

NRC OIG STRATEGIC PLAN

FY 2014-2018



October 2013

A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Office of the Inspector General (OIG), U.S Nuclear Regulatory Commission (NRC), *Strategic Plan* for fiscal years (FY) 2014-2018. This plan describes OIG's strategic direction, including our mission, goals, strategies, and actions, and, importantly, the performance measures we will use to hold our managers and staff accountable for the plan's execution and achievement.

This updated *Strategic Plan* emphasizes a sustained commitment to helping NRC address the major issues and challenges it faces and creates shared accountability for OIG regarding the goals we expect to achieve and the strategies we will use to do so. As part of this commitment, we used an outcome based framework that links strategy to measurement. We will revisit this *Strategic Plan* periodically during the FY 2014-2018 timeframe to determine whether emerging NRC challenges and issues warrant an update to this plan and its strategies and performance measures prior to the next strategic planning cycle.

To develop this plan, OIG sought input from internal and external stakeholders concerning their highest priorities and expectations for OIG's future work and challenges. OIG also used this input to help identify obstacles that could impede and assets that support OIG's fulfillment of its vision to **identify the most critical risks and vulnerabilities in agency programs and operations in a timely manner to allow the agency to take any necessary corrective action and to prevent and detect fraud, waste, and abuse.**

As NRC's challenges and issues continue to evolve, this plan, as needed, will be adjusted to be relevant, timely, and responsive. This plan will provide structure, priorities, and alignment for the OIG *Annual Plan* and budget submission and form the basis for personal accountability by all OIG managers and staff.

While this document focuses on OIG's goals, strategies, and actions, we will also ensure that all work and interaction with the NRC, the public, and all stakeholders will be guided by our values:

- **Integrity.**
- **Credibility.**
- **Independence.**
- **Objectivity.**

Together with the OIG staff and the collaborative efforts of the agency, I look forward to implementing this plan.



Hubert T. Bell
Inspector General

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SECTION 1 – MISSION, VISION, AND GOALS

NRC OIG Mission

The Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, as amended, established NRC's basic regulatory mission. NRC's mission is to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment.

The American people expect excellence and accountability from their Government. Toward that end, the U.S. Congress passed the Inspector General (IG) Act in 1978 to ensure integrity and efficiency within the Federal Government and its programs. NRC's OIG was established as a statutory entity on April 15, 1989, in accordance with the 1988 amendment to the IG Act.

As specified under the Government Performance and Results Modernization Act of 2010, Federal strategic planning documents are restricted to goals, objectives, and strategies within the scope of the organization's mission. The information in this plan has been reviewed to ensure that it falls under NRC OIG's mission *to independently and objectively audit and investigate programs and operations to promote effectiveness and efficiency, and to prevent and detect fraud, waste, and abuse.*

OIG has the legislative mandate to conduct, audits, evaluations, investigations, inquiries, and other reviews of NRC programs and operations. OIG also reviews existing and proposed legislation, regulations, and directives and provides comments, as appropriate, regarding any significant concern. This oversight responsibility promotes economy, effectiveness, efficiency, and accountability within the agency; strengthens compliance with laws and regulations; and assists in detecting and preventing fraud, waste, and mismanagement in NRC programs and operations.

OIG regularly keeps the NRC Chairman and members of Congress fully and currently informed about the most critical risks and vulnerabilities, recommends corrective actions, and monitors NRC progress in implementing those actions.

NRC OIG Vision – What Success Looks Like for NRC OIG

Aligning with NRC's Mission and Setting Clear Outcome Goals

The FY 2014-2018 OIG strategic planning process emphasized clear outcome goals that support and align with the agency's mission and for which OIG managers and staff can be held

accountable. OIG managers and staff conducted situational and strategic assessments to support the development of clear and measurable strategies aimed at addressing NRC's most critical and pressing challenges.

As part of this effort, OIG also analyzed its latest assessment of NRC's most serious management challenges, NRC's newly revised *Strategic Plan*, and recent work completed by OIG's audit and investigative units. This process resulted in an OIG *Strategic Plan* featuring three strategic goals that align with NRC's mission and a revised strategic vision.

NRC OIG Strategic Vision

“OIG will identify the most critical risks and vulnerabilities in agency programs and operations in a timely manner to allow the agency to take any necessary corrective action and to prevent and detect fraud, waste, and abuse.”

This revised vision statement advances the office's responsibility to prevent and detect fraud, waste, and abuse.

In pursuit of this strategic vision, OIG will update, as needed, the strategies and actions pertaining to the mission critical areas identified by OIG. OIG's strategic planning process is dynamic and does not end with the publication of this document. Conditions and revisions of laws, procedures, and agency priorities require attention to varying conditions, operating environments, and other technical, financial, and organizational changes. Auditors and investigators will play a major role in all further refinements. By focusing on the most serious challenges that pose the greatest potential risk to safety and security, NRC OIG will use this strategic document to guide its work, deploy resources, and reemphasize OIG accountability for positive change.

