



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

**OFFICE OF THE
INSPECTOR GENERAL**

November 4, 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
IMPLEMENTATION OF FEDERAL CLASSIFIED
INFORMATION LAWS AND POLICIES (OIG-13-A-21)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR REACTOR AND
PREPAREDNESS PROGRAMS, OFFICE OF THE
EXECUTIVE DIRECTOR FOR OPERATIONS,
MEMORANDUM DATED OCTOBER 18, 2013

Attached is the Office of the Inspector General's analysis and status of recommendations 1, 2, 3, 4, 5, 6 and 7 as discussed in the agency's response dated October 18, 2013. Based on this response, recommendations 1, 2, 3, 4, 5, 6, and 7 are in resolved status. Please provide an updated status of the resolved recommendations by July 25, 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: K. Brock, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO
R. Mitchell, OEDO

NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

OIG-13-A-21

Status of Recommendations

Recommendation 1: Update Management Directive 12.2 to reflect Original Classifier training standards expressed in Public Law 111-258, E.O. 13526, and 32 CFR 2001.

Agency Response

Dated October 18, 2013: Agree. The staff is currently reviewing and updating Management Directive (MD) 12.2 to reflect the Original Classifier training standards expressed in Public Law 111-258, Executive Order (E.O.) 13526, and Title 32 of the Code of Federal Regulations (32 CFR) 2001.

The staff will work with the Office of Administration (ADM), Rules, Announcements, and Directives Branch (RADB), to publish this revised MD by June 30, 2014.

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is provided with the revised published MD 12.2.

Status: Resolved.

Recommendation 2: Train Original Classifiers as directed by Public Law 111-258, E.O. 13526, and 32 CFR 2001.

Agency Response

Dated October 18, 2013: Agree. The staff is currently reviewing and updating the existing training material for Original Classifiers to ensure that it meets the training requirements outlined in Public Law 111-258, E.O. 13526, and 32 CFR 2001.

Training material for Original Classifiers will be revised by December 31, 2013. The staff will administer the revised training to Original Classifiers by March 31, 2014, and annually thereafter.

NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

OIG-13-A-21

Status of Recommendations

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is provided with the documentation verifying that training was given to Original Classifiers.

Status: Resolved.

Recommendation 3: Use iLearn to document classifier training, to include certifications and notifications of suspended classification authority.

Agency Response
Dated October 18, 2013: Agree. The staff is currently working with the iLearn administrative team within the U.S. Nuclear Regulatory Commission (NRC's) Office of the Chief Human Capital Officer (OCHCO) to create new iLearn course identification numbers necessary to document classifier training. Documentation will include training certifications and notifications of suspended classification authority. Additionally, the staff is working with the iLearn administrative team to identify which classifier training courses, if any, can be converted to web-based training.

Classifier training will be documented in iLearn by June 30, 2014.

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is provided with the classifier training documentation and the classifier training is documented in iLearn.

Status: Resolved.

NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

OIG-13-A-21

Status of Recommendations

Recommendation 4: Revise Management Directive 12.2 to require self-inspections in accordance with standards prescribed by E.O. 13526, and 32 CFR 2001, to include representative sampling of original and derivative classifications as well as correction of misclassifications.

Agency Response

Dated October 18, 2013: Agree. The staff is currently reviewing and updating MD 12.2 to require self-inspections in accordance with the standards prescribed by E.O. 13526, and 32 CFR 2001, to include representative sampling of original and derivative classifications, as well as correction of misclassifications.

The staff will work with ADM/RADB to publish the revised MD by June 30, 2014.

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is provided with the revised published MD 12.2.

Status: Resolved.

Recommendation 5: Conduct self-inspections in accordance with standards prescribed by E.O. 13526, and 32 CFR 2001, to include representative sampling of original and derivative classifications as well as correction of misclassifications.

Agency Response

Dated October 18, 2013: Agree. The staff is currently reviewing the self-inspection requirements outlined in E.O. 13526, and 32 CFR 2001, as well as implementing guidance provided by the Information Security Oversight Office, in order to develop procedures for the NRC's self-inspection program. Self-inspection procedures will include the review of a representative sampling of original and derivative classification decisions, as well as the correction of misclassifications.

NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

OIG-13-A-21

Status of Recommendations

Self-inspection procedures will be developed and approved by June 30, 2014. Staff will begin conducting self-inspections in accordance with the approved procedure by September 30, 2014.

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is provided with the self-inspection procedures and self-inspections are being conducted in accordance with the approved procedure.

Status: Resolved.

Recommendation 6: Revise staff position descriptions and evaluation criteria, as practicable, to reflect classified information duties.

Agency Response
Dated October 18, 2013: Agree. The staff will work with OCHCO to revise staff position descriptions and evaluation criteria, as practicable, to reflect classified information duties. The staff recognizes that it may be challenging to capture classified information duties in evaluation criteria. As a result, staff will consult with other agencies to understand how they define their evaluation criteria as it relates to classified information duties.

The staff will propose revisions to position descriptions and evaluation criteria related to classified information duties to OCHCO by March 31, 2014, to be implemented by October 1, 2014.

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is revisions to position descriptions and evaluation criteria related to classified information duties to OCHCO are proposed and implemented.

Status: Resolved.

NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

OIG-13-A-21

Status of Recommendations

Recommendation 7: Update Management Directive 12.2 to align with E.O. 13526, Public Law 111-258, and 32 CFR 2001, and to reflect current NRC policy and procedures.

Agency Response

Dated October 18, 2013: Agree. The staff agrees with this recommendation. The staff is currently reviewing and updating MD 12.2 to align with E.O. 13526, Public Law 111-258, and 32 CFR 2001. This update includes those items discussed in Recommendation 1 and Recommendation 4 of this enclosure.

The staff will work with ADM/RADB to publish the revised MD by June 30, 2014.

OIG Analysis: The proposed action meets the intent of the recommendation. This recommendation will be closed when OIG is provided with the revised published MD 12.2.

Status: Resolved.