



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

**OFFICE OF THE
INSPECTOR GENERAL**

October 17, 2013

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
VENDOR INSPECTION PROGRAM (OIG 10-A-20)

REFERENCE: DIRECTOR, OFFICE OF NEW REACTORS,
MEMORANDUM DATED JULY 31, 2013

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated July 31, 2013. Based on this response, recommendations 2, 5, 6, 7, and 9 are resolved. Recommendations 1, 3, 4, 8, and 10 were previously closed. Please provide an updated status of the resolved recommendations by February 7, 2014. If you have questions or concerns, please call me at 415-5915, or R.K. Wild, Team Leader, at 415-5948.

Attachment: As stated

cc: R. Mitchell, OEDO
K. Brock, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO

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Status of Recommendations

Recommendation 2: Develop and document a methodology to identify vendors that supply safety-related parts and services to the nuclear industry with Appendix B quality assurance programs.

Agency Response Dated
July 31, 2013:

Actions taken: The staff has drafted the RIS. The Office of Management and Budget requested additional information, including a draft of the RIS, to support the clearance. The staff provided this additional information and still anticipates issuing the RIS and posting the Web site by September 2013.

OIG Analysis:

The proposed actions to issue a RIS and publish a Web site constitute the agency's proposed methodology to identify vendors that supply safety-related parts and services to the nuclear industry. These actions continue to meet the intent of OIG's recommendation. OIG notes that NRC is still awaiting final review from OMB for the Web site and RIS, thus delaying completion by the original September 2013 completion date. OIG will close this recommendation upon issuance and OIG review of the proposed RIS and review of the finalized framework of the NRO vendor Web site upon final completion.

Status:

Resolved.

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Status of Recommendations

Recommendation 5: Align NRC guidance and regulations to clarify acceptance methods for commercial-grade dedication (CGD).

Agency Response Dated
July 31, 2013:

Actions taken and planned: The staff continues to make progress on its rulemaking efforts to clarify Title 10 of the *Code of Federal Regulations* (10 CFR) Part 21, "Reporting of Defects and Noncompliance." This progress includes clarifying acceptance methods for CGD. The staff's intent remains consistent with its proposal in Commission paper SECY-11-0135, "Staff Plans To Develop the Regulatory Basis for Clarifying the Requirements in Title 10 of the *Code of Federal Regulations* Part 21, 'Reporting of Defects and Noncompliance.'" However, regarding schedule, the staff notes that SECY-11-0135 targeted September 2013, for publication of the proposed rule, concurrent with initial drafts of regulatory guides. The staff's updated schedule reflects issuance of Revision 1 to the draft regulatory basis in September 2013. This moves the projected dates for the proposed and final rules to September 2014, and September 2015, respectively.

This schedule shift is a result of extensive stakeholder participation and feedback. From the beginning of this project, the staff has emphasized its commitment to keeping its stakeholders informed and involved. Comments received during the public meetings have provided excellent insights for improving the regulatory basis.

The staff also notes that its 10 CFR Part 21 subscribers list has grown to over 2,000 subscribers. As previously noted, the staff posts progress updates regarding 10 CFR Part 21, including public meetings, and key documents, on the NRC's Web site at:

<http://www.nrc.gov/reactors/new-reactors/oversight/quality-assurance/part-21-rulemaking.html>.

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Status of Recommendations

Recommendation 5 (cont.):

In addition, the staff has participated in three Electric Power Research Institute (EPRI) Technical Advisory Group meetings on CGD. These meetings have focused on industry's proposals to issue a revision to EPRI NP-5652, "Guideline for the Utilization of Commercial Grade Items in Nuclear Safety Related Applications (NCIG-07)." If the staff agrees the revision is an acceptable means of demonstrating compliance with the NRC's regulations, the document will be endorsed via regulatory guide and will provide detailed guidelines for CGD.

Target Completion Date: Issue proposed rule and concurrent draft regulatory guides: September 2014

OIG Analysis:

This recommendation remains resolved. OIG will close this recommendation upon review of (1) Revision 1 to the draft regulatory basis, which was to be completed in September 2013, and (2) the proposed and final rules in 2014 and 2015, respectively. Closure will be contingent upon OIG review of the steps taken by NRO to implement those actions necessary to align the guidance and the regulation to clarify acceptance methods for CGD.

