March 25, 2013

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
                    PROTECTION OF SAFEGUARDS INFORMATION
                    (OIG-12-A-12)

REFERENCE: DIRECTOR, DIVISION OF SECURITY OPERATIONS,
                    OFFICE OF NUCLEAR SECURITY AND INCIDENT
                    RESPONSE, MEMORANDUM DATED MARCH 11, 2013

Attached is the Office of the Inspector General's (OIG) analysis and status of
recommendations as discussed in the agency's response dated March 11, 2013.
Based on this response, recommendations 1, 2, 3, 4, 5, and 8 remain in resolved status.
Recommendations 6 and 7 were previously closed. Please provide an updated status
of the resolved recommendations by January 7, 2014.

If you have any questions or concerns, please call me at 415-5915 or Beth Serepca,
Team Leader, at 415-5911.

Attachment: As stated

cc: M. Landau, OEDO
        K. Brock, OEDO
        J. Arildsen, OEDO
        C. Jaegers, OEDO

**AUDIT OF NRC'S PROTECTION
OF SAFEGUARDS INFORMATION**

OIG-12-A-12

Status of Recommendations

Recommendation 1:   Develop a structured reporting process that includes:

- One point of contact to receive reports of all Safeguards Information (SGI) releases;
- 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.

Agency Response
Dated March 11, 2013:   Agree. The target completion date is May 30, 2014, and the Office of Nuclear Security and Incident Response (NSIR) intend to meet this commitment. The point of contact (POC) for this initiative is Robert Norman.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG reviews the structured reporting process and determines that it contains the elements listed in the recommendation.

Status: Resolved.

Audit Report

**AUDIT OF NRC'S PROTECTION
OF SAFEGUARDS INFORMATION**

OIG-12-A-12

Status of Recommendations

Recommendation 2:   Update the affected Management Directives (MD) 3.4, 7.4, 12.1, 12.5, and 12.7 to provide consistent guidance on the new reporting structure outlined in recommendation 1.

Agency Response
Dated March 11, 2013:   Agree. The target completion date for revision of MD 12.7 is May 30, 2014. The POC for this initiative is Robert Norman.

OIG Analysis: The proposed corrective actions address the intent of OIG's recommendation. This recommendation will be closed when OIG reviews all the listed MDs for consistent communication of the reporting structure outlined in recommendation 1.

Status: Resolved.

Audit Report

**AUDIT OF NRC'S PROTECTION
OF SAFEGUARDS INFORMATION**

OIG-12-A-12

Status of Recommendations

<u>Recommendation 3</u>:	Develop and implement interim guidance to communicate the structured reporting process to NRC staff.
Agency Response Dated March 11, 2013:	Agree. The Office of Administration (ADM) in coordination with the Computer Security Office (CSO) and NSIR, has initiated the implementation of the OIG's recommendations in an effort to improve the agency's SGI reporting process. The draft reporting process will address recommendation 1 from the OIG's audit. The reporting process will include a centralized reporting process, numbered tracking system, and a mechanism to track and trend security issues (including those involving SGI). CSO expects to be ready for implementation and testing of the interim reporting process in January 2013. Following the testing and implementation phase, ADM will issue a NRC Yellow Announcement, which implements and communicates the interim reporting process. Following the implementation, ADM will coordinate with the appropriate Program Offices to update applicable MDs, as appropriate. The POC for this initiative is Daniel Cardenas, ADM at (301) 415-6184.
OIG Analysis:	The proposed corrective actions address the intent of OIG's recommendation. The recommendation will be closed when OIG reviews the interim guidance communicating the reporting process described in recommendation 1 and determines it contains the needed elements.
Status:	Resolved.

**AUDIT OF NRC'S PROTECTION
OF SAFEGUARDS INFORMATION**

OIG-12-A-12

Status of Recommendations

Recommendation 4:

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

Agency Response
Dated March 11, 2013:

Agree. The target completion date to update Course 972 was October 1, 2012. Because of the unexpected delay with finalizing the content of the NRC Yellow Announcement, and the "in-use" state of the annual information security awareness training course, NSIR is unable to recommend closure of this OIG recommendation at this time. Training course material that is posted on iLearn and in-use, cannot be modified until the training course is taken off line for scheduled revision. The information security awareness course will be taken off line in January 2013 for scheduled revision. The POC's for this initiative are Robert Norman of NSIR/Division of Security Operations/Information Security Branch and Daniel Cardenas of ADM.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. Through followup discussions with the agency's point of contact, OIG learned that the agency has yet to complete its work to close this recommendation. OIG will close the recommendation after OIG staff have reviewed the annual online training and determined that it reflects the reporting requirements for SGI releases.

Status:

Resolved.

Audit Report

**AUDIT OF NRC'S PROTECTION
OF SAFEGUARDS INFORMATION**

OIG-12-A-12

Status of Recommendations

<u>Recommendation 5</u>:	Update MD 12.7 to include detailed guidance on granting "outsiders" access to SGI.
Agency Response Dated March 11, 2013:	Agree. The target completion date for revision of MD 12.7 is May 30, 2014. The POC for this initiative is Robert Norman.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff have reviewed the MD and determined that it includes detailed guidance on granting "outsiders" access to SGI.
Status:	Resolved.

Audit Report

**AUDIT OF NRC'S PROTECTION
OF SAFEGUARDS INFORMATION**

OIG-12-A-12

Status of Recommendations

Recommendation 8:   Develop and require annual refresher training for the SGI
                                                Designator role.

Agency Response
Dated March 11, 2013:   Agree. The target completion date for revision of MD 12.7
                                                is May 30, 2014. The POC for this initiative is Robert
                                                Norman.

OIG Analysis: The proposed corrective action addresses the intent of
                                                OIG's recommendation. OIG will close this
                                                recommendation after OIG staff have determined that
                                                refresher training was developed and is required training
                                                for individuals assigned to the SGI Designator role.

Status: Resolved.