

October 23, 2006

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

FROM: William F. Kane */RA/*
Deputy Executive Director for Reactor
and Preparedness Programs
Office of the Executive Director for Operations

SUBJECT: AUDIT OF NRC'S BASELINE SECURITY AND
SAFEGUARDS INSPECTION PROGRAM (OIG-06-A-21)

This responds to your September 8, 2006, memorandum transmitting the subject report related to the Office of the Inspector General's (OIG's) audit of the NRC baseline security and safeguards inspection program. I am pleased your audit found that the resource levels established for the NRC baseline security and safeguards inspection program appear to be sufficient based on your observations that the regions have been able to complete the requirements even though the program is more rigorous than the prior program. I remain confident that the agency's baseline security and safeguards inspection program provides assurance that the NRC is effectively assessing licensee implementation of physical security requirements. Overall, your findings are constructive and will facilitate improvement of an already effective program. I appreciate the thorough evaluation by your staff.

The staff has an ongoing initiative to enhance the effectiveness and efficiency of the program. Therefore, staff actions to address your recommendations will be included as part of that initiative. Responses to your specific recommendations follow:

Recommendation 1

Provide the required initial and refresher security training courses for regional security inspectors at the frequency needed to support qualification requirement.

Response

Agree. While inspectors are currently trained and qualified to conduct security inspections, necessary security training has not always been regularly available through NRC-sponsored courses. In September 2006, representatives from the regions, Human Resources Training and Development (HRTD), and the office of Nuclear Security and Incident Response (NSIR)

CONTACT: Ralph Costello, NSIR/DSO
301-415-6821

met to identify training curriculum course needs for physical security inspectors and specialists with security oversight responsibilities and a core security curriculum was identified. This curriculum is currently under management review, resources are being identified, and a development plan and schedule will be developed by December 15, 2006.

Recommendation 2

Establish rules and standards supporting a consistent qualification board process across all regions.

Response

Disagree. Appropriate rules and standards already exist to support qualification boards in Inspection Manual Chapter 1245, "Qualification Program for the Office of Nuclear Reactor Regulation Programs." Section 05.03.a of this manual chapter specifies the minimum number of board members, the seniority of the board chairman, the process for selecting questions, and the board conduct. All regions are currently meeting these standards. A method to manage questions asked at the board is not mandated specifically to give board members the flexibility to customize questions specifically for each inspector. We consider this recommendation to be closed.

Recommendation 3

Develop and provide a security training program for non-security personnel with security oversight responsibilities.

Response

Agree. In the September 2006 meeting noted earlier, the training curriculum course needs for non-security personnel with security oversight responsibilities was also addressed. As part of this initiative, staff are developing physical security training for managers, resident inspectors, and other non-security personnel who have security oversight responsibilities. As a near-term initiative, the staff plans to offer this training to regional staff and resident inspectors at the regional counterparts meetings in November and December 2006. By the beginning of FY 2008 NSIR will have in place an appropriate training program for non-security personnel.

Recommendation 4

Update the security inspector training program to ensure course material is current and relevant.

Response

Agree. Inspection Manual Chapter (IMC) 1245, IMC 1246, "Formal Qualification Programs in the Nuclear Material Safety and Safeguards Program Area," and NSIR training procedures will be updated to reflect the new training courses as these courses are developed. Completion of this activity is linked to when HRTD can establish training courses. NSIR will support HRTD and the dates for completion of this activity will be integrated into the development plan discussed in the response to Recommendation 1.

Recommendation 5

Identify a training coordinator for all security-related training to ensure a centralized program effort.

Response

Agree. The Office of Nuclear Security and Incident Response (NSIR) has appointed an agency training coordinator for all security-related training. We consider this recommendation to be closed.

Recommendation 6

Include guidance in the baseline security and safeguards inspection procedures to ensure inspectors review an adequate number of sample items to assess the effectiveness of the licensee's security program.

Response

Agree. The sample sizes currently specified in the baseline inspection procedures guidance were determined by an expert panel of security inspectors and regional branch chiefs and are considered to be adequate to meet the intent and objectives of the baseline inspection program. These sample sizes are based on the relative importance of the area covered by the procedure to the other areas inspected by the program. They are also based on the inspectors choosing a "smart" sample instead of a statistically based random sample because the risk-informed nature of the inspection program requires the inspections to be focused on those aspects of plant operations and licensee activities that could pose the greatest risk to public health and safety. The baseline inspection procedures establish a minimum level of effort and sample sizes although the inspector may vary that effort within set limits.

While there remains a need for inspectors to have some flexibility to pursue site-specific issues, a further refinement of the sampling process is warranted. NSIR has two ongoing efforts that will evaluate the inspection procedures and make any necessary changes:

- An evaluation of the first year of full implementation of the security oversight process within the Reactor Oversight Process (ROP) framework, and
- Participation in NRR's biannual ROP realignment process that will evaluate each inspection procedure for efficacy.

