

---

**OFFICE OF  
THE INSPECTOR GENERAL**

---

**U.S. NUCLEAR  
REGULATORY COMMISSION**

---

Management Audit of Region II

OIG-03-A-07 February 26, 2003

---

**AUDIT REPORT**

---



---

All publicly available OIG reports (including this report) are accessible through  
NRC's website at:

<http://www.nrc.gov/reading-rm/doc-collections/insp-gen/>

February 26, 2003

MEMORANDUM TO: William D. Travers  
Executive Director for Operations

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

SUBJECT: MANAGEMENT AUDIT OF REGION II (OIG-03-A-07)

Attached is the Office of the Inspector General's audit report titled, *Management Audit of Region II*.

This report reflects the results of our review to assess a wide range of Region II's technical and administrative activities. Regional action is needed to improve the (1) the validity and reliability of the metrics and reported results, and (2) management controls in several administrative areas including facilities management and information management.

OIG also conducted interviews with reactor site-based inspectors and region-based inspectors and technical staff. The purpose of the interviews was to gain information for evaluating regional management's support for the full range of regional activities. Overall, the inspectors and technical staff indicated they are able to perform their responsibilities and are generally satisfied with regional office management support. However, the inspectors and technical staff raised specific issues concerning NRC operations. Although OIG made no recommendations on these issues, many will be included in future audits.

On January 27, 2003, the Deputy Executive Director for Reactor Programs provided a response to the four regional reports and this report. The Deputy Executive Director generally agreed with OIG's observations and recommendations and made specific comments where he believed the reports needed clarification. His response is included as Appendix C. We have incorporated the Deputy Executive Director's comments, as appropriate, in the report

If you have any questions, please contact Anthony Lipuma at 415-5910 or me at 415-5915.

Attachment: As stated

cc: John Craig, OEDO

R. McOsker, OCM/RAM  
B. Torres, ACMUI  
G. Hornberger, ACNW  
G. Apostolakis, ACRS  
J. Larkins, ACRS/ACNW  
P. Bollwerk III, ASLBP  
K. Cyr, OGC  
J. Cordes, OCAA  
S. Reiter, CIO  
J. Funches, CFO  
P. Rabideau, Deputy CFO  
J. Dunn Lee, OIP  
D. Rathbun, OCA  
W. Beecher, OPA  
A. Vietti-Cook, SECY  
W. Kane, DEDR/OEDO  
C. Paperiello, DEDMRS/OEDO  
P. Norry, DEDM/OEDO  
M. Springer, ADM  
R. Borchardt, NRR  
G. Caputo, OI  
P. Bird, HR  
C. Kelley, Acting SBCR  
M. Virgilio, NMSS  
S. Collins, NRR  
A. Thadani, RES  
P. Lohaus, STP  
F. Congel, OE  
M. Federline, NMSS  
R. Zimmerman, NSIR  
R. Wessman, IRO  
H. Miller, RI  
L. Reyes, RII  
J. Dyer, RIII  
E. Merschoff, RIV  
OPA-RI  
OPA-RII  
OPA-RIII  
OPA-RIV

## EXECUTIVE SUMMARY

---

### BACKGROUND

Located in Atlanta, Georgia, the U.S. Nuclear Regulatory Commission (NRC) Region II Office operates under the direction of the Regional Administrator and covers a 10 State area, including 7 States with nuclear power plants for which it has regulatory oversight. Region II also regulates materials licenses covering medical, academic, and industrial, and general uses of radioactive materials. For FY 2002, Region II had 200 full-time equivalents and \$27.2 million to support regional operations.

Region II uses strategic and performance goals consistent with NRC's mission. These goals fall into four areas: nuclear reactor safety, nuclear materials safety, nuclear waste safety, and international nuclear safety support. The region also has a fifth area called corporate management strategies. To monitor its performance relative to these areas, Region II has an operating plan that identifies specific performance measures, or metrics, which the region strives to accomplish. The region reports its metric data to headquarters in quarterly operating plan updates. Headquarters and regional managers use metric data to assess regional performance.

During April 2002, the Office of the Inspector General (OIG) reviewed the full range of operations in the Region II office. Prior to initiating the regional reviews, the Office of the Executive Director for Operations staff advised that they use regional operating plans (including the performance metrics contained therein) as *one* of the primary tools to evaluate regional performance. Therefore, in conducting this work we primarily used operating plans and performance metrics to assess regional performance. The agency also has other assessment tools to evaluate how it meets its mission-related goals. These other tools include the Reactor Oversight Process, and headquarters reviews of specific regional activities such as the allegation program and the operator licensing program. OIG did not examine how the agency uses these tools. However, OIG's Annual Plan for fiscal year 2003 includes an audit of the ROP. We plan to initiate that audit later this year.

### PURPOSE

The overall purpose of the audit was to assess the full range of regional operations. To accomplish this objective we: (1) assessed whether performance goals and objectives were met, as measured by the performance metrics; (2) assessed whether internal management controls have been instituted to ensure quality of performance; and (3) obtained the views of resident and region-based inspectors and technical staff on regional operations.

## **RESULTS IN BRIEF**

Region II generally met the metrics for its performance goals in the public health and safety area, although a few metrics had data reliability issues and one was not valid as well. The region generally provides adequate support to inspectors or has plans underway to correct known problems. However, the region cannot rely on metrics data to assess performance in its internal operating areas and needs to strengthen management controls over information management.

### **Operating Plan Metrics**

Metric data reported in Region II's FY 2001 fourth quarter operating plan is not consistently valid or reliable. Specifically, 13 of 31 metrics reviewed were unreliable, and one was not valid as well. These problems are due to the lack of (1) quality control procedures to ensure data validity and reliability, and (2) documentation to support metric results. In addition, one public health and safety metric was not valid because it did not measure what was intended. As a result, the usefulness of this information for decision making is limited.

### **Management Controls**

The region is carrying out its internal operating functions and responsibilities, but some management controls need enhancing, especially in the information management area. In the information management area, Region II needs to ensure that controls over classified and unclassified systems are adequate. Management of the region could be enhanced by strengthening management controls in this area.

### **Region II Inspectors**

Based on interviews with 35 Region II inspectors, they generally have the required training and resources needed to perform their jobs. However, the inspectors raised questions about (1) training (e.g., timing and effectiveness) and, (2) technical issues (e.g., time allotted for inspections, evaluation of inspection findings). Some of these issues were beyond the scope of this audit and will be addressed in future audits. Consequently, no recommendations were made regarding issues raised by the Region II inspectors and technical staff. In addition, resident inspectors consistently identified problems with secretarial support and information technology issues. NRC has underway several information technology enhancements for the resident inspectors.

**AGENCY COMMENTS**

On January 27, 2003, the Deputy Executive Director for Reactor Programs provided a response to this report. We have incorporated the Deputy Executive Director's comments as appropriate. The Deputy Executive Director's transmittal letter and the specific comments on this report are included as Appendix E.

[Page intentionally left blank]

## **ABBREVIATIONS AND ACRONYMS**

---

|       |  |
|-------|--|
| ADAMS | Agencywide Documents Access and Management System  |
| DNMS  | Division of Nuclear Materials Safety               |
| DRMA  | Division of Resource Management and Administration |
| DRP   | Division of Reactor Projects                       |
| DRS   | Division of Reactor Safety                         |
| FOIA  | Freedom of Information Act                         |
| IP    | inspection procedures                              |
| IRTS  | Inspection Report Tracking System                  |
| NRC   | U.S. Nuclear Regulatory Commission                 |
| OIG   | Office of the Inspector General                    |

[Page intentionally left blank]

## TABLE OF CONTENTS

---

|  |    |
|--|----|
| EXECUTIVE SUMMARY .....  | i  |
| ABBREVIATIONS AND ACRONYMS .....                                       | v  |
| I. BACKGROUND .....  | 1  |
| II. PURPOSE .....  | 2  |
| III. FINDINGS .....  | 2  |
| A. OPERATING PLAN METRICS .....  | 3  |
| B. MANAGEMENT CONTROLS .....   | 7  |
| C. INTERVIEWS WITH REGION II INSPECTORS AND TECHNICAL STAFF .....      | 8  |
| IV. CONSOLIDATED LIST OF RECOMMENDATIONS .....                         | 11 |
| V. OIG RESPONSE TO AGENCY COMMENTS .....                               | 13 |
| APPENDICES   |    |
| A. SCOPE AND METHODOLOGY .....   | 15 |
| B. REGION II METRICS .....   | 17 |
| C. DETAILS OF PROBLEMS IDENTIFIED WITH OPERATING<br>PLAN METRICS ..... | 23 |
| D. REGION II INTERVIEW RESULTS .....                                   | 27 |
| E. AGENCY COMMENTS .....   | 45 |

[Page intentionally left blank]

---

## I. BACKGROUND

---

The U.S. Nuclear Regulatory Commission (NRC) regulates the nation's civilian use of byproduct, source, and special nuclear materials to (1) ensure adequate protection of public health and safety, (2) promote the common defense and security, and (3) protect the environment.

NRC has four regional offices that constitute the agency's front line in carrying out its mission and implementing established agency policies and programs nationwide. The Region II Office operates under the direction of the Regional Administrator and is located in Atlanta, Georgia. The region covers a 10 State area, including 7 States with nuclear power plants for which it has regulatory oversight. There are 40 resident inspectors working at 18 nuclear power plants under its jurisdiction. Region II also regulates licensees that use radioactive materials for industrial, medical, academic and general purposes. For FY 2002, Region II had 200 full-time equivalents and \$27.2 million to support regional operations.

Region II uses strategic and performance goals consistent with NRC's mission. These goals fall into four areas: nuclear reactor safety, nuclear materials safety, nuclear waste safety, and international nuclear safety support. Consistent with the NRC Strategic Plan, the region also uses a fifth area, corporate management strategies, to accomplish strategic and performance goals. To monitor its performance relative to these areas, Region II has an operating plan that identifies specific performance measures, or metrics, which the region strives to accomplish. The region reports its metric data to headquarters in quarterly operating plan updates. Headquarters and regional managers use metric data to assess regional performance.

Region II has four divisions covering the public health and safety and internal operating areas. The public health and safety programs and operations are carried out by three divisions - - the Divisions of Reactor Safety (DRS), Nuclear Materials Safety (DNMS), and Reactor Projects (DRP). These divisions conduct inspection, enforcement, licensing, and emergency response activities for nuclear reactors, fuel facilities, and materials licensees. The Division of Resource Management and Administration (DRMA) conducts internal operating support activities including time and labor coordination, financial management, facilities management, travel, procurement, information technology, and human resources functions.

Region II has several years of experience tracking its accomplishments in the public health and safety areas against performance metrics established jointly by headquarters and regional managers. The region reports this metric data to headquarters quarterly in its operating plans. Region II's fourth quarter operating plan status report for fiscal year 2001 contained 60 metrics for these areas.

On its own initiative, Region II recently began using metrics as performance indicators for its internal operating areas. The region uses these metrics to monitor and improve performance in these areas and reports performance in its operating plans. However, headquarters managers do not require the region to include internal operating metrics in the regional operating plan. Region II's fourth quarter operating plan status report for fiscal year 2001 contained 10 such metrics.

From March through June 2002, the Office of the Inspector General (OIG) reviewed the full range of operations at each regional office. Prior to initiating the regional reviews, the Office of the Executive Director for Operations staff advised that they use regional operating plans (including the performance metrics contained therein) as *one* of the primary tools to evaluate regional performance. Therefore, in conducting this work we primarily used operating plans and performance metrics to assess regional performance. The agency also has other assessment tools to evaluate how it meets its mission-related goals. These other tools include the Reactor Oversight Process, and headquarters reviews of specific regional activities such as the allegation program and the operator licensing program. OIG did not examine how the agency uses these tools. However, OIG's Annual Plan for fiscal year 2003 includes an audit of the ROP. We plan to initiate that audit later this year.

## **II. PURPOSE**

---

The overall purpose of the audit was to assess the full range of regional operations. To accomplish this objective the OIG: (1) assessed whether performance goals and objectives were met, as measured by the performance metrics; (2) assessed whether internal management controls have been instituted to ensure quality of performance; and (3) obtained the views of resident and region-based inspectors and technical staff on regional operations. Appendix A provides additional information on the audit's scope and methodology.

## **III. FINDINGS**

---

Because the region lacks effective policies, procedures or instructions for compiling, reviewing, and reporting metric data, problems exist in collecting and reporting this information. Although a few metrics had data reliability issues, Region II generally met the metrics for its performance goals in the public health and safety area. However, the region cannot rely on metrics data to assess performance in its internal operating areas and needs to strengthen some management controls over information management. In addition, inspectors interviewed for this audit identified areas of potential improvement that the region should consider in its future planning.

## A. OPERATING PLAN METRICS

Performance data reported in Region II's FY 2001 fourth quarter operating plan status report is not reliable<sup>1</sup> for 13 of the 31 metrics reviewed, and one of the 13 was not valid as well. Only a few public health and safety measures reviewed contained reliability problems, while the internal operating performance measures consistently contained reliability problems. The following table provides a summary of the performance metrics reviewed.

| Summary of Metrics Reviewed |   |                            |                     |           |                            |
|-----------------------------|---|----------------------------|---------------------|-----------|----------------------------|
| Type of Performance Goal    | Number of Metrics in the Operating Plan | Number of Metrics Reviewed | Problems Identified |           |                            |
|                             |   |                            | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| Public Health and Safety    | 60                                      | 21                         | 2                   | 0         | 1                          |
| Internal Operating          | 10                                      | 10                         | 10                  | 0         | 0                          |
| Totals                      | 70                                      | 31                         | 12                  | 0         | 1                          |

The problems identified during this audit were due to (1) the lack of quality control procedures to ensure data reliability, e.g., the lack of documentation to support metric calculations, and (2) poorly developed performance measures. As a result, the usefulness of this information for decision making is limited. Details of the reliability and validity problems follow. Appendix B lists the metrics reviewed and Appendix C provides narrative descriptions for problematic metrics.

