

April 25, 2006

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

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

SUBJECT: OIG STATUS AND ANALYSIS OF
RECOMMENDATIONS FOR AUDIT REPORT:
AUDIT OF NRC'S INCIDENT RESPONSE
PROGRAM (04-A-20)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR SECURITY AND
INCIDENT RESPONSE, MEMORANDUM DATED
FEBRUARY 1, 2006

Attached is the Office of the Inspector General's analysis of NRC's February 1, 2006, Status of Recommendations memorandum. Based on this update, recommendations 2, 5, 9, 10, 12 and 15 are closed and recommendations 1, 3, 4, 6, 7, 8, 11, 13, 14, 16 and 17 remain resolved.

The agency continues to show progress towards meeting the intent of OIG's recommendations and is on target to complete their planned actions within the revised timelines identified in the agency's July 1, 2005, status report. However, OIG is concerned that the agency has not taken interim actions to address recommendation 16 while a final solution is being developed.

Therefore, please provide OIG with the agency's interim solution for recommendation 16 and an updated status of recommendations by August 31, 2006.

If you have any questions or concerns, please call me at 415-5915.

Attachment: As stated

cc: William Dean, OEDO
Melinda Malloy, OEDO
Patricia Tressler, OEDO

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Status of Recommendations

Recommendation 1: Establish a defined agency-wide incident response plan that includes standards for performance, delineation of the conduct of exercises and drills, and a well-defined objective mechanism for evaluating incident response during exercises.

Agency Response

Dated February 1, 2006:

January 2006 Status:

On September 19, 2005, MD 8.2 was approved for interim use. This revision to MD 8.2 establishes the responsibilities and key requirements for the NRC incident response program. The revised NUREG-0728 (NRC IRP) was implemented on April 14, 2005. This document is posted on the NRC's external Web site (<http://www.nrc.gov/what-we-do/emerg-preparedness/respond-to-emerg/incident-response.pdf>). Note that the IRP is an interim version pending final publication of the NUREG. The implementing procedures and other supporting documents that are linked to the NRC IRP will be incorporated into the new IRMC. Some new procedures have been completed, with others prioritized for completion over the next several years. All the manual chapters remain on target for completion by September 30, 2008.

OIG Analysis:

The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. In the OIG December 2, 2004, Status of Recommendations, OIG stated three conditions that must be satisfied to close this recommendation. The agency has satisfied conditions 1 and 2, and is making progress towards completing the third condition.

Condition 1: OIG receives and evaluates the revised Management Directive and Handbook 8.2

The agency has finalized revisions to Management Directive and Handbook 8.2. OIG reviewed the revised MD and Handbook and acknowledges that the revisions satisfy this condition.

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Condition 2: OIG receives and evaluates the revised NRC Incident Response Plan that references supporting documents.

NRC satisfied this condition in June 2005.

Condition 3: OIG receives and evaluates supporting documents that are linked to the NRC Incident Response Plan and include standards for performance, delineation of the conduct of exercises and drills, and a well-defined objective mechanism for evaluating incident response during exercises.

In September 2005, OIG noted that progress towards satisfying the third condition had been delayed because resources were not available to perform the work. NRC completed some new procedures and plans to complete other procedures by the revised date of 09/30/2008. This condition will be satisfied when NRC completes this work.

Conditions 1 and 2 have been satisfied. OIG will close this recommendation when the remaining condition is satisfied.

Status: Resolved.

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Status of Recommendations

Recommendation 2: Revise MD 8.2, NRC Incident Response Program Handbook to require an evaluation of incident response performance following each exercise.

Agency Response

Dated: February 1, 2006

January 2006 Status:

On September 19, 2005, MD 8.2 was approved for interim use. This revision to MD 8.2 requires the IRP to contain provisions to require an evaluation of incident response performance following each exercise. The programmatic guidance for exercise evaluation was forwarded to your office in our July 5, 2005, memorandum. The staff completed action on this recommendation. See Enclosure 2.

OIG Analysis:

NRC has approved revisions to MD 8.2 for interim use. The Revised MD requires evaluations of incident response performance following each exercise. Therefore, this recommendation is closed.

Status:

Closed.

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Status of Recommendations

Recommendation 3: Update NUREG-0845, Agency Procedures for the NRC Incident Response Plan, or incorporate relevant portions into other agency procedures.

Agency Response

Dated February 1, 2006: January 2006 Status:
NUREG-0845, "Agency Procedures for the NRC Incident Response Plan," has been superseded by NUREG-0728, Revision 4 (NRC IRP), issued for interim use effective April 14, 2005. The relevant portions of NUREG 0845 had already been incorporated in NUREG-0728 and its implementing procedures. The staff will use a standardized format for the revised implementing procedures as part of the new Incident Response Manual. All the manual chapters remain on target for completion by September 30, 2008.

OIG Analysis:

The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. In the OIG December 2, 2004 *Status of Recommendations*, OIG stated that "This recommendation will be closed when OIG receives and evaluates an updated NUREG-0845 or when relevant portions are incorporated into other agency incident response procedures.