NRC OIG Strategic Goals

OIG's three strategic goals are individual and distinct; together, they allow the office to assess its success in fulfilling its vision. OIG's strategic goals are to:

(1) Safety: *Strengthen NRC's efforts to protect public health and safety and the environment.*

(2) Security: *Enhance NRC's efforts to increase security in response to an evolving threat environment.*

(3) Corporate Management: *Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.*

To ensure that each OIG audit, evaluation, and investigation aligns with these three goals, program areas selected for audit and evaluation are included in the *Annual Plan* after being crosswalked against the *Strategic Plan* to ensure alignment with OIG's strategic goals. Furthermore, each OIG audit, evaluation, and investigation is also linked with one or more of the most serious management and performance challenges identified by the IG as facing the agency and detailed in Section 3 of this document.

SECTION 2 – BACKGROUND

Role of the OIG

To execute their mission, Inspectors General (IG) have substantial independence and authority to perform their role without interference from the agencies they oversee. The role of IGs has been specified by law and includes:

- Conducting audits and investigations of agency programs.
- Access to all agency records, reports, reviews, and materials.
- Issuing subpoenas for all necessary information, data, reports, and other documentary evidence.
- Independent personnel authority to select, appoint, and employ their own staffs to include subject-matter experts as required.
- Independent budget authority.
- Independent contracting authority.
- Requesting assistance from other Federal, State, and local government agencies.

The Inspector General Reform Act of 2008 stressed OIG's role as independent fact-gatherers, often undertaking initiatives at the request of the agency head and Congress. However, OIG's success hinges on its ability to effectively communicate with NRC staff and facilitate positive change within the agency. Without the ability to clearly communicate and facilitate change, OIG would be unable to achieve its outcomes or vision.

To perform its duties, OIG employs auditors, management analysts, engineers, criminal investigators, investigative analysts, legal counsel, and support personnel. OIG also uses specialized firms and private sector contractors to provide technical expertise as needed.

Audits

OIG conducts performance, financial, and contract audits to fulfill its audit mission. Performance audits focus on NRC administrative and program operations and evaluate the effectiveness and efficiency with which managerial responsibilities are carried out and whether the programs achieve intended results. Financial audits provide an audit opinion on NRC's financial statements and evaluate financial programs. Contract audits evaluate the cost of goods and services procured by NRC from commercial enterprises. In addition, the audit staff prepare evaluation reports that present OIG perspectives or information on specific topics.

Investigations

OIG conducts investigations relating to the integrity of NRC's programs and operations to fulfill its investigative mission. Most OIG investigations focus on allegations of fraud, waste, and

abuse and violations of law or misconduct by NRC employees and contractors. Additionally, OIG investigates allegations of irregularities or abuses in NRC programs and operations with special emphasis on those NRC activities that impact public health and safety. Periodically, OIG issues *Event Inquiries* that document OIG's examination of events or agency regulatory actions and identify staff actions that may have contributed to the occurrence of an event. OIG also issues *Special Inquiries* that document instances where inadequacies in NRC regulatory oversight may have resulted in a potential adverse impact on public health and safety.

NRC Operating Environment

NRC's mission is to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. The agency also has a role in enhancing nuclear safety and security throughout the world.

NRC is headquartered in suburban Maryland, just outside of Washington, DC; has four regional offices located throughout the United States; and operates a technical training center located in Chattanooga, TN.

The agency carries out its mission through various licensing, inspection, research, and enforcement programs. Currently, NRC regulates 104 commercial nuclear power reactors that are located in 31 States; 65 Independent Spent Fuel Storage Installations; 31 operating research and test reactors; 15 fuel cycle facilities; and approximately 2,900 licenses issued for medical, academic, and industrial uses of nuclear material. NRC has also received 18 applications for new power reactors and is overseeing the decommissioning of 12 commercial nuclear power plants and 9 research and test reactors. In addition, 37 States referred to as Agreement States, administer approximately 18,900 licenses, through signed agreements with the NRC under which they regulate byproduct materials, source materials, and certain quantities of special nuclear materials in their respective States.

OIG audit and investigative oversight responsibilities are derived from the agency's wide array of programs, functions, and support activities established to accomplish NRC's mission.

SECTION 3 – SITUATIONAL ASSESSMENT

Strategic Challenges Facing NRC

As a Federal agency directly exposed to changing domestic and international business, security, and environmental factors, NRC and, derivatively, OIG face a rapidly adapting operating environment. For that reason, a thorough and adaptive “situational assessment” of the agency’s operating environment is a critical requirement for a meaningful NRC OIG *Strategic Plan* and formed a core piece of OIG’s strategic planning process.