### **Reliability**

Reliability was undermined by (1) inaccurate or inconsistent use of data, and (2) the lack of documentation to support metric calculations. These problems were caused by the lack of quality control procedures in Region II for compiling, reviewing, and reporting performance results. These functions are delegated to the individuals that report results for their respective areas. The process, therefore, relies primarily on individuals, rather than a documented methodology for reporting data. Although

<sup>1</sup> *Reliability* pertains to the quality of the data, i.e., that the information is complete, accurate, consistently collected, and verifiable. *Validity* pertains to whether the metric is appropriate for the performance measure, i.e., that the metric is measuring what it is intended to measure.

Region II staff could often explain how they developed the performance data, the data analysis was not always reliable. Consequently, performance data for 13 of the 31 metrics reviewed in Region II's operating plan were not reliable, and one of the 13 was also not valid.

### **Inaccurate Data**

Five metrics contained inaccurate data calculations and are listed in Appendix B. Appendix C contains the detailed information for each metric with reliability or validity issues.

- Baseline Inspection Program Metric (Appendix B, metric 3). NRC's inspection manual describes the baseline inspection program as the *minimum* inspection oversight that should be conducted at each plant. The program is composed of approximately 40 procedures, each with a specified frequency and some that can only be performed when the plant is shut down. The region acknowledged that it did not complete the baseline inspection program for the 1-year inspection cycle that ended March 31, 2001. However, the region's reported 99 percent compliance rate was based only on an estimate, not an actual calculation. Moreover, OIG's review of one plant identified two additional inspection procedures (IP) that were not performed within the cycle. Discussions with the cognizant Region II manager and a staff member revealed that they were unaware that these procedures were not performed. According to region staff, IP 71122.01, *Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems*, a biennial procedure, was not performed as planned. OIG used Region II's inspection plans as the basis for determining if biennial and triennial inspection procedures were required during the cycle. OIG learned that this procedure was not performed as planned because competing priorities resulted in its oversight. Additionally, while NRC's Inspection Manual requires that IP 71130.04, *Security Plan Changes*, be conducted annually, Region II did not conduct this procedure within the inspection cycle.
- Timeliness of Travel Voucher Processing Metric (Appendix B, metric 22). The region reported 100 percent compliance with its metric of processing 95 percent of travel vouchers within 5 workdays of receipt. However, compliance was not 100 percent. The reported result was based on a *sample* of vouchers processed, not a 100 percent review. A 100 percent compliance rate implies that *all* transactions were in compliance; however, there were many exceptions.
- Requisition and Purchase Order Processing Metric (Appendix B, metric 24). Region II staff reported 100 percent compliance for all four quarters in FY 2001, i.e., that all 110 transactions were processed within 30 days. However, a sample of 22 transactions disclosed that four (18 percent) were not processed within 30 days.

The two additional metrics that had inaccurate data are listed in Appendix C.

### **Lack of Supporting Documentation**

Region II did not maintain documentation to support metric calculations for at least eight performance measures. Documentation is a basic quality control procedure. It should be complete and accurate and should facilitate tracing the transaction or event and related information. Documentation should be purposeful and useful to managers in controlling their operations, and others involved in analyzing operations or decision making. Without adequate documentation, senior management does not know if metric data is reliable or useful for making meaningful decisions. Specific examples concerning the lack of documentation follow.

- Accuracy of Processing Travel Vouchers Metric (Appendix B, metric 23). This effectiveness goal is measured by the number of complaints received or corrections made by headquarters. The region had no analysis or documentation to support its contention that no complaint or corrections were received.
- FOIA Response Metrics (Appendix B, metrics 26, 27). The accuracy of reported metrics regarding Region II's Freedom of Information Act (FOIA) estimates and responses cannot be substantiated. The Region II Acting Regional Administrator reported that in the fourth quarter FY 2001, 100 percent of the FOIA estimates were completed within 3 days and 100 percent of the FOIA responses were completed within 20 days. However, regional records do not contain verification of dates on which FOIA estimates and responses were completed. While *Regional Office Instruction Number 0350, Revision 7, Processing Freedom of Information Act Requests* requires that all applicable documentation be filed, this requirement was not implemented.
- Personnel Security Package Metric (Appendix B, metric 29). Region II lacked documentation to support its claim that it exceeded its metric to send 90 percent of new employee security packages to headquarters within 5 business days. Region II reported that it sent 100 percent of the packages to headquarters during FY 2001, yet there was no written documentation to support this claim. The reported information is based on a DRMA supervisor's knowledge of the subject.
- IT Help Desk Metric (Appendix B, metric 30). The Chief, Information Resources Management, does not maintain supporting documentation for calculating timeliness of closing help desk tickets. Accordingly, OIG could not determine whether the data reported is accurate.

The three additional metrics that did not have adequate documentation to support the performance measure are listed in Appendix C.

### **Validity**

One metric was not adequately designed to capture the attributes it was intended to measure.

- Reactor Inspection Report Timeliness Metric (Appendix B, metric 11) was not adequately designed to capture timeliness of *both 30 and 45-day* inspection reports. The metric uses a single data point to measure compliance for *both* 30 and 45-day inspection reports. A metric result for each should be reported.

### **Summary**

Region II's metric data is not consistently reliable and in one instance the performance measure itself was not valid. While the problems are more pronounced in the internal operating areas, three public health and safety metrics also had problems with data reliability. Region II does not have quality control procedures in place to ensure data reliability, and does not maintain documentation to support metric calculations. The validity problem appears to be caused by a poorly designed metric. As a result, the usefulness of this information for decision making is limited.

### **RECOMMENDATIONS**

OIG recommends that the Region II Administrator:

1. Develop and implement quality control procedures to ensure that metric data is valid and reliable.
2. Maintain documentation to support metric data reported in Region II Operating Plans.
3. Redesign the reactor inspection report timeliness metric to measure each type of report separately to gain better insights.

---

## **B. MANAGEMENT CONTROLS**

---

The region fulfills its internal operating functions and responsibilities, but some management controls need enhancing. The administrative staff accounts for property; processes payroll, travel, and purchase orders/requisitions; and conducts various information resource management and human resources functions. During this audit, a management control issue regarding information management emerged. Management of the region could be enhanced by strengthening management controls to ensure quality performance.

### **Management Controls Over Information Management**

Overall, the region was carrying out its information management function; however, the region needs to strengthen protection over classified and unclassified systems.

#### **Systems Processing Classified and Unclassified Safeguards Information**

Region II needs to make modifications to its security measures to adequately protect sensitive information processed on its standalone systems. NRC Management Directive 12.5, *NRC Automated Information Systems Security*, requires the assignment of a System Security Officer and the preparation of a System Security Plan for systems that process classified information, unclassified safeguards information, and sensitive information. The region has not assigned a System Security Officer or prepared a System Security Plan for the security of its standalone systems that process classified and unclassified safeguards information. The staff believed that storage of the units inside the secure room or inside an approved security container was sufficient. As a result, inadequate security controls over Region II's standalone systems increases the risk of loss, misuse, or unauthorized access to information resources.

### **RECOMMENDATIONS**

OIG recommends that the Region II Administrator:

4. Assign a System Security Officer for the security of standalone systems used to process classified and unclassified safeguards information.
5. Prepare a System Security Plan for the security of the standalone system used to process classified and unclassified safeguards information.

---

## **C. INTERVIEWS WITH REGION II INSPECTORS AND TECHNICAL STAFF**

---

OIG interviewed 35 Region II inspectors (20 of 40 resident or senior resident inspectors and 15 of 63 region-based inspectors and technical staff). Details of the interviews are found in Appendix D. The following summarizes comments and concerns in four areas. OIG followed up on several concerns and those results are noted below.

Appendix D, *Region II Interview Results*, provides a breakdown of responses to OIG questions. Some of these issues were beyond the scope of this audit and will be addressed in future audits. Consequently, no recommendations were made regarding issues raised by the Region II inspectors and technical staff.

### **Training**

- Region management is supportive of training for inspectors.
- The region could provide additional support in ensuring that required training is obtained. Specifically, the region could notify inspectors of upcoming training requirements and assist in scheduling classes.
- Courses should be better focused on what the job actually requires.
- Inspectors expressed a desire to obtain more courses in areas outside of requirements.

### **Technical**

- The region provides quick responses to technical issues.
- Time allocations for inspections do not adequately reflect the actual amount of time needed.
- Inspectors should have more flexibility in the inspection process.
- It takes too long to determine inspection finding results.

**Administrative**

- Additional secretarial support is needed.
- STARFIRE is very time consuming.
- The Agencywide Documents Access and Management System (ADAMS) is difficult to use and it is difficult to locate information in ADAMS.
- Workstation upgrades have caused problems with computer functions and can take up a significant amount of time.
- CITRIX is very slow and unstable. OIG determined that NRC has procured new servers and a software upgrade that should alleviate this situation. These should be installed in the near future.
- Many inspectors are under time pressure due to resource constraints.

**Licensee Management**

- The working relationship with licensee management is good to excellent given the position NRC must maintain as a regulator.

[Page intentionally left blank]

#### **IV. CONSOLIDATED LIST OF RECOMMENDATIONS**

---

OIG recommends that the Regional Administrator, Region II:

1. Develop and implement quality control procedures to ensure that metric data is valid and reliable.
2. Maintain documentation to support metric data reported in Region II Operating Plans.
3. Redesign the reactor inspection report timeliness metric to measure each type of report separately to gain better insights.
4. Assign a System Security Officer for the security of standalone systems used to process classified and unclassified safeguards information.
5. Prepare a System Security Plan for the security of the standalone system used to process classified and unclassified safeguards information.

[Page intentionally left blank]

## V. OIG RESPONSE TO AGENCY COMMENTS

On January 27, 2003, the Deputy Executive Director for Reactor Programs provided a response to this report. We have incorporated the Deputy Executive Director's comments as appropriate. The Deputy Executive Director's transmittal letter and the specific comments on this report are included as Appendix E. This report incorporates all but one of NRC's comments on the draft audit report, *Management Audit of Region II*. OIG takes exception to NRC's fourth comment as presented below:

NRC Comment:

*Page 5, Section III.A, Operating Plan Metrics, Inaccurate Data  
The last two sentences of the 1<sup>st</sup> bullet state:*

*"Moreover, OIG's review identified two additional inspection procedures that were not completed at one of the sampled plants. The region was not aware these procedures were not completed."*

*During the region's review of the draft report findings, it was determined that these sentences do not appear to be correct. The two inspection procedures (IPs) identified to the region by the OIG audit team (IPs 71122.01 and 71130.04 at Oconee) were not required to be completed. Both are biennial procedures and were not required to be completed for the inspection cycle ending March 31, 2001. For the next cycle, ending December 31, 2001, they were chosen as part of the procedures to not complete, which was allowed by the program office requirement of completing only 60 to 80 percent of the procedures. Subsequent to the OIG audit, the cognizant regional Branch Chief indicated he was aware that these procedures were not completed, however, he was not available during the OIG audit of this area. We request that the report be revised to reflect this new information.*

OIG Response:

OIG agrees that IP 71122.01, *Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems*, is a biennial requirement. A review of the Region's inspection plan identified that this IP was scheduled to be performed within the inspection cycle. However, after querying cognizant regional staff, OIG learned that this procedure was not performed as planned, an oversight because of competing priorities. Additionally, Region II did not identify this IP as a missed procedure in a self-assessment.

OIG disagrees that IP 71130.04, *Security Plan Changes*, is a biennial procedure. According to NRC's Inspection Manual, "Inspection of changes to Physical Security Plan is conducted annually" for IP 71130.04. While Region II asserts awareness that these procedures were not performed, their self-assessment did not support this assertion. Inspections for the subsequent reactor oversight process cycle were outside the scope of this audit.

[Page intentionally left blank]

## **SCOPE AND METHODOLOGY**

---

The overall purpose of the audit was to assess the full range of regional operations. To accomplish this objective we: (1) assessed whether performance goals and objectives were met, as measured by the performance metrics; (2) assessed whether internal management controls have been instituted to ensure quality of performance; and (3) obtained the views of resident and region-based inspectors and technical staff on regional operations.

The Office of the Inspector General (OIG) audit team reviewed Region II's Operating Plan for fiscal year 2001, Regional Office Policy Guides, and agency Management Directives. Furthermore, the audit team reviewed 31 of the 70 metrics contained in Region II's operating plans for fiscal year 2001. OIG identified and evaluated the policies for each metric; assessed the management controls used to compile, review, and report results; and determined whether the region had documented evidence to support the reported results. OIG also examined the policies, management controls, and operational processes, and drew conclusions regarding the adequacy of regional oversight for programs associated with communications, facilities management, and information management.

To supplement the information obtained from reviewing program performance data, OIG also interviewed a sample of 35 Region II inspection and technical staff members. The interviews included 15 region-based inspection staff members (such as health physicists, project engineers, operations engineers and reactor inspectors) and 20 resident and senior resident inspectors stationed at eight different nuclear power plants in Region II. The interviews consisted of 28 questions to gain the staff's perspectives about training adequacy; the extent that managers provide support to staff in technical areas; the adequacy of administrative support; and, relationships with licensees. In addition, OIG gave staff the opportunity to surface other issues not specifically addressed through the interview questions.

Throughout the review, the OIG audit team was aware of the possibility of fraud, waste, or misuse in regional programs. OIG conducted the audit from April 2002 to June 2002 in accordance with Generally Accepted Government Auditing Standards.

The major contributors to this report were Cathy Colleli, Shyrl Coker, Vicki Foster, Judy Gordon, Russ Irish, Corenthis Kelley, Debra Lipkey, Tony Lipuma, Bill McDowell, Sherri Miotla, Bob Moody, Beth Serepca, Michael Steinberg, Kathleen Stetson, Rebecca Underhill, and Steve Zane.

