed with a criminal or civil prosecution, the special agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include serving subpoenas, locating witnesses, preparing exhibits, executing arrest/search warrants, and testifying before a grand jury or during trial.

At the conclusion of any court action, OIG advises the agency of the court results. For those investigations that do not result in a trial but are handled administratively by the agency, OIG monitors any corrective or disciplinary action that may be taken by the agency. OIG collects data summarizing the judicial and administrative results of its investigations and includes this data in its semiannual report to Congress.

As a complement to the investigation function, OIG also conducts a limited number of event inquiries. These inquiries are investigative types of efforts that examine an event or issue without focusing specifically on individual conduct. These reports identify institutional weaknesses that led to or allowed a problem to occur.

HOTLINE

The OIG Hotline Program provides NRC employees, licensee employees, contract employees, and the public with a confidential means of reporting to the OIG instances of fraud, waste, and abuse relating to NRC programs and operations. The toll free number (1-800-233-3497) provides easy access for individuals to report any instance of fraud, waste, or abuse to well-trained Hotline Operators in the OIG. Trained staff are available to answer calls Monday through Friday between 9 a.m. and 4 p.m. (eastern standard

time). At other times, callers may leave a message. There is no caller identification feature associated with the Hotline.

Individuals may also provide information via the Internet or by mail. To report fraud, waste and abuse on-line, click on "OIG Hotline" found on OIG's web page (www.nrc.gov/insp-gen.html). To provide information by mail, send all correspondence to the following address:

U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program
Mail Stop T-5 D28
11545 Rockville Pike
Rockville, MD 20852-2738

MANAGEMENT AND OPERATIONAL SUPPORT

The Resource Management and Operational Support (RMOS) staff perform a myriad of functions in support of the audit and investigation programs. These include formulating and executing the OIG budget, administering independent personnel services, preparing the OIG Semiannual Report to Congress, providing information technology support and expertise, and coordinating strategic planning activities.

GENERAL COUNSEL TO THE INSPECTOR GENERAL

The General Counsel to the IG provides legal advice and representation on issues arising during audits and investigations and pertaining to functional organizational issues. The General Counsel conducts and coordinates with other cognizant OIG staff in-depth reviews of existing and proposed legislation, regulations, and policies, and develops as necessary commentaries that provide an objective analysis of regulatory vulnerabilities created within NRC programs and operations. The intent of these reviews is to assist the agency in identifying and preventing potential problems.

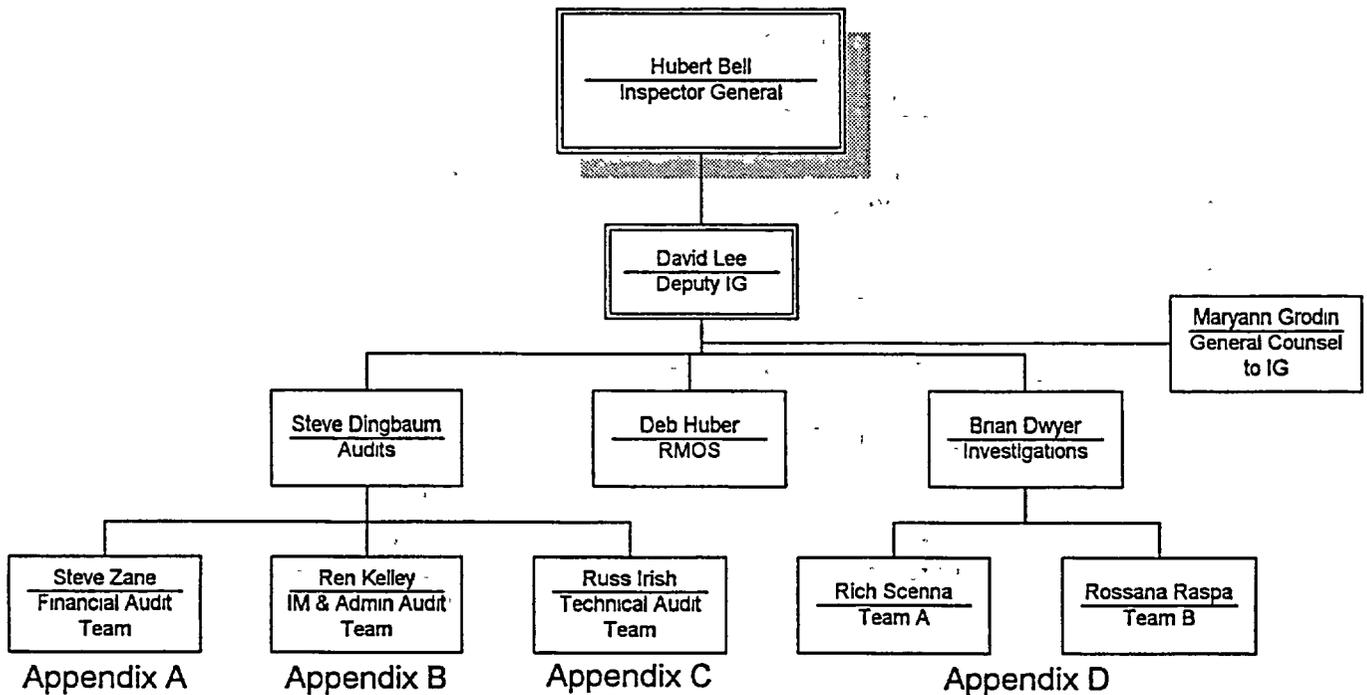
DISTRIBUTION OF OIG RESOURCES

For FY 2003, the OIG requested an appropriation of \$6.8 million and a total authorized staff of 44 FTE. This request includes funding for the audit and investigation functions of 36 FTE, or 18 FTE each, and another 8 FTE for management and operational support functions.

