

June 8, 2006

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF
AGREEMENT STATES' LICENSING ACTIONS
(OIG-06-A-12)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR MATERIALS,
RESEARCH, STATE AND COMPLIANCE PROGRAMS
MEMORANDUM DATED MAY 17, 2006

Attached is the Office of the Inspector General (OIG) analysis and status of the recommendations as discussed in the agency's response dated May 17, 2006. Based on this response, recommendations 1 and 2 are now resolved pending completion of the actions contained in the Agency's response and OIG's review of those actions. We ask that the OEDO please provide an updated status of the resolved recommendations by December 31, 2006.

If you have questions or concerns, please call me at 415-5915 or Tony Lipuma at 415-5910.

Attachment: As stated

cc: W. Dean, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

Audit Report

Audit of NRC's Oversight of Agreement States' Licensing Actions

OIG-06-A-12

Status of Recommendations

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*.

Agency
Response Dated
May 17, 2006:

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

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. Recommendation 1 will be closed once OIG has received verification that IMPEP management sought and applied guidance from the agency's statistician to the sampling methodology for selecting licensing actions contained in IMPEP guidance for evaluating Common Performance Indicator 4, *Technical Quality of Licensing Actions*.

Status: Resolved.

Audit Report

Audit of NRC's Oversight of Agreement States' Licensing Actions

OIG-06-A-12

Status of Recommendations

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*.

Agency
Response Dated
May 17, 2006:

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

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. Recommendation 2 will be closed once OIG has received and reviewed the documented rationale and basis for the sampling methodology for selecting licensing actions

Audit Report

Audit of NRC's Oversight of Agreement States' Licensing Actions

OIG-06-A-12

Status of Recommendations

contained in IMPEP guidance for evaluating Common Performance Indicator 4, *Technical Quality of Licensing Actions*.

Status: Resolved.