

December 22, 2006

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

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

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

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR REACTOR
AND PREPAREDNESS PROGRAMS, OFFICE OF
THE EXECUTIVE DIRECTOR FOR OPERATIONS,
MEMORANDUM DATED OCTOBER 23, 2006

Attached is the Office of the Inspector General analysis of recommendations as discussed in the agency's response dated October 23, 2006. Based on these responses, recommendations 2 and 5 are closed and recommendations 1, 3, 4, 6, 7, and 8 are resolved. Please provide an update on the status of these recommendations by April 30, 2007.

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

Attachment: As stated

cc: M. Johnson, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

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Status of Recommendations

Recommendation 1: Provide the required initial and refresher security training courses for regional security inspectors at the frequency needed to support qualification requirements.

Response dated
October 23, 2006: 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) 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.

OIG Analysis: The corrective action addresses the intent of this recommendation. This recommendation will be closed when OIG receives verification of the development plan and schedule.

Status: Resolved

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Status of Recommendations

Recommendation 2: Establish rules and standards supporting a consistent qualification board process across all regions.

Response dated
October 23, 2006:

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.

OIG Analysis:

OIG found that Regional offices use different methods to develop questions and manage the process during qualification exams. The concern was that inspectors in different Regional offices may not be tested to the same standard. However, NSIR has demonstrated to OIG that the standards to support qualification boards in Inspection Manual Chapter 1245 are sufficient. The response addresses the intent of this recommendation. This recommendation is closed.

Status: Closed

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Status of Recommendations

Recommendation 3: Develop and provide a security training program for non-security personnel with security oversight responsibilities.

Response dated
October 23, 2006: 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.

OIG Analysis: The corrective action addresses the intent of this recommendation. This recommendation will be closed when OIG receives verification that the appropriate training program for non-security personnel has been implemented.

Status: Resolved

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Status of Recommendations

<u>Recommendation 4:</u>	Update the security inspector training program to ensure course material is current and relevant.
Response dated October 23, 2006:	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.
OIG Analysis:	The corrective action addresses the intent of this recommendation. This recommendation will be closed when OIG receives verification of the development plan and schedule.
Status:	Resolved

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Status of Recommendations

Recommendation 5: Identify a training coordinator for all security-related training to ensure a centralized program effort.

Response dated
October 23, 2006: 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.

OIG Analysis: The corrective action addresses the intent of the recommendation. This recommendation is closed.

Status: Closed

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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 dated
October 23, 2006:

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

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- 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.

OIG Analysis:

The corrective action addresses the intent of this recommendation. This recommendation will be closed when OIG receives:

- Documentation of the completion of the first year evaluation of full implementation of the security oversight process, and
- Documentation of the participation in NRR's biannual ROP realignment process that will evaluate each inspection procedure for efficacy.

Status:

Resolved

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<u>Recommendation 7:</u>	Implement training on how to select an adequate number of sample items.
Response dated October 23, 2006:	Agree. All inspectors are currently trained to inspect those inspectable 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.
OIG Analysis:	The corrective action addresses the intent of this recommendation. This recommendation will be closed when OIG receives verification that the applicable procedure changes were incorporated into the basic training.
Status:	Resolved

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Status of Recommendations

Recommendation 8: Maintain and share the NSIR database of security findings with the regions. The database is not at this point updated.

Response dated
October 23, 2006: 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.

OIG Analysis: The corrective action addresses the intent of this recommendation. This recommendation will be closed when OIG receives verification that the safeguards database has been developed and implemented.

Status: Resolved