OIG work is planned through (1) a strategic audit planning process which includes IAM input and (2) a strategic investigations planning process using allegations and referrals from outside sources, and proactive efforts directed at areas bearing a high potential for fraud, waste, and abuse. As a result, this approach serves to optimize the use of available audit and investigative staff, and provide the greatest benefit to agency management and the taxpayer. In addition, this work plan facilitates OIG's successful accomplishment of its overall strategic goals and objectives.

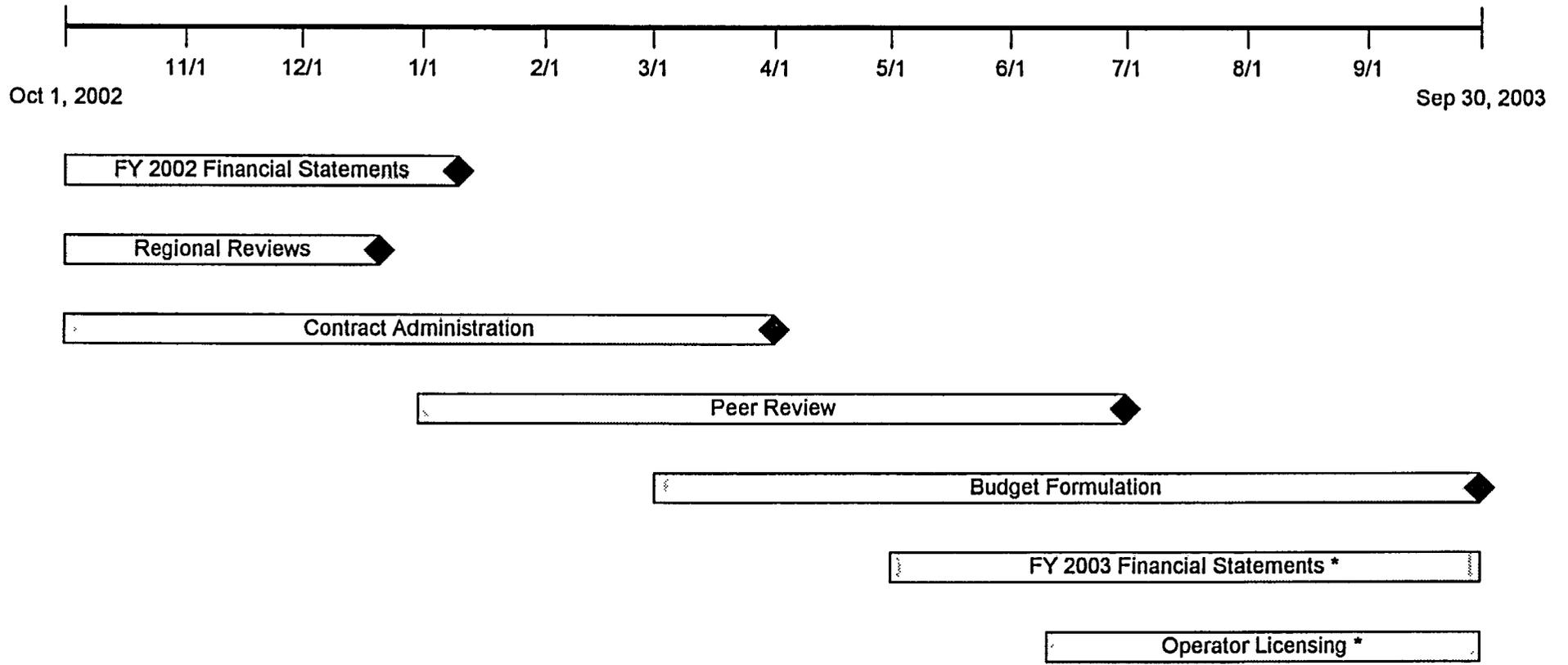
The following organizational chart identifies how the OIG is structured to cover the agency's activities. Appendices identified within the chart provide detailed descriptions of the FY 2003 audit and investigative work planned.

OIG Organizational Chart



**FINANCIAL AUDITS
PLANNED FOR FY 2003**

Financial Audits



Audit Report



* Audit concludes in FY 2004.

Audit of NRC'S FY 2002 Financial Statements

DESCRIPTION AND JUSTIFICATION:

Under the Chief Financial Officers Act and the Government Management and Reform Act, the OIG is required to audit the financial statements of the NRC. OIG will measure the agency's improvements by assessing corrective action taken on the prior year's audit findings.

SCOPE AND OBJECTIVES:

The OIG will audit NRC's financial statements in accordance with applicable auditing standards. The audit will express an opinion on the agency's financial statements, evaluate internal controls, review compliance with applicable laws and regulations, review the performance measures included in the financial statements for compliance with OMB guidance, and review the controls in the NRC's computer systems that are significant to the financial statements.

SCHEDULE: Started in the 3rd quarter of FY 2002 and scheduled to be completed in the 2nd quarter of FY 2003.

Regional Reviews

DESCRIPTION AND JUSTIFICATION:

NRC regional offices execute established agency policies and assigned programs relating to inspection, licensing, incident response, governmental liaison, resource management, and human relations. Each regional office implements an array of technical and administrative programs, and activities through three technical and one administrative division. The Divisions of Reactor Projects, Reactor Safety, and Nuclear Materials Safety in each region carry out a substantial part of NRC's safety mission. Also, the Division of Resource Management and Administration provides various administrative support functions for the entire regional office.

Although the OIG has audited various aspects of regional operations, OIG has not performed a comprehensive management review of all regional offices.