[Page intentionally left blank]

**Region II Metrics**  
**(Fiscal Year 2001 Operating Plan)**  
**Reviewed During OIG Audit (April 2002)**

| No. | Metric  | Description   | Goal   | Problems Identified |           |                            |
|-----|---------|---|--|---------------------|-----------|----------------------------|
|     |         |   |  | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| 1   | Outputs | <b>(Operator Licensing) Examinations at facilities.</b>   | Meet licensee's demand (approximately 10 examinations/year) with no docketed exceptions.           |                     |           |                            |
| 2   | Quality | <b>(Operator Licensing) Written examination not invalidated due to preventable post exam changes.</b>   | No invalidated exams.  |                     |           |                            |
| 3   | Outputs | <b>(Reactor Inspection) Extent of baseline program completion at each operating power reactor annually.</b>   | 100% of procedures completed at end of cycle (Q1: On track, Q2: 100%, Q3: On track, Q4: On track). | √                   |           |                            |
| 4   | Quality | <b>(Reactor Inspection) Number of enforcement actions successfully disputed based on requirement interpretation, facts previously available or application of Enforcement Policy.</b> | < 4 issued denials due to NRC error.   |                     |           |                            |

| No. | Metric  | Description  | Goal   | Problems Identified |           |                            |
|-----|---------|--|--|---------------------|-----------|----------------------------|
|     |         |  |  | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| 5   | Outputs | <p><b>(Reactor Inspection) Assessments of plant performance for each licensee on a periodic basis including mid-cycle and end-of-cycle assessment.</b></p> <p><b>Agency Action Meeting.</b></p> <p><b>End-of-cycle public meeting.</b></p> | <p>Twice per year.</p> <p>Annually.</p> <p>Held annually within required time frame.</p> |                     |           |                            |
| 6   | Quality | <p><b>(Reactor Inspection) % or number of examiners and inspectors who are not delinquent their refresher training.</b></p>  | <p>95% of inspectors and examiners.</p>  |                     |           |                            |
| 7   | Quality | <p><b>(Reactor Inspection) Allegation follow-up appropriately captures and responds to each issue raised.</b></p>  | <p>90% of cases reviewed as determined by Agency and Allegation Advisor Audit.</p>       |                     |           |                            |
| 8   | Quality | <p><b>(Reactor Inspection) Number of instances where identity of allegor is not adequately protected.</b></p>  | <p>None.</p>   |                     |           |                            |

| No. | Metric     | Description   | Goal   | Problems Identified |           |                            |
|-----|------------|---|--|---------------------|-----------|----------------------------|
|     |            |   |  | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| 9   | Timeliness | <b>(Enforcement) Average number of days to issue escalated enforcement cases.</b>   | 90% of all cases issued within 90 days on average.<br><br>100% of all cases are issued within 120 days on average. |                     |           |                            |
| 10  | Timeliness | <b>(Reactor Inspection) ARB meetings held within 30 days.</b><br><br><b>Average time to complete review of allegation technical concerns.</b><br><br><b>Acknowledgment letters in 45 days.</b><br><br><b>Acknowledgment letters in 30 days.</b> | 100%<br><br><180 days<br><br>100%<br><br>90%   |                     |           |                            |
| 11  | Timeliness | <b>(Reactor Inspection) Issuance of inspection reports.</b>   | 90% routine within 30 days.<br><br>90% team within 45 days.  |                     |           | √                          |
| 12  | Timeliness | <b>(Operator Licensing) Issuance of examination reports.</b>  | 90% routine within 45 days.  |                     |           |                            |
| 13  | Quantity   | <b>(Reactor Inspection) Senior Management site visits to obtain feedback.</b>   | Each site receives a visit by Senior Executive Service managers at a minimum once per year.                        | √                   |           |                            |

| No. | Metric     | Description  | Goal   | Problems Identified |           |                            |
|-----|------------|--|--|---------------------|-----------|----------------------------|
|     |            |  |  | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| 14  | Quantity   | <b>(Fuel Facility Inspection) Completion of the safety and safeguards inspections scheduled in the Fuel Cycle Master Inspection Plan.</b>  | >90%<br>Target:<br>1 <sup>st</sup> Quarter: 7<br>2 <sup>nd</sup> Quarter: 17<br>3 <sup>rd</sup> Quarter: 25<br>4 <sup>th</sup> Quarter: 36 |                     |           |                            |
| 15  | Timeliness | <b>(Materials licensing) Timeliness of completion of core inspections.</b>   | <10% overdue per MC 2800.  |                     |           |                            |
| 16  | Quality    | <b>(Fuel Facility and Materials Inspection) Number of enforcement actions successfully disputed based on requirement interpretation, facts previously available, or application of Enforcement Policy.</b> | <4   |                     |           |                            |
| 17  | Timeliness | <b>(Fuel Facility and Materials Inspection) Timeliness of completing escalated enforcement actions.</b>  | 90% of cases will average 90 days or less.<br><br>100% of cases will average 120 days or less.   |                     |           |                            |
| 18  | Quality    | <b>(Fuel Facility and Materials Inspection) Allegation follow-up appropriately captures and responds to each issue raised.</b>   | 90% of cases reviewed as determined by Agency Allegation Advisor Audit.  |                     |           |                            |

| No. | Metric     | Description   | Goal   | Problems Identified |           |                            |
|-----|------------|---|--|---------------------|-----------|----------------------------|
|     |            |   |  | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| 19  | Quality    | <b>(Fuel Facility and Materials Inspection)</b> Number of instances where identity of allegers is not protected.  | None.  |                     |           |                            |
| 20  | Timeliness | <b>(Fuel Facility and Materials Inspection) ARB meetings held within 30 days.</b><br><br><b>Average time to close technical concerns.</b><br><br><b>Acknowledgment letters in 45 days.</b><br><br><b>Acknowledgment letters in 30 days.</b> | 100%<br><br><180 days<br><br>100%<br><br>90%   |                     |           |                            |
| 21  | Timeliness | (Materials Licensing) Timeliness of reviews of applications for new materials licenses, license amendments, and license renewals.   | Complete 80% of the reviews for new applications, and amendments, within 90 days. For license renewal reviews, complete 80% of the reviews for license renewals within 180 days. |                     |           |                            |
| 22  | Timeliness | Timeliness of processing travel vouchers.   | Process 95% of vouchers within 5 workdays of receipt.  | √                   |           |                            |
| 23  | Quality    | Accuracy of processing travel vouchers.   | No more than 3% substantiated errors per quarter.  | √                   |           |                            |

| No.       | Metric        | Description   | Goal  | Problems Identified |           |                            |
|-----------|---------------|---|---|---------------------|-----------|----------------------------|
|           |               |   |   | Not Reliable        | Not Valid | Not Valid and Not Reliable |
| 24        | Timeliness    | Processing requisitions and purchase orders.  | Process 90% within 30 days of approval.                     | √                   |           |                            |
| 25        | Timeliness    | Provide regional action items to management in a timely manner.   | Close 90% of regional action items on date specified.       | √                   |           |                            |
| 26        | Timeliness    | Freedom of Information Act estimates are processed within established time frames.                          | Process 90% of estimates within 3 days.                     | √                   |           |                            |
| 27        | Timeliness    | Freedom of Information Act responses are processed within established time frames.                          | Complete 90% of responses within 20 days.                   | √                   |           |                            |
| 28        | Timeliness    | Establish rating panels within set guidelines after announcement closes.                                    | Establish 90% of panels within 5 business days.             | √                   |           |                            |
| 29        | Timeliness    | Send 145b, memo & NRC 236 to HQ personnel security within set guidelines within 2 weeks of job acceptance.  | Send 90% of security packages to HQ within 5 business days. | √                   |           |                            |
| 30        | Timeliness    | IT help desk tickets are closed within established time frames.   | Close 90% of help desk tickets on the day received.         | √                   |           |                            |
| 31        | Effectiveness | Network and server availability (7 a.m. - 5 p.m., 7 days a week except holidays and scheduled maintenance). | Maintain 90% availability during described times.           | √                   |           |                            |
| <b>31</b> | <b>Totals</b> |   |   | <b>12</b>           | <b>0</b>  | <b>1</b>                   |

---

## **DETAILS OF PROBLEMS IDENTIFIED WITH OPERATING PLAN METRICS**

---

### **Metric 3: Baseline Inspection Program Metric Contained Inaccurate Data**

NRC's inspection manual describes the baseline inspection program as the *minimum* inspection oversight that should be conducted at each plant. The program is composed of approximately 40 procedures, each with a specified frequency and some that can only be performed when the plant is shut down. Headquarters defines "completion" of an inspection procedure. The region acknowledged that it did not complete the baseline inspection program for the 1-year inspection cycle that ended March 31, 2001. However, the region's reported 99 percent compliance rate was based only on an estimate, not an actual calculation. Moreover, OIG's review identified additional inspection procedures that were not completed. The region was not aware these procedures were not completed.

### **Metric 11: Reactor Inspection Report Timeliness Metric Is Not Valid and Contained Inaccurate Data**

This metric contains two timeliness goals: 30-days for issuing 90 percent routine reports and 45 days for issuing 90 percent of team reports. Nonetheless, Region II reported 100 percent success as a single data point for all quarters in FY 2001. Unless performance is always 100 percent for each type of inspection report, this metric is not adequately designed to report performance for each. For example, if performance is less than 100 percent, the metric does not indicate which type of inspection report (or both) is not in compliance. This metric should be broken into two metrics or have two data points for reporting.

This review also found that a number of Inspection End Dates and Report Issuance Dates in the Inspection Report Tracking System (IRTS) did not match the dates cited in the actual inspection reports. Also, the correct date was not used to calculate due dates in a number of instances. Region II staff said that the data entered into IRTS is not subject to a quality assurance process.

### **Metric 13: Senior Management Site Visit Metric Contained Inaccurate Data**

Region II included senior management site visits to nuclear power reactor sites as part of its efforts to achieve the strategic goal of reducing unnecessary regulatory burden on stakeholders. Specifically, the operating plan states, *Seek licensee and industry feedback on the conduct of the Reactor Oversight Program. This includes the use of management visits to nuclear power reactor sites.* To monitor performance in this area, headquarters established the following performance target: *Each site receives a visit by [Senior Executive Service] SES managers at a minimum once per year.* While the review verified that all plants were visited during the year, the results reported for the first

quarter of FY 2001 are incorrect: supporting documentation could corroborate that only four sites were visited in that quarter, whereas nine visits were reported. Additionally, the region could not demonstrate that it completed regulatory impact forms for three sites. These forms are intended to obtain *licensee and industry feedback on the conduct of the Reactor Oversight Program*, and document such views.

**Metric 22:** Timeliness of Travel Voucher Processing Metric Contained Inaccurate Data

The region reported 100 percent compliance with its metric of processing 95 percent of travel vouchers within 5 days of receipt. However, compliance was not 100 percent. The reported result was based only on a *sample* of vouchers processed, not a 100 percent review. A 100 percent compliance rate implies that *all* transactions were in compliance; however, there were many exceptions.

**Metric 23:** Accuracy of Processing Travel Vouchers Metric Lacked Documentation

This effectiveness goal is measured by the number of complaints received or corrections made by headquarters. The region had no analysis or documentation to support its contention that no complaint or corrections were received.

**Metric 24:** Purchase Order/Requisition Processing Metric Contained Inaccurate Data

Region II staff reported 100 percent compliance for all four quarters in FY 2001, i.e., that all 110 transactions were processed within 30 days. However, a sample of 22 transactions disclosed that four (18 percent) were not processed within 30 days.

**Metric 25:** Action Items Metric Lacked Documentation

DRMA staff could not produce source documents to support their assertion that 100 percent of DRMA action items<sup>2</sup> were closed by the dates required by the Regional Administrator. While the DRMA manager compiles the information reported in the operating plan from memory, the Regional Administrator's

---

<sup>2</sup> An action item is correspondence received by the Regional Administrator that requires a response.

Secretary maintains a database which tracks the completion of action items and maintains files containing supporting documentation. A review of supporting documentation for the first quarter of FY 2001 revealed that only 77 percent (10 of 13) of the DRMA action items were closed on time.

**Metrics 26 and 27: FOIA Response Metrics Lacked Documentation**

The accuracy of reported metrics regarding Region II's FOIA estimates and responses cannot be substantiated. The Region II Acting Regional Administrator reported that in the fourth quarter FY 2001, 100 percent of the FOIA estimates were completed within 3 days and 100 percent of the FOIA responses were completed within 20 days. However, regional records do not contain verification of dates on which FOIA estimates and responses were completed. While *Regional Office Instruction Number 0350, Revision 7, Processing Freedom of Information Act Requests* requires that all applicable documentation be filed, this requirement was not implemented.

**Metric 28: Rating Panels Metric Lacked Documentation**

Region II was unable to provide support that it met its timeliness metric for establishing rating panels to be used for all vacancies at the GG-12 level and above, and all supervisory or managerial positions. Of the 28 vacancy announcements posted in FY 2001, only 4 of the vacancies used a rating panel. While OIG was able to identify memoranda establishing the rating panels, the dates of the memoranda did not validate Region II's claim. A responsible Region II official stated that the memos for establishing rating panels did not always go out at the same time that the panels were actually established. However, the region does not have documentation to verify this information. Furthermore, the region should not have reported 100 percent (or any percentage) for quarters when no rating panels were established.

**Metric 29: Personnel Security Package Metric Lacked Documentation**

Region II lacked documentation to support its claim that it exceeded its metric to send 90 percent of new employee security packages to headquarters within 5 business days. Region II reported that it sent 100 percent of the packages to headquarters during FY 2001, yet there was no written documentation to support this claim. The reported information is based on a DRMA supervisor's knowledge of the subject.

**Metric 30:** IT Help Desk Metric Contained Inaccurate Data and Lacked Documentation

The Chief, Information Resources Management, does not maintain supporting documentation for calculating the timeliness of closing help desk tickets. Accordingly, OIG could not determine whether the data reported was accurate.

