



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

**OFFICE OF THE
INSPECTOR GENERAL**

December 4, 2012

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 MASTER MATERIALS LICENSEES
(OIG-11-A-14)

REFERENCE: DIRECTOR, OFFICE OF FEDERAL AND STATE MATERIALS
AND ENVIRONMENTAL MANAGEMENT PROGRAMS,
MEMORANDUM DATED SEPTEMBER 17, 2012

Attached is the Office of the Inspector General's analysis and status of recommendations 1, 2, 3, 4, and 5 of the subject audit report. Based on the agency's September 17, 2012, memorandum, recommendations 1, 4, and 5 remain resolved, and recommendations 2 and 3 are now closed. Please provide an updated status of the resolved recommendations by April 30, 2013.

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. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF NRC'S OVERSIGHT OF MASTER MATERIALS LICENSEES

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Status of Recommendations

Recommendation 1: Define regional and headquarters MML project managers' roles in responding to requests for guidance and assistance from MML licensee staff.

Agency Response Dated
September 17, 2012:

The Office of Federal and State Materials and Environmental Management Programs, Division of Materials Safety and State Agreements (FSME/MSSA) staff has completed revision of Inspection Manual Chapter 2810 (IMC 2810). The revised IMC 2810 defines and incorporates descriptions of the integrated roles and responsibilities for regional and headquarters MML project managers. These changes include expectations for processing requests for guidance and assistance from MML licensee staff. The completed revision was submitted to the Office of Nuclear Reactor Regulation (NRR) for publication. FSME anticipates that NRR will issue IMC 2810 by March 2013. With the completion of OIG's review of this revised IMC 2810, we consider this recommendation to be closed.

OIG Analysis:

The agency's proposed actions to revise NUREG 1556, Volume 10 (Agency Response Dated December 23, 2011) and to modify IMC 2810, meet the intent of the recommendation. This recommendation will be closed when OIG reviews the revisions to NUREG 1556, Volume 10, and IMC 2810 and determines that they include clear guidance for NRC regional and headquarters MML project managers' roles in responding to requests for guidance and assistance from MML licensee staff.

Status:

Resolved.

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Status of Recommendations

Recommendation 2: Develop and implement a consistent and timely process for notifying MML licensee staff of NRC-hosted training courses.

Agency Response Dated
September 17, 2012:

FSME/MSSA staff worked with the Office of the Chief Human Capital Officer (OCHCO) Human Resources Training and Development (HRTD) staff to develop a Service Level Agreement (SLA) regarding training notification and registration for MML licensees. The agreement includes plans for communication of course offerings, the enrollment process and distribution of available course slots, and documentation of course completion. This new process of training notification and registration for MML licensee staff was implemented in January 2012. Positive feedback has been received from MMLs on this new training process. With the completion of OIG's review of this SLA, we consider this recommendation to be closed.

OIG Analysis:

OIG reviewed the SLA and held followup discussions with the agency for clarification. We believe the action the agency has taken to develop and implement a consistent and timely process for notifying MML licensee staff of NRC-hosted training courses meets the intent of this recommendation. Therefore, this recommendation is closed.

Status:

Closed.

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Status of Recommendations

Recommendation 3: Develop and implement a consistent process for registering MML licensee staff for NRC-hosted training courses.

Agency Response Dated September 17, 2012: Please see the status provided for Recommendation 2. With the completion of OIG's review of the SLA discussed in Recommendation 2, we consider this recommendation closed.

OIG Analysis: OIG reviewed the SLA and held followup discussions with the agency for clarification. We believe the action the agency has taken to develop and implement a consistent process for registering MML licensee staff for NRC-hosted training courses meets the intent of this recommendation. Therefore, this recommendation is closed.

Status: Closed.

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Status of Recommendations

Recommendation 4: Modify guidance to include a risk-informed methodology with requirements on sample size, selection criteria, and inspection frequency for selecting MML permittees for NRC independent inspection.

Agency Response Dated
September 17, 2012:

FSME/MSSA staff has completed a revision of IMC 2810. The revised IMC 2810 incorporates risk-informed criteria, including requirements in sample size, selection criteria, and inspection frequency, in the methodology used to select MML permittees for inspection. Additional considerations for selecting permittees for inspection include the primary program codes, escalated enforcement history, significant program changes (expanding the scope of activities conducted under the permit), and implementation of new NRC initiatives (e.g., Increased Controls for enhanced security). The completed revision of IMC 2810 was submitted to NRR for publication. FSME anticipates that NRR will issue the revised IMC 2810 by March 2013. With the completion of OIG's review of the revised IMC 2810, we consider this recommendation to be closed.

OIG Analysis:

The agency's proposed action meets the intent of the recommendation. This recommendation will be closed when the draft revision to IMC 2810 is finalized and OIG determines it provides guidance on a risk-informed methodology with requirements on sample size, selection criteria, and inspection frequency for selecting MML permittees for NRC independent inspection.

Status:

Resolved.

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Status of Recommendations

Recommendation 5: Clearly define all MML licensee staff and master radiation safety committee regulatory oversight responsibilities (e.g., requirements and roles and accountabilities) in NRC regulations, the MMLs, the LOUs, or some combination thereof.

Agency Response Dated
September 17, 2012:

FSME/MSSA staff has defined and incorporated descriptions of the integrated roles and responsibilities for regional and headquarters MML project managers, and a definition of MML Radiation Safety Committee, into the revised IMC 2810. This includes expectations for processing requests for guidance and assistance from MML licensee staff and expectations. These roles and responsibilities, as well as the process for requesting guidance and assistance, will be included in the ongoing revision to NUREG-1556, Volume 10, "Consolidated Guidance About Materials Licensees: Program-Specific Guidance About Master Materials Licenses." Additionally, a template Letter of Understanding will be included in the revised volume 10. This NUREG is on schedule for completion by August 31, 2013.

OIG Analysis:

The agency's proposed action meets the intent of the recommendation. This recommendation will be closed when OIG reviews the changes to NUREG-1556, Volume 10, and the MML tie-down documents and determines they clearly define all MML licensee staff and master radiation safety committee regulatory oversight responsibilities.

Status:

Resolved.