Since the last OIG *Strategic Plan* was published, the landscape within which NRC operates has changed. In October 2013, the IG identified the following as the most serious management and performance challenges facing NRC:

1. Management of regulatory process to meet a changing environment of the oversight of nuclear materials.
2. Management of NRC security programs.
3. Management of regulatory processes to meet a changing environment in the oversight of nuclear facilities.
4. Management of regulatory processes associated with high-level radioactive waste.
5. Management of information technology.
6. Administration of all aspects of financial management and procurement.
7. Management of human capital.

OIG’s characterization of these challenges as significant was based on audit and investigative work conducted by OIG staff along with OIG’s continuous effort to monitor issues and trends faced by NRC as they emerge and evolve.

Through OIG’s Issue Area Monitor (IAM) program, OIG staff monitor agency performance with regard to these management challenges. These challenges, in conjunction with OIG’s strategic goals, serve as an important basis for deciding which audits, evaluations, and investigations to conduct each fiscal year.

As part of OIG’s strategic planning process, OIG grouped the challenges into five categories: (1) Safety Challenges, (2) Security Challenges, (3) Corporate Management Challenges, (4) Crosscutting Corporate Management Challenge, and (5) Crosscutting Safety and Security Challenges. The following constitutes OIG’s situational assessment of these challenges. OIG staff identified the issues described within each category as posing significant risks for NRC in that failure to address them adequately will impair the agency’s ability to accomplish its mission. This assessment serves as the basis for OIG’s FY 2014-2018 strategies and actions as described in Section 4 of this document.

Safety Challenges

New Licensing

- NRC faces challenges in processing license applications for new reactor facilities, including advanced reactor designs. The challenge is to provide a timely review while ensuring such review is thorough, effective, and transparent.

Renewals

- NRC faces challenges to maintain the ability to effectively review applications for license renewals and power uprates submitted by industry in response to the Nation's increasing demands for energy production.

Lessons Learned

NRC faces challenges in identifying and implementing international and domestic lessons learned during the licensing, construction, and operation of nuclear facilities.

Agreement State Oversight

- NRC faces challenges to ensure that Agreement State oversight of nuclear materials remains effective while the States are facing severe resource constraints.

Industrial and Medical Materials

- NRC faces challenges ensuring the safe use of nuclear materials for industrial and medical applications.

Emerging Technical and Regulatory Issues

- NRC faces challenges identifying and responding to emerging technical and regulatory issues in a timely and balanced manner. For example, in the past, the agency has had to respond to such emergent issues as reactor vessel nozzle weld leakage, groundwater contamination, natural hazards, and fire protection.

Radiological Waste

- NRC faces challenges associated with radiological waste, including:
 - Addressing the Department of Energy (DOE) application for authorization to construct a geologic repository for high-level nuclear waste at Yucca Mountain, NV.

- Oversight of interim storage of spent nuclear fuel in spent fuel pools and independent spent fuel storage installations.
- Safe management of civilian low-level radioactive waste storage and waste disposal.

Security Challenges

Evolving Threats to Licensees

- NRC continues to face a number of challenges in ensuring the public is protected from improper use of nuclear materials and technology. Thus, NRC must maintain a comprehensive assessment of threats and effectively integrate security considerations into its regulatory process. NRC must also ensure that security is adequately incorporated into the design and construction of new facilities.

Emergency Preparedness and Incident Response

- NRC's role in supporting emergency preparedness and incident response within the nuclear industry and State and local governments has become more critical in light of the worldwide terrorist threat, natural disasters, and growing populations around nuclear power plants.

NRC's Security Threats

- NRC must protect its infrastructure and ensure its facilities, computers, data, staff, and competencies are adequately protected against emerging threats while providing for continuity of operations.

Support U.S. Non-Proliferation Goals

- NRC faces new challenges in supporting U.S. international interests in the safe and secure use of nuclear material and technology and in nuclear non-proliferation. These challenges include improving controls on the import and export of nuclear materials and equipment and NRC successfully exercising its international oversight commitments such as helping foreign regulators boost their efforts for controlling radioactive sources.

Corporate Management Challenges

Human Capital

- With the departure of many senior experts and managers through retirement or buyouts, NRC must continue enhancement of its knowledge management program by actively capturing lessons learned from subject matter experts, improving access to lessons learned and training programs, and building an agencywide Knowledge Center. In addition, NRC needs to attract

and retain staff with the necessary competencies to allow NRC to fulfill its safety and security mission. These activities must be performed within the constraints of a flat or declining budget.

