June 23, 2011

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
                   OVERSIGHT OF INDEPENDENT SPENT FUEL STORAGE
                   INSTALLATIONS SECURITY (OIG-11-A-10)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR REACTOR AND
                   PREPAREDNESS PROGRAMS MEMORANDUM DATED
                   JUNE 5, 2011

Attached is the Office of the Inspector General's (OIG) analysis and status of
recommendations 1, 2, 3, and 4 as discussed in the agency's response dated June 5,
2011. Based on this response, recommendations 2 and 4 are closed and
recommendations 1 and 3 are resolved. Please provide an update on
recommendations 1 and 3 by September 26, 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 OF NRC'S OVERSIGHT OF ISFSI SECURITY

OIG-11-A-10

Status of Recommendations

Recommendation 1:   Develop and implement an overarching process document that defines and clearly documents the roles and responsibilities of all offices involved with Independent Spent Fuel Storage Installation (ISFSI) security.

Agency Response
Dated June 5, 2011:   AGREE: NSIR agrees with the intent of the recommendation, and believes they will achieve the results through the documents and activities currently in development. NSIR has developed and is implementing the recommended Inspection Procedure (IP) (OIG Recommendation 2); is working with Region I to develop a specific ISFSI security inspector qualification program (OIG recommendation 3); and has developed and implemented a centralized repository for ISFSI security information (OIG Recommendation 3). These combined activities and documents will provide the definition and clarity for the roles and responsibilities of all offices involved with ISFSI security. The target date for completion of these actions is June 30, 2011.

In addition, the ISFSI rule and associated guidance currently being developed will make generically applicable the ISFSI security orders that were issued following the terrorist attacks of September 11, 2001; update ISFSI security regulations to reflect lessons learned from prior ISFSI security inspections; reflect lessons learned from the power reactor force-on-force assessment results that are applicable to ISFSIs, as well as the Commission's recent final rulemaking on power reactor security; and improve regulatory clarity and consistency between general licensed and specific licensed ISFSIs. This activity will be completed in 5 – 7 years and will provide additional clarity to the process. [Point of Contact (POC): Susan Bagley]

Audit Report

AUDIT OF NRC'S ISFSI SECURITY

OIG-11-A-10

Status of Recommendations

Recommendation 1 (cont.):

OIG Analysis: The proposed actions may achieve the intent of the recommendation through the documents and activities; however, the OIG would like to receive an overarching process document that defines and clearly documents the roles and responsibilities of the offices involved with ISFSI security. This recommendation will be closed when OIG receives that documentation.

Status: Resolved.

Audit Report

AUDIT OF NRC'S ISFSI SECURITY

OIG-11-A-10

Status of Recommendations

Recommendation 2: Develop and implement a comprehensive ISFSI security inspection procedure which includes a defined frequency for inspections to occur.

Agency Response
Dated June 5, 2011: AGREE: IP 81001 has been revised to replace the version rescinded by the Office of Nuclear Reactor Regulation (NRR) in 2001. IP 81001 is currently in use by the Regions as a draft document, is now in NRR's Manual Chapter/Inspection Procedure process for release, and will be issued to replace Temporary Instruction 2690 which expires June 30, 2011. Temporary Instruction 2690 will be rescinded upon completion of the IP. [POC: Susan Bagley]

OIG Analysis: OIG reviewed IP 81001 to ensure that it includes a defined frequency for inspections to occur and determined that it meets the intent of the recommendation. This recommendation is therefore considered closed.

Status: Closed.

Audit Report

AUDIT OF NRC'S ISFSI SECURITY

OIG-11-A-10

Status of Recommendations

Recommendation 3:   Develop and implement a formal ISFSI security qualification
                           program.

Agency Response
Dated June 5, 2011:   AGREE: NSIR and Region I are working with the Technical
                           Training Center to develop an ISFSI inspector qualification
                           program which will be a subpart of both Inspection Manual
                           Chapters (IMC) 1245 and 1246. The security inspector
                           training requirements are being developed and will be added
                           to TRN-700, "NSIR Training, Development and Qualification
                           Programs," which is currently available for use. Formal
                           changes to IMC 1245 and IMC 1246 will be recommended to
                           the IMC working groups by the end of June 2011. [POC:
                           Susan Bagley]

OIG Analysis: The proposed corrective action meets the intent of the
                           recommendation. This recommendation will be closed when
                           OIG receives verification that an ISFSI security qualification
                           program has been implemented.

Status: Resolved.

AUDIT OF NRC'S ISFSI SECURITY

OIG-11-A-10

Status of Recommendations

Recommendation 4:   Develop and implement a centralized repository of relevant ISFSI security information.

Agency Response
Dated June 5, 2011:   AGREE: A central repository of relevant ISFSI security information has been established. The "Waste Security/Inspection" site (located on the NRC intranet at http://portal.nrc.gov/edo/nsir/DSP/MWISB/isfsi/default.aspx) is an NRC SharePoint website maintained by the Materials and Waste Security Branch of NSIR, Division of Security Policy. This site contains security-applicable reference documents, information on licensees, photos, meeting calendars, meeting notes, contact information and inspection schedules. NSIR is also working with both the Office of Nuclear Materials Safety and Safeguards and the Office of Federal and State Materials and Environmental Management Programs, to incorporate into the SharePoint site any additional information held in those offices pertinent to ISFSI security. This SharePoint site has been in use by staff across the NRC with responsibility for ISFSI matters. Because this action is complete, the staff recommends closing this item. [POC: Doug Garner]

OIG Analysis: OIG reviewed the SharePoint site and determined that it meets the requirements for a centralized repository. This recommendation is therefore considered closed.

Status: Closed.