



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

OFFICE OF THE  
INSPECTOR GENERAL

July 7, 2008

MEMORANDUM TO: R. William Borchardt  
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATION: MEMORANDUM  
REPORT: AUDIT OF NRC'S REGULATION OF NUCLEAR  
FUEL CYCLE FACILITIES (OIG-07-A-06)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL  
SAFETY AND SAFEGAURDS, MEMORANDUM DATED  
JUNE 24, 2008

Attached is the Office of the Inspector General (OIG) analysis and status of the recommendation as discussed in the agency's response dated June 24, 2008. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by January 30, 2009.

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

Attachment: As stated

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

## Audit Report

### Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities OIG-07-A-06

#### Status of Recommendation

Recommendation 1: Fully develop and implement a framework for the Fuel Cycle Facility Oversight Program (FCFOP), that is consistent with a structured process, such as the Reactor Oversight Process (ROP).

Agency Response  
Dated June 24, 2008:

#### Background

By memorandum (ML071490183), dated May 31, 2007, the Office of Nuclear Material Safety and Safeguards (NMSS) provided an initial response to an Office of Inspector General request for an update of the status of Recommendation 1. The initial response discussed several initiatives related to improving fuel cycle oversight, including: (1) structured evaluation of integrated safety analysis (ISA) annual updates; (2) consolidation of the fuel cycle inspection program at Region II; (3) revision of U.S. Nuclear Regulatory Commission (NRC) Enforcement Policy; (4) development of structured event-processing guidance; and (5) completion of a safety-culture pilot plan. A status update was provided by memorandum (ML073010005), dated December 10, 2007, which noted that items (2) and (4) were complete.

#### Response

NMSS staff is continuing work on items (1), (3), and (5). The status of the remaining items is as follows: Item (1) 10 ISA annual updates have been received and review is complete for three of the updates. FCSS has committed to complete review of 50% of the ISA annual updates by the end of June 2008 and 100% by the end of September 2008; Item (3) new fuel cycle supplement examples for the NRC enforcement policy have been submitted to the Office of Enforcement for inclusion in a draft revised enforcement policy which will be out for public comment during the 3<sup>rd</sup> quarter of 2008; Item (5) Phase I (data gathering) is complete and staff is reviewing proposed options for modified oversight. Phase II is expected to begin during the 4<sup>th</sup> quarter of 2008. NMSS will provide additional updates as requested.

OIG Analysis:

The proposed corrective actions continue to address the intent of OIG's recommendation. Recommendation 1 will be closed when NRC provides evidence that it has fully developed and implemented a framework for the Fuel Cycle Facility Oversight Program.

**Status:**

Resolved.