These efforts will commence in late FY 2007 and any necessary changes to the inspection procedures will be made by late FY 2008.

Recommendation 7

Implement training on how to select an adequate number of sample items.

Response

Agree. All inspectors are currently trained to inspect those inspectible areas and samples identified in the inspection procedures and choose those sub-set "smart" samples based on risk significance. This is covered in basic inspector training and will continue to be part of the basic training provided to security inspectors. Any adjustments to the sampling process resulting from recommendation 6 activities will be incorporated into basic training within three months from the date applicable procedures are changed.

Recommendation 8

Maintain and share the NSIR database of security findings with the regions. The database is not at this point updated.

Response

Agree. While the regions currently add non-safeguards versions of security inspection findings into the Reactor Program System (RPS), to which all regions have access, it does not provide an adequate level of detail. The staff is developing a safeguards database, which will be available to the regions, that identifies all security findings. The staff plans to have the database developed and available to the regions by September 2007.

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

Response

Agree. All inspectors are currently trained to inspect those inspectible areas and samples identified in the inspection procedures and choose those sub-set "smart" samples based on risk significance. This is covered in basic inspector training and will continue to be part of the basic training provided to security inspectors. Any adjustments to the sampling process resulting from recommendation 6 activities will be incorporated into basic training within three months from the date applicable procedures are changed.

Recommendation 8

Maintain and share the NSIR database of security findings with the regions. The database is not at this point updated.

Response

Agree. While the regions currently add non-safeguards versions of security inspection findings into the Reactor Program System (RPS), to which all regions have access, it does not provide an adequate level of detail. The staff is developing a safeguards database, which will be available to the regions, that identifies all security findings. The staff plans to have the database developed and available to the regions by September 2007.

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

DISTRIBUTION: See Next Page

G20060790;EDATS OEDO-2006-0344

Adams Accession Nos.:

Package: ML062900064; Incoming: ML062640281; Response: ML062850290

Access Log #5271

*see previous concurrence

To receive a copy of this document, indicate in the box:

"C" = Copy without enclosures

"E" = Copy with enclosures

"N" = No copy

OFFICE	NSIR/DSO*	NSIR/DSO*	NSIR/DSO:DD*	NSIR/DSO:D*	HR*	NSIR:D	DEDR
NAME	R. Costello	B. Westreich R. Costello /f/	R. Correia	D. Dorman	K. Gibson	R. Zimmerman	W. Kane
DATE	10/16/06	10/16/06	10/16/06	10/16/06	10/17/06	10/17/06	10/23/06

OFFICIAL RECORD COPY

Memo to Stephen D. Dingbaum from William F. Kane dated October 23, 2006

SUBJECT: AUDIT OF NRC'S BASELINE SECURITY AND SAFEGUARDS INSPECTION PROGRAM
(OIG-06-A-21)

ELECTRONIC DISTRIBUTION

Karen D. Cyr, General Counsel
Hubert T. Bell, Inspector General
Rebecca L. Schmidt, Director, Office of Congressional Affairs
Eliot B. Brenner, Director, Office of Public Affairs
Annette Vietti-Cook, Secretary of the Commission

Luis A. Reyes, Executive Director for Operations
Martin J. Virgilio, Deputy Executive Director for Materials, Research, State
and Compliance Programs, OEDO
Jacqueline E. Silber, Deputy Executive Director for Information Services
and Administration and Chief Information Officer, OEDO
Michael R. Johnson, Assistant for Operations, OEDO
Charles L. Miller, Director, Office of Federal and State Materials
and Environmental Management Programs
James F. McDermott, Director, Office of Human Resources
R. William Borchardt, Director, Office of New Reactors
Jack R. Strosnider, Director, Office of Nuclear Material Safety and Safeguards
James E. Dyer, Director, Office of Nuclear Reactor Regulation
Roy P. Zimmerman, Director, Office of Nuclear Security and Incident Response
Samuel J. Collins, Regional Administrator, Region I
William D. Travers, Regional Administrator, Region II
James L. Caldwell, Regional Administrator, Region III
Bruce S. Mallett, Regional Administrator, Region IV

E-Mail Mail Stops
RidsOgcMailCenter
RidsOigMailCenter
RidsOcaMailCenter
RidsOpaMail
RidsSecyMailCenter
RidsSecyCorrespondenceMailCenter
RidsEdoMailCenter

RidsEdoMailCenter

RidsEdoMailCenter
RidsEdoMailCenter

RidsFsmeOd
RidsHrMailCenter
RidsNroOd
RidsNmssOd
RidsNrrOd
RidsNsirOd
RidsRgn1MailCenter
RidsRgn2MailCenter
RidsRgn3MailCenter
RidsRgn4MailCenter

Hardcopy DISTRIBUTION:

EDO Control (G20060790/OEDO-2006-0344) - MS16E15
OIG File - MS16E15
DSO r/f
NSIR Mailroom (G20060790/OEDO-2006-0344)
M. Malloy, OEDO