



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

**OFFICE OF THE
INSPECTOR GENERAL**

July 13, 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
MATERIAL CONTROL AND ACCOUNTING SECURITY
MEASURES FOR SPECIAL NUCLEAR MATERIALS AT
FUEL CYCLE FACILITIES (OIG-09-A-19)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL SAFETY
AND SAFEGUARDS, MEMORANDUM DATED
JUNE 24, 2010

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated June 24, 2010. Based on this response, recommendation 1 and 2 remain in resolved status. Recommendation 3 was closed previously. Please provide an update on these recommendations by January 10, 2011.

If you have any questions or concerns, please call me at 415-5915 or Beth Serepca, Team Leader, at 415-5911.

Attachment: As stated

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

Audit Report

AUDIT OF NRC'S MATERIAL CONTROL AND ACCOUNTING SECURITY MEASURES FOR SPECIAL NUCLEAR MATERIALS AT FUEL CYCLE FACILITIES

OIG-09-A-19

Status of Recommendations

Recommendation 1: Review and revise MC&A procedures as required by NMSS Policy and Procedures Letter 1-76.

Agency Response Dated
June 24, 2010:

THE MC&A inspection procedures (IPs) are currently being reviewed and revised, as necessary. As of June 26, 2010, the first three IPS have been revised and submitted to Region II for concurrence. Inspection Manual Chapter 2683 (Material Control and Accounting [MC&A] Inspection Program for Fuel Cycle Facilities) is also being revised as part of this procedure update process. In addition, in order to ensure completion of the active Category I and Category III IPs, NMSS will defer action on the Cat II procedures as an effectiveness and efficiency measure. Delaying the revision of the Category II inspection procedures will have no impact on the current NMSS MC&A inspection program activities or effectiveness, in that there are no Category II facilities to which these procedures currently apply. Therefore, NMSS will wait for the completion of the current Part 74 rulemaking activities before determining whether to expend resources updating the Category II inspection procedures unless there are significant delays in the rulemaking and a license application for a Category II is received. The update of the Category I and III inspection procedures are still expected to be completed by December 2010.

OIG Analysis: The proposed action addresses the intent of this recommendation. This recommendation will be closed when OIG receives documentation that NRC has updated the MC&A procedures as required by the NMSS Policy and Procedures Letter 1-76.

Status: Resolved.

Audit Report

AUDIT OF NRC'S MATERIAL CONTROL AND ACCOUNTING SECURITY MEASURES FOR SPECIAL NUCLEAR MATERIALS AT FUEL CYCLE FACILITIES

OIG-09-A-19

Status of Recommendations

Recommendation 2: Establish an alternative to DOE-sponsored MC&A inspector training to be used as needed.

Agency Response Dated
June 24, 2010:

NMSS has initiated the process to establish a contract with DOE's National Training Center (NTC) to develop training materials that can be used as self-study guides to replace the course content in each DOE-sponsored MC&A and related class that has not been routinely offered. The statement of work and request for proposal were prepared and sent to the NTC in early May and staff is currently conducting the technical review of the NTC proposal. NMSS expects to have this contract with NTC in place by December 2011.

In addition, NTC management has advised U.S. Nuclear Regulatory Commission (NRC) staff that the minimum class requirements have been significantly reduced and the NTC sponsored classes, which have been problematic for NMSS staff to attend in the past, will therefore be available on a more frequent basis. While this information is useful and encouraging, NMSS is proceeding with establishing the NRC's own training materials via the aforementioned contract.

OIG Analysis: The proposed actions addresses the intent of this recommendation. This recommendation will be closed when NRC develops and implements self-study guides and procedures developed to replace course content in each DOE-sponsored MC&A and related class that is not routinely offered.

Status: Resolved.