



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

**OFFICE OF THE
INSPECTOR GENERAL**

September 24, 2012

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

Margaret M. Doane, Director
Office of International Programs

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S
MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS
(OIG-12-A-13)

REFERENCE: DIRECTOR, OFFICE OF INTERNATIONAL PROGRAMS,
MEMORANDUM DATED SEPTEMBER 10, 2012

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendations as discussed in the agency's response dated September 10, 2012. Based on this response, recommendations 1, 3, 4, and 5 are in resolved status and recommendations 2 and 6 are closed. Recommendation 7 was previously closed. Please provide an updated status on the resolved recommendations by December 10, 2012.

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
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Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 1: Develop, document, and implement a systematic biennial fee review process.

Agency Response Dated
September 10, 2012:

The Office of International Programs (OIP) drafted OIP Office Procedure LIC-05 – Biennial Fee Assessment Procedure, Revision 0 (Enclosure 1) which establishes the standards for administrative and technical evaluation and outlines staff responsibilities, for analysis and assessment of fees associated with Title 10 of the Code of Federal Regulations (10 CFR) Part 110 export/import license applications.

Target Completion Date: Completed.

OIG Analysis:

OIG reviewed the proposed procedure, LIC-05, and determined that with the exceptions of items discussed with OIP staff, the proposed procedure will document a systematic biennial fee review process. The recommendation will be closed after OIP revises the draft of LIC-05 as discussed with OIG staff on September 6, 2012 and implements the finalized procedure.

Status:

Resolved.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 2: Develop program office TACs to specifically support import/export fee billable licensing activities in all offices which have a role in this licensing process.

Agency Response Dated
September 10, 2012:

OIP staff worked with program office personnel and determined that the desired process is for support offices to utilize the same existing TACs that OIP Licensing Officers use in conducting reviews of license applications. In a memorandum dated July 25, 2012 (Enclosure 2), OIP captured this understanding for program office staff to begin using these TACs effective August 1, 2012.

Target Completion Date: Completed.

OIG Analysis:

OIG reviewed the memo sent by OIP to program offices on July 25, 2012 regarding the use of TACs by program office staff. OIG determined that the guidance in the memo meets the intent of the recommendation to develop program office TACs to specifically support import/export fee billable licensing activities in program offices. This recommendation is therefore considered closed.

Status:

Closed.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 3: Develop one or more import/export licensing-related performance evaluation metric(s) related to revenue reconciliation.

Agency Response Dated
September 10, 2012:

OIP will expand the Operation Plan to include a metric that is updated quarterly and related to export/import licensing revenue reconciliation based on reports independently verified by the Office of the Chief Financial Officer (OCFO).

Target completion date: September 28, 2012.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives documentation showing an import/export licensing-related performance evaluation metric related to revenue reconciliation.

Status:

Resolved.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 4: Develop policies and procedures related to fee revenue which include effective internal control. Specifically:

- Separation of duties related to fee revenue handling.
- Monthly reconciliations of receipts to deposits.
- Routine management review of fee revenue reconciliations.

Agency Response Dated
September 10, 2012:

OIP plans to develop a fee revenue management procedure to identify export/import license fee policies and processes, which incorporates the noted internal control aspects. OIP intends to incorporate and manage the revised document in accordance with the OIP Procedure Management Program.

Target completion date: April 20, 2013.

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 fee revenue management procedure and determines that it describes effective internal control including separation of duties, monthly reconciliations of receipts to deposits, and routine management review of fee revenue reconciliations.

Status:

Resolved.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 5: Review and reconcile prior fee revenue receipts to licensing actions completed for which a fee was owed from 2008 – 2011 to verify that all revenue for import/export licenses has been collected and deposited.

Agency Response Dated
September 10, 2012:

OIP, in coordination with OCFO, will identify all of the payments received from 2008-2011 and will use that information to reconcile with completed licensing actions. This cross-check exercise will pinpoint licensing actions completed during that timeframe in which payment was not received and/or processed. OCFO will then communicate with the undercharged licensees to retroactively collect payment.

Target completion date: April 20, 2013.

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 results of the review and reconciliation showing that all revenue for import/export licenses was collected and deposited from 2008 – 2011.

OIG noted that the target completion date changed from December 28, 2012, in the previous response, to April 20, 2013. OIG encourages prompt implementation of the corrective action.

Status:

Resolved.

Audit Report

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OIG-12-A-13

Status of Recommendations

Recommendation 6: Document applicability or non-applicability of all steps on all checklists and the dates the steps were completed.

Agency Response Dated
September 10, 2012:

The OIG Analysis in "Status of Recommendations" stated that the revised checklists have been accepted with the exception of the Appendix P checklist because the steps applicable to the *Federal Register* notice were missing. The type of export license applications that must be published in the *Federal Register* are set forth in 10 CFR 110.70(b) and the regulations do not require Appendix P applications to be published in the *Federal Register*.

Target completion date: Completed.

OIG Analysis:

OIG reviewed the revised checklists and determined that the applicable steps and dates the steps were completed are documented. The steps that were determined to be not applicable were correctly excluded from the check list. This recommendation is therefore considered closed.

Status:

Closed.

