



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

**OFFICE OF THE
INSPECTOR GENERAL**

March 19, 2012

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATION: MEMORANDUM
REPORT: AUDIT OF NRC'S REGULATION OF NUCLEAR
FUEL CYCLE FACILITIES (OIG-07-A-06)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL
SAFETY AND SAFEGUARDS, MEMORANDUM DATED
MARCH 6, 2012

Attached is the Office of the Inspector General (OIG) analysis and status of recommendation 1 as discussed in the agency's response dated March 6, 2012. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by November 30, 2012.

If you have any questions or concerns, please call me at 415-5915 or Sherri Miotla, Team Leader, at 415-5914.

Attachment: As stated

cc: N. Mamish, OEDO
K. Brock, OEDO
J. Arlidsen, OEDO
C. Jaegers, OEDO

Audit Report

Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

Status of Recommendation

Recommendation 1: Fully develop and implement a framework for the Fuel Cycle Facility Oversight Program (FCFOP) that is consistent with a structured process, such as the Reactor Oversight Process (ROP).

Agency Response Dated
March 6, 2012:

Background

On May 31, 2007, the Office of Nuclear Material Safety and Safeguards provided an initial response (ADAMS Accession No. ML071490183) to an OIG request for an update on the status of Recommendation 1. The staff provided several updates on the status of its activities, with the most recent being dated August 26, 2011 (ADAMS Accession No. ML112130059).

Response

On October 7, 2011, the U.S. Nuclear Regulatory Commission (NRC) staff issued SECY-11-0140, "Enhancements to the Fuel Cycle Oversight Process," (ADAMS Accession No. ML111180705). In SECY-11-0140, the NRC staff provided three options to enhance the Fuel Cycle Oversight Process (FCOP) for Commission consideration. The NRC staff's recommendation, Option 1, is an FCOP framework that provides a structure that is similar to the Reactor Oversight Process. Options 2 and 3 in SECY-11-0140 provide incremental enhancements to the existing oversight process. In the staff requirements memorandum to SECY-11-0140, dated January 5, 2012 (ADAMS Accession No. ML120050322), the Commission approved the NRC staff's recommendation to implement Option 1 for enhancing the FCOP. In addition, the Commission had several comments on how the NRC staff should implement the enhancements to the FCOP. The comments from the Commission are related to a project plan, the implementation of the incentives for licensees to maintain effective corrective action programs, the cornerstones, the definition of performance deficiency, the

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Status of Recommendation

Recommendation 1 (cont.):

fuel cycle significance determination process, the pilot program, and progress updates.

The Commission directed the NRC staff to develop a publicly available resource-loaded project plan that clearly establishes timelines and major milestones. The project plan will be provided to the Commission for information. The Commission also directed the NRC staff to provide updates on its progress at least once a year.

In response to the Commission's direction, the NRC staff expects to issue the project plan by July 13, 2012. The project plan will estimate the resources and inform the completion dates of the other tasks that the Commission set forth in the staff requirements memorandum to SECY-11-0140.

OIG Analysis:

The proposed corrective actions continue to address the intent of OIG's recommendation. Recommendation 1 will be closed when NRC provides evidence that it has fully developed and implemented a framework for the Fuel Cycle Facility Oversight Program.

Status:

Resolved.