Information Management

- NRC needs to continue modernizing its information technology capabilities both for employees and to support public access to the regulatory process. Specific challenge areas include ongoing efforts to upgrade and manage information technology activities to improve the productivity, efficiency, and effectiveness of agency programs and operations, and provide employees with the appropriate information technology tools (e.g., laptop computers, mobile devices, secure thumb drives, greater access to NRC applications and files) that feature enhanced functionality, security, and support.

Financial Management

- NRC will need to continue to improve its management and control over financial resources and procurement practices. Specifically, NRC must maintain its efforts to increase transparency and identify inefficiencies in its budget structure to meet the agency's mission during this period of Federal budget uncertainty. In addition, the agency must continue to improve the performance and functionality of its new core financial system. OIG will continue to evaluate financial management practices, as required by statute, and work with NRC to identify and improve areas of weakness.

Change Management

- NRC, like all organizations, must deal with change caused by both internal and external factors that challenge an organization's ability to achieve its goals. Changes include the introduction of new reactor technology, external events like the Fukushima reactor accident, changes in resource availability, and NRC internal reorganizations. NRC is challenged to manage the impacts of such changes in a way that ensures NRC's ability to efficiently and effectively fulfill its mission.

Crosscutting Corporate Management Challenge

NRC will need to provide infrastructure and support for accomplishing NRC's regulatory mission in an uncertain budget environment. Further, this corporate resource support will be needed to accommodate reactor and materials licensing and oversight requirements in the midst of possible changes in the Nation's spent fuel policy, reliance on nuclear energy, and security threat environment. This will necessitate foresight and flexibility in the human capital information management and financial management areas, and a strategic approach to managing change during the strategic planning period.

Crosscutting Safety and Security Challenges

NRC faces a challenge of balancing its oversight of new facility construction with the ongoing operation of both major fuel cycle facilities and operating reactors. This includes the oversight of vendor and licensee engineering activities as well as onsite construction and major component fabrication. NRC faces a challenge of managing the implementation of risk-informed and performance-based activities to effectively identify and prioritize nuclear safety and security challenges. Successful implementation of the risk-informed approach is critical for ensuring that NRC resources are focused on the most significant safety and security issues.

- NRC is challenged to integrate the National Source Tracking System, Web-Based Licensing, and the License Verification System to ensure the accurate tracking and control of byproduct material, especially those materials with the greatest potential to impact public health, safety, and security.
- NRC is challenged to proactively assess aging and obsolescence issues for the fleet of current reactors. This is the first generation of large power reactors; therefore, the aging effects may not be fully understood at this time. Conducting research as needed, independent of industry efforts to proactively assess aging issues, must compete for funding against other ongoing efforts.
- NRC must provide a high degree of assurance through its license application and review process that only legitimate entities, to include certificate holders, receive NRC byproduct material licenses. Individuals with malicious intentions could exploit vulnerabilities in the license application and review process to obtain byproduct material for malevolent uses.
- NRC faces challenges to ensure its regulations and oversight activities appropriately address the issues associated with licensees procuring components from global suppliers. The issues include prevention of counterfeit, fraudulent, and substandard items entering the supply chain.
- NRC is challenged to facilitate public participation in its regulatory processes, enhance the public's understanding of NRC's role and of controversial issues, and foster an environment both internally and externally where safety and security issues can be raised without fear of retribution.
- NRC faces a challenge to balance the public's need for information to allow its involvement in the regulatory process with the need to protect information that has a potential to impact the safety and security of nuclear power plants, research and test reactors, and other NRC-regulated facilities.

OIG's *Strategic Plan* focuses on positive, enduring, and measurable change, specifically in response to the challenges mentioned above. The OIG strategies that follow are designed to mitigate these challenges. Moreover, each year, OIG prepares an *Annual Plan* that has an audit and investigative component and links to the OIG *Strategic Plan*. The *Annual Plan*, which is distributed to the Congress and NRC management, identifies specific NRC program areas and priorities, strategies, and actions on which OIG audit resources will be focused. The *Annual Plan* also describes specific investigative priorities and goals and identifies particular agency programs and operations that are of special interest to the investigative unit.

SECTION 4 – GOALS AND STRATEGIES

Strategic Goal 1: Safety

Strengthen NRC's efforts to protect public health and safety and the environment.

Discussion: NRC will continue to face safety challenges in the years ahead related to nuclear reactor oversight, the regulation of nuclear materials, and the handling of nuclear waste. A significant concern for NRC is regulating the safe operation of the Nation's nuclear power plants through an established oversight process developed to verify that licensees identify and resolve safety issues before they adversely affect safe plant operation.