**Metric 31:** Network and Server Availability Metric Lacked Documentation

The region presents the metric for server availability as being exceeded for all four quarters. However, the network tracking log is incomplete (as it is missing CITRIX and Resident Inspector Sites), and the events recorded are inaccurate based on reference to headquarters data. No regional documentation in support of the metrics was available.

---

## REGION II INTERVIEW RESULTS

---

### BACKGROUND

As part of the Region II management audit, OIG conducted 35 interviews with 20 reactor site-based inspectors and 15 region-based inspectors and technical staff. Reactor site-based employees consisted of resident inspectors and senior resident inspectors, while region-based employees were made up of reactor inspectors, project engineers, operations engineers, and health physicists. The purpose of the interviews was to help OIG gain information to evaluate regional management's support for one of the region's primary missions - the Reactor Oversight Process.

### DESCRIPTION

OIG developed this appendix from information obtained during the Region II interviews. Of the 28 questions asked, 25 had *yes*, *no*, or *not applicable* as possible answers. A *not applicable* response is not included with the results shown for each question, except for question 15.

OIG allowed those interviewed to provide explanations for their answers and/or caveats for clarifying their responses. From these 28 questions, OIG performed analysis of the responses. The questions were also divided into categories: training (1-5), technical (6-10), administrative (11-23,28), and licensee management (24-27). The answers were first categorized based on location, region or reactor site-based. OIG did this because it was believed that residents and region-based inspectors might have different perspectives. OIG then separated the answers into three categories: positive (denoted by green in the chart), negative (denoted by red), and conditional (denoted by yellow). Conditional responses contained positive and negative aspects, with additional explanations provided by the inspectors. A positive response could be measured with *yes* or *no* answers, depending on the nature of the question. This also applied to negative responses.

In developing the charts that follow, OIG believed it would be helpful to provide exemplars of the types of comments provided by the interviewees in the explanations for their answers and/or caveats for clarifying their responses. The horizontal bars in the charts always appear in the following order from top to bottom: green (positive response), yellow (conditional response), and red (negative response).

Question 1: Is the region ensuring you receive all required training? If no, why?

- Individual must ensure that they track their own training.
- Branch Chief does little to ensure training is received.
- ROP training should be better structured, more specific hands-on training.

Question 2: Are you receiving the correct training needed to accomplish your job?  
If no, why, and what additional training is needed?

- Prioritize training.
- Some core training is too routine and repetitive.
- Can get required training; other training hard to get.
- Inspections are better learned hands on.
- Training in fire protection is lacking.
- More training is needed in technical areas.
- Training needed when new responsibilities are introduced.
- Inspection training courses are oriented to NRR functions; need to include other types of inspection disciplines.

Question 3: Do you receive training on time? If no, why:

- Availability of required classes a problem.
- Supervisory courses not offered often enough to get timely training.
- Some training provided too early, e.g., ADAMS and STARFIRE.
- Training related to policy changes is received too long after changes are implemented.

Question 4: Is there a pattern of rescheduling for training? If yes, why?

- Adequate slots not available in required courses.
- Licensee schedule demands interfere, better coordination needed.
- Required classes cancelled when not enough staff signed up.

Question 5: Are there any other training issues for which you have concerns? If yes, what are they?

- Training is too broad-based; more detail is needed in inspection requirements.
- Training comes too soon; e.g., STARFIRE and ADAMS.
- Insufficient cross training in agency.
- Qualification Journals are not signed off properly.
- More supervisory training is needed.
- Course reimbursement not as easy in region or plant as it is at headquarters.
- Quality of TTC courses needs to be improved.

Question 6: Does the region provide timely responses to your requests for technical assistance? If no, why?

- Technical responsiveness is lacking.
- Some issues can get mired for a long time.
- SRAs are in short supply.
- Poor response time from headquarters on TARs.

Question 7: Do aspects of the inspection process need to be improved? If yes, what are they?

- Inspectors need more latitude to follow up on issues of concern.
- Need to reduce documentation requirements.
- Need adequate time to prepare for inspections.
- SDP is a struggle; hard to use.
- Want to be able to write down questions for licensees.
- No regulatory requirement for some inspection procedures; leads to no report of findings.
- Too focused on “counting beans,” i.e., inspection procedures.

Question 8: Have you suggested these improvements to your supervisor? If no, why?

- Problems are well known already.
- Supervisor is in the management chain; issues also reflect upon manager.

Question 9: Did your supervisor respond to your suggested improvement? If no, why?

- Did not provide meaningful input; just told to work around the problem.
- Cannot change it; "that's the way it is."
- Typical answer is, "They're working on it."
- Discuss issues, but never get fixed.
- Program of concern is directed out of headquarters; distance and differing authority can be a problem.

Question 10: Are there any other technical assistance issues that need to be addressed? If yes, what are they?

- Headquarters is slow to respond to technical questions, i.e., TARs.
- Enforcement; threshold for writing violations is too high.
- SRAs are overloaded or headquarters is directing them differently and it is hard to get matters resolved.
- Poor job done on allegation follow up.
- Resident inspectors working in a multitude of areas; may not have necessary specialized experience.
- Losing expertise becoming somewhat of a problem.
- Lack of inspector expertise leads to having to consult outside with SRAs and headquarters, which leads to untimely decisions.
- Need documented support for decisions of what is a finding.

Question 11: Do you receive timely reimbursement for travel expenses? If no, why?

- Everything gets done by mail, takes 2-3 weeks to get reimbursed.
- Should go online with electronic signatures, or use Informs and fax to shorten process.
- Would like to be told when funds are deposited.
- Too much paperwork to fill out travel vouchers, rather use PDAs.
- Relocation voucher payments are untimely; process is terrible.

Question 12: Do the various regional office administrative functions meet your needs? If no, why?

- Not very timely.
- Secretarial support is inadequate.
- Problems with DRMA staff response times.
- Professional staff must do a lot of secretarial work; pass cost on to licensees.
- Training support by DRMA is not strong.
- Problems getting supplies to sites; shipping costs more than worth of product.

Question 13: Do you have enough information technology equipment to do your job? If not, why not?

- Would like Microsoft Office in order to be compatible with licensees.
- Would like more computer training.
- Sites always behind on PC upgrades.
- More PDAs needed.

Question 14: Are there any computer/software problems that require resolution? If yes, what are they?

- STARFIRE is a major problem
- Microsoft Word vs. WordPerfect.
- ADAMS is cumbersome.
- Need more computer training.
- Laptops are in short supply.
- Printing problems with different software.

Question 16: Does your computer have adequate links to headquarters/the region for your work purposes? If no, why?

- CITRIX does not work.
- Would like to have a backup of information available during system downtime.
- Training is lacking; mostly learn as you go.
- ADAMS is overwhelming.
- Information taken off after 9/11 was useful to new employees.

Question 17: Does the telephone system provide adequate communication for your work? If no, why?

- Residents need a better message system.
- Resident inspectors have problems with phone services.
- Too many phone lines, 8 for 3 people.
- Would like caller ID.
- Fax line not on same telephone service as regular phone lines.
- Too much equipment (beepers, cell phones, and telephones).

Question 18: Are there other administrative assistance issues that should be addressed? If yes, what are they?

- Secretarial support is getting tight.
- STARFIRE.
- Office of Personnel can be spotty.
- Supplies being shipped; spending a ton of money; need local account near site.
- ADAMS difficult to use and not worth the time.

Question 19: Do other aspects of regional office operations need to be improved? If yes, what are they?

- Office of Personnel not responsive.
- Need to improve communications on policy changes and expectations of staff.
- Need consistency among Branch Chiefs in guidance given to staff.
- People in region not available when the inspectors are free.
- Management of resources for site coverage is weak.

Question 20: Do you have any major problems in completing your job? If yes, why?

- N vs. N+1.
- New ROP has predetermined items to inspect.
- Enforcement is more difficult.
- Lot of interpretation at various levels on inspection procedures; need clarification.

Question 21: Can the region/NRC do more to improve your effectiveness? If yes, what?

- Like more PDAs and digital cameras.
- Inspectors need more latitude to follow issues.
- Provide clearer guidance on issues.
- More specific technical training.
- Need better software.

Question 22: Are there any other areas upon which regional management needs to improve to help you do your job more effectively? If yes, what?

- Communication between senior management and new staff.
- Quality of review and analysis by region and headquarters staff.
- Residents need to spend more time being residents.
- Less time administratively “tracking beans;” need more inspection time.
- When program upgrades made, make sure that site inspectors are included.

Question 23: Is the Differing Professional View/Differing Professional Opinion process working correctly? If no, why?

- Viewed as career limiting.
- Seen good come out of it.

Question 26: Is your region responsive to licensee concerns and issues? If no, why?

- Too concerned.
- To a point of backing off or giving the licensee their way.

Question 27: Does regional management assist you, as needed, when you cannot resolve issues with plant management? If no, why?

- A burden resolving issues with regional management, but not licensees.
- They want too many details.

Question 28: Are there other areas that management needs to provide you with more information/support in order to perform your duties? If yes, what?

- N vs. N+1 decision.
- Site visits; RIs should not have to find out from licensee that NRC management is coming.
- Career development; new hires inhibit career progression.
- NRC's travel policy.
- Trying to have too much diversity too fast.
- Concerned with management's approach to ROP issues.
- Losing intern staff to licensees after investing time and money to train.

[Page intentionally left blank]

**January 27, 2003**

MEMORANDUM TO: Stephen D. Dingbaum  
Assistant Inspector General for Audits

FROM: William F. Kane **/RA/**  
Deputy Executive Director for Reactor Programs

SUBJECT: DRAFT OFFICE OF THE INSPECTOR GENERAL REPORTS ON  
MANAGEMENT AUDITS OF NRC'S REGIONAL OFFICES

This memorandum provides the staff's written comments on the subject draft reports, in accordance with your email transmittal dated December 17, 2002. We appreciate the opportunity to comment on these reports.

In general, we agree with many of your observations and recommendations and have already implemented various improvements and are planning others. We have a number of comments on areas in the reports that we feel require revision or further clarification. Specific comments on individual reports are provided in the attachment to this memorandum.

We are available to answer any questions you may have about our comments and to work with your staff to provide additional clarification, as appropriate. Please contact Melinda Malloy at (301) 415-1785 for assistance.

Attachment: As stated

[Page intentionally left blank]

## STAFF COMMENTS ON OIG'S DRAFT REPORTS ON MANAGEMENT AUDITS OF NRC'S REGIONAL OFFICES

### General

124. NRC managers assess their management controls consistent with Management Directive and Handbook 4.4, "Management Controls," and the General Accounting Offices's "Standards for Internal Controls." Is the basis for the OIG's discussions on management controls in the audit reports consistent with the direction and guidance in Management Directive and Handbook 4.4?

### Draft Audit Report, "Headquarters Action Needed On Issues Identified From the Office of the Inspector General's Management Audits of Regional Offices"

1. Page iii, Results in Brief, Operating Plan Metrics.  
We believe that the last sentence before the section on Management Controls overstates the problem, and suggest that it be revised to read as follows:  

"By exercising only limited oversight of the regions' administrative metrics, headquarters is missing an opportunity to **strengthen** ~~provide guidance, leadership, and performance assessment~~ **guidance** for the regions' management and support functions."
2. Page 1, Section I, Background.  
The 3<sup>rd</sup> sentence of paragraph 3 identifies the regions' Division of Resource Management and Administration (DRMA) activities to include payroll. Regional DRMA activities include Time and Labor, but not full payroll duties. In addition, DRMA is responsible for several other functions. Therefore, we recommend that this sentence be revised as follows:  

"The Division of Resource Management and Administration (DRMA) conducts internal operating support activities including **time and labor coordination, financial management,** facilities management, travel, ~~payroll,~~ **procurement, information technology,** and human resource functions."

It should be noted that there is a similar statement on pages 1 or 2 in Section I of the individual regions' reports, and the statements are inconsistent among reports. We recommend that they be revised to ensure consistency with the summary report and among the individual regions' reports.
3. Page 8, Section III.A, Operating Plan Metrics, Public Health and Safety Metrics.  
The 3<sup>rd</sup> sentence of the 1<sup>st</sup> full paragraph states that NRC's inspection manual discusses completion of the baseline inspection program as the estimated number of inspection hours to be expended and/or a minimum sample of items or occurrences to be inspected. This statement is not factually correct. NRC's Inspection Manual Chapter 2515 states

that the estimate of inspection hours included in each inspection procedure (IP) is for resource planning only. These hours refer to the estimated average times to complete the inspections for cornerstone areas at dual-unit sites, and are not goals, standards, or limitations. They are included in the IPs to assist in planning resource allocations and are revised periodically, based on experience. Inspectors should inspect the number of samples specified by the baseline IPs because the baseline program provides the insights necessary to assess performance, with performance indicators, in each cornerstone of safety.

Since initial implementation of the inspection program, the program office has emphasized that an IP is completed when all inspection requirements stated in the procedure have been performed, i.e., the minimum number of samples have been inspected. We recognize that this might not have been fully understood and, therefore, have reemphasized this information in a memorandum dated July 16, 2002, from Bruce Boger, NRR to Deputy Regional Administrators (see ML0201920501).

We recommend that this paragraph of the report be clarified by revising it as follows:

“Regional managers stated that they have received limited guidance on definition of terms, results presentation, procedures for data collection and computations, and expectations for quality control. For example, while the operating plans requires that each region report on the extent of completion of the baseline inspection program, ~~headquarters does not define “completion”~~ **the conditions for completion of a procedure may not have been completely understood. Even though NRC’s inspection manual and individual procedures provide guidance for determining procedure** ~~discusses completion, as the estimated number of inspection hours to be expended and/or a minimum sample of items or occurrences to be inspected~~ **one region assesses completion based on hours, while another region assesses completion based on sample size. Regional managers expressed confusion about which of these two attributes to apply, and some believe it is a combination of the two.”**

4. Page 10, Section III.A, Operating Plan Metrics, Public Health and Safety Metrics. In the 1<sup>st</sup> full paragraph before the section on Summary, the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> sentences give the impression that all senior managers in headquarters have little or no interest or involvement in regional management and support activities, which is not the case. In fact, the OIG found several administrative areas to be operating effectively with the current level of oversight. (See page 11, discussion at the beginning of section III.B on Management Controls.) We think it would be more appropriate to replace these sentences with the following:

“There is wide variance among the regions in the use of operating metrics for administrative activities.”

