

February 28, 2013

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

FROM: Mark A. Satorius, Director **R/A BEHolian for**
Office of Federal and State Materials
and Environmental Management Programs

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S
ISSUANCE OF GENERAL LICENSES (OIG12-A-14)

The purpose of this memorandum is to provide an update on the status of the agency's actions in response to the recommendations contained in the Office of the Inspector General's (OIG) Audit of the U.S. Nuclear Regulatory Commission's (NRC) Issuance of General Licenses (OIG-12-A-14). This is the first status report of the staff's actions. The staff remains on schedule to complete all actions by December 2014.

With regard to the OIG's specific recommendations, the staff's actions apply only to the existing 32 International Atomic Energy Agency (IAEA) Category 3 generally licensed devices (GLDs) under 13 general licenses (GLs) and any new IAEA Category 1, 2, or 3 GLDs that are authorized within the NRC's jurisdiction. On November 07, 2012, the staff transmitted this audit report to the Agreement States who have jurisdiction over 30 IAEA Category 3 GLDs for their disposition.

The following status updates are provided for each recommendation:

Recommendation 1

Contact current general licensees with general licensed devices containing IAEA Code of Conduct Category 1, 2, or 3 sources, within 180 days, to encourage the general licensee to transfer the device(s) to a specific license(s).

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Status

The staff contacted the 13 GLs with GLDs in their possession that contain IAEA Category 3 sources of byproduct material and encouraged them to transfer their devices to a specific license or to obtain a new specific license. Documentation of the conversations with the GLs is contained in memorandum dated February 20, 2013 (Agencywide Document Access and Management System Accession No. ML13017A228). Only one of the GLs was willing to consider transferring their devices to a specific license.

There are currently no GLs with GLDs in their possession that contain IAEA Category 1 or 2 sources of byproduct material.

The staff has completed its actions to address Recommendation 1.

Recommendation 2

Visit all general licensees currently in possession of general licensed devices containing IAEA Category 1, 2, or 3 sources within 2 years. Focus such visits on:

- Reviewing records of leak testing and proper operations of open-close mechanisms and indicators.
- Device use, installations, maintenance and repair to determine that the devices are being used within authorized parameters.

Status

The staff has begun a review of existing NRC inspection procedures for fixed gauges to identify appropriate elements to use to visit/inspect IAEA Category 3 GLDs under either a modified Inspection Procedure or Temporary Instruction.

There are currently no GLs with GLDs in their possession that contain IAEA Category 1 or 2 sources of byproduct material.

The staff is on target to complete the inspection activities within 2 years (by July 31, 2014).

Recommendation 3

Monitor agency records for 2 years to identify new general licensees entering the marketplace and visit those in possession of IAEA Category 1, 2, or 3 general licensed devices to ensure that devices are properly installed and that general licensees have adequate understanding of the relevant regulations and their responsibilities.

Status

To support the implementation of the above recommendation, the staff issued a change request for the General License Tracking System (GLTS) software. The requested change will provide a method for the staff to execute a query that identifies new GLs that have acquired GLDs containing IAEA Category 1, 2, or 3 sources. A Change Control Board meeting was held on February 28, 2013, and the change was approved. The staff anticipates having this change functional by June 15, 2013, and will have a procedure in place for quarterly monitoring the GLTS to identify new GLs entering the marketplace with GLDs containing IAEA Category 1, 2, or 3 sources.

The staff will use the Inspection Procedure or Temporary Instruction developed in response to Recommendation 2 to visit/inspect each new GL that has acquired GLDs containing IAEA Category 1, 2, or 3 sources.

The staff is on target to complete this recommendation by July 31, 2014.

Recommendation 4

Analyze information retrieved from Recommendations 1, 2, and 3 and take additional regulatory action, if needed, within 6 months after completion of data collection.

Status

The staff analyzed the information gathered from completion of Recommendation 1 and determined that no additional regulatory action is needed. The staff will reconsider the need for additional regulatory action after completing Recommendations 2 and 3.

The staff is on target to complete this recommendation by December 15, 2014.

Status

To support the implementation of the above recommendation, the staff issued a change request for the General License Tracking System (GLTS) software. The requested change will provide a method for the staff to execute a query that identifies new GLs that have acquired GLDs containing IAEA Category 1, 2, or 3 sources. A Change Control Board meeting is scheduled for February 28, 2013, where we expect approval of this change. The staff anticipates having this change functional by

June 15, 2013, and will have a procedure in place for quarterly monitoring the GLTS to identify new GLs entering the marketplace with GLDs containing IAEA Category 1, 2, or 3 sources.

The staff will use the Inspection Procedure or Temporary Instruction developed in response to Recommendation 2 to visit/inspect each new GL that has acquired GLDs containing IAEA Category 1, 2, or 3 sources.

The staff is on target to complete this recommendation by July 31, 2014.

Recommendation 4

Analyze information retrieved from Recommendations 1, 2, and 3 and take additional regulatory action, if needed, within 6 months after completion of data collection.

Status

The staff analyzed the information gathered from completion of Recommendation 1 and determined that no additional regulatory action is needed. The staff will reconsider the need for additional regulatory action after completing Recommendations 2 and 3.

The staff is on target to complete this recommendation by December 15, 2014.

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