NRC is challenged to address both domestic and international operating experience that informs regulatory activities. NRC must also address license amendment requests to increase the power generating capacity of specific commercial reactors, license renewal requests to extend reactor operations beyond set expiration dates, and the introduction of new technology such as new and advanced reactor designs.

In fulfilling its responsibilities to regulate nuclear materials, NRC must ensure that its regulatory activities regarding nuclear materials and nuclear fuel cycle facilities adequately protect public health and safety. Moreover, NRC's regulatory activities concerning nuclear materials must protect against radiological sabotage and theft or diversion of these materials. The licensing of facilities (e.g., fuel fabrication) with new technologies poses additional challenges.

The handling of nuclear waste includes both high-level and low-level waste. High level radioactive waste is primarily in the form of spent fuel discharged from commercial nuclear power reactors. In the high-level waste area, NRC faces significant issues involving the potential licensing of new interim and permanent high-level waste facilities. High-level waste issues include addressing the DOE application for authorization to construct a geologic repository for high-level waste at Yucca Mountain, NV, the oversight of interim storage of spent nuclear fuel both at and away from reactor sites, certification of storage and transport casks, and the oversight of the decommissioning of reactors and other nuclear sites. Low-level waste includes items that have become contaminated with radioactive materials or have become radioactive through exposure to neutron radiation. Low-level waste disposal occurs at commercially operated facilities that must be licensed by either NRC or Agreement States. However, there are currently only four operating low-level waste disposal facilities in the United States.

Strategy 1-1: Identify risk areas associated with NRC's oversight of operating reactors, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess the adequacy of NRC's licensing activities and oversight of licensees' compliance with the license.
- b. Assess the effectiveness of NRC's management of its operating reactor inspection programs and activities and its assessment of licensee ability to timely identify and resolve safety issues.
- c. Assess NRC oversight of vendor material and manufacturing methods used in the maintenance and modification of operating reactors.
- d. Assess the extent and effectiveness of NRC's regulatory preparedness for and response to design basis and beyond design basis events.
- e. Assess NRC's actions to include research activities to identify and address the potential risks associated with aging and obsolescence issues affecting the fleet of current reactors.
- f. Assess NRC's actions to identify and address the potential risks associated with the introduction of new technology into currently operating facilities.
- g. Assess the adequacy of NRC's efforts to prepare for and provide oversight of new and advanced reactors as they become operational.
- h. Monitor NRC activities and gather stakeholder information to identify potential gaps in NRC regulatory oversight. Conduct, as appropriate, investigations and event inquiries when gaps are identified.
- i. Assess stakeholder allegations and NRC staff non-concurrences and Differing Professional Opinions (DPO), and conduct investigations and event inquiries into NRC's oversight of operating reactors.
- j. Assess stakeholder allegations and NRC staff non-concurrences and DPOs, and conduct investigations to ensure NRC regulations and oversight activities address supply chain vulnerabilities to include prevention of counterfeit, fraudulent, and substandard items entering the supply chain.
- k. Assess stakeholder allegations and NRC staff non-concurrences and DPOs, and conduct investigations and event inquiries to determine NRC's efforts in addressing stakeholder and NRC staff safety concerns.
- l. Assess NRC's readiness to effectively and timely review licensee applications for license renewals and power uprates.

- m. Assess NRC's experience in timely identifying and effectively responding to emerging technical and regulatory issues.
- n. Assess NRC actions in its integrating lessons learned from the totality of the events at and associated with the nuclear accident at the Fukushima Dai-ichi facility to include improvements in its regulatory system and the management of its operating reactor inspection programs and activities.
- o. Assess the effectiveness of NRC efforts to facilitate public participation in the regulatory process while protecting information with a potential to impact the safety of NRC regulated facilities.
- p. Assess NRC activities and their effectiveness in fostering an environment both internally and externally where safety issues can be raised without fear of retaliation.

Strategy 1-2: Identify risk areas associated with NRC's oversight of the licensing and construction of new and advanced reactors, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess the extent to which NRC incorporates lessons learned from the licensing and construction process under Parts 50 and 52 and other applicable regulations for ongoing and future design certification, licensing, and construction inspection for new and advanced reactor technologies.
- b. Assess the adequacy of NRC's application acceptance and review process and approval standards to include its timeliness, thoroughness, effectiveness, and transparency.
- c. Assess the adequacy of NRC's development and implementation of a construction inspection program.
- d. Assess the adequacy of NRC's development and implementation of a rigorous quality assurance oversight program.
- e. Assess the environmental review process associated with new and advanced reactor site construction to ensure that NRC carries out its responsibilities.
- f. Assess NRC's actions to address stakeholders' concerns over potential gaps in NRC oversight of new and advanced reactor construction.
- g. Assess NRC oversight of vendor material and manufacturing methods used in the construction of new and advanced reactor plants.