**Draft Audit Report, “Management Audit of Region I”**

1. Page 1, Section I, Background.  
The last sentence of the 3<sup>rd</sup> paragraph, which describes the functions performed by the region’s Division of Resource Management, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Headquarters Action Needed On Issues Identified From the Office of the Inspector General’s Management Audits of Regional Offices.”

**Draft Audit Report, “Management Audit of Region II”**

1. Page i, Executive Summary, Background and Page 1, Section I, Background.  
The 1<sup>st</sup> paragraph on page i indicates that the Region II office operates and covers a 9 State area. A similar statement appears in the 2<sup>nd</sup> paragraph of page 1. The Region II office actually covers a 10 State area. Part of the confusion may be in the fact that Region IV has regulatory oversight for the Grand Gulf nuclear power plant, which is in the State of Mississippi, but the Region II office maintains regulatory oversight for all other uses of radioactive materials and of the Agreement State program for the State of Mississippi. These sections should be revised accordingly to reflect this information.
2. Page 1, Section I, Background.  
The 3<sup>rd</sup> paragraph, which describes the structure of the region’s strategic and performance goals consistent with the NRC’s mission, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Management Audit of Region III.”
3. Page 2, Section I, Background.  
The sentence beginning on line 2, which describes the functions performed by the region’s Division of Resource Management and Administration, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Headquarters Action Needed On Issues Identified From the Office of the Inspector General’s Management Audits of Regional Offices.”
4. Page 5, Section III.A, Operating Plan Metrics, Inaccurate Data  
The last two sentences of the 1<sup>st</sup> bullet state:  

“Moreover, OIG’s review identified two additional inspection procedures that were not completed at one of the sampled plants. The region was not aware these procedures were not completed.”

During the region’s review of the draft report findings, it was determined that these sentences do not appear to be correct. The two inspection procedures (IPs) identified to the region by the OIG audit team (IPs 71122.01 and 71130.04 at Oconee) were not required to be completed. Both are biennial procedures and were not required to be completed for the inspection cycle ending March 31, 2001. For the next cycle, ending December 31, 2001, they were chosen as part of the procedures to not complete, which was allowed by the program office requirement of completing only 60 to 80 percent of

the procedures. Subsequent to the OIG audit, the cognizant regional Branch Chief indicated he was aware that these procedures were not completed, however, he was not available during the OIG audit of this area. We request that the report be revised to reflect this new information.

5. Page 9, Section III.B, Management Controls, Management Controls Over Information Management.  
The last sentence in the section on Systems Processing Classified and Unclassified Safeguards Information indicates that as a result of not specifically assigning a System Security Officer or preparing a specific System Security Plan, there is an absence of security controls over Region II's systems. While we agree with the report's conclusions and recommendations that the controls should be enhanced (e.g., there is not a specific security officer for the standalone systems processing and not a specific security plan for the standalone systems), it is incorrect to state that there are no controls over Region II's systems. Region II does have a Security Officer assigned for processing classified information and a Regional Office Security Plan, which covers processing of classified and unclassified safeguards information, including by the use of standalone systems.

#### **Draft Audit Report, "Management Audit of Region III"**

1. Page 1, Section I, Background.  
The 4<sup>th</sup> sentence of the 2<sup>nd</sup> paragraph incorrectly lists the number of resident inspectors assigned to Region III as 34. Region III has 35 resident inspectors—32 at power reactor facilities and 3 at the gaseous diffusion plants. We recommend that this sentence be revised to read as follows:

“When fully staffed, there are 35 ~~34~~ resident inspectors working at 16 nuclear power plants and two gaseous diffusion plants under the region's jurisdiction.”

2. Page 1, Section I, Background.  
The 3<sup>rd</sup> paragraph, 3<sup>rd</sup> sentence identifies corporate management strategies as a fourth area, which appears to indicate that this area is unique to the region and outside of the Strategic Plan. For clarification, we recommend that this sentence be revised as follows:

“Consistent with the NRC Strategic Plan, the region also uses ~~has~~ a fourth area called, the corporate management strategies, to accomplish strategic and performance goals.”

It should be noted that there is a similar statement on page 1 Section I of the reports for Regions II and IV. We recommend that these statements also be revised.

3. Page 2, Section I, Background.  
The sentence beginning on line 2, which describes the functions performed by the region's Division of Resource Management, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, "Headquarters Action Needed On Issues Identified From the Office of the Inspector General's Management Audits of Regional Offices."
4. Page 5, Section III.A, Operating Plan Metrics, and Page 29, Appendix B, Region IV Metrics.  
The sections on Inaccurate Data (page 5) and Metric 3: Baseline Inspection Metric Reported Inaccurately (page 29) have the same wording to describe an error with the region's inspection procedure completion records. The current writeup would lead one to believe that the inspection procedure (IP) was not completed at the time of the audit, which is not correct. The IP was completed on June 30, 2001, after the end of the inspection cycle (i.e., March 31, 2001) at the Davis-Besse facility (reference Inspection Report 50-346/01-10). Consequently, we recommend changing the last three sentences of both of these sections to read as follows:  

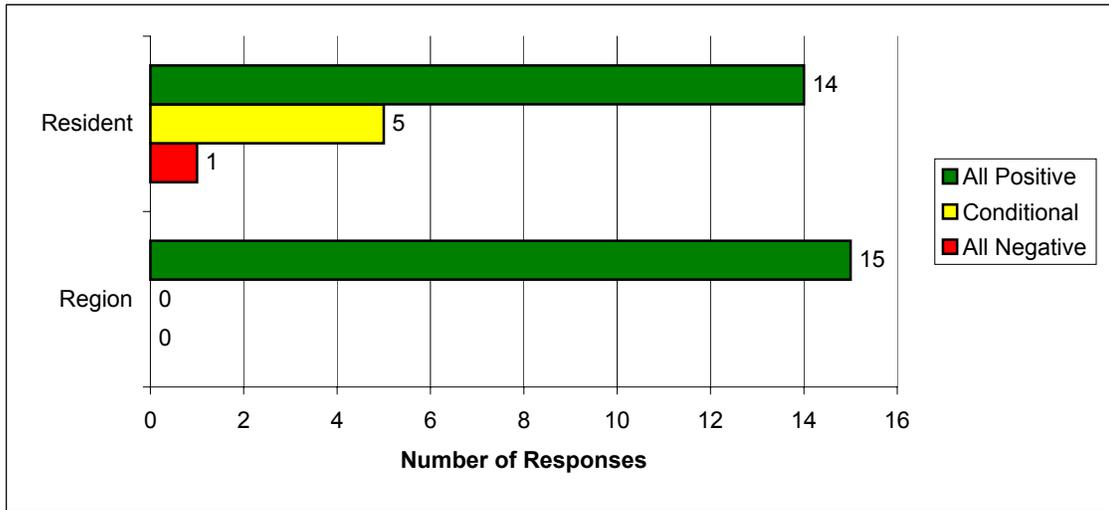
"Auditors reviewed baseline inspection records pertaining to 3 of the region's 16 nuclear power plants and identified one case where a required ~~and planned~~ inspection procedure was not completed **as planned before the end of the inspection cycle**. Regional staff were unaware that the inspection procedure in question was not completed **until June 30, 2001**. By not completing just one inspection procedure **before the end of the inspection cycle**, Region III missed its target for completing the *minimum* NRC inspection oversight requirement; however, the region reported that it met its ~~annual~~ goal of conducting 100 percent of its baseline inspections **during the inspection cycle ending March 31, 2001**."
5. Page 13, Section III.C, Interviews with Region III Inspectors and Technical Staff.  
The 1<sup>st</sup> sentence of the 1<sup>st</sup> paragraph identifies that the OIG interviewed 19 of 32 resident or senior resident inspectors and 15 of 33 region-based inspectors and technical staff. These numbers appear to be inconsistent with Region III's staffing plan. Region III currently has 35 resident inspectors assigned to its sites as noted in item 2. Additionally, the region has over 90 region-based inspectors and technical staff (current count is 94 plus 8 interns). This includes the technical staff in Division of Reactor Safety (DRS), Division of Reactor Projects (DRP), Division of Nuclear Materials Safety (DNMS), and the Enforcement and Investigation Coordination Staff. Therefore, we recommend that the first sentence of Section III.C be revised to either account for the total population of region-based inspectors and technical staff or better define the population of 33 as a subset of the total population.

**Draft Audit Report, “Management Audit of Region IV”**

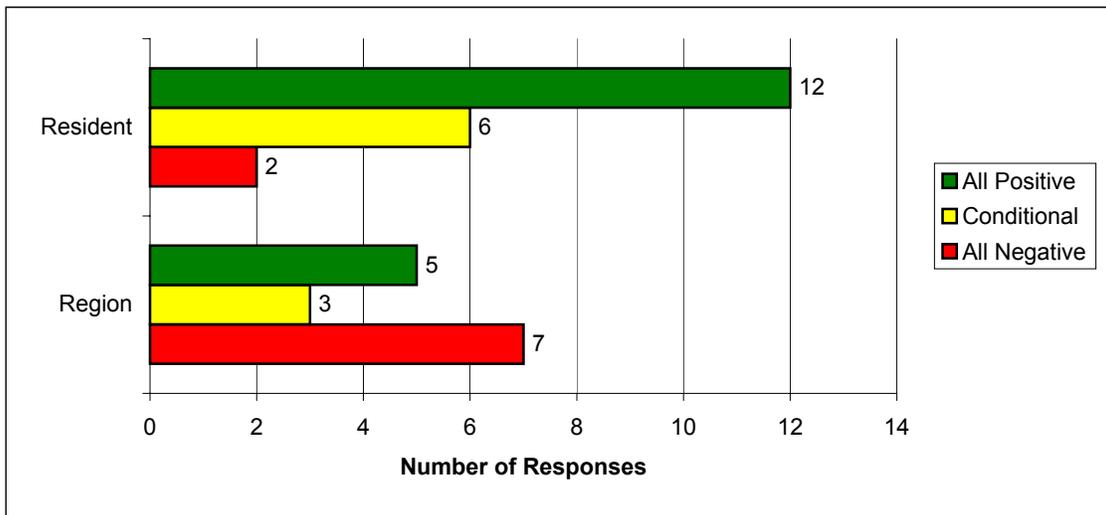
1. Page 1, Section I, Background.  
The 3<sup>rd</sup> paragraph, which describes the structure of the region’s strategic and performance goals consistent with the NRC’s mission, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Management Audit of Region III.”
  
2. Page 2, Section I, Background.  
The last sentence of the 3<sup>rd</sup> paragraph, which describes the functions performed by the region’s Division of Resource Management and Administration, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Headquarters Action Needed On Issues Identified From the Office of the Inspector General’s Management Audits of Regional Offices.”

### REGION II INTERVIEW RESULTS

Question 1: Is the region ensuring you receive all required training? If no, why?

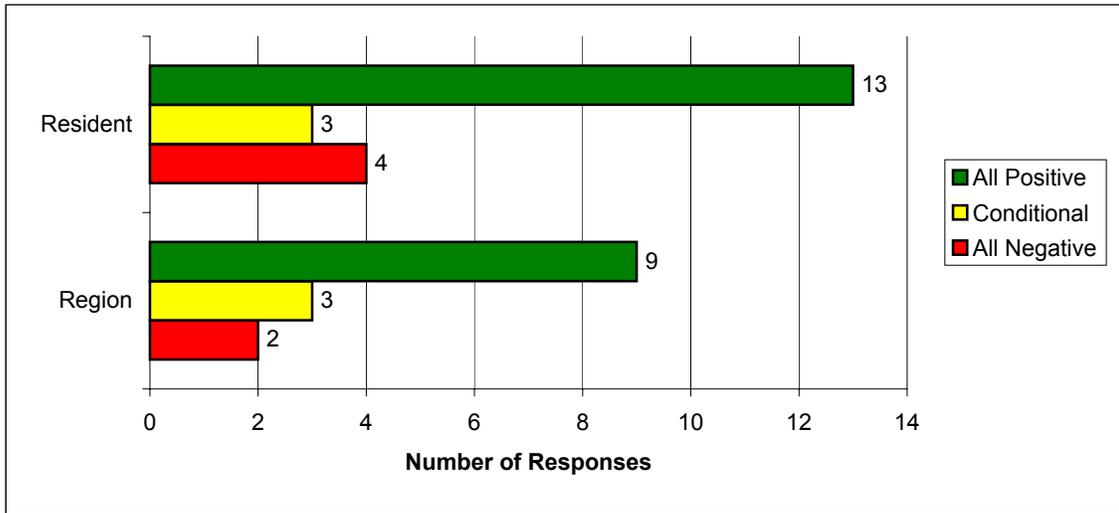


Question 2: Are you receiving the correct training needed to accomplish your job? If no, why, and what additional training is needed?



