

August 2, 2007

MEMORANDUM TO: William M. McCabe
Chief Financial Officer

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

SUBJECT: STATUS OF RECOMMENDATIONS: NRC'S LICENSE FEE
DEVELOPMENT PROCESS NEEDS IMPROVEMENT (OIG-
99-A-01)

REFERENCE: OFFICE OF THE CHIEF FINANCIAL OFFICER
MEMORANDUM DATED JULY 11, 2007

Attached is the Office of the Inspector General's analysis and status of recommendations 2a and 2c as discussed in the agency's response dated July 11, 2007. Based on this response, recommendations 2a and 2c are closed. All recommendations are now closed.

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

Attachments: As stated

cc: V. Ordaz, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

Audit Report
NRC's License Fee Development Process Needs Improvement
(OIG-99-A-01)

Status of Recommendations

Recommendation 2a: Reevaluating the hourly rate calculation methodology so that the rates the NRC develops include the full cost concept as embodied in OMB Circular A-25, User Charges, and SFFAS No.4, Managerial Cost Accounting Standards. The reassessment should define and identify generic costs and explain how to treat such costs.

Recommendation 2c: Use actual billing data to develop and refine future rate calculations.

OCFO Response
dated: July 11, 2007

The staff developed procedures to calculate hourly rates using actual cost data from the cost accounting system and compared the results to hourly rates developed using budget data from the same fiscal year, for purposes of incorporating any lessons learned into the budget formulation process. Because the hourly rates established under 10 CFR Part 170 are based on budget data, any changes in the budget resulting from this analysis are reflected in future Part 170 rates. The hourly rate in the FY 2007 fee rule is based on FY 2007 budget data which is informed by cost data as demonstrated in the documentation provided to the Office of the Inspector General (OIG) in July 2006.

OIG Analysis: OIG and R. Navarro & Associates, Inc., received and evaluated the final FY 2007 fee rule and determined that it satisfies OIG's recommendations stated above.

Status: Closed