- h. Assess NRC's integration of domestic and international operating experience, generic safety issues, and introduction of new technologies (e.g., digital products) into new and advanced reactor licensing.
- i. Assess allegations and conduct investigations and event inquiries into NRC's oversight of new and advanced reactors.
- j. Assess allegations and conduct investigations to ensure NRC regulations and oversight activities address supply chain vulnerabilities to include prevention of counterfeit, fraudulent, and substandard items entering the supply chain.
- k. Assess the effectiveness of NRC efforts to balance the oversight of new facility construction activities oversight with that for existing major fuel cycle facilities and operating reactors.
- l. Assess NRC activities and their effectiveness in fostering an environment both internally and externally where safety issues can be raised without fear of retaliation.

Strategy 1-3: Identify risk areas facing NRC's oversight of nuclear materials, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess NRC's implementation of programs for controlling, accounting for, tracking, and inspecting nuclear materials to include the National Source Tracking System, Web-based licensing, and the License Verification System.
- b. Assess NRC's licensing and oversight of the construction, startup, and operation of new fuel cycle facilities.
- c. Assess NRC activities concerning the licensing, safety oversight, and aging effects of existing fuel cycle facilities.
- d. Assess impact of the Agreement State program on the safety of materials and on NRC's regulatory activities.
- e. Review NRC and licensee reports and engage interested stakeholders to identify issues of concern in NRC oversight of nuclear material held by NRC licensees.
- f. Through proactive initiatives, determine if NRC provided effective oversight of nuclear materials.
- g. Assess the adequacy and effectiveness of NRC's license application and review process to ensure that only legitimate entities, to include certificate holders, receive NRC byproduct material licenses.

- h. Assess allegations and conduct investigations concerning NRC's oversight of nuclear materials.
- i. Assess NRC activities and their effectiveness in fostering an environment both externally and internally where safety issues can be raised without fear of retaliation.

Strategy 1-4: Identify risk areas associated with NRC's oversight of high-level and low-level waste, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess NRC's activities addressing the DOE application for authorization to construct a geologic repository for high-level waste at Yucca Mountain, NV.
- b. Assess NRC's regulatory activities involving any interim or permanent repository facilities designated to receive high-level waste.
- c. Assess the key issues affecting the safe management of civilian low-level waste disposal, including the availability of low-level radioactive waste disposal sites.
- d. Assess NRC's oversight of nuclear waste issues associated with the decommissioning and cleanup of nuclear reactor sites and other facilities.
- e. Assess allegations and conduct investigations and event inquiries to determine NRC's effectiveness in addressing stakeholder concerns regarding low-level and high-level waste issues.
- f. Assess NRC activities and their effectiveness in fostering an environment both internally and externally where safety issues can be raised without fear of retaliation.
- g. Assess NRC's oversight of the certification of storage and transportation casks.

Strategic Goal 2: Security

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Discussion: NRC must ensure that nuclear power and materials licensees take adequate measures to protect their facilities against radiological sabotage. In a threat environment where adversaries' tactics and capabilities rapidly evolve, NRC faces the challenge of adapting to dynamic threats while also maintaining a stable security oversight regime commensurate with the agency's mission as a fair and impartial regulator. In addition, NRC aims to balance its security oversight obligations with a duty to share information with public stakeholders about threats to the Nation's nuclear power and materials sectors.

NRC plays a critical role in overseeing and supporting the emergency preparedness and incident response capabilities of nuclear power plant operators and the integration of their plans with government agencies in light of the prospect of natural disasters and terrorist threats. In addition, NRC must protect its infrastructure and take the necessary steps to ensure that its staff, facilities, and information technology assets are adequately protected against projected threats and provide for the maintenance of operations.

NRC has well-established inspection programs for evaluating the physical, information, and personnel security activities of nuclear power and materials licensees. However, the agency developed a cyber security directorate, and in FY 2013 implemented an inspection program to evaluate the security of information technology used to operate nuclear power plants. This nascent cyber security program will face implementation challenges common to new inspection programs, such as communicating new requirements to licensees, conducting inspections in a consistent manner, and allocating sufficient resources to sustain the inspection program beyond its initial years. Cyber security also entails unique oversight challenges related to the mix of digital and analog systems at different nuclear power plants, as well as the need for NRC to understand in depth how digital equipment upgrades will impact plant operations and security. Lastly, the complexity of digital systems and possible interfaces with licensees' administrative, security, and operations systems requires that NRC carefully test for vulnerabilities without compromising licensees' digital networks.

