

July 30, 2004

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

FROM: Michael L. Springer, Director */RA/*
Office of Administration

SUBJECT: REVIEW OF NRC'S PERSONNEL SECURITY PROGRAM
CONTRACTOR POLICIES AND PRACTICES (OIG-04-A-02)

In response to your March 2, 2004, memorandum, I am providing an updated status for recommendations 1, 2, 5, and 7 of the subject report.

Recommendation 1:

Update and clarify Management Directive 12.3 (MD 12.3) to reflect agency requirements concerning contractors working prior to approval, contractor escort requirements, level of access required to have a local-area network (LAN) account, and contractors working offsite with sensitive information.

Status:

Management Directive 12.3 (MD 12.3) Handbook, Part I, revised April 27, 2004, clarifies the requirements concerning: (1) contractors working prior to approval, in Section G(3) on page 19; (2) contractor escort requirements, in Section G(1) on page 16 and Section G(5) on page 19; (3) the level of access required to have a LAN account, in Section F(2)(b)(i) on page 15; and (4) contractors working offsite with sensitive information, Section F(1) on page 13. We consider this recommendation to be closed.

Recommendation 2:

Specify in MD 12.3 examples of violations that could warrant a security infraction and administer the security infraction program consistently in accordance with these rules.

Status:

MD 12.3 Handbook, Section G(4), page 19, provides specific examples of violations that could warrant the issuance of a security infraction when the access procedures cited in MD 12.3 are not followed. Examples of infractions are also provided in MD 12.1 Handbook, Part V, Section(A)(1). We consider this recommendation to be closed.

Recommendation 5:

Develop and implement a formal process for granting and documenting exceptions to security requirements and identify who is authorized to grant such exceptions.

Status:

MD 12.3, Section 12.3-06 specifies requirements for granting and documenting exceptions relating to personnel security requirements. We consider this recommendation to be closed.

Recommendation 7:

Develop performance measures that assess the timeliness of DFS's adjudication of all cases back from OPM and issue cases in particular.

Status:

Performance measures have been incorporated into the Office of Administration's operating plan. As stated in our response dated May 27, 2004, DFS intends to adjudicate 95% of non-issue cases and 85% of issue cases within 90 days of receipt of the investigation from OPM. For the third quarter of FY2004, DFS adjudicated 95% of non-issue cases and 87% of issue cases within 90 days of receipt of the investigation from OPM. We consider this recommendation to be closed.

Recommendation 5:

Develop and implement a formal process for granting and documenting exceptions to security requirements and identify who is authorized to grant such exceptions.

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Recommendation 7:

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