SCOPE AND OBJECTIVES:

This audit is covering the full range of a region's operations and is offering opportunities for OIG to identify issues uniquely related to NRC's regional offices. Due to the events of September 11, 2001, and their impact on agency operations, the OIG postponed the initiation of this work from the beginning of the first to the end of the second quarter in FY 2002. The field work for this audit is completed and the OIG is in the process of writing four separate reports on the results of each regional review. A roll up report containing common issues between the regions is also being developed.

SCHEDULE: Started in the 2nd quarter of FY 2002 and completed field work for all regions in the 4th quarter of FY 2002. Reports will be completed in the 1st quarter of FY 2003.

Audit of NRC's Contract Administration Practices

DESCRIPTION AND JUSTIFICATION:

During FY 2001, NRC obligated \$81 million in contract actions for DC activities alone. Additional funds are obligated for contract vehicles outside the realm of DC.

DC is responsible for (1) developing and implementing agencywide contracting policies and procedures and (2) providing advice and assistance to NRC program officials regarding the Nuclear Regulatory Commission Acquisition Regulation (NRCAR), the Federal Acquisition Regulation (FAR), and methods for meeting program objectives consistent with such regulations.

To meet the needs of agency's contract management personnel, DC is working with the Office of Human Resources to restructure and update the agency's acquisition training curriculum. The curriculum includes both mandatory and recommended modules and focuses on the entire NRC acquisition process.

SCOPE AND OBJECTIVES:

The objectives are to determine whether NRC provides adequate (1) oversight of the contracting process and (2) training for agency contracting personnel.

SCHEDULE: Started in the 4th quarter of FY 2002 and scheduled to be completed in the 2nd quarter of FY 2003.

External Quality Control Peer Review of the Small Business Administration

DESCRIPTION AND JUSTIFICATION:

In January 1986, the President's Council and Integrity and Efficiency (PCIE) adopted and published *Quality Standards for Federal Offices of Inspector General*. These standards covered the entire OIG organization of the Federal Government and were considered advisory in nature. Subsequently, beginning with the 1988 edition, *Government Auditing Standards* required government audit organizations to have an appropriate internal quality control system in place and undergo an external quality control review. The 1988 amendments to the Inspector General Act of 1978 require that these external quality control reviews be performed exclusively by an audit entity of the Federal Government, including the GAO or another OIG, every 3 years. The PCIE assigned the OIG at NRC the responsibility for performing an external quality control review at the OIG of the Small Business Administration (SBA) in FY 2003.

SCOPE AND OBJECTIVES:

The objective of this review is to determine if the SBA, Audits Division, has an internal quality control system that provides reasonable assurance that the organization has adopted and is following applicable Government Auditing Standards, and has established and is following adequate audit policies and procedures.

The scope of the review will cover the elements of the OIG's internal quality control system that are designed to provide reasonable assurance that the audits it performs, or for which it contracts, are carried out in accordance with Government Auditing Standards and established policies and procedures. These elements include staff qualifications, independence, audit performance, and internal reviews. We will select audits issued between October 1, 2001, and September 30, 2002.

The final audit report will be issued to the SBA OIG. This audit work is shown in the FY 2003 Annual Plan because it will impact the resources of the OIG at NRC.

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Audit of NRC'S Budget Formulation Process

DESCRIPTION AND JUSTIFICATION:

The Government Performance and Results Act of 1993 was enacted to provide for the establishment of strategic planning and performance measurement in the Federal Government, and for other purposes. Under GPRA, agencies are required to submit to the Congress annual performance plans that link resources to performance goals.

In 1998 NRC established the Planning, Budgeting, and Performance Management (PBPM) process to link resources with strategic goals and performance. To effectively link resources to strategic goals and performance, the budget formulation process must have in place and effectively implement policies and procedures. Each year the CFO issues *Instructions for Information Required for the PBPM Budget Review* to Office Directors and Regional Administrators. All offices are expected to develop budget requests which support the strategic direction for the mission-related program areas, to the extent possible. Resource requests must be consistent with program goals, guidance, and planning assumptions, and must consider current financial status.

NRC's FY 2003 budget request is approximately \$606 million and 2,884 full-time equivalents (FTEs), an increase of 4.6% in funding and 95 FTEs.

SCOPE AND OBJECTIVES:

The OIG plans to assess (1) if the PBPM process is efficiently and effectively coordinated with program offices and (2) if the PBPM process is effectively used to develop and collect data to align resources with strategic goals.

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Audit of NRC'S FY 2003 Financial Statements

DESCRIPTION AND JUSTIFICATION:

Under the Chief Financial Officers Act and the Government Management and Reform Act, the OIG is required to audit the financial statements of the NRC. OIG will measure the agency's improvements by assessing corrective action taken on the prior year's audit findings.

SCOPE AND OBJECTIVES:

The OIG will audit NRC's financial statements in accordance with applicable auditing standards. The audit will express an opinion on the agency's financial statements, evaluate internal controls, review compliance with applicable laws and regulations, review the performance measures included in the financial statements for compliance with OMB guidance, and review the controls in the NRC's computer systems that are significant to the financial statements.

SCHEDULE: To begin in the 3rd quarter of FY 2003.

Audit of NRC's Requalification Evaluation Program for Licensed Commercial Reactor Operators

DESCRIPTION AND JUSTIFICATION:

OIG has not completed any recent audit work associated with NRC's Requalification Evaluation Program. On July 1, 2002, there was an action involving the granting of Notice of Enforcement Discretion (NOED) to 54 licensed operators at the Dresden Commercial Nuclear Power Plant, Units 2 and 3, for failure to take a comprehensive requalification written examination. The facility licensee reported that 54 out of 64 licensed reactor operators and senior reactor operators had not taken the written examination, as required by 10 CFR 55.59, within a 24-month period. This examination had previously been administered to the operators in January and February 2000. Consequently, the next requalification examination should have been administered during the January/February 2002 time period.