In the July 1, 2005 response, NRC stated that NUREG-0845 has been superseded by NUREG-0728, Revision 4 (Incident Response Plan), and that relevant portions of NUREG 0845 had already been incorporated in NUREG-0728 and its implementing procedures. NRC plans to use a standardized format for the revised implementing procedures as part of the new Incident Response Manual scheduled for completion September 30, 2008.

OIG will close this recommendation when NRC completes revisions to implementing procedures and incorporates them into the new Incident Response Manual.

Status: **Resolved.**

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Status of Recommendations

Recommendation 4: Periodically review regional incident response programs to ensure NRC's Incident Response Program is carried out consistently across the agency.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff completed its plan and implementation schedule to review the Regional response plan activities for consistency and provided the plan and schedule as an attachment in the April 3, 2005, status report to the OIG (ML050830289). The periodic reviews will begin in FY 2007. The initial reviews will determine the adequacy of the staff's implementation of existing manual chapters; subsequent reviews will be performed in accordance with the manual chapter on incident response self-assessment following the completion of the NRC Incident Response Manual. The initial reviews are on target to begin in FY 2007.

OIG Analysis: The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. OIG will close this recommendation when NRC completes the initial regional reviews.

Status: **Resolved.**

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Status of Recommendations

Recommendation 5: Establish a well-defined process for giving performance feedback to responders.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff completed action on this recommendation, and the OIG closed this recommendation in the September 7, 2005 memorandum.

OIG Analysis: OIG closed this recommendation as noted in the September 2005 OIG Status of Recommendations.

Status: **Closed.**

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Status of Recommendations

Recommendation 6: Exercise the deployment of headquarters and regional response staff as part of the agency's Incident Response Program.

Agency Response

Dated February 1, 2006: January 2006 Status:
Guidance to periodically exercise the deployment of Headquarters and Regional response staff will be included in the IRMC. The manual chapter containing this guidance remains on target for completion by June 30, 2006.

OIG Analysis: The above statements reflect that the agency continues to work towards meeting the intent of this recommendation and is on target to complete the work by the revised date of June 30, 2006. OIG will close this recommendation when NRC completes plans to periodically exercise these areas and introduces this concept into incident response exercises.

Status: **Resolved.**

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Status of Recommendations

Recommendation 7: Develop team- and position-specific strategies and procedures for handling events at multiple sites.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff has begun the development of team- and position-specific strategies and procedures for handling events at multiple sites. The staff will test draft procedure concepts by conducting a pilot tabletop exercise involving multiple sites in March 2006. This guidance will be included in the Incident Response Manual. This guidance is on target for completion by June 30, 2006.

OIG Analysis: The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. OIG will close this recommendation when NRC completes revisions to team- and position-specific procedures that reflect strategies and procedure for handling multiple events.

Status: **Resolved.**

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Status of Recommendations

Recommendation 8: Periodically conduct incident response exercises involving multiple sites.

Agency Response

Dated February 1, 2006: January 2006 Status:
By June 30, 2006, the staff will complete guidance to periodically conduct incident response exercises involving multiple sites. The staff will conduct a multiple-site tabletop exercise in FY 2006 and a multiple-site standard exercise in FY 2007.

OIG Analysis: The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. OIG will close this recommendation when NRC reports on the results of the multiple-site tabletop exercise and implements standard exercises involving multiple sites.

Status: **Resolved.**

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Recommendation 9: Incorporate procedures for handling protracted events into incident response procedures.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff completed action on this recommendation, and the OIG closed this recommendation in the September 7, 2005, memorandum.

OIG Analysis: This recommendation was closed in OIG's September 7, 2005 Status of Recommendations.

Status: **Closed.**

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Recommendation 10: Develop a more systematic approach to scheduling staff to cover a response to a protracted event.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff completed action on this recommendation, and the OIG closed this recommendation in the September 7, 2005, memorandum.

OIG Analysis: This recommendation was closed in OIG's September 7, 2005 Status of Recommendations.

Status: **Closed.**

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Recommendation 11: Revise the *NRC Incident Response Plan* to better define the incident response to emergencies involving regulated fuel cycle facilities and nuclear materials.

Agency Response

Dated February 1, 2006: January 2006 Status:
In lieu of revising NUREG-0728 to include improved guidance for incident response to emergencies involving fuel facilities, NRC will provide this improved guidance in the Incident Response Manual. The manual chapter(s) containing this guidance remains on target for completion by September 30, 2008.

OIG Analysis: The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. OIG will close this recommendation when NRC completes the manual chapter that includes this improved guidance.

Status: **Resolved.**

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Status of Recommendations

Recommendation 12: Conduct routine exercises with each NRC-regulated fuel cycle facility.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff completed the Incident Response Manual Chapter (IRMC) 410, Appendix A, "Incident Response (IR) Guidance for Minimum Exercise Participation." This appendix provides guidance for minimum annual exercise participation for both Headquarters and the Regions. This guidance requires periodic participation in exercises with each NRC-regulated fuel cycle facility that has NRC-approved emergency plans. This guidance was provided to the Commission. The staff completed action on this recommendation. See Enclosure 3.