Strategy 2-1: Identify risk areas involved in effectively securing both new and operating nuclear reactors, nuclear fuel cycle facilities, and nuclear materials, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess the adequacy of NRC's oversight activities with regard to the security of nuclear materials, operating reactors, and nuclear fuel cycle facilities.
- b. Assess the comprehensiveness of NRC's threat assessment and the process for keeping it up to date.
- c. Assess the adequacy of regulations to respond to an evolving threat environment and the extent to which NRC is making appropriate adjustments.
- d. Assess the key issues affecting the secure management of civilian low-level waste disposal.
- e. Assess NRC's coordination with other agencies.

- f. Where appropriate, conduct investigations and event inquiries designed to address NRC's efforts in providing oversight of licensee security responsibilities.
- g. Assess the adequacy of NRC oversight activities to ensure that security is incorporated into the design and construction of new facilities.
- h. Assess the adequacy of NRC efforts to develop and implement a comprehensive cyber security program for nuclear power plants and fuel cycle facilities.
- i. Assess NRC activities and their effectiveness in fostering an environment both internally and externally where security can be raised without fear of retaliation.
- j. Through proactive initiatives, determine if NRC provided effective oversight against radiological sabotage and theft or diversion of materials.

Strategy 2-2: Identify risk areas associated with maintaining a secure infrastructure (i.e., physical security, personnel security, and information security), and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess how NRC manages threats to its facilities, personnel, and information systems.
- b. Assess the extent to which NRC effectively implements physical, personnel, and information security controls and procedures.
- c. As appropriate, conduct investigations into internal and external cyber breaches of NRC's infrastructure.
- d. As appropriate, conduct investigations into misconduct involving physical and personnel security.

Strategy 2-3: Identify risks associated with emergency preparedness and incident response, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess NRC's management of emergency preparedness guidelines, regulations, and programs.

- b. Assess NRC's efforts to prepare for responding to nuclear incidents including training, system reliability and interoperability, personnel availability, and response team organization and coordination.
- c. Assess NRC's management of coordination with Federal, State, and local governments and licensees.
- d. As appropriate, conduct investigations related to NRC's addressing and responding to emergencies and nuclear incidents.

Strategy 2-4: Identify risks associated with international activities related to security, and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess NRC's management of controls on the import and export of nuclear materials.
- b. Assess NRC involvement with international assistance including material control and accountability and incident response.
- c. As appropriate, conduct investigations concerning NRC activities and oversight of the proliferation, import, and export of nuclear materials.

Strategic Goal 3: Corporate Management

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Discussion: NRC faces significant challenges to efficiently, effectively, and economically manage its corporate resources within the parameters of its budget. NRC must continue to provide infrastructure and support to accomplish its regulatory mission while responding to changes in the Nation's spent fuel policy, reliance on nuclear energy, and security threat environment.

Addressing the corporate resource challenges of human capital, information management, and financial management will necessitate foresight and flexibility and a strategic approach to managing change during the strategic planning period. NRC must mitigate the loss of retiring senior experts and managers by enhancing its knowledge management, lessons learned, and training programs, along with attracting and retaining staff with the necessary competencies. NRC also needs to continue upgrading and modernizing its information technology resources for

employees and to support public access to the regulatory process. Finally, the agency needs to continue to improve its management and control over financial resources and procurement practices.

NRC will need to address changes caused by internal and external factors that will challenge the agency's ability to achieve its goals efficiently and effectively.

OIG will target corporate management risk areas for audits and investigations, to fulfill its statutory responsibility to evaluate the agency's financial management, and work with NRC to identify and improve weaknesses.

Strategy: 3-1: Identify areas of corporate management risk within NRC and conduct audits and investigations that lead to NRC program improvements.

Actions:

- a. Assess NRC's management of human capital to include training and development programs, knowledge management, and recruiting and retention activities.
- b. Assess NRC's financial management practices to include development and collection of fees and budget processes.
- c. Provide reasonable assurance that NRC's financial statements are presented fairly in all material aspects.
- d. Assess NRC's development, implementation, and lifecycle management of information technology tools and systems.
- e. Assess NRC management systems to ensure the agency effectively uses best practices for common business processes such as the systematic approach to training, project management, knowledge management, and process improvement.
- f. Assess NRC's management of administrative functions to include procurements, property, and facilities.
- g. Assess allegations and conduct criminal and administrative investigations of misuse of NRC's corporate resources pertaining to human resources, procurement, financial management, and information technology.
- h. Assess the efficiency and effectiveness of NRC's management of changes caused by internal and external factors.

- i. Reduce instances of fraud, waste, and abuse through criminal and administrative investigations or proactive initiatives.
- j. Assess NRC activities and their effectiveness in fostering an environment where corporate management issues can be raised without fear of retaliation.

