



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

OFFICE OF THE
INSPECTOR GENERAL

May 1, 2008

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
NON-CAPITALIZED PROPERTY
(OIG-07-A-14)

REFERENCE: DIRECTOR OF THE OFFICE OF ADMINISTRATION
MEMORANDUM DATED FEBRUARY 29, 2008

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated February 29, 2008. Based on this response, recommendations 1, 4-6, 8-10, and 12 are closed. Please provide an updated status on resolved recommendations 2, 3, 7, and 11 by July 31, 2008.

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

Attachments: As stated

cc: V. Ordaz, OEDO
J. Arildsen, OEDO
P. Shea, OEDO

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Status of Recommendations

Recommendation 1: Incorporate responsibility for property management into the Senior Executive Service Performance Plan and Appraisal.

Agency Response

Dated February 29, 2008: This action was completed. A copy of the revised SES Performance Plan section that applies to all SES positions is provided in Enclosure 1.

OIG Analysis:

On March 28, 2008, Office of Administration staff provided supplementary information related to this recommendation. OIG has reviewed a copy of the final FY 2008 Senior Executive Service Performance Plan and Appraisal and verified that it incorporates responsibility for property management. This satisfies OIG's recommendation. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 2: Incorporate property management duties and responsibilities into all property custodian and alternate property custodian performance evaluations.

Agency Response

Dated February 29, 2008: The Office of Administration (ADM) issued the third memorandum on this subject to the offices in October 2007. Twelve offices responded to the memorandum that the requested action had been completed. Thirteen offices did not respond. ADM contacted the property custodians of these thirteen offices on February 21, 2008, again reminding them that they should incorporate property management duties into performance evaluations.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives evidence that all property custodian and alternate property custodian performance evaluations incorporate property management duties and responsibilities.

Status: Resolved.

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Status of Recommendations

Recommendation 3: Develop and implement performance measures to provide transparency of inventory results immediately after the physical inventory is taken.

Agency Response

Dated February 29, 2008: This action was completed. ADM developed internal measures on July 25, 2007, to provide inventory results to the Director of ADM immediately after the physical inventory is taken.

OIG Analysis:

A memo for the record was provided to OIG documenting verbal directions that initial inventory results be given to the Director, Office of Administration. However, NRC has not developed and implemented performance measures associated with inventory results immediately after the physical inventory is taken. This recommendation will be closed when OIG receives a copy of the agency's performance measures and verifies that these were applied to the agency's next physical inventory.

Status:

Resolved.

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Status of Recommendations

Recommendation 4: Provide formal periodic mandatory property management training to property custodians and their alternates.

Agency Response

Dated February 29, 2008: This action was completed. The last meeting was held on January 15, 2008, and was attended by 54 of 63 property custodians. All property custodians were contacted by e-mail concerning the content of the meeting. A copy of the e-mail and the attached memorandum are provided in Enclosure 2.

OIG Analysis:

ADM provided supplementary information related to this recommendation. OIG reviewed the information and determined that it satisfies OIG's recommendation by providing formal periodic management training to property custodians and their alternates. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 5: Raise the threshold for recording non-sensitive property in SPMS to \$1,000.

Agency Response

Dated February 29, 2008: Interim instructions were provided to the property custodians via e-mail on January 3, 2008, and during a meeting held on January 15, 2008. A copy of the e-mail and the attached memorandum are provided in Enclosure 2. A revision to Management Directive 13.1 incorporating this change was developed and is undergoing internal ADM review. It is anticipated the revision will be issued for use by July 15, 2008.

OIG Analysis: The proposed corrective action contains the appropriate documentation evidencing that the threshold for recording non-sensitive property in SPMS was raised to \$1,000. This satisfies OIG's recommendation. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 6: Modify NRC Form 395 to include a field for reporting instances to OIS when missing NRC property contains or may contain personally identifiable information.

Agency Response

Dated February 29, 2008: NRC Form 395 was modified in August 2007 in response to the recommendation. Since that time, the Computer Security Office (CSO) has been established and taken responsibility for PII reporting. An additional modification to the form to note that PII releases need to be reported to the CSO will be completed by March 15, 2008. A copy of the current form is provided in Enclosure 3.

OIG Analysis:

ADM provided supplementary information related to this recommendation. OIG reviewed the supplementary information and the latest modified NRC Form 395 and verified that it does include language to: (1) account for property that "may" contain personally identifiable information (PII), and (2) require the property custodian to forward a copy of Form 395 to the Computer Security Office (CSO). The CSO is responsible for PII reporting, which includes receiving an NRC Form 395 when missing NRC property contains or "may" contain PII. OIG determined that these actions satisfy this recommendation. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 7: Modify Management Directive 13.1, "Property Management," to reference, where applicable, Management Directive 12.5, "NRC Automated Information Security Program," to include procedures for coordinating with OIS regarding missing property that contains or may contain PII.

