



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

**OFFICE OF THE
INSPECTOR GENERAL**

August 26, 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,
MEMORANDUM DATED JULY 23, 2010

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated July 23, 2010. Based on this response, recommendations 1, 2, 5, 6, and 8 remain resolved and recommendations 4 and 9 are closed. Recommendations 3 and 7 were closed previously. Please provide an updated status of the resolved recommendations by December 31, 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

OIG-09-A-16

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
July 23, 2010:

Status: The Office of Administration (ADM) resolved Recommendation 1 in part by incorporating Lean Six Sigma recommendations in interim guidance for the grants program to include the definition of the competitive grant process and a section on roles and responsibilities. The interim guidance was issued as a draft of Management Directive (MD) 11.6, "Financial Assistance Program," on May 28, 2010, to the Office of Human Resources (HR), Office of Nuclear Regulatory Research, Office of the General Counsel (OGC), and the Office of Small Business and Civil Rights.

With respect to the development of a shared electronic 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. This part of Recommendation 1 will be resolved through the development of a SharePoint site for grants management by December 31, 2010, which will include an improved document/reference library. In addition, ADM will continue to coordinate with the Office of the Chief Financial Officer (OCFO) as it develops potential functionality and capabilities within the U.S. Nuclear Regulatory Commission's (NRC) Financial Accounting and Integrated Management System (FAIMIS) to confirm whether the planned grants module will support a grants database.

OIG Analysis:

The proposed corrective actions address the intent of the recommendation. Recommendation 1 will be closed when OIG receives documentation demonstrating that the

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

Status of Recommendations

Recommendation 1 (continued):

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 implemented.

Status: Resolved.

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

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
July 23, 2010:

Status: ADM is currently updating MD 11.6 through the formal MD process to provide consistent policies and procedures for awarding and administering/monitoring competitive and noncompetitive grants, and to clarify the roles and responsibilities of ADM Division of Contracts (DC) and program office personnel involved in the process. ADM issued MD 11.6, "Financial Assistance Program" for formal office comment on July 23, 2010. ADM expects that MD 11.6 will be revised by June 30, 2011, and thereafter, submitted for publication and issuance.

OIG Analysis:

The proposed corrective actions address the intent of the recommendation. OIG received and reviewed a copy of the Draft Management Directive 11.6. The Draft Management Directive 11.6 addresses the recommendation. This recommendation 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.

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

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
July 23, 2010:

Status. ADM resolved Recommendation 4 by developing an 18-month grant-specific training program, which was completed by April 30, 2010, in accordance with the Deputy Executive Director for Corporate Management November 3, 2009, memorandum to you. The memorandum implementing NRC's Grants Management Certification and Training Program was issued by the Executive Director for Operations (EDO) on June 24, 2010 (Enclosure 1).

OIG Analysis:

OIG received a copy of the 18-month grant-specific training program and the memorandum implementing NRC's Grants Management Certification and Training Program issued by the Executive Director for Operations (EDO) on June 24, 2010 (Enclosure 1). This recommendation is therefore closed.

Status:

Closed.

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

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
July 23, 2010:

Status: Grant staff must complete the required training identified in NRC's Grant Management Certification Training Program by December 31, 2011. This training will be monitored by the NRC Acquisition Career Manager in coordination with HR.

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.

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

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
July 23, 2010:

Status: ADM's Automated Acquisition Management System provides access to grant award documents by staff in the Division of Contracts and program offices involved in the grants process. This recommendation will be resolved through the development of a SharePoint site for grants management which will include an improved document/reference library. In addition, ADM will continue to coordinate with OCFO as it develops potential functionality and capabilities within FAIMIS to confirm whether the planned grants module will support a grants database.

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.

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

Status of Recommendations

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

Agency Response Dated
July 23, 2010:

Status. Contract Number NRC-10-08-373, an 8(a) contract, provides independent file reviews of commercial contracts, Department of Energy Laboratory Agreements, and other interagency agreements, expires on July 31, 2010. ADM included the requirement to develop a quality assurance process in the Statement of Work for the new contract under Request for Proposal Number ADM-10-397, which is expected to be awarded no later than August 1, 2010.

In support of the new quality assurance process, the contractor will develop a checklist to ensure the accuracy and adequacy of grant files, determine if all appropriate procedures were followed, and provide a list of missing documents.

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.

Audit Report

AUDIT OF NRC'S GRANT MANAGEMENT PROGRAM

OIG-09-A-16

Status of Recommendations

Recommendation 9: Issue a regulation concerning suspension and debarment.

Agency Response Dated
July 23, 2010:

Status: The EDO and OGC resolved Recommendation 9 by submitting for publication to the *Federal Register* a regulation governing non-procurement, debarment, and suspension. The regulation was published in the *Federal Register* (Volume 75, Number 96) on May 19, 2010 (Enclosure 2). The effective date of the regulation is June 18, 2010. The regulation is located in Title 2, Subtitle B, Chapter XX of the Code of Federal Regulations.

OIG Analysis:

OIG received a copy of the issued regulation concerning suspension and debarment. This recommendation is therefore closed.

Status:

Closed.