

September 5, 2012

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Michael R. Johnson */RA James. Wiggins Acting for/*
Deputy Executive Director for Reactor
and Preparedness Programs
Office of the Executive Director for Operations

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S PROTECTION OF
SAFEGUARDS INFORMATION (OIG-12-A-12)

This memorandum is prepared in response to the Office of the Inspector General's (OIG) request for a status update on the unresolved and resolved recommendations that were stated in the OIG audit report "OIG-12-A-12" dated April 16, 2012. With respect to your specific recommendations, I submit the following:

Recommendation 3 (Unresolved)

Develop and implement interim guidance to communicate the structured reporting process to U.S. Nuclear Regulatory Commission (NRC) staff.

Response

Agree. The approach to resolution has been revised such that the Office of Nuclear Security and Incident Response (NSIR) will issue interim guidance, through the NRC Announcement System, that informs NRC staff, contractors and consultants of the structured reporting process for intentional and unintentional instances of unauthorized release of Safeguards Information. The structured reporting process will be captured in Management Directive (MD) 12.7 when it is revised (expected completion date is May 30, 2014). The structured reporting process, captured in MD 12.7, will then flow down into the other MDs that were referenced within the OIG Audit as having conflicting reporting requirements. As those referenced MDs are revised by the responsible Program Office, the structured reporting process will be incorporated. The target completion date is October 15, 2012.

CONTACT: Robert Norman, NSIR
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Recommendation 1 (Resolved)

Develop a structured reporting process that includes:

- One point of contact to receive response of all Safeguards Information (SGI) release;
- A numbering system to track the number of releases reported in a consistent manner;
- A system to report information on releases from the central point of contact to the responsible program offices; and
- A system to trend releases and to make any needed programmatic changes.

Response/Status Update

Agree. NSIR will revise MD 12.7 (NRC Safeguards Information Security Program) to ensure that the information in this recommendation is incorporated. The target completion date is May 30, 2014.

Recommendation 2 (Resolved)

Update the affected MD 3.4 (Release of Information to the Public), MD 7.4 (Reporting Suspected Wrongdoing and Processing OIG Referrals), MD 12.1(NRC Facility Security Program), MD 12.5 (NRC Automated Information Program), and MD 12.7 to provide consistent guidance on the new reporting structure outlined in recommendation 1.

Response/Status Update

Agree. The guidance for reporting security infractions is contained in MD 12.1 and all MDs that address security infractions should, at a minimum, include that basic reporting requirement. NSIR will initiate the revision of MD 12.7 and include the security infraction reporting requirements specified in MD 12.1 and OIG recommendations contained in number one (1) above. These changes will then flow down into the other MDs identified in the recommendation (MDs 3.4, 7.4, 12.1 and 12.5) so that the responsible Program Office can incorporate the reporting requirements and OIG recommendations, that are reflected in the revised MD 12.7. The target completion date for revision of MD 12.7 is May 30, 2014.

Recommendation 4 (Resolved)

Update the annual online information security awareness training to reflect the reporting requirements for SGI releases.

Response/Status Update

Agree. NSIR will coordinate with the Office of the Chief Human Capital Officer and initiate the update to the Information Security Awareness training course to reflect the reporting requirements located in iLearn (Course number 972). The target completion date to update Course 972 is October 1, 2012.

Recommendation 5 (Resolved)

Update MD 12.7 to include detailed guidance on granting “outsiders” access to SGI.

Response/Status Update

Agree. NSIR will initiate the revision process for MD 12.7. NSIR will ensure that detailed guidance for granting SGI access to non-NRC employees and contractors, not involved in adjudicatory proceedings, is included in the revised MD 12.7. The target completion date for revision of MD 12.7 is May 30, 2014.

Recommendation 6 (Resolved)

Develop and issue interim guidance covering how to grant “outsiders” access to SGI.

Response/Status Update

Status Update: NSIR has developed interim guidance as recommended by the OIG. The interim guidance was issued in NRC Yellow Announcement Number 096, dated August 24, 2012.

Recommendation 7 (Resolved)

Develop and implement formal business processes for certified designators and the Safeguards Information Local Area Network and Electronic Safe (SLES) designator role. These procedures should include periodically verifying:

- The need for individuals to maintain designator role; and
- A match between the certified designator list and the SLES designator user list.

Response/Status Update

Status Update: NSIR has coordinated with the Office of Information Services and established procedures that include NSIR/Information Security Branch consultation for initial approval and retention of an SLES account with SGI Designator authority. See Agencywide Documents Access and Management System accession number ML12205A310.

Recommendation 8 (Resolved)

Develop and require annual refresher training for the SGI Designator role.

Response/Status Update

Agree. Based upon the OIG recommendation, NSIR will ensure that the annual recertification training requirement for SGI Designators is incorporated into the revised MD 12.7. The target completion date for revision of MD 12.7 is May 30, 2014.

Recommendation 5 (Resolved)

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