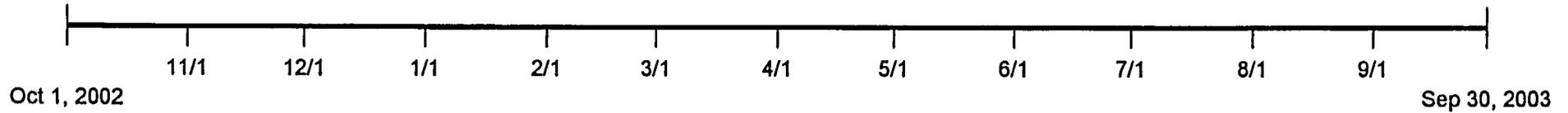
SCOPE AND OBJECTIVES:

The objectives are to determine whether NRC provides adequate (1) oversight of the Requalification Evaluation Program and (2) tracking and monitoring of continuing requalification requirements for licensed operators and senior operators.

SCHEDULE: To begin in the 3rd quarter of FY 2003.

**INFORMATION MANAGEMENT AND
ADMINISTRATIVE AUDITS
PLANNED FOR FY 2003**

Information Management & Admin Audits



Mgmt Challenges

Safety Culture & Climate

Email

NRC's Drug Testing Program

Regional Information Security

Personnel Security

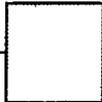
Information Security (GISRA)

Mgmt Challenges*

Audit Report



* Audit concludes in FY 2004.



Special Evaluation of NRC's Most Serious Management Challenges

DESCRIPTION AND JUSTIFICATION:

In response to Congressional requests, and consistent with the goal of improving agency programs and operations, the IG developed and updated what he considered to be the most serious management challenges facing the NRC. The IG evaluated the overall work of the OIG; the OIG staff's general knowledge of agency operations, and other relevant information to develop his list of management challenges. In September 1999, Congressional members requested that IGs update the lists of the most serious management challenges facing their agencies on an annual basis. Additionally, they requested that IGs assess their agency's effort to address the challenges, compare and contrast the new management challenges listing with previous listings, and identify programs that "have had questionable success in achieving results." To be responsive to the Congressional request, the IG stated that OIG would conduct a special evaluation to review, in depth, the areas of Congressional interest and to determine the extent to which the NRC is addressing the management challenges.

SCOPE AND OBJECTIVES:

The overall scope and objectives for this special evaluation are to assess the agency's efforts to address the management challenges and to identify any related agency programs that have had questionable success in achieving results. This special evaluation will help OIG update the annual list to Congress of NRC's most serious management challenges, which is usually due in December. This evaluation is performed annually.

SCHEDULE: For the FY 2003 evaluation; started in the 4th quarter of FY 2002 and scheduled to be completed in the 1st quarter of FY 2003. For the FY 2004 evaluation, to begin in the 4th quarter of FY 2003.

Audit of the NRC's Safety Culture and Climate

DESCRIPTION AND JUSTIFICATION:

In 1998, OIG competitively selected International Survey Research (ISR) to assist in completing an assessment of the agency's safety culture and climate. ISR is a recognized expert in the field and has thoroughly developed and tested the process for conducting surveys and providing feedback from the results. OIG surveyed NRC employees from late February 1998, through March 1998. ISR compiled the survey results and shared the information with the agency in an oral briefing on June 25, 1998. Through this survey, OIG gained a thorough understanding of NRC's organizational safety culture and climate as perceived by its employees. This information also helped the IG program his available resources to the most beneficial work for the agency.

A primary objective of the first Safety Culture and Climate Survey was to establish a baseline for future measurements of the NRC's safety culture and climate. The IG believed this baseline was needed to understand agency staff perceptions regarding the safety culture and climate in which they worked.

SCOPE AND OBJECTIVES:

The overall scope of this work is to survey NRC's entire workforce to measure the agency's organizational safety culture and climate. The survey will give each NRC employee the opportunity to provide his or her opinion in an anonymous and confidential way. OIG will share the results of the survey with NRC.

The overall objectives are to (1) compare the results from this survey with the baseline results developed from the survey conducted in 1998, and (2) facilitate OIG's programming of its resources to the highest priority targets.

SCHEDULE: Started in the 1st quarter of FY 2002, survey completed in the 4th quarter of FY 2002, and results to be reported in the 1st quarter of FY 2003.

Audit of E-Mail Use by NRC Employees

DESCRIPTION AND JUSTIFICATION:

The use of e-mail is increasing rapidly in the Government. Increased use of e-mail as an effective business tool should be encouraged because many benefits, such as more rapid and accurate communication, accrue due to its use. While e-mail offers the benefits of speed and efficiency, it also presents management with new challenges. Specifically, management must ensure that (1) there is a process to ensure that e-mails become official agency records, as appropriate, (2) policies and procedures are in place detailing proper e-mail use, and (3) there is a system to evaluate if employees are adhering to those policies and procedures.

SCOPE AND OBJECTIVES:

The objectives are to determine whether (1) NRC has adequate policies and procedures (controls) covering the use of its e-mail system; (2) the overall usage of the e-mail system is consistent with agency policies; and (3) NRC has an adequate process for ensuring that appropriate e-mails become official agency records.

SCHEDULE: Started in the 4th quarter of FY 2002 and scheduled to be completed in the 2nd quarter of FY 2003.

