



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

**OFFICE OF THE  
INSPECTOR GENERAL**

June 8, 2010

**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  
GRANT MANAGEMENT PROGRAM (OIG-09-A-16)

**REFERENCE:** DIRECTOR, OFFICE OF ADMINISTRATION,  
MEMORANDA DATED APRIL 30, 2010, AND MAY 7, 2010

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's responses dated April 30, 2010, and May 7, 2010. Recommendations 1, 2, 4, 5, 6, 8, and 9 remain resolved and recommendation 3 is closed. Recommendation 7 was closed previously. Please provide the status of the resolved recommendations by July 30, 2010.

If you have any questions or concerns, please call me at 415-5915 or Kathleen Stetson, Team Leader, at 415-8175.

Attachment: As stated

cc: N. Mamish, OEDO  
J. Andersen, OEDO  
J. Arildsen, OEDO  
C. Jaegers, OEDO

## Audit Report

### AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

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#### Status of Recommendations

Recommendation 1: Resolve outstanding Lean Six Sigma [LSS] issues, including definition of the competitive grant process, roles and responsibilities, development of a shared electronic grant database, and scope of SBCR [Office of Small Business and Civil Rights] reviews.

Agency Response Dated  
May 7, 2010:

Status: The Office of Administration (ADM) will resolve Recommendation 1 in the short-term by issuing interim guidance to all personnel involved in the grant process, and in the long-term by revising Management Directive (MD) 11.6, "Financial Assistance Program."

ADM incorporated LSS recommendations in the development of the draft interim guidance for the grants program. The draft interim guidance (Recommendation 3) was provided to the Office of Human Resources (HR), Office of Nuclear Regulatory Research (RES), Office of the General Counsel (OGC), and SBCR for review and comment on March 4, 2010. ADM is in the final stages of resolving office comments. The targeted completion date for issuance of the interim guidance is May 28, 2010. This represents a 2-month slippage from our previous update.

Draft Management Directive (MD) 11.6, "Financial Assistance Program," will be issued for formal office comment by June 30, 2010. ADM expects to issue the revised MD 11.6 by June 30, 2011 (Recommendation 2).

With respect to the development of a shared electronic grant database, ADM currently stores financial assistance applications in an electronic, shared, financial assistance folder that is accessible to program office personnel involved in the financial assistance process. As stated in ADM's response to Recommendation 6, ADM plans to develop a SharePoint site for grants management as an interim solution by December 31, 2010, that will include a document/reference library. In the long-term, ADM will continue to review available electronic grants systems and coordinate with the Office of the Chief Financial Officer as it

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#### Status of Recommendations

Recommendation 1 (continued):

develops potential functionality and capabilities within the Nuclear Regulatory Commission's (NRC) Financial Accounting and Integrated Management System (FAIMIS).

OIG Analysis:

The proposed corrective actions address the intent of the recommendation. Recommendation 1 will be closed when OIG receives documentation that demonstrates the outstanding LSS issues, including definition of the competitive grant process, roles and responsibilities, development of a shared electronic grant database, and scope of SBCR reviews, have been resolved.

**Status:**

Resolved.

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#### Status of Recommendations

Recommendation 2: Update Management Directive 11.6 to comprehensively address the NRC's [Nuclear Regulatory Commission's] competitive and non-competitive grant program, including (a) roles and responsibilities of individuals and offices involved in the grant process, (b) process for awarding grants, and (c) required monitoring by project officers.

Agency Response Dated  
May 7, 2010

Status: ADM will update MD 11.6 through the formal MD process to provide consistent policies and procedures for awarding competitive and non-competitive grants, the administration of those awards, and the roles and responsibilities of ADM Division of Contracts (DC) and program office personnel involved in the process. ADM expects to issue the revised MD 11.6 by June 30, 2011.

OIG Analysis: The proposed corrective actions address the intent of the recommendation. Recommendation 2 will be closed when OIG receives a copy of the updated Management Directive 11.6 and determines that it addresses NRC's competitive and non-competitive grant program, including (a) roles and responsibilities of individuals and offices involved in the grant process, (b) process for awarding grants, and (c) required monitoring by project officers.

**Status:** Resolved.

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#### Status of Recommendations

<u>Recommendation 3:</u>	Issue interim guidance to accomplish the intent of recommendation 2, pending revision of Management Directive 11.6.
Agency Response Dated May 7, 2010:	Status. ADM provided draft interim guidance to HR, RES, OGC, and SBCR for comment. Comments from all offices are being resolved. The targeted completion date for issuance of the interim guidance is May 28, 2010.
OIG Analysis:	OIG obtained and reviewed a copy of the interim guidance issued on May 28, 2010. The comprehensive interim guidance includes (a) the roles and responsibilities of individuals and offices involved in the grant process, (b) process for awarding grants, and (c) required monitoring by project officers. Accordingly, this recommendation is closed.
<b>Status:</b>	Closed.

