

November 16, 2007

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 THE
DEVELOPMENT OF THE NATIONAL SOURCE TRACKING
SYSTEM (OIG-06-A-10)

REFERENCE: DIRECTOR, OFFICE OF FEDERAL AND STATE
MATERIALS AND ENVIRONMENTAL MANAGEMENT
PROGRAMS MEMORANDUM DATED
SEPTEMBER 21, 2007

Attached is the Office of the Inspector General analysis and status of the recommendation as discussed in the agency's response dated September 21, 2007. Based on this response, recommendation 1 remains resolved and recommendation 2 remains closed. Please provide an updated response regarding this memo by April 30, 2008.

If you have questions or concerns, please call me at 415-5915 or Sherri Miotla at 415-5914.

Attachment: As stated

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

Audit Report
Audit of the Development of the National Source Tracking System
OIG-06-A-10

Status of Recommendations

Recommendation 1: Before the NSTS rulemaking is finalized, conduct a comprehensive regulatory analysis for NSTS that explores other viable options, such as those in the Code of Conduct. The regulatory analysis should include an assessment of expanding materials tracked in NSTS to contain categories 3, 4, and 5; aggregation of sources; and bulk material.

Response Dated
September 21, 2007:

In your memorandum to me, dated April 25, 2007, you requested an updated response regarding status of recommendations from the audit of the development of the National Source Tracking System (NSTS), in particular the preparation of the regulatory analysis on inclusion of International Atomic Energy Agency (IAEA) Category 3 sources in the NSTS. As you are aware, in a Staff Requirements Memorandum (SRM) dated June 9, 2006, the Commission directed the staff to submit to the Commission a proposed rule to include IAEA Category 3 data in the NSTS. In response to that SRM, the staff is currently developing a technical basis and a regulatory impact analysis to provide the rationale for considering inclusion of licensees with Category 3 and 3.5 sources in the NSTS. In preparing the technical basis and regulatory analysis, we plan to use, as partial input, results and information on numbers of licensees and sources obtained from the one-time data collection and analysis of Category 3.5 sources, which the SRM also directed the staff to undertake. That one-time data collection is under way and substantial amounts of data have already been obtained. The staff has formed a Rulemaking Working Group, consisting of headquarters technical and legal staff, Nuclear Regulatory Commission regional staff, and Agreement State representatives, to consider technical information and issues associated with inclusion of IAEA Category 3 sources in the NSTS. The current schedule for this effort calls for submittal of a proposed rule package to the Commission in March 2008. That proposed rule package will include the *Federal Register* notice containing the proposed rule and the draft regulatory impact analysis with a request that the

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Status of Recommendations

Commission issue them for public comment. I trust that the above provides an update on preparation of the regulatory analysis for expanding the materials tracked in NSTS.

OIG Analysis:

The agency is on track to conduct a comprehensive analysis before submitting its proposed NSTS rule in March 2008. This recommendation will be closed when NRC provides OIG with its regulatory analysis presenting the rationale for considering inclusion in NSTS of licensees with Category 3 and 3.5 sources.

Status:

Resolved.