Audit of NRC's Drug Testing Program

DESCRIPTION AND JUSTIFICATION:

As a result of NRC's national security and public health and safety responsibilities, and the sensitive nature of its work, NRC has a compelling obligation to detect and eliminate illegal drug use from its workplace. NRC has developed a comprehensive Drug Free Workplace Plan that includes extensive awareness and education opportunities for all employees, drug testing, counseling, and provisions for rehabilitation for employees who use illegal drugs.

SCOPE AND OBJECTIVES:

This audit will focus on the effectiveness of NRC's drug testing program, to determine whether the NRC Drug-Free Workplace Plan sets forth objectives, policies, and procedures, and implementation guidelines to achieve a drug-free workplace. If not, what action can be taken to improve performance?

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Information Security Risk Assessment at NRC's Regional Offices

DESCRIPTION AND JUSTIFICATION:

NRC depends heavily on information systems security measures to avoid data tampering, fraud, inappropriate access and disclosure of sensitive information, and disruptions in critical operations. It is NRC's policy to maintain an automated information systems security program to provide appropriate administrative, technical, and physical security measures for the protection of the information resources.

Even though GISRA reviews are conducted on an annual basis at Headquarters, the Regions have not been assessed for security measures. Concerns over information security have been raised regarding potential vulnerabilities in the Regional Offices.

SCOPE AND OBJECTIVES:

The objectives will be to evaluate (1) the adequacy of NRC's information security programs and practices at its regions, and (2) the effectiveness of the regions' security control techniques. The scope may include NRC's Technical Training Center.

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Audit of NRC's Personnel Security Program

DESCRIPTION AND JUSTIFICATION:

The Personnel Security Branch, Division of Facilities and Security, Office of Administration, administers NRC's Personnel Security Program. This program includes making determinations on the initial and continuing eligibility of NRC applicants, consultants, and employees for facilities access authorizations, employment clearances, and access to restricted data and national security information. This Branch also administers the Classified Visitor Control Program and maintains liaison with other organizations such as the Office of Personnel Management, the Federal Bureau of Investigation, and the Central Intelligence Agency on personnel security matters.

SCOPE AND OBJECTIVES:

This audit will focus primarily on the access and clearance process for employees and contractors. The objective will be to determine whether the program is effectively managed and achieves its goals.

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Audit of NRC's Information Security

DESCRIPTION AND JUSTIFICATION:

The Government Information Security Reform Act (GISRA) was enacted in October 2000 and became effective on November 29, 2000. The GISRA seeks to ensure the proper management and the security of the IT resources supporting Federal operations and assets. GISRA requires annual agency IT security program reviews and reporting of the reviews to the OMB. In accordance with OMB guidance, OIG and the OCIO coordinated efforts to prepare a report consisting of two sections, issued in September 2001, with the agency's budget submission. The OCIO will provide a corrective action plan to OMB and OIG in October 2001, which OIG will review. In compliance with the GISRA, OIG will conduct the second independent evaluation of the agency's information security program and practices during FY 2003.

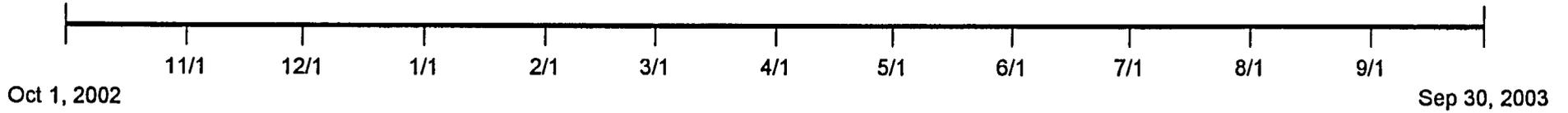
SCOPE AND OBJECTIVES:

The objectives will be to evaluate (1) the adequacy of NRC's information security programs and practices for NRC major applications and general support systems of record for FY 2003, (2) the effectiveness of agency information security control techniques, and (3) the implementation of the NRC's corrective action plan created as a result of the 2001 GISRA program review.

SCHEDULE: To begin in the 3rd quarter of FY 2003.

**TECHNICAL AUDITS
PLANNED FOR FY 2003**

Technical Audits



Safeguards Information

Special Nuclear Materials

Research & Test Reactors

Incident Response

Reactor Inspection & Performance Assessment

Nuclear Security & Incident (NISR)*

Audit Report



* Audit concludes in FY 2004.

Audit of NRC's Protection of Safeguards Information

DESCRIPTION AND JUSTIFICATION:

Safeguards information is sensitive unclassified information that specifically identifies the detailed (1) security measures of a licensee or an applicant for the physical protection of special nuclear materials, or (2) security measures for the physical protection and location of certain plant equipment vital to the safety of production or utilization facilities. NRC established its Sensitive Unclassified Information Security Program to ensure that sensitive unclassified information is handled appropriately and is protected from unauthorized disclosure under pertinent laws, management directives, and applicable directives of other Federal agencies and organizations. In accordance with the Atomic Energy Act of 1954 as amended, civil and criminal penalties can be levied for the unauthorized disclosure of safeguards information. The requirements of NRC's program are spelled out in Management Directive and Handbook 12.6, *NRC Sensitive Unclassified Information Security Program*. The safeguards program is in evolution with the advent of Homeland Security initiatives. The definition of safeguards information is also affected by manner in which it is defined by the Department of Energy under Section 148 of the Atomic Energy Act.

SCOPE AND OBJECTIVES:

The objectives of this audit are to determine whether NRC's program (1) adequately ensures the protection of safeguards information, (2) prevents the inappropriate release of safeguards information to the public and NRC employees who should not have access, and (3) adequately defines what constitutes safeguards information.

SCHEDULE: Started in the 4th quarter of FY 2002 and scheduled to be completed in the 1st quarter of FY 2003.