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#### Status of Recommendations

Recommendation 4: Develop grant specific training requirements for staff who work on grants to include a reasonable period of time (such as 18 months) for completion of the training.

Agency Response Dated  
April 30, 2010:

Status. The Office of Human Resources and the Office of Administration reviewed grant training courses provided by commercial organizations, as well as internal training programs used by other Federal agencies in the development of specific training requirements for the U.S. Nuclear Regulatory Commission (NRC) staff that will enhance their skills in managing grants. The competencies identified by the Office of Personnel Management were used in the development of these training requirements. Development of grant-specific training requirements was completed by April 30, 2010, in accordance with the Deputy Executive Director for Corporate Management's November 3, 2009, memorandum to you.

The NRC's Grants Management Certification and Training Program is in the approval process for issuance. It is anticipated that this training program will be implemented by June 30, 2010.

OIG Analysis: The proposed corrective action addresses the intent of the recommendation. This recommendation will be closed when the agency provides OIG with a copy of the grant specific training requirements provided to staff, including a timeframe within which staff must complete the training.

**Status:** Resolved.

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#### Status of Recommendations

Recommendation 5: Ensure that staff working on grants complete the required training within the specified timeframe identified in response to recommendation 4.

Agency Response Dated  
May 7, 2010:

Status: The NRC's Grants Management Certification and Training Program is in the approval process for issuance by the EDO, and it is anticipated that the Program will be effective by June 30, 2010. Grant staff must complete the required training within an 18-month period, or by December 31, 2011. During this training period, grant staff will work under the direction of an experienced grants officer or an experienced grants project officer.

OIG Analysis:

The proposed corrective actions address the intent of this recommendation. This recommendation will be closed when OIG receives documentation that the staff working on grants has completed the required training within the specified timeframe identified in response to recommendation 4.

**Status:**

Resolved.

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#### Status of Recommendations

Recommendation 6: Develop a method for sharing up-to-date official file/grant documentation with all involved parties to include a formal electronic tracking and reporting system.

Agency Response Dated  
May 7, 2010:

Status: DC's Automated Acquisition Management System provides access to documents by DC and program office personnel involved in the grants process. In addition, ADM will be developing a grants link in SharePoint that will include a document/reference library. This link will be operational by December 31, 2010.

ADM has reviewed the Department of Labor's system, and will continue reviewing other existing electronic grants systems and the capabilities under development within FAIMIS, to determine a long-term approach that meets the needs of the agency, fits within the NRC's Information Technology project framework, and complies, as determined necessary, with Office of Management and Budget guidance to align with Grants Management Line of Business consortia.

OIG Analysis:

The proposed corrective action addresses the intent of the recommendation. Recommendation 6 will be closed when the OIG receives documentation that a method for sharing up-to-date official file/grant documentation with all involved parties to include a formal electronic tracking and reporting system has been developed.

**Status:**

Resolved.

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### AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

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#### Status of Recommendations

Recommendation 8: Develop a quality assurance process for ensuring official grant files are complete.

Agency Response Dated  
May 7, 2010:

Status. Contract number NRC-10-08-373, an 8(a) contract that provides independent file reviews of commercial contracts, Department of Energy Laboratory Agreements, and other interagency agreements, expires on June 30, 2010. ADM included annual grant file reviews in the Statement of Work for the new contract under Request for Procurement Number ADM-10-397, which was submitted to DC on December 30, 2009.

In support of the new file reviews, the contractor will develop a checklist to ensure the accuracy and adequacy of the grant file, to determine if all appropriate procedures were followed, and to provide a list of missing documents. The contractor will also provide a list of specific findings and recommendations for improving the overall management of NRC grants. The new contract will be in place on July 1, 2010, at which time development of a grant checklist will commence.

OIG Analysis: The proposed corrective actions address the intent of this recommendation. Recommendation 8 will be closed when OIG receives documentation of the quality assurance process for ensuring official grant files are complete.

**Status:** Resolved.

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#### Status of Recommendations

Recommendation 9: Office of the Inspector General (OIG) recommends that the EDO and the General Counsel issue a regulation concerning suspension and debarment.

Agency Response Dated  
May 7, 2010:

Status: The final rule that will issue new NRC regulations governing non-procurement, debarment, and suspension was submitted to the EDO for signature on April 12, 2010.

Once submitted to the Federal Register, a new Chapter XXXVIII to Title 2 of the Code of Federal Regulations Part 2000 will be included in the Office of Management and Budget's regulations. The completion date for publishing the new regulation is October 31, 2011.

OIG Analysis:

The proposed corrective actions address the intent of this recommendation. Recommendation 9 will be closed when OIG receives a copy of the issued regulation concerning suspension and debarment.

**Status:**

Resolved.