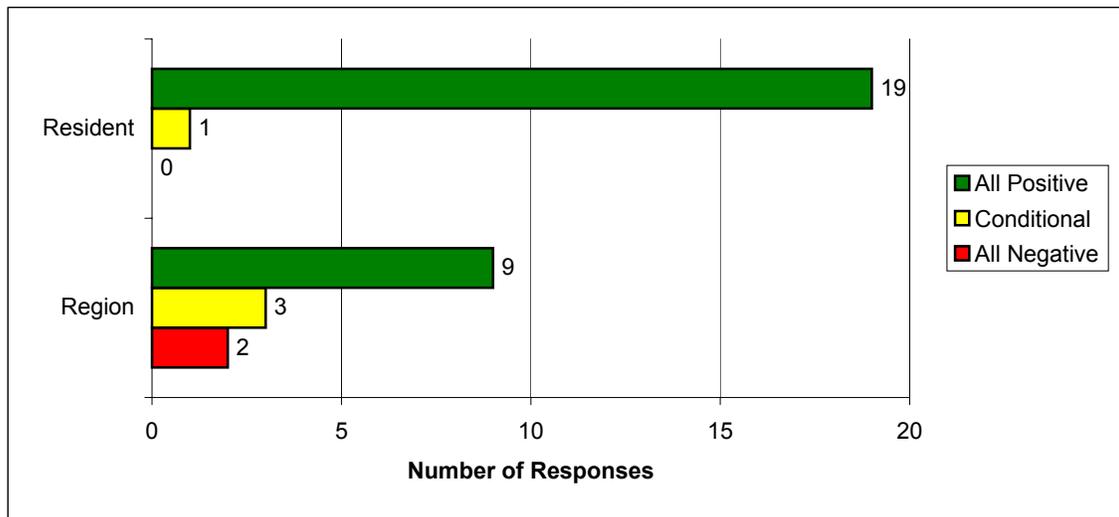
### REGION II INTERVIEW RESULTS

Question 3: Do you receive training on time? If no, why?



Question 4: Is there a pattern of rescheduling for training? If yes, why?

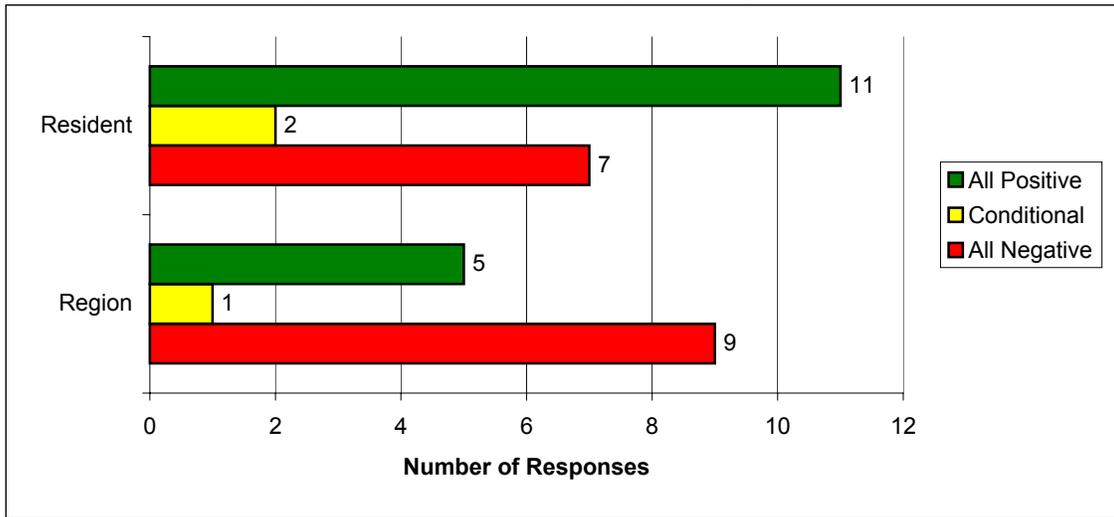
Note: In this situation, a yes answer denotes a negative response (measured in red).



### REGION II INTERVIEW RESULTS

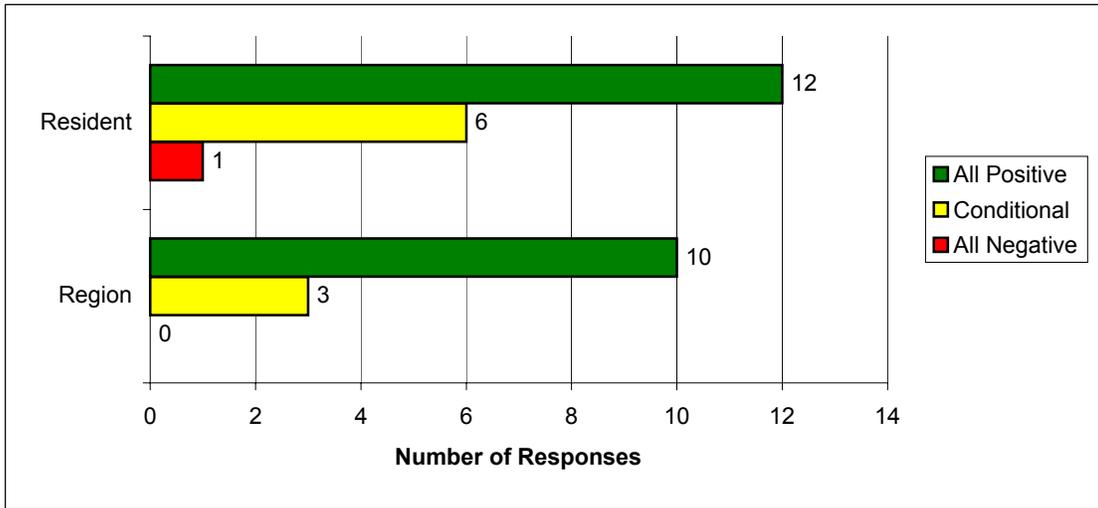
Question 5: Are there any other training issues for which you have concerns? If yes, what are they?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**



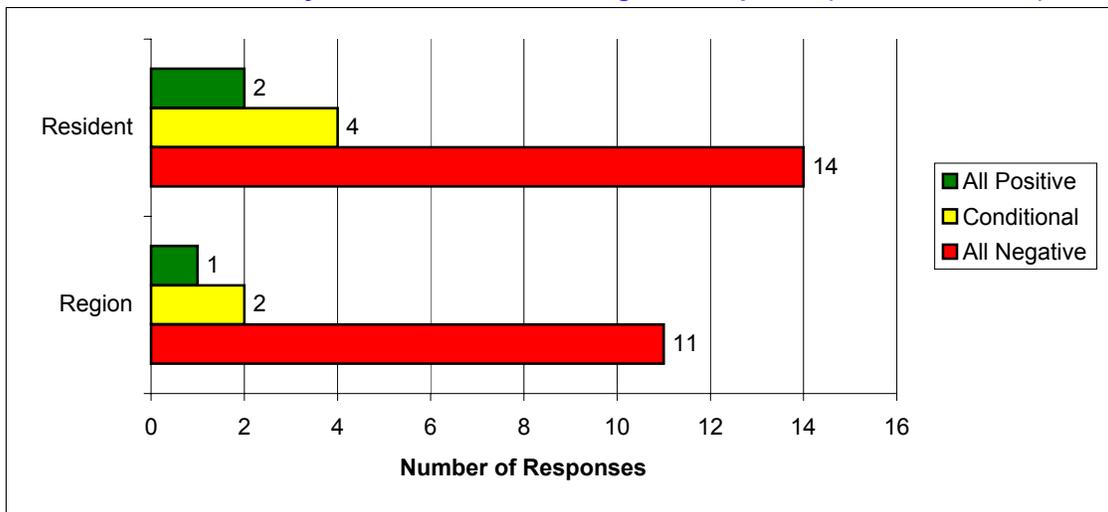
### REGION II INTERVIEW RESULTS

Question 6: Does the region provide timely responses to your requests for technical assistance? If no, why?



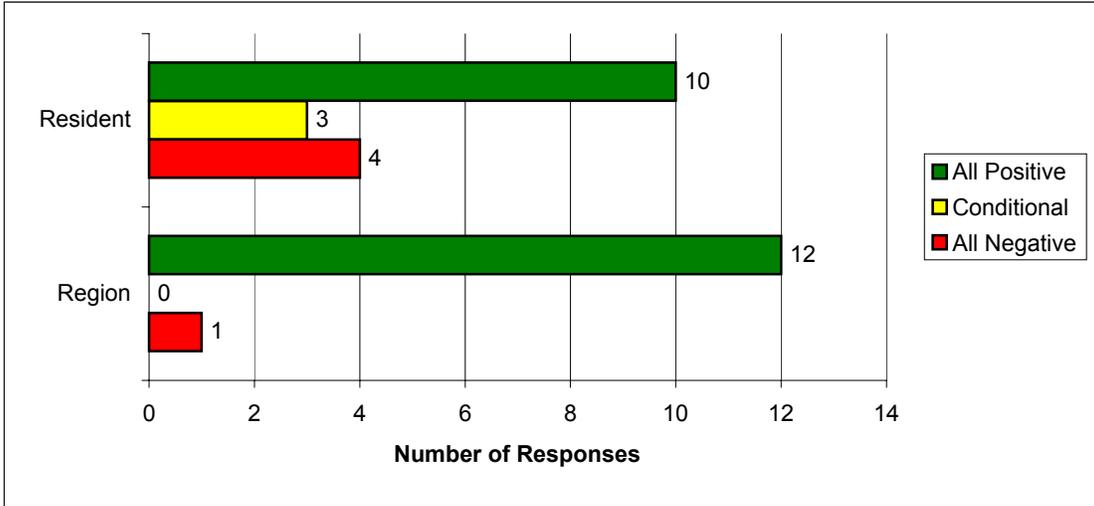
Question 7: Do aspects of the inspection process need to be improved? If yes, what are they?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**

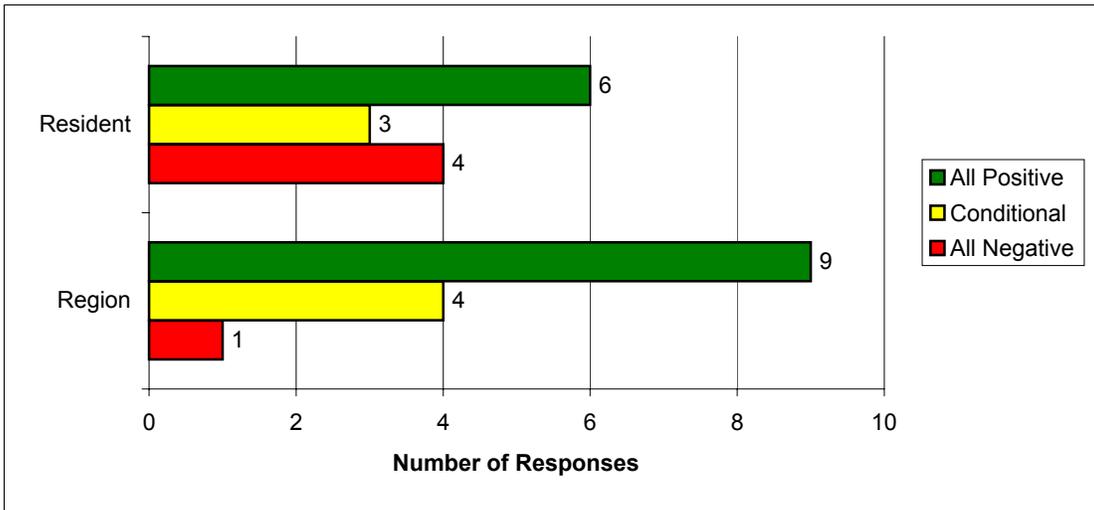


### REGION II INTERVIEW RESULTS

Question 8: Have you suggested these improvements to your supervisor? If no, why?



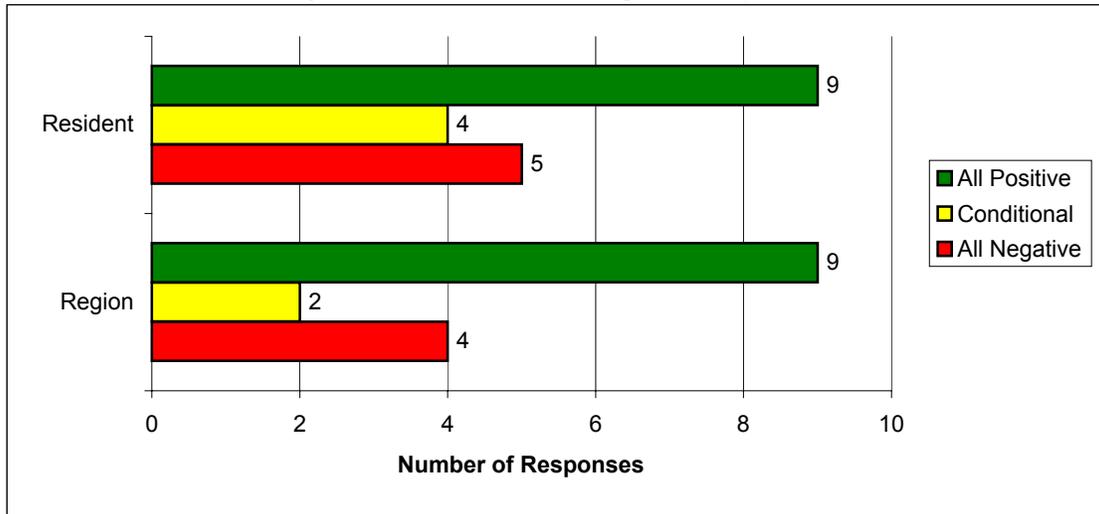
Question 9: Did your supervisor respond to your suggested improvements? If no, why?