Audit of NRC's Accountability for Special Nuclear Materials

DESCRIPTION AND JUSTIFICATION:

The Department of Energy (DOE) produces special nuclear material that is used by some NRC licensees. Accurately accounting for this material is technically challenging and has a history of difficulties. The Nuclear Materials Management and Safeguards System (NMMSS) is designed to assist DOE and NRC staff maintain control over and account for these materials. However, significant discrepancies are periodically identified between the amounts of materials recorded in NMMSS and licensee records. This raises questions regarding how accurately NRC inspection staff are able to identify and account for special nuclear material entrusted to licensees. This audit will respond to longstanding public concerns regarding the accurate control and use of special nuclear materials. The audit will primarily focus on materials licensees.

SCOPE AND OBJECTIVES:

The objective is to determine whether NRC inspection staff are able to accurately identify and account for special nuclear materials used by licensees.

SCHEDULE: Started in the 4th quarter of FY 2002 and scheduled to be completed in the 2nd quarter of FY 2003.

Audit of NRC's Research and Test Reactor Program

DESCRIPTION AND JUSTIFICATION:

Research and test reactors are designed and utilized for research, testing, and educational purposes. The NRC currently licenses thirty-six non-power reactors operating in 23 states. Nine others are being decommissioned and another seven have possession-only licenses. In contrast to commercial nuclear power facilities, most non-power reactors are in urban areas. The majority are located on university campuses. They typically range in size from 0.10 watts to 20 megawatts (thermal). Most of these reactors are less than 1/1000th the power of a commercial power reactor.

NRC inspects each facility periodically to ensure that programs are conducted according to license requirements. Areas inspected include organizational structure, qualifications and responsibilities, operational activities, design and design control, review and audit functions, radiation and environmental protection, operator requalification, maintenance and surveillance activities, fuel handling, experiments, procedures, emergency preparedness, and safeguards and security. NRC conducts about 20 assessments of non-power reactors annually with inspection frequency based on the amount of nuclear material at the facility.

Because of the agency's focus on commercial power reactors, there is concern that the research and test reactor program may not be getting adequate attention, especially in the current heightened security environment.

SCOPE AND OBJECTIVES:

The objective is to determine whether NRC's research and test reactor program is providing adequate oversight of these facilities.

SCHEDULE: Started in the 4th quarter of FY 2002 and scheduled to be completed in the 2nd quarter of FY 2003.

Audit of NRC's Incident Response Program

DESCRIPTION AND JUSTIFICATION:

In response to an event at an NRC-licensed facility that could threaten public health and safety or the environment, NRC activates its incident response program at its Headquarters Operations Center and one of its four Regional Incident Response Centers. NRC's highest priority is to provide expert consultation, support, and assistance to state and local public safety officials responding to the event. Once the incident response program is activated, teams of specialists are assembled at the Headquarters Operations Center and Regional Incident Response Center to obtain and evaluate event information and to assess the potential impact of the event on public health and safety and the environment. Communications with the news media, state, other Federal agencies, the Congress, and the White House are coordinated through the Headquarters Operations Center.

Because NRC's incident response program is critical to its mission to ensure adequate protection of public health and safety, the program must operate effectively and efficiently.

SCOPE AND OBJECTIVES:

The objective will be to determine whether NRC's incident response program is operating effectively and efficiently.

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Audit of the Reactor Inspection and Performance Assessment Program

DESCRIPTION AND JUSTIFICATION:

The Office of Nuclear Reactor Regulation has been implementing a new reactor oversight and assessment program since April 2000. The new process has a number of critical elements, including (1) the Significance Determination Process, (2) licensee performance indicators, (3) the agency's process for evaluating licensee performance, (4) the revised, risk-informed baseline inspection program for commercial power plants, and (5) an assessment process for evaluating the Reactor Oversight Process. In addition, the new process requires new skills for inspection staff and others.

In 2002, OIG reported on the Significance Determination Process and found that a number of improvements were needed. Because this is a mission-critical NRC program, the oversight process must be effective and efficient in order for NRC to meet its goals.

SCOPE AND OBJECTIVES:

The objective is to identify areas of the oversight process where additional improvements are needed.

SCHEDULE: To begin in the 2nd quarter of FY 2003.

Audit of NRC's Office of Nuclear Security and Incident Response

DESCRIPTION AND JUSTIFICATION:

In April 2002, NRC established the Office of Nuclear Security and Incident Response (NSIR) to consolidate and streamline selected NRC security, safeguards, and incident response responsibilities and resources. The new office reports to the Deputy Executive Director for Reactor Programs. The formation of the new office is one result of the Commission's ongoing top-to-bottom review of its safeguards and physical security program in the aftermath of last September's terrorist attacks.

Until NSIR was formed, the assignment of security responsibilities was determined by the type of facility requiring protection. For example, the Office of Nuclear Material Safety and Safeguards was responsible for the security programs for protection of fuel cycle facilities, materials, transportation, disposal and certain waste-storage facilities. The Office of Nuclear Reactor Regulation was responsible for security programs at nuclear power plants and non-power reactors, decommissioning facilities, and certain spent fuel storage facilities. NRC determined that a centralized security organization would be a more effective and efficient way of organizing security activities.

NSIR has assumed responsibility for an important part of NRC's operations. As with any new organization, and especially one with such an important function, it must operate effectively and efficiently in order to meet its mission. NSIR must prepare a self-evaluation report on its operations one year after being established (April 2003). OIG plans to review that report and seek input from the EDO and Commission in establishing the specific scope and objectives for this audit.

SCOPE AND OBJECTIVES:

The purpose of this audit is to determine whether NSIR is operating effectively and efficiently.

SCHEDULE: To begin in the 4th quarter of FY 2003.