Agency Response

Dated February 29, 2008: ADM initially worked with OIS on this task. However, since our response to the Office of Inspector General (OIG) audit recommendations, the CSO has been established and has taken responsibility for PII reporting. The Management Directive 13.1 revision does include guidance to property custodians to forward NRC Form 395s involving PII releases to the CSO.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 13.1 and determines that it references, where applicable, MD 12.5 to include procedures for coordinating with OIS regarding missing property that contains or may contain PII.

Status:

Resolved.

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Status of Recommendations

Recommendation 8: Issue interim guidance to accomplish the intent of Recommendation 7, pending revision of Management Directive 13.1.

Agency Response

Dated February 29, 2008: The PII reporting responsibilities have changed since our response to the OIG audit recommendations. The CSO has been established and has taken responsibility for PII reporting. ADM issued interim guidance to property custodians via e-mail on February 21, 2008, pending future guidance from CSO. A copy of this email will be provided separately.

OIG Analysis: OIG received and reviewed the interim guidance and supplementary information related to this recommendation and determined it satisfies the intent of Recommendation 7. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 9: Reemphasize the importance of physical security to both employees and contractors using means such as yellow announcements or posters.

Agency Response

Dated February 29, 2008: This action was completed January 18, 2008. A copy is provided in Enclosure 4.

OIG Analysis:

OIG analyzed the agency memorandum to office directors reemphasizing the importance of physical security to both employees and contractors and determined that it satisfies this recommendation. Therefore, this recommendation is closed.

Status:

Closed.

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Status of Recommendations

Recommendation 10: Periodically survey NRC buildings to ensure that physical security measures (i.e. locks, latches, door closers, badge readers, etc.) are functioning as intended for rooms containing mission critical equipment.

Agency Response

Dated February 29, 2008: This activity is being conducted per Management Directive 12.1, "Facilities Security Program." Infractions are being issued when these rooms are found unsecured and unattended. ADM did not issue infractions for the doors that were found open by the OIG audit team because we could not identify the individual who was responsible for leaving each door open. These infractions were logged by ADM. ADM will continue to conduct inquiries into reports of doors being found unsecured and unattended, issue security infractions as described in Enclosure 4, and log all infractions. ADM did notify all Security Advisors by email dated October 31, 2007 (see Enclosure 5) that security infractions would be issued for any of these rooms found open and unattended. ADM also placed a Standard Form 702 on each of the subject doors to document when, and by whom, each door is opened and closed. ADM held a meeting with the Office of Information Services (OIS) on December 7, 2007, to discuss the importance of keeping these doors secured when unattended as well as further security enhancements for this purpose. ADM will install automatic door closers on each of these doors by July 31, 2008, as an additional security enhancement.

OIG Analysis: OIG reviewed the agency's response and supplementary information related to this recommendation. Additionally, OIG reviewed the October 31, 2007, notification to all Security Advisors, and ADM's follow-up actions to survey NRC's properties to ensure that physical security measures are functioning as intended. Finally, OIG received and reviewed documentation indicating the areas within NRC property that the guards survey during their evening patrols. OIG determined that these actions satisfy the recommendation. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 11: Collaborate with OIG to modify NRC Management Directive 13.1, "Property Management," to develop a process for notifying the OIG Assistant Inspector General for Investigations of all reports (i.e., Form 395s) of missing sensitive property (regardless of value) and missing non-sensitive property with a current value of at least \$1,000.

Agency Response

Dated February 29, 2008: This action has been completed. ADM collaborated with Joseph McMillian, Assistant Inspector General for Investigations, and agreed to forward all NRC Form 395s for all sensitive items and items with a depreciated value of \$1,000 or more to his organization. Management Directive 13.1 is being revised to reflect this change.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the final MD 13.1, and verifies that it contains an effective process for notifying OIG of all reports of missing sensitive property (regardless of value) and missing non-sensitive property with a current value of at least \$1,000.

Status: Resolved.

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Status of Recommendations

Recommendation 12: Issue interim guidance to accomplish the intent of Recommendation 11, pending revision of Management Directive 13.1.

Agency Response

Dated February 29, 2008: A memorandum to office directors was not necessary since the reporting procedures are internal to ADM and the Assistant Inspector General for Investigations as described in the status of Recommendation 11 above. The Director, Division of Facilities and Security, gave guidance to the Space Planning and Property Management Branch Chief and Property Team Leader regarding this matter, which resulted in the action described in the status for Recommendation 11 above.

OIG Analysis: OIG received and analyzed the guidance from the Director, Division of Facilities and Security and the supplementary information provided, and verified that it satisfies this recommendation. Therefore, this recommendation is closed.

Status: Closed.