



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

OFFICE OF THE  
INSPECTOR GENERAL

February 20, 2009

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  
JANUARY 27, 2009

Attached is the Office of the Inspector General (OIG) analysis and status of the recommendation as discussed in the agency's response dated January 27, 2009. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by August 28, 2009.

If you have any questions or concerns, please call me at 415-5915 or Sherri Miotla, Team Leader, 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 January 27, 2009: Background

By memorandum (ML071490183), dated May 31, 2007, 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 (ML081480341), dated June 24, 2008, which noted that items (2) and (4) were complete.

#### Response

Fuel Cycle Safety and Safeguards (FCSS) has completed the structured evaluation of ISA annual updates, including the lessons-learned review of the ISA update process, and has implemented improved change-screening criteria and a new internal review schedule. Item (1) is, therefore, complete.

NMSS staff is continuing work on item (3). The status of this remaining item is as follows: New fuel cycle supplement examples have been included in the revised NRC Enforcement Policy, which has completed a public comment period. Comment resolution and document issue by the Office of Enforcement is planned for mid-2009.

## **Audit Report**

### **Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities**

**OIG-07-A-06**

#### **Status of Recommendation**

NMSS staff is continuing work on item (5). The status of this remaining item is as follows: FCSS has completed data collection, developed recommendations and selected an implementation option, therefore, Phase I of the safety culture pilot plan is complete. Phase II of the plan consists of implementation of the Phase I results. Under Phase I, FCSS developed a temporary instruction for applying safety culture components to fuel cycle inspection and enforcement. FCSS and Region II will be revising the fuel cycle oversight process. This revision is intended to draw on risk-insights to develop a more stable, predictable and transparent oversight process building on the principles of the Reactor Oversight Process. Resources for this are being planned for the FY 2011 budget. In addition, a steering committee has been formed and its charter is expected to be finalized by the end of January 2009. The Phase I results will be incorporated into the revision of the fuel cycle oversight process. 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.