



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

OFFICE OF THE  
INSPECTOR GENERAL

August 29, 2008

MEMORANDUM TO: R. William Borchardt  
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 JULY 31, 2008

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated July 31, 2008. Based on this analysis, recommendation 3 is closed. Please provide an updated status on resolved recommendations 2, 7, and 11 by March 31, 2009.

If you have any questions or concerns, please contact me at 415-5915 or Steven Zane at 415-5912.

Attachments: As stated

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

**Audit Report**  
**Audit of NRC's Non-Capitalized Property**  
**OIG-07-A-14**

**Status of Recommendations**

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

Agency Response  
Dated July 31, 2008:

The Office of Administration (ADM) issued the third memorandum on this subject to offices on October 30, 2007 (see Enclosure 1). All offices have responded and all but two have completed the requested action. The remaining offices are targeted to incorporate property management duties and responsibilities into all property custodian and alternative property custodian (if applicable) performance plans by October 31, 2008.

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.

**Audit Report**  
**Audit of NRC's Non-Capitalized Property**  
**OIG-07-A-14**

**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 July 31, 2008:

ADM established an internal inventory performance measure of 70% accuracy for the current inventory. The initial inventory results, including the sub-accounts that did not meet the 70% internal inventory performance measure, were reported to the Director of the Office of Administration as the initial count phase was conducted. The overall NRC initial inventory accuracy was 93%. ADM is working with the five sub-accounts that failed to meet the 70% initial inventory performance measure to improve their inventory accuracy and recover missing NRC property. Initial count inventory performance measures will be incorporated into the revision of Management Directive (MD) 13.1, "Property Management" (see the status of Recommendation 7 for an update on completion of this revision).

**OIG Analysis:**

ADM developed and implemented performance measures associated with initial inventory results, and these measures were applied immediately after the latest physical inventory was taken. Also, ADM plans to incorporate these measures into a revision of MD 13.1. This satisfies OIG's recommendation. Therefore, this recommendation is closed.

**Status:**

Closed.

**Audit Report**  
**Audit of NRC's Non-Capitalized Property**  
**OIG-07-A-14**

**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 July 31, 2008:

ADM staff assigned to revise MD 13.1 have also been conducting the biennial inventory and have been unable to dedicate sufficient time to complete the MD revision. Additional required changes to MD 13.1 were identified since the last update provided to the Office of the Inspector General on February 29, 2008 (e.g., definition of sensitive items). An update to MD 13.1 incorporating all the required changes is currently under review by ADM staff. The review and incorporation of comments is expected to be completed by August 31, 2008, at which time the MD 13.1 revision will be transmitted to offices and regions for review and comment. It is anticipated that the final approval process will be completed by February 27, 2009. NRC Form 395 has been modified to reflect the requirement to report any missing property containing PII to the Computer Security Office (see Enclosure 2).

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.

**Audit Report**  
**Audit of NRC's Non-Capitalized Property**  
**OIG-07-A-14**

**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 July 31, 2008:

This action has been completed. ADM collaborated with Joseph McMillian, Assistant Inspector General for Investigations, and have agreed to forward all NRC Form 395s with a depreciated value of \$1,000 or more to his organization. This notification process will be incorporated into the revision of MD 13.1. As stated in Recommendation 7, the anticipated date for final issuance of MD 13.1 is February 27, 2009.

**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.