OIG Analysis: The above statements reflect that the agency has established a routine program for exercising with each fuel facility required to have emergency plans. Therefore, this recommendation is closed.

Status: **Closed.**

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Recommendation 13: Update Response Technical Manual Supplements for gaseous diffusion plants.

Agency Response

Dated February 1, 2006: January 2006 Status:
Updating the RTM Supplements for gaseous diffusion plants is warranted. The RTM update remains on target for completion by November 15, 2007.

OIG Analysis: The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. OIG will close this recommendation when NRC completes the updated RTM supplements.

Status: **Resolved.**

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Status of Recommendations

Recommendation 14: Improve and expand outreach for licensees to enhance licensees' understanding of NRC's Incident Response Program.

Agency Response

Dated February 1, 2006:

January 2006 Status:

Staff actions for Recommendation 14 on improving and expanding outreach to enhance licensees' understanding of the NRC's Incident Response Program is not complete. Since the July 1, 2005, correspondence to OIG, the staff has issued and implemented guidance on NRC incident response outreach to licensees. See Enclosures 4 and 5. This guidance delineates methods for conducting outreach with licensees. The staff has increased licensee outreach at different venues both at Headquarters and in the Regions. This includes increased outreach with licensees prior to exercises, tours and briefings with licensee officials at the Headquarters Operations Center and Incident Response Program presentations at several stakeholder workshops and conferences that were well attended by licensee staff.

While the staff has made considerable improvements, additional actions are necessary. This includes the development and distribution of a digital video disk (DVD) to licensees and other stakeholders on the NRC's Incident Response Program. In addition, the staff is developing standardized outreach presentations that will be routinely presented to licensees and other stakeholders. The resources required to complete these additional outreach initiatives are limited in FY 2006 due to other budget priorities. Additional resources for these outreach improvements are provided in the FY 2007 budget. Given the resource limitations, the staff will complete these additional outreach initiatives by the end of FY 2007.

OIG Analysis:

The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. This recommendation remains resolved.

Status:

Resolved.

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Status of Recommendations

Recommendation 15: Establish and implement an agency-wide policy for the minimum frequency for exercising with each NRC-licensed power reactor.

Agency Response

Dated February 1, 2006: January 2006 Status:
The staff completed the Incident Response Manual Chapter (IRMC) 410, Appendix A, "Incident Response (IR) Guidance for Minimum Exercise Participation." This appendix provides guidance for minimum annual exercise participation for both Headquarters and the Regions. This guidance includes required periodic participation in exercises with each power reactor site. This guidance is being provided to the Commission. The staff completed action on this recommendation. See Enclosure 3.

OIG Analysis: The above statements reflect that the agency has established a policy for the minimum frequency for exercising with each NRC-licensed power reactor. Therefore, this recommendation is closed.

Status: **Closed.**

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Status of Recommendations

Recommendation 16: Develop and implement a well-defined, agency-wide training program to meet incident response commitments.

Agency Response

Dated February 1, 2006: January 2006 Status:
This recommendation remains on target for completion by September 30, 2008.

OIG Analysis:

In the December 2, 2004 *Status of Recommendations*, OIG stated three conditions must be satisfied to close this recommendation. They are:

Condition 1: Complete the systematic evaluation of the agency's response staff training and qualifications;

Condition 2: Develop and promulgate well defined, agency-wide training and qualifications program; and

Condition 3: Implement the revised training and qualification programs.

The agency's status report states that they remain on target for completion by September 30, 2008. In the July 2005 updated status, NRC informed OIG that they delayed completion of actions necessary to close this recommendation from January 31, 2006 until September 30, 2008 because resources were not available. OIG notes that a well-defined, agency-wide program is critical to assure effective and consistent performance of incident response functions. While the agency shows progress in improving policies and procedures, it is not evident that any progress is being made with regard to this recommendation.

Specifically, OIG is concerned that—

- inconsistent training programs persist across the agency (discussed in the report, pp. 22-23),
- the qualifications process remains flawed (report, p. 24), and
- that an interim solution has not been developed and established.

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Status of Recommendations

OIG will close this recommendation when NRC satisfies the three conditions stated in the OIG December 2, 2004, *Status of Recommendations* memorandum.

Status: **Resolved.**

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Status of Recommendations

Recommendation 17: Establish a centralized system for tracking successful completion of training activities by individual and position.

Agency Response

Dated February 1, 2006: January 2006 Status:
This recommendation remains on target for completion by November 15, 2007.

OIG Analysis: In the December 2, 2004 *Status of Recommendations* memorandum, OIG stated that this recommendation will be closed when NRC has integrated tracking for incident response training into the new agency-wide Learning Management System (LMS). The above statements reflect that the agency continues to work towards meeting the intent of this recommendation. This recommendation remains resolved.

Status: **Resolved.**