



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

OFFICE OF THE  
INSPECTOR GENERAL

August 26, 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  
AUGUST 10, 2009

Attached is the Office of the Inspector General (OIG) analysis and status of the recommendation as discussed in the agency's response dated August 10, 2009. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by January 29, 2010.

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  
C. Jaegers, 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 August 10, 2009: Background

By memorandum (ML071490183), dated May 31, 2007, Nuclear Material Safety and Safeguards (NMSS) provided an initial response to an Office of the Inspector General request for an update on 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 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 (ML083590118), dated January 27, 2009, which noted that items (1), (2), and (4) were complete.

#### Response

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 an initial public comment period. A second public comment period has just been completed, and NMSS has provided the Office of Enforcement (OE) with responses to public comments about the proposed fuel cycle supplements. OE comment resolution and document issue are planned for late 2009.

NMSS staff is continuing work on item (5). The status of this remaining item is as follows: Phase I of the safety-culture pilot plan is complete. Phase II of the plan consists of

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

OIG-07-A-06

#### Status of Recommendation

Recommendation 1 continued:

implementation of the Phase I results. NMSS plans to incorporate the Phase I results into the new fuel cycle oversight process (FCOP). The FCOP project is currently underway with formation of a steering committee and approval of its charter; both accomplished by March 13, 2009. In addition, NRC has formed a working group and has had a number of public meetings with industry. The working group includes OE staff with safety culture expertise and experience with both the internal and external safety culture efforts of the past year. Resources for the FCOP revision are included in fiscal year 2011 budget request that is currently before the Commission. 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.