**INVESTIGATIONS — PRIORITIES, OBJECTIVES,
AND INITIATIVES FOR FY 2003**

INTRODUCTION

The Assistant Inspector General for Investigations (AIGI) has responsibility for developing and implementing an investigative program which furthers the OIG's objectives. The AIGI's primary responsibilities include investigating possible violations of criminal statutes relating to NRC programs and activities, investigating misconduct by NRC employees, interfacing with the DOJ on OIG-related criminal matters, and coordinating investigations and OIG initiatives with other Federal, State, and local investigative agencies and other AIGI's.

Investigations covering a broad range of criminal misconduct and wrongdoing affecting various NRC programs and operations may be initiated as a result of allegations or referrals from private citizens; licensee employees; NRC employees; Congress; other Federal, State, and local law enforcement agencies; OIG audits; the OIG Hotline; and proactive efforts directed at areas bearing a high potential for fraud, waste, and abuse.

This investigative plan was developed to focus OIG investigative priorities and use available resources most effectively. It provides strategies and planned investigative work for FY 2003 in conjunction with the OIG Strategic Plan, OIG's budget submission as reflected in NRC's *Budget Estimates and Performance Plan* and the President's Management Agenda for Improving Government Performance. The most serious management challenges facing the NRC were also considered in the development of this plan.

PRIORITIES

The OIG will conduct at least 55 - 70 investigations and event inquiries in FY 2003. As in the past, reactive investigations into allegations of criminal and other wrongdoing will continue to claim priority in our use of available resources. Because the NRC's mission is to protect the health and safety of the public, one of Investigations' main concentrations of effort and resources will involve investigations of alleged NRC staff misconduct that could adversely impact on health and safety related matters. These investigations typically include allegations of:

- Misconduct by high ranking NRC officials and other NRC officials, such as managers and inspectors, whose positions directly impact public health and safety.
- Failure by NRC management to ensure that health and safety matters are appropriately handled.
- Failure by the NRC to appropriately transact nuclear regulation publicly and candidly and to openly seek and consider the public's input during the regulatory process.

- Conflicts of interest by NRC employees with NRC contractors and licensees involving such matters as promises of future employment for favorable or inappropriate treatment and the acceptance of gratuities.

As resources allow, the OIG will also implement a series of proactive initiatives designed to pulse specific high-risk areas that are most vulnerable to fraud waste and abuse. A primary focus will be on electronic-related fraud in the business environment. The OIG is committed to meet the security needs of this constantly changing environment by investigating unauthorized intrusions, computer related fraud and by conducting computer forensic examinations. Other proactive initiatives will include: contract fraud, theft of property, Government credit card abuse and fraud in the Federal Employees Compensation Act program.

OBJECTIVES

To facilitate the most effective and efficient use of limited resources, Investigations has established specific objectives aimed at preventing and detecting fraud, waste and abuse as well as optimizing NRC effectiveness and efficiency. As part of our objectives, we will be meeting with internal stakeholders and external entities to make them aware of our expertise and willingness to work with them in these areas of shared responsibility. This style of approach provides a meaningful systematic approach to removing barriers, identifying vulnerabilities and provides an opportunity to inform and improve the performance of the agency. To that end, Investigations will focus its investigative efforts in 6 broad-based areas which contain the following 20 specific investigative objectives:

Employee Misconduct

- ◆ Situations where NRC employees improperly disclosed alleged' (mainly licensee employees) identities and allegations, NRC employees improperly handled allegations, and NRC failed to properly address retaliation issues involving licensee employees who raised health and safety concerns at nuclear power plants.
- ◆ Instances where the NRC has not maintained an appropriate "arms length" distance from licensees, particularly in the inspection process.
- ◆ Instances where NRC employees released predecisional or confidential information to the nuclear industry that could have had an impact on power plant operations or interfered with litigation involving agency decisions.
- ◆ Instances where NRC employees had improper personal relationships with licensees and where NRC employees violated Government-wide ethics regulations concerning the solicitation of employment.

Fraud Program

- ◆ Attempt to detect possible wrongdoing in NRC's procurement and contracting program by maintaining a close working relationship with DCPM. This will include periodic meetings between OIG and DCPM management officials and a fraud awareness presentation by OIG special agents to DCPM contract specialists, NRC project managers, NRC project officers, and other identified employees.
- ◆ Aggressively pursue investigations appropriate for Program Fraud Civil Remedies Act action, including abuses involving false reimbursement claims and false statements by contractors.
- ◆ Attempt to detect possible instances of NRC employees improperly receiving FECA benefits. This will include periodic meetings between OIG and Office of Human Resources management officials and the periodic examination of agency and Department of Labor records pertaining to this program.
- ◆ Coordinate with NRC property custodians and the Division of Facilities and Security in instances involving theft of computers and other agency equipment.
- ◆ Coordinate with DCPM regarding accountability issues surrounding property purchased with NRC funds by a contractor or property furnished by the NRC to a contractor.
- ◆ Coordinate with the Office of the Chief Financial Officer in instances involving abuse of individual credit cards issued to agency employees as well as credit cards issued for the procurement of supplies and equipment.
- ◆ Coordinate with the OIG Audit IAMS in an effort to identify areas or programs with indicators of possible fraud, waste, and abuse.
- ◆ Conduct fraud awareness and information presentations regarding the role of the OIG at the NRC to NRC employees as scheduled by the IG.
- ◆ Conduct event inquiries to examine events or agency actions that indicate the agency did not appropriately accomplish its regulatory mandate. Prepare management implications reports identifying root causes of problems as requested by the NRC Chairman.

OIG Hotline

- ◆ Promptly process complaints received via the OIG Hotline. Initiate investigations when warranted and properly dispose of allegations that do not warrant OIG investigation, to include referral to other organizations.

