

May 17, 2006

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

FROM: Martin J. Virgilio */RA Jack R. Strosnider Acting for/*
Deputy Executive Director for Materials, Research,
State and Compliance Programs
Office of the Executive Director for Operations

SUBJECT: AUDIT OF NRC'S OVERSIGHT OF AGREEMENT
STATES' LICENSING ACTIONS (OIG-06-A-12)

This memorandum responds to the April 14, 2006, memorandum transmitting the subject audit report. We appreciate the Office of Inspector General's (OIG) revising the initial report recommendations to allow for flexibility in our oversight of Agreement States' licensing actions through the Integrated Materials Performance Evaluation Program (IMPEP).

We have reviewed your specific recommendations and provide the following responses:

Recommendation 1

Seek and apply guidance from NRC's statistician on sampling methodology and criteria for assigning ratings for Common Performance Indicator 4, Technical Quality of Licensing Actions.

Response

Agree. IMPEP management will meet with and seek guidance from the agency's statistician. Any guidance received from the statistician will be considered and carefully evaluated for its applicability to the review of Agreement States' licensing actions during IMPEP reviews. See also response to Recommendation 2.

Completion: June 30, 2006

Recommendation 2

Document the rationale and basis for the sampling methodology for selecting licensing actions contained in IMPEP guidance for evaluating Common Performance Indicator 4, Technical Quality of Licensing Actions.

Response

Agree. Documenting the rationale and basis for the sampling method used during the evaluation of Agreement State and NRC Regional Office licensing actions is important. Depending on the outcome of the consultation with the agency's statistician, the response to

this recommendation may vary. If the review of the common performance indicator, Technical Quality of Licensing Actions, continues as is, appropriate IMPEP procedures will be revised to document the rationale for using judgmental sampling. Due to the labor-intensive process of revising a Management Directive (MD), MD 5.6, *Integrated Materials Performance Evaluation Program (IMPEP)*, will be revised to incorporate the rationale and basis for sampling methods for affected performance indicators during its next routine revision. If the review of the common performance indicator, Technical Quality of Licensing Actions, changes to incorporate random sampling, a significant amount of time will be required to complete all resulting actions. In addition to changes to the procedures to document the rationale, NRC would also need to evaluate the resource impact on the agency and seek Agreement State input as stakeholders in IMPEP.

Completion: June 30, 2007

Please contact the Director, Office of State and Tribal Programs, Janet Schlueter, at 415-3340, should you have any questions regarding this response.

cc: Chairman Diaz
Commissioner McGaffigan
Commissioner Merrifield
Commissioner Jaczko
Commissioner Lyons
SECY

this recommendation may vary. If the review of the common performance indicator, Technical Quality of Licensing Actions, continues as is, appropriate IMPEP procedures will be revised to document the rationale for using judgmental sampling. Due to the labor-intensive process of revising a Management Directive (MD), MD 5.6, *Integrated Materials Performance Evaluation Program (IMPEP)*, will be revised to incorporate the rationale and basis for sampling methods for affected performance indicators during its next routine revision. If the review of the common performance indicator, Technical Quality of Licensing Actions, changes to incorporate random sampling, a significant amount of time will be required to complete all resulting actions. In addition to changes to the procedures to document the rationale, NRC would also need to evaluate the resource impact on the agency and seek Agreement State input as stakeholders in IMPEP.

Completion: June 30, 2007

Please contact the Director, Office of State and Tribal Programs, Janet Schlueter, at 415-3340, should you have any questions regarding this response.

cc: Chairman Diaz
 Commissioner McGaffigan
 Commissioner Merrifield
 Commissioner Jaczko
 Commissioner Lyons
 SECY

DISTRIBUTION: DCD (SP02)
 DIR RF IG File
 EDO RF (G20060421) Mmalloy, OEDO JDyer RidsEdoMailCenter
 KSchneider, STP OCFO WDean Regional Adminstrators
 JTobin, STP LReyes OGC JStrosnider
 RStruckmeyer, NMSS MVirgilio WKane

ADAMS ACCESSION NO: ML061250162
 *SEE PREVIOUS CONCURRENCE

OFFICE	STP	STP	STP:D	DEDMRS
NAME	ATMcCraw:gd:kk*	DKRathbun* (KPHsueh for)	JRSchlueter* (ROVirgilio for)	MJVirgilio (JRStrosnider for)
DATE	05/3/06	05/3/06	05/4/06*	05/17/06

ML061250162

OFFICIAL RECORD COPY