

June 13, 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 NRC'S  
REGULATORY OVERSIGHT OF SPECIAL NUCLEAR  
MATERIALS (OIG-03-A-15)

REFERENCE: SUPPLEMENTAL INFORMATION DISCUSSED IN  
EXECUTIVE DIRECTOR FOR OPERATIONS'  
MEMORANDUM DATED NOVEMBER 30, 2005

In its November 30, 2005 status update for Recommendation 8, the agency stated that "NRC provided OIG with a significant amount of information reflecting DOE's compliance with NRC contractual requirements." On February 14, 2006, the agency delivered a significant number of documents for OIG's review. Based on an analysis of this supplemental input, Recommendation 8 is now closed. As referenced in OIG's February 7, 2006 memorandum, Recommendations 1, 3, and 4 remain resolved. Please provide an updated status of the remaining three recommendations by July 1, 2006, as previously requested.

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

Attachment: Status of Recommendation

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

**Audit Report**  
**Audit of NRC's Regulatory Oversight of Special Nuclear Materials**

**OIG-03-A-15**

**Status of Recommendation**

Recommendation 8 For any funding from NRC to DOE directed toward meeting the international reporting obligations, follow all policies and procedures for placement and monitoring of work with DOE as outlined in Management Directive and Handbook 11.7.

**Agency Status**

Dated Nov. 30, 2005: During previous status reports, NRC provided OIG with a significant amount of information reflecting DOE's compliance with NRC contractual requirements. NRC continues to receive monthly reports that reflect DOE's compliance with its contractual requirements.

**OIG Response**

Dated Feb. 7, 2006: NRC's June 2005 status update stated that the "NRC has nearly completed a compilation of additional recent information reflecting DOE's compliance with NRC contractual requirements. This information will be provided to OIG separately during June 2005 to assist OIG in closing out this recommendation." However, OIG has not received the referenced supporting documentation. Therefore, this recommendation remains resolved until the documentation is provided for OIG's review and analysis.

**OIG Analysis:**

A review of the provided supplemental information reflects the staff's increased involvement with DOE in monitoring and evaluating the NMMSS contractor's performance to ensure accurate information in the national database. Although OIG remains concerned that NRC's needs are not adequately met in the current relationship with DOE, despite substantial annual funding, the agency has met the intent of this recommendation. Therefore, this recommendation is closed.

**Status:**

Closed