FOIA/Privacy Act

- ◆ Promptly process all requests for information received under the Freedom of Information Act (FOIA). Coordinate as appropriate with the General Counsel to the IG and the Freedom of Information/Local Public Document Room Branch.

NRC Support

- ◆ Participate as observers on Incident Investigation Teams and Accident Investigation Teams as determined by the IG.

Liaison Program

- ◆ Maintain close relationships with other law enforcement bodies, public interest groups, and the Congress. This will be accomplished through periodic meetings with AIGs, pertinent congressional staff, public interest groups, and appropriate law enforcement organizations.
- ◆ Take an aggressive stand to protect NRC infrastructure against both internal and external computer intrusions by working in close coordination with OCIO and NRC systems administrators. This will include developing and disseminating criminal intelligence to assist in protecting NRC computer systems, aggressively pursuing suspected cyber fraud cases and training a second OIG criminal investigator as a Seized Computer Evidence Recovery Specialist.
- ◆ Maintain a viable regional liaison program to foster a closer working relationship with NRC regional offices.
- ◆ Establish and maintain NRC OIG active participation in OIG community fraud working groups, multi-agency fraud task forces, and multi-agency undercover operations where a nexus to NRC programs and operations has clearly been established.

INITIATIVES

OIG Investigations established the following initiatives to increase productivity and improve the effectiveness and efficiency of the OIG investigations program:

1. **Quality Assurance (QA)** - Investigations will use an outside consultant to conduct periodic QA reviews of the investigative program. In FY 2003, these reviews will address such areas as adherence to investigative guidelines, quality of investigative reports, and adherence to standards of the President's Council on Integrity and Efficiency. These reviews will be accomplished through examination of OIG investigative files and will be augmented by interviews with OIG and NRC officials, congressional staff, officials of other agencies, and a customer satisfaction survey.

2. **Case Management and Information Systems** - Investigations will use an outside consultant to customize and implement a commercial-off-the-shelf software application to support its business processes. The new application will provide secure, easy-to-use access to investigative data for staff and managers. The target date to go online is during the current fiscal year.
3. **Health Improvement Program (HIP)** - The OIG HIP is a mandatory program for all employees in the 1811 series. Other OIG employees are eligible to participate in the HIP if they meet the medical standards and fitness levels required for participation. HIP objectives are to (1) improve and maintain the fitness level of special agents and other OIG employees and (2) encourage lifestyle changes to increase productivity and decrease disability within the workforce.
4. **Revisions to Investigative Guidelines** - A complete review of the Special Agent's Handbook, with appropriate revisions, was completed in FY 2001. In FY 2003, all investigative guidelines as well as the Handbook will be analyzed by the Assistant Inspector General for Investigations to ascertain if improvements or clarifications are appropriate. Amendments to the Handbook text will be issued, as needed, throughout the year by AIGI memoranda.
5. **OIG Fraud Awareness Bulletin** - Investigations will publish bulletins focused on sensitizing NRC employees to instances of fraud that have occurred within the agency. The bulletins are also intended to create an awareness among NRC employees of their potential vulnerability to external fraud schemes.

ALLOCATION OF RESOURCES

Investigations will undertake proactive initiatives where resources allow. Of the resources available for direct investigative activities, it is anticipated that approximately 75 percent will be spent on reactive investigations. We have planned for 25 percent of investigative time to be allocated to proactive investigative efforts such as reviews of NRC contract files, participation in interagency task forces and working groups, reviews of delinquent Government credit card accounts, and other initiatives.

**LISTING OF ISSUE AREAS
AND DESIGNATED ISSUE AREA MONITORS**

ISSUE AREAS AND DESIGNATED ISSUE AREA MONITORS

TECHNICAL PROGRAMS

OFFICE OF NUCLEAR REACTOR REGULATION

Cathy Colleli
David Ditto

OFFICE OF NUCLEAR MATERIALS SAFETY AND SAFEGUARDS OFFICE OF STATE AND TRIBAL PROGRAMS

Robert Moody

OFFICE OF NUCLEAR SECURITY AND INCIDENT RESPONSE

Shyrl Coker
Yvette Russell

OFFICE OF ENFORCEMENT

Shyrl Coker

NUCLEAR WASTE SAFETY ARENA

Russell Irish

MANAGEMENT AND SUPPORT

INFORMATION MANAGEMENT AND SECURITY

Corenthis Kelley
Beth Serepca
Vicki Foster

FINANCIAL

Anthony Lipuma
Debra Lipkey
Kathleen Stetson
Steven Zane

OFFICE OF INTERNATIONAL PROGRAMS

Michael Steinberg

CONTRACT AND PROCUREMENT

Kathleen Stetson
Steven Zane

**LISTING OF ABBREVIATIONS
AND ACRONYMS**

ABBREVIATIONS AND ACRONYMS

AID	Agency for International Development
AIGI	Assistant Inspector General for Investigations
ADAMS	Agencywide Documents Access and Management System
CIO	Chief Information Officer
DCAA	Defense Contract Audit Agency
DC	Division of Contracts
DOE	Department of Energy
DOJ	Department of Justice
FFRDC	Federally Funded Research and Development Center
FTE	full-time equivalent
FY	fiscal year
GISRA	Government Information Security Reform Act
HIP	health improvement program
IAM	Issue Area Manager
IG	Inspector General
ISR	International Survey Research
NMMSS	Nuclear Materials Management and Safeguards System
NRC	U.S. Nuclear Regulatory Commission
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget
RMOS	Resource Management and Operational Support
SDP	significance determination process
SwRI	Southwest Research Institute
QA	quality assurance