Status:

Resolved.

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Status of Recommendations

Recommendation 6: Issue regulatory guidance to clarify sampling expectations for CGD.

Agency Response Dated
July 31, 2013:

Actions taken and planned: As noted above for Recommendation 5, the staff continues to make progress on its rulemaking efforts to clarify 10 CFR Part 21, which includes sampling expectations for CGD. Section G, "Sampling Requirements," of Chapter 3, "Commercial Grade Dedication," of the draft regulatory basis describes the staff's technical analysis of sampling. The staff will undertake regulatory guidance development in parallel with the development of the proposed rule.

Target Completion Date: Issue proposed rule and concurrent draft regulatory guides: September 2014

OIG Analysis: This recommendation remains resolved and will be closed when OIG reviews the updated actions deemed necessary to clarify sampling expectations for CGD.

Status: Resolved.

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Status of Recommendations

Recommendation 7: Issue regulatory guidance describing a process that NRC considers acceptable for compliance with Part 21.

Agency Response Dated
July 31, 2013:

Actions taken and planned: As noted above for Recommendation 5, the staff continues to make progress on its rulemaking efforts to clarify 10 CFR Part 21, which includes describing a process that the NRC considers acceptable for compliance to the regulations. Sections 1 and A, "Lack of Regulatory Guidance," of the draft regulatory basis describe the staff's technical analysis of regulatory guidance for 10 CFR Part 21. The staff will undertake regulatory guidance development in parallel with the development of the proposed rule.

On May 30, 2013, the staff hosted a one-day meeting on evaluating and reporting (i.e., the 10 CFR Part 21 process). The results of that meeting, including stakeholder suggestions for improvement are summarized in the meeting minutes, Agencywide Document Access and Management System Accession No. ML13172A093, or on the 10 CFR Part 21 updates at: <http://www.nrc.gov/reactors/new-reactors/oversight/quality-assurance/part-21-rulemaking.html>.

Target Completion Date: Issue proposed rule and concurrent draft regulatory guides: September 2014

OIG Analysis: This recommendation remains resolved. OIG will continue to review agency actions as provided above, to include work being done on completing the regulatory basis, as well as the issuance of a final rule and final regulatory guides. Closure will also be contingent upon OIG's final review of implemented actions NRC considers acceptable for compliance with Part 21 as previously indicated.

Status: Resolved.

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Status of Recommendations

Recommendation 9: Develop guidance that clarifies the requirements for vendors on how to approve accredited commercial-grade calibration laboratories for safety-related applications.

Agency Response Dated
July 31, 2013:

Actions taken and planned: The staff continues to work toward clarifying the requirements for licensees and vendors for how to approve accredited commercial-grade calibration laboratories for use in safety-related applications. The NRC staff plans to participate as observers in International Laboratory Accreditation Cooperation's (ILAC) evaluation of the Japan Accreditation Board (JAB) the week of November 11–15, 2013, in Tokyo, Japan. A team representing the Nuclear Utilities Procurement Issues Committee and the Nuclear Energy Institute (NEI) will also observe the evaluation of JAB's accreditation. After the observation of JAB's evaluation is completed, NEI is expected to submit for NRC review, an industry proposal to expand the NRC's current acceptance of third-party accreditation to include both domestic and international calibration and testing laboratories accredited under ILAC for purposes of CGD. NEI stated that it expects to submit this proposal by June 2014. After the review of NEI's proposal, the NRC staff plans to issue a generic communication to communicate and clarify to the nuclear industry the NRC's technical position on the use of the ILAC accreditation process. The staff still plans to issue a safety evaluation report and a generic communications document within 6 months of receiving an industry submittal. The staff continues to make presentations to stakeholders to clarify the topic.

Based on NEI's updated schedule, the staff expects to complete the SER and a generic communications in December 2014.

Target Completion Date: December 2014

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Status of Recommendations

Recommendation 9 (cont.):

OIG Analysis: The proposed actions continue to meet the intent of the recommendation. The recommendation will be closed after OIG reviews the proposed safety evaluation report (SER) and related generic communications prior to final publication in 2014 to determine if they clarify the vendor requirements as described in the recommendation.

Status: Resolved.