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

OFFICE OF THE
INSPECTOR GENERAL

July 9, 2013

MEMORANDUM TO: R. W. Borchardt
Executive Director for Operations

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

SUBJECT: AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM (OIG-12-A-10)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR SECURITY AND INCIDENT RESPONSE, MEMORANDUM DATED JUNE 27, 2013

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendations as discussed in the agency's response dated June 27, 2013. Based on this response, recommendation 5 is now closed. Recommendations 1, 2, 3, and 4 remain in resolved status. Please provide an updated status of the resolved recommendations by June 30, 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: R. Mitchell, OEDO
K. Brock, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

OIG-12-A-10

Status of Recommendations

Recommendation 1:	Develop and maintain a centralized database of security findings data to be used for evaluating licensee performance trends, and communicating this information to NRC staff, industry, and appropriate public stakeholders.
Agency Response Dated June 27, 2013:	To ensure an adequate database is constructed, the Office of Nuclear Security and Incident Response (NSIR) continues to confirm its data needs regarding the type of data to be collected and the method for sorting the data. This confirmation will ensure the staff appropriately establishes a database that provides a systematic analysis to assess trends across NRC regions and/or licensee fleets. NSIR has determined it would be prudent to combine its efforts with the Reactor Planning System (RPS) Replacement Team (a currently funded project) to develop, establish, and maintain a centralized database of security findings data. NSIR has coordinated with the RPS Replacement Team to establish a database to collect the data points for tracking and trending security inspection findings. The inspectors will be required to input their data directly into the RPS Replacement System. As the RPS Replacement Project develops, or as soon as it is feasible, NSIR will implement a process to ensure accuracy of the data. The date for the centralized database will therefore be moved to calendar year (CY) 2015, in conjunction with the finalization of the RPS Replacement Project.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation when OIG staff has reviewed documentation of NSIR's data collection and analysis procedures, and has verified that the centralized security database functions as intended in accordance with Recommendation 1.
Status:	Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

OIG-12-A-10

Status of Recommendations

Recommendation 2:	Formalize and implement a process for maintaining current and accurate data within a centralized database.
Agency Response Dated June 27, 2013:	NSIR will develop an office procedure to ensure data from the security inspection reports will be included in a centralized database. NSIR expects to have the formal procedure in place for maintaining current and accurate security findings data by CY 2015 in conjunction with the finalization of the database discussed in the "status" of actions with respect to Recommendation 1.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff has reviewed NSIR's new office procedure for maintaining current and accurate security findings data in a centralized database and has verified implementation of this new guidance.
Status:	Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

OIG-12-A-10

Status of Recommendations

Recommendation 3:	Formalize and implement a process for ensuring Safeguards Information (SGI) findings data is current and accessible for use in trending security findings issues.
Agency Response Dated June 27, 2013:	As discussed in the "status" of actions with respect to Recommendation 2, NSIR will develop an office procedure to ensure that SGI findings are categorized and put into a centralized database. NSIR expects to have the instructions for SGI findings completed and added to the office procedure by the third quarter of CY 2015 in conjunction with the finalization of the database discussed in the "status" of actions with respect to Recommendation 1.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff has verified that the NSIR office procedure referenced under Recommendation 2 contains instructions specific to SGI findings data and has confirmed implementation of this new office procedure in accordance with Recommendation 2.
Status:	Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

OIG-12-A-10

Status of Recommendations

Recommendation 4: Formalize and implement procedures for testing draft Significance Determination Process (SDP) tools by staff to determine how draft tools would screen past violations and/or hypothetical security violations.

Agency Response Dated June 27, 2013: As stated in the October 24, 2012, memorandum from James T. Wiggins, Director, NSIR, to Stephen Dingbaum, Assistant Inspector General for Audits, Office of the Inspector General, NSIR developed an office procedure to formalize the testing of draft SDP tools in accordance with the Reactor Oversight Process (ROP). Since that time, NSIR has met with the Office of Nuclear Reactor Regulation (NRR) and both NSIR and NRR agree that Inspection Manual Chapter (IMC) 0609 should be revised to incorporate the guidance contained in the NSIR office procedure since IMC 0609 applies to all seven cornerstones of the ROP. As a result, on April 26, 2013, NSIR submitted ROP Feedback Form (ROPFF) 0609-1894, and NRR has agreed to incorporate NSIR's recommendations into the revision of IMC 0609. A final resolution of ROPFF-0609-1894 is scheduled for July 2013, and the target date to issue the revised IMC 0690 is January 2014, as there are several other significant concurrent guidance revisions in progress.

Currently, IMC 0609, Section 07.02, provides guidance on the development and testing of a draft SDP tool (i.e., a newly developed SDP tool should receive internal and external stakeholder review as appropriate; a feasibility review should be completed; all stakeholder feedback should be properly dispositioned; and training shall be completed prior to final issuance). Consistent with OIG's Recommendation 4, this guidance will be augmented to provide for "testing," of draft SDP tools across all ROP cornerstones (including the Security cornerstone). NSIR will incorporate the augmented IMC guidance into an office procedure by reference.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

OIG-12-A-10

Status of Recommendations

Recommendation 4 (cont.):

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after OIG staff has reviewed NSIR's office procedure for testing draft SDP tools and verified implementation of this new guidance.

Status: Resolved.

Audit Report

AUDIT OF NRC'S MANAGEMENT OF THE BASELINE SECURITY INSPECTION PROGRAM

OIG-12-A-10

Status of Recommendations

Recommendation 5:	Formalize and implement a process for performing periodic review of existing security SDP tools to check for consistency of application and results.
Agency Response Dated June 27, 2013:	Complete. Inspection Manual Chapter (IMC) 0307, "Reactor Oversight Process (ROP) Self-Assessment Program," states that the ROP consists of inspections, performance indicators, SDPs, assessment, and enforcement. It is important that the ROP be periodically evaluated and improved when necessary to ensure continued achievement of its specified goals and intended outcomes. This is accomplished through the evaluation of performance metrics, one of which is designated as the SDP. This Metric is identified in IMC 0307, "Reactor Oversight Process Self-Assessment Metrics." NSIR recommended a change through NRR to Appendix E of IMC 0609, "Physical Protection Significance Determination Process for Power Reactors," that directs an annual audit of the security SDP and associated tools to ensure the consistent application of the SDP and SDP results. This change directs staff to perform this audit in accordance with IMC 0307, Appendix A. NRR accepted the change and updated Appendix E of IMC 0609 accordingly. The action for this recommendation is complete (See ML12335A203 – Refer to Section 0609, Appendix E-7, Physical Protection Significance Determination Process for Power Reactors issued November 30, 2012).
OIG Analysis:	OIG staff reviewed the updated guidance and verified that a process for performing periodic review of existing security SDP tools to check for consistency of application and results has been formalized and implemented.
Status:	Closed.