



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

**OFFICE OF THE
INSPECTOR GENERAL**

December 20, 2010

MEMORANDUM TO: R. W. Borchardt
Executive Director for Operations

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
MANAGEMENT OF AGREEMENTS WITH DEPARTMENT
OF ENERGY LABORATORIES (OIG-10-A-12)

REFERENCE: DIRECTOR, OFFICE OF ADMINISTRATION
MEMORANDUM DATED OCTOBER 29, 2010

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated October 29, 2010. Based on this response, recommendations 1 – 5 and 7 remain in resolved status. Recommendation 6 was previously closed. Please provide an updated status on the resolved recommendations by February 15, 2011.

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: D. Ash, OEDO
M. Muessle, OEDO
J. Andersen, OEDO
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Audit Report

AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES

OIG-10-A-12

Status of Recommendations

Recommendation 1: Revise MD 11.7 to require NRC offices to consider the use of commercial sources through market research (e.g., sources-sought announcements, procurement history, expert knowledge) as part of the decision-making process in choosing to use a lab, and fully document the results/conclusions in the agreement files.

Agency Response

Dated October 29, 2010: The Office of Administration (ADM) is in the process of revising MD 11.7. The updated version of the MD includes language that requires offices to consider the use of commercial sources through market research as part of the decision-making process in choosing to use a Department of Energy (DOE) lab. The revised MD also provides guidance for fully documenting the results/conclusions of the market research in the agreement files. The completion date for issuance of revised MD 11.7 is January 30, 2012. This represents a 4-month slippage from our original completion date.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the revised MD 11.7 and determines that it requires NRC offices to consider the use of commercial sources through market research as part of the decision making process in choosing to use a lab, and fully document the results/conclusions in the agreement files.

Status: Resolved.

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Status of Recommendations

Recommendation 2: Clarify MD 11.7 to emphasize the requirement to fully document the rationale and basis for using a DOE lab.

Agency Response

Dated October 29, 2010: The revision to MD 11.7 will emphasize the requirement to fully document the rationale and basis for using a DOE lab. Completion date for issuance of revised MD 11.7 is January 30, 2012.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the clarified MD 11.7 and determines that it emphasizes the requirement to fully document the rationale and basis for using a DOE lab.

Status: Resolved.

Audit Report

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Status of Recommendations

Recommendation 3: Revise MD 11.7 to require independent review of justifications by DC personnel to ensure that commercial sources were fully considered.

Agency Response
Dated October 29, 2010: ADM has drafted review criteria, based on input from the program offices, that will be used in determining which justifications must be reviewed by DC prior to award of an agreement to DOE. Those justifications that do not meet the criteria will continue to be reviewed by the Associate Competition Advocate in each office. The revised MD 11.7 will include the review criteria. The target date to finalize the review criteria is November 15, 2010. Completion date for issuance of revised MD 11.7 is January 30, 2012.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the revised MD 11.7 and determines that it requires independent review of justifications by DC personnel to ensure that commercial sources were fully considered.

Status: Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES

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Status of Recommendations

Recommendation 4: Issue interim guidance to address recommendations 1 through 3 pending revision of MD 11.7.

Agency Response

Dated October 29, 2010: ADM will issue interim guidance to address recommendations 1 through 3 until the revised MD 11.7 is published. Completion date for issuance of interim guidance is revised from October 15, 2010, to January 14, 2011. This represents a 3-month slippage from our original completion date.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the interim guidance that addresses recommendations 1 through 3.

Status: Resolved.

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Status of Recommendations

Recommendation 5: Direct DC to work with agency program and support offices to develop and implement milestones for more robust market research requirements prior to awarding DOE lab agreements.

Agency Response

Dated October 29, 2010: DC will work with the agency program and support offices to develop and implement requirements for more robust market research and will then establish pre-award milestones. The target date for developing milestones is December 30, 2010. These milestones will be incorporated into the interim guidance. The planned date of issuance of interim guidance is January 14, 2011.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives documentation that shows DC was directed to work with agency program and support offices to develop and implement milestones for more robust market research requirements prior to awarding DOE lab agreements.

Status:

Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES

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Status of Recommendations

Recommendation 7: Issue a delegation of authority to OIP to award, extend, modify, and terminate DOE lab agreements.

Agency Response

Dated October 29, 2010: OIP submitted a request for Delegation of Authority to award, extend, modify, and terminate DOE lab agreements to the Chairman for his consideration and signature on June 23, 2010.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the issued delegation of authority to OIP to award, extend, modify, and terminate DOE lab agreements.

Status:

Resolved.