### REGION II INTERVIEW RESULTS

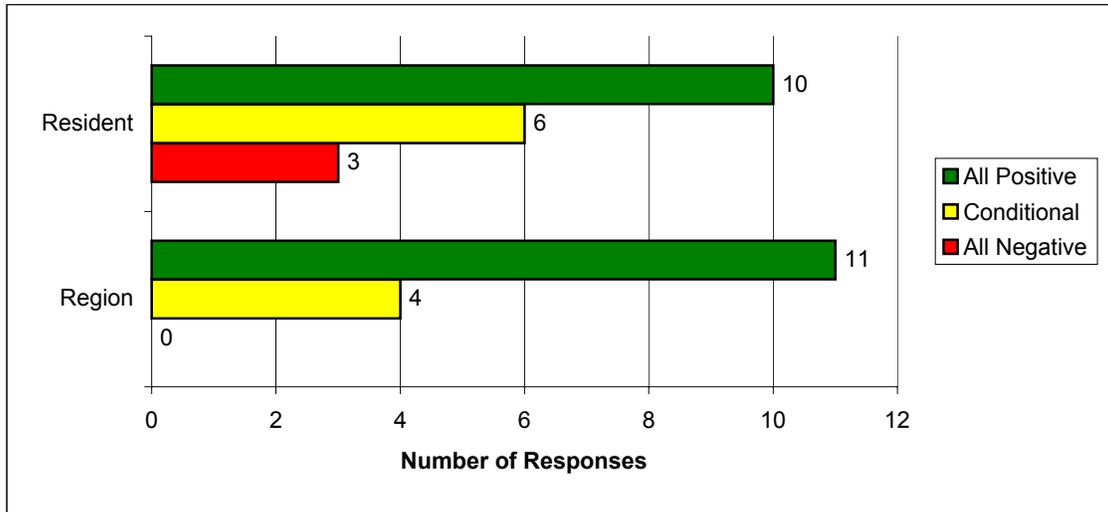
Question 10: Are there any other technical assistance issues that need to be addressed? If yes, what are they?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**

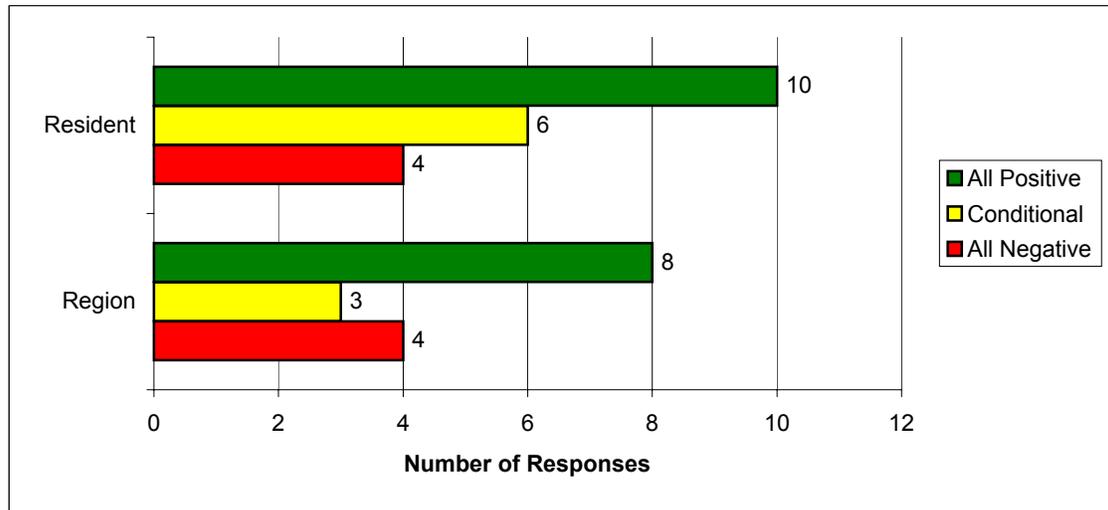


### REGION II INTERVIEW RESULTS

Question 11: Do you receive timely reimbursement for travel expenses? If no, why?

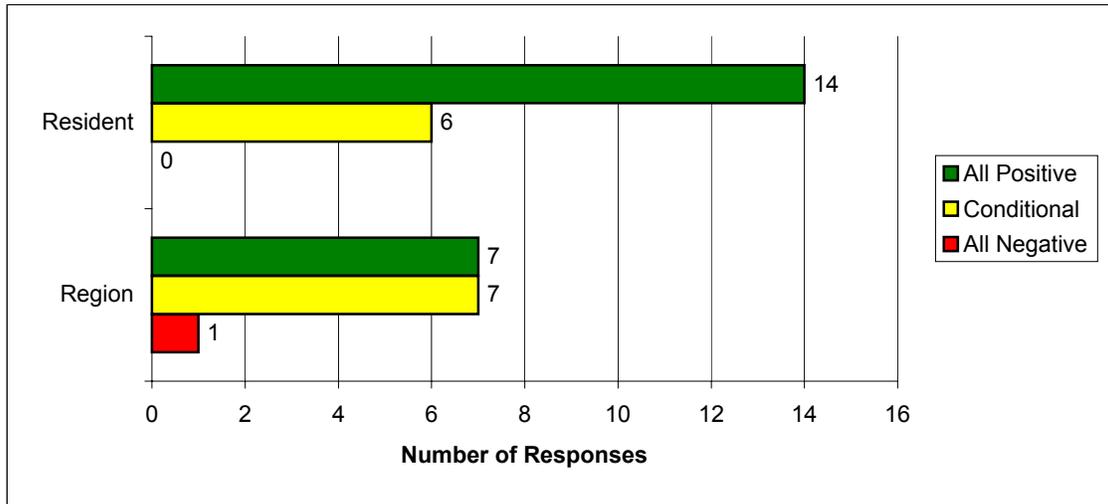


Question 12: Do the various regional office administrative functions meet your needs? If no, why?



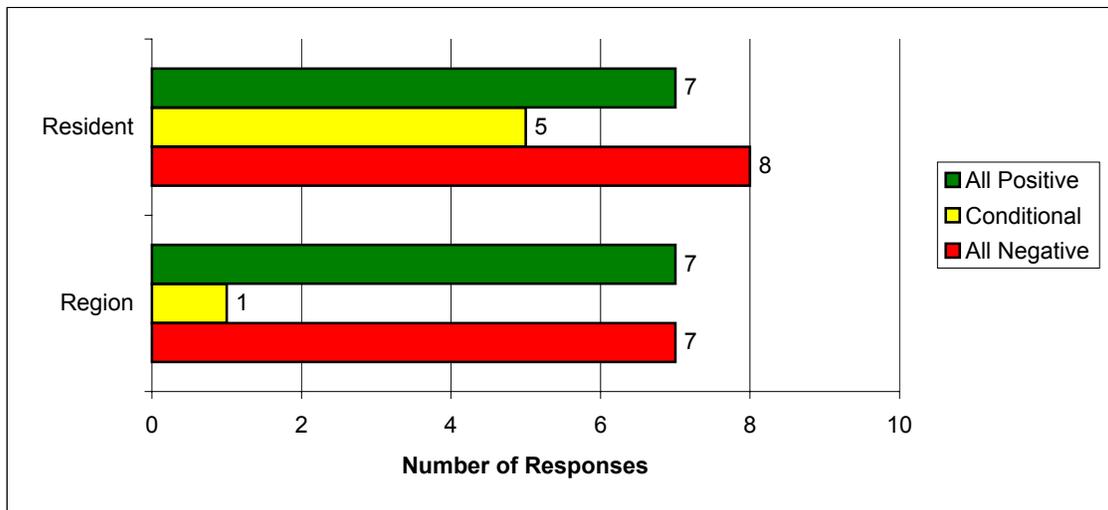
### REGION II INTERVIEW RESULTS

Question 13: Do you have enough information technology equipment to do your job? If not, why not?



Question 14: Are there any computer/software problems that require resolution? If yes, what are they?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**



## REGION II INTERVIEW RESULTS

Question 15: How do your computer/software problems get fixed?

Comments:

Resident

Mostly positive

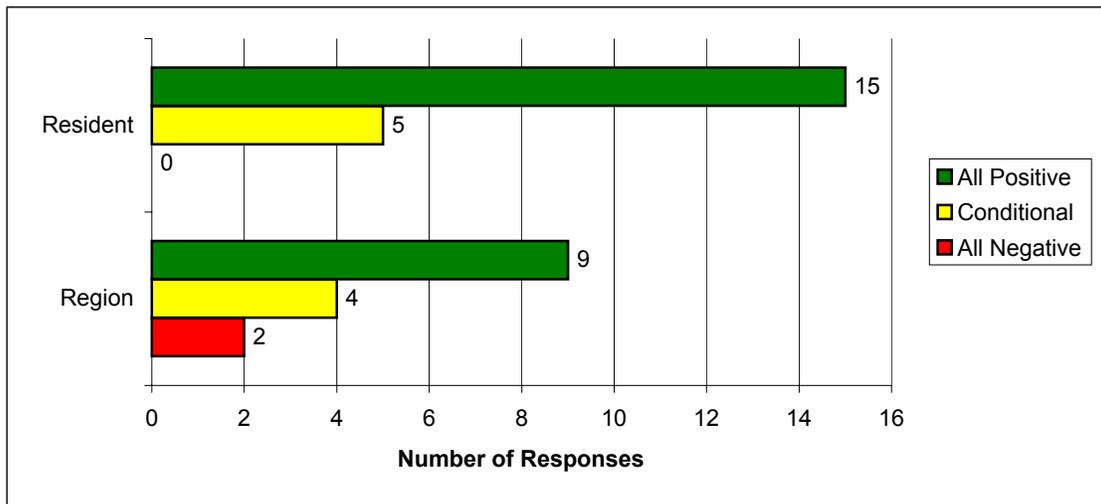
Help desk, answer questions over phone

Region

Almost all positive

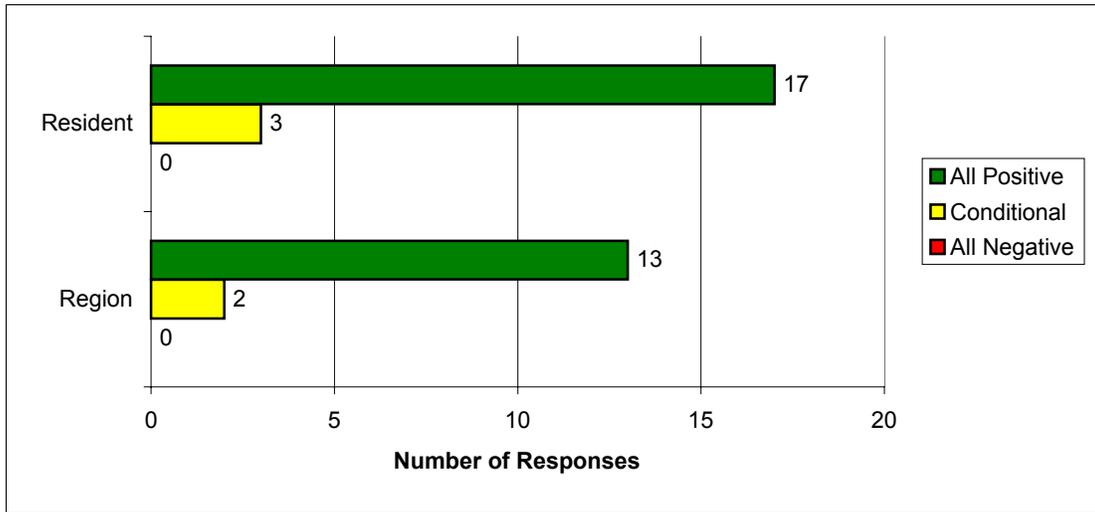
Call help desk, get timely responses

Question 16: Does your computer have adequate links to headquarters/the region for your work purposes? If no, why?



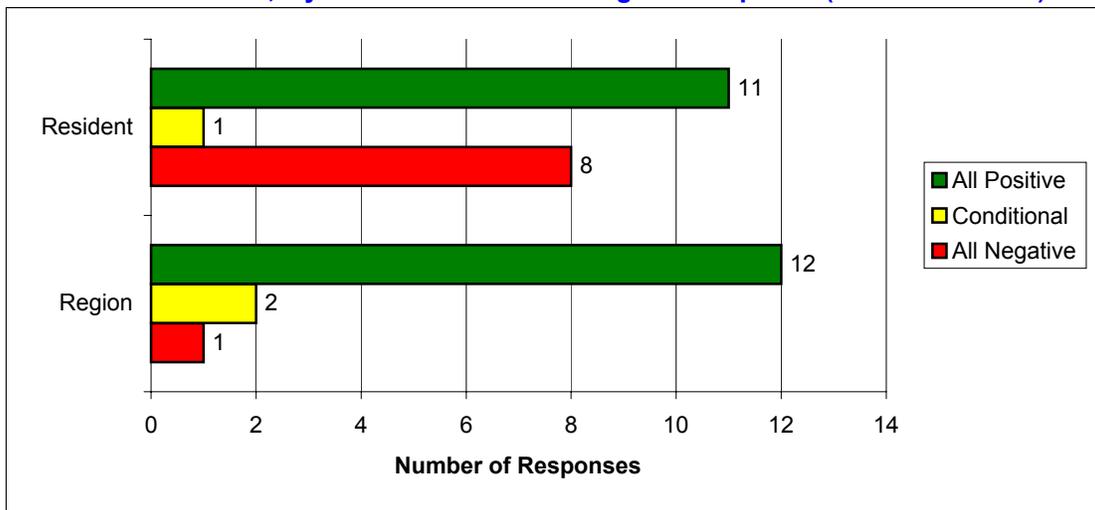
### REGION II INTERVIEW RESULTS

Question 17: Does the telephone system provide adequate communication for your work? If no, why?



Question 18: Are there other administrative assistance issues that should be addressed? If yes, what are they?

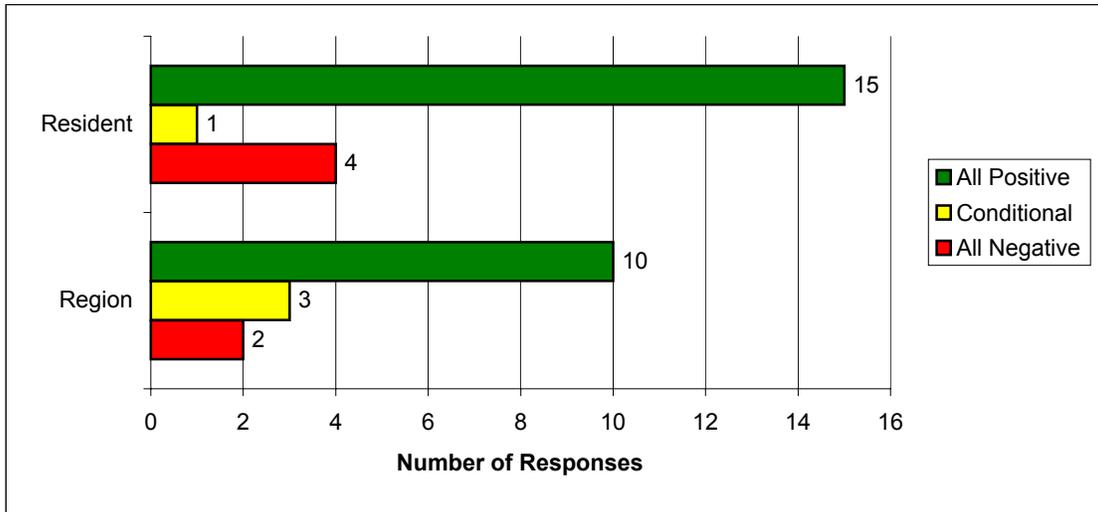
**Note: In this situation, a yes answer denotes a negative response (measured in red).**



### REGION II INTERVIEW RESULTS

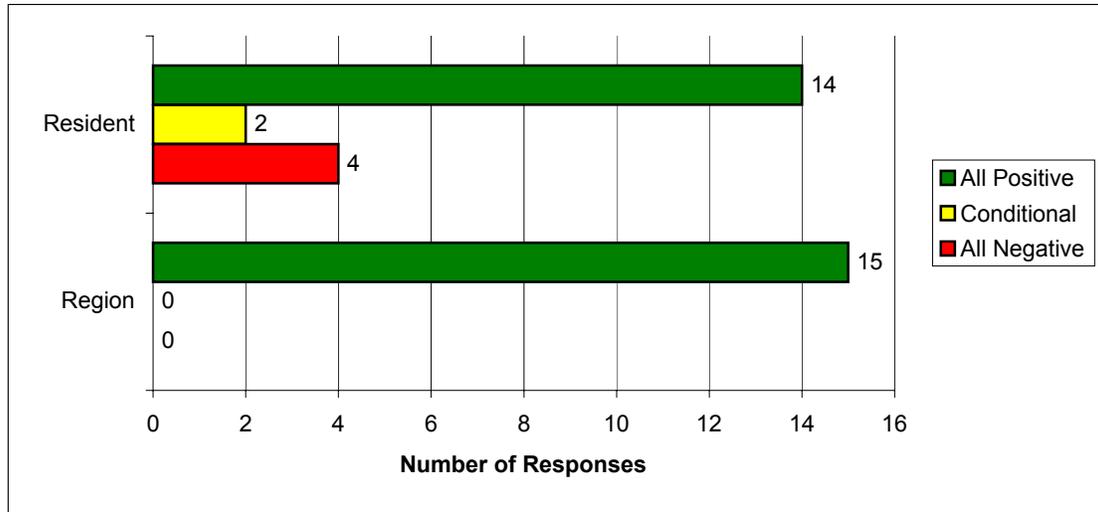
Question 19: Do other aspects of regional office operations need to be improved? If yes, what are they?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**



Question 20: Do you have any major problems in completing your job? If yes, why?

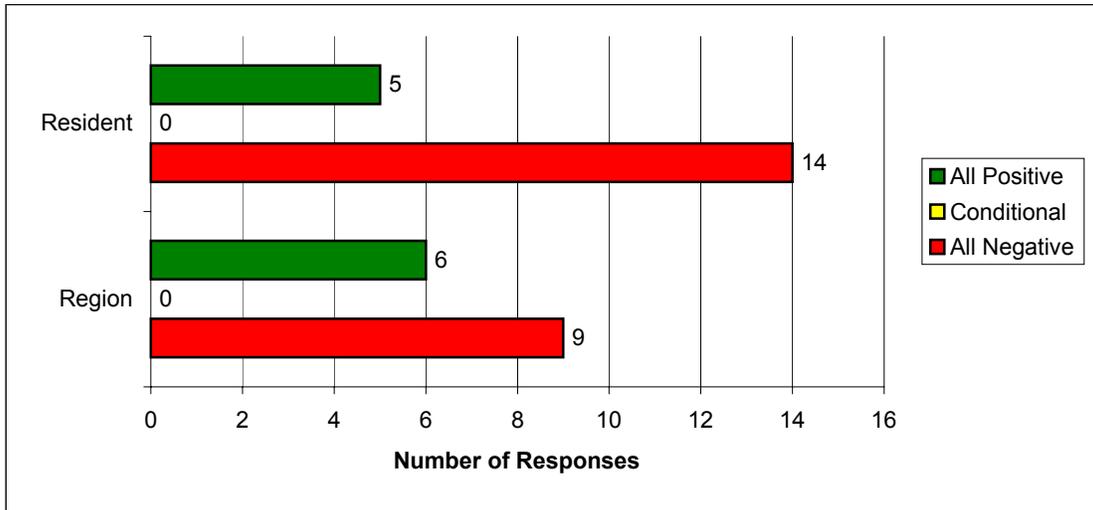
**Note: In this situation, a yes answer denotes a negative response (measured in red).**



### REGION II INTERVIEW RESULTS

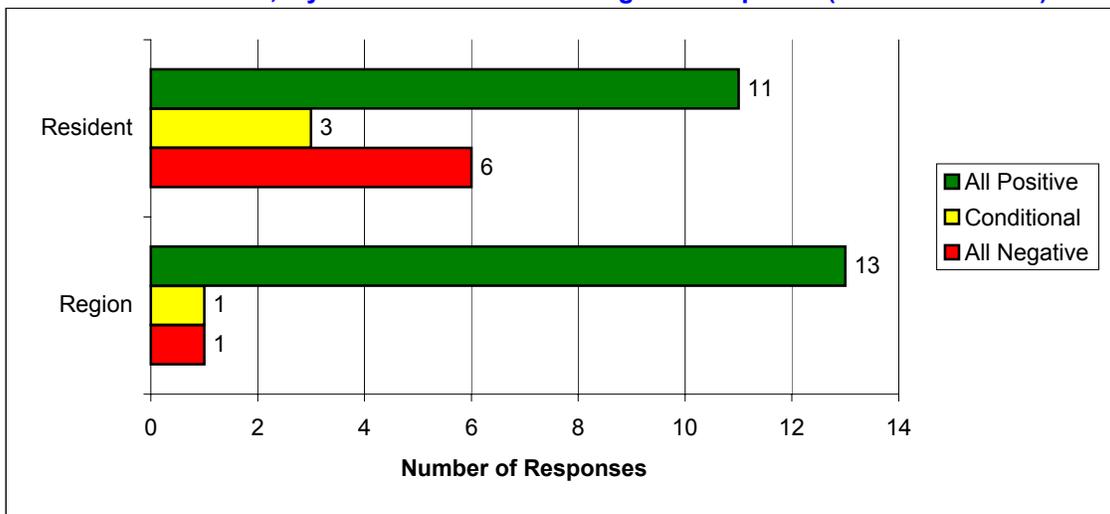
Question 21: Can the region/NRC do more to improve your effectiveness? If yes, what?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**



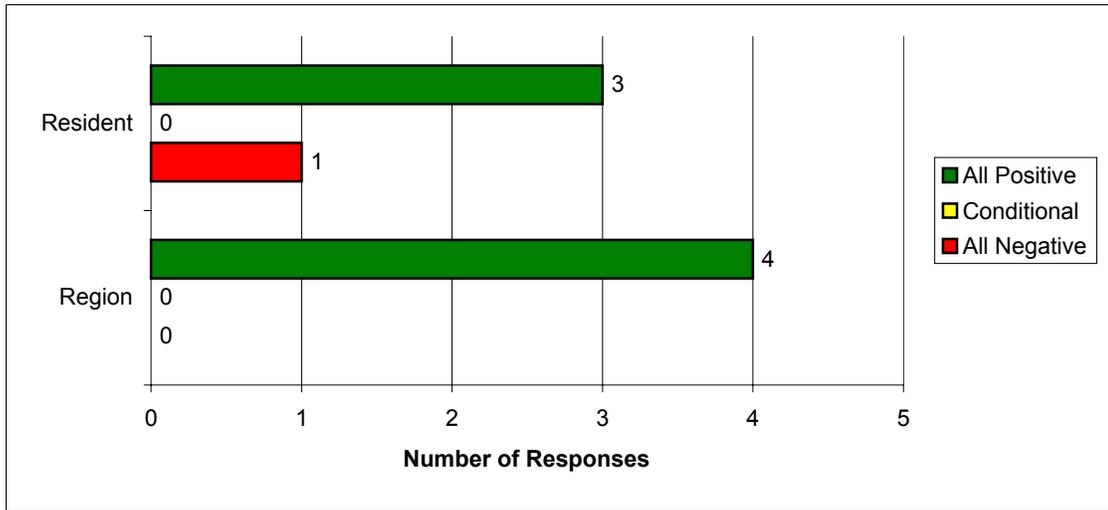
Question 22: Are there any other areas upon which regional management needs to improve to help you do your job more effectively? If yes, what?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**



### REGION II INTERVIEW RESULTS

Question 23: Is the Differing Professional View/Differing Professional Opinion process working correctly? If no, why?



**REGION II INTERVIEW RESULTS**

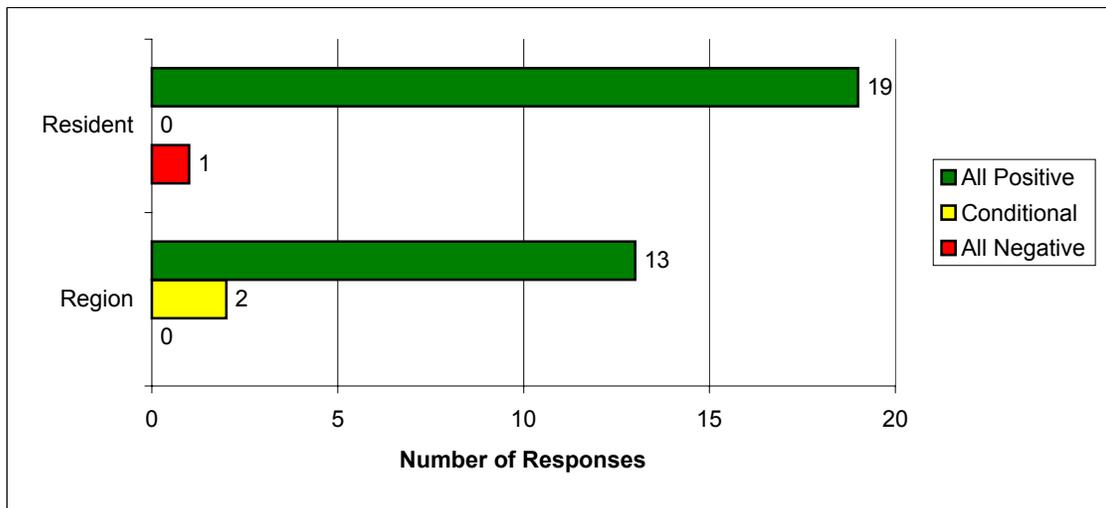
Question 24: How would you characterize your relationship with plant management? Why?

|           | <u>Resident</u> | <u>Region</u> |
|-----------|-----------------|---------------|
| Excellent | 5               | 8             |
| Very Good | 12              | 6             |
| Good      | 3               | 1             |
| Fair      | 0               | 0             |
| Poor      | 0               | 0             |

Question 25: How would you characterize the region's relationship with plant management? Why?

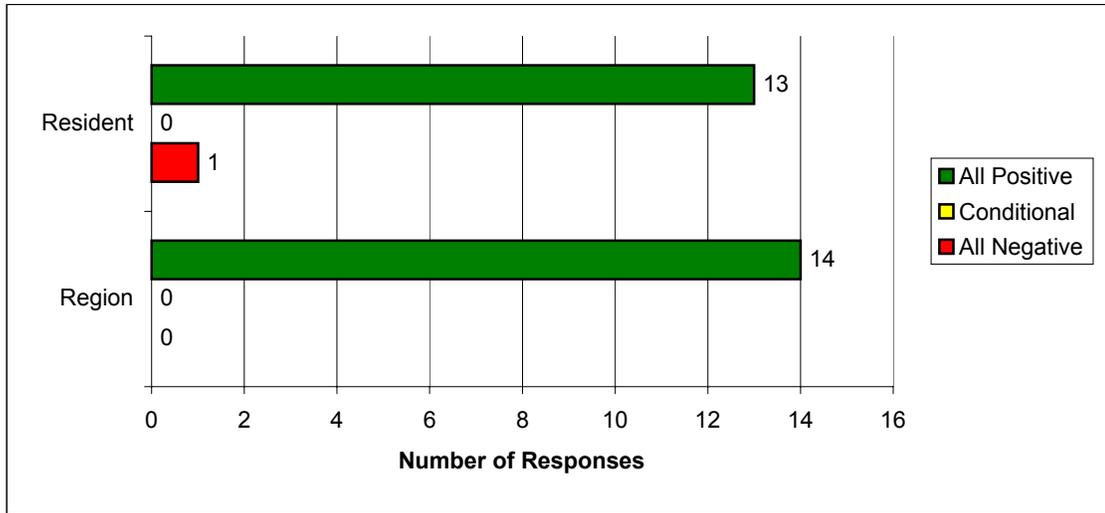
|           | <u>Resident</u> | <u>Region</u> |
|-----------|-----------------|---------------|
| Excellent | 2               | 6             |
| Very Good | 12              | 7             |
| Good      | 4               | 2             |
| Fair      | 0               | 0             |
| Poor      | 0               | 0             |

Question 26: Is you region responsive to licensee concerns and issues? If no, why?



### REGION II INTERVIEW RESULTS

Question 27: Does regional management assist you, as needed, when you cannot resolve issues with plant management? If no, why?



### REGION II INTERVIEW RESULTS

Question 28: Are there other areas that management needs to provide you with more information/support in order to perform your duties? If yes, what?

**Note: In this situation, a yes answer denotes a negative response (measured in red).**