SECTION 5 – HOW OIG MEASURES ITS PERFORMANCE

Implementing and Measuring OIG Work for Results

Following new guidance provided through the Government Performance and Results Modernization Act (GPRMA) of 2010, OIG continually monitors and assesses the results of its own work to improve both agency performance and OIG responsiveness to the most serious risks facing the agency. Importantly, this performance management strategy affords the agency the opportunity to correct or mitigate identified risks and vulnerabilities before they become critical.

In general, OIG measures its performance by assessing whether the majority of its work (1) has a high impact on improving NRC's safety, security, and/or corporate management programs; (2) results in audit recommendations agreed to by the NRC; (3) results in final agency action regarding OIG audit recommendations; (4) results in action taken by the agency in response to issued OIG investigative reports; (5) results in referral of closed investigations with criminal or civil aspects to prosecutorial/administrative authorities for action; (6) results in closed investigations concluded with a judicial, civil, or administrative action being taken, and (7) is timely.

OIG's strategies for achieving its strategic goals and measures for assessing performance are outcome-based. All OIG's strategies were crafted with accompanying performance measures to track execution and there will be a regular focus on these measures as outlined in GPRMA. OIG performance measures are listed in the *Strategic Plan* Appendix.

As part of the process for refining strategies and measures, staff designated as IAMs are assigned responsibility for keeping informed about major agency programs and activities. The broad IAM areas address nuclear reactors, nuclear materials, nuclear waste, information management, security, financial and administrative programs, human resources, and international programs.

The audit planning process, which is informed by the OIG *Strategic Plan* and NRC's management and performance challenges, yields the most productive and highest priority audit assignments. OIG's priority for conducting audits is based on (1) high risk agency areas; (2) mandatory legislative requirements; (3) emphasis by the President, Congress, NRC Chairman, or other NRC Commissioners; (4) a program's susceptibility to fraud, manipulation, or other irregularities; (5) dollar magnitude or resources involved in the proposed audit area; (6) newness, changed conditions, or sensitivity of an organization, program, function, or activities; (7) prior audit experience, including the adequacy of internal controls; and (8) availability of audit resources.

OIG investigation strategies and initiatives add value to agency programs and operations by identifying and investigating allegations of fraud, waste, and abuse leading to criminal, civil, and administrative penalties and recoveries. By focusing on results, OIG has designed specific

performance targets that aim to maximize effectiveness. For example, to achieve maximum return on each investigation, OIG strives to focus primarily on alleged NRC misconduct or inappropriate actions that could adversely impact health and safety-related matters. It is OIG's goal that outcomes from these investigations will result in the long-term elimination of similar issues going forward.

SECTION 6 – EXTERNAL FACTORS POTENTIALLY AFFECTING GOAL ACHIEVEMENT

External factors are the potential obstacles to achieving goals that are outside of OIG's influence. The last several years have seen an increase in environmental, political, business, and Governmentwide factors that have a potential for delaying or disrupting both NRC and OIG from accomplishing their goals. For OIG in particular, unforeseen incidents and issues sometimes give rise to new and unplanned work. For example, as a result of external allegations or requests over the past several years, OIG conducted unplanned audits and high priority investigations. While OIG prioritizes these requests as necessary, such unanticipated demands may take precedence over the goals and strategies presented in this *Strategic Plan*. However, it is OIG's intent to minimize work that delays or disrupts achievement of the strategies and goals described in this plan.

Potential external factors foreseen for FY 2014-2018 include:

- Unplanned statutory mandates.
- Changes in NRC licensees and their operating environments.
- Financial restrictions or reductions.
- New or unforeseen natural emergencies.
- Unpredicted security or terrorist incidents.
- New technological advances.
- International issues or events.

SECTION 7 – PROGRAM EVALUATIONS

Program evaluations were not used to update this *Strategic Plan*. Rather, the IG Act, as amended, requires the periodic independent review of all audit and investigative programs within Offices of Inspector General.

Accordingly, the NRC-OIG audit program undergoes an independent peer review conducted by a similar-sized Federal OIG every 3 years to ensure that internal quality controls are in place and operating, and to determine whether established audit standards policies and procedures are being followed. Likewise, the NRC-OIG investigative program is subject to independent reviews. These reviews are also conducted by a similar-sized Federal OIG every 3 years to determine whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers are properly exercised. Both the audit and investigative programs continue to receive favorable reviews by these independent evaluators.

To provide additional assurances in the interim years, the NRC-OIG retains independent consultants to review both the audit and investigative programs to ensure that the programs are operating in accordance with applicable standards, safeguards, and procedures.

STRATEGIC PERFORMANCE MEASURES**Strategic Goal 1: Safety**

Strengthen NRC's efforts to protect public health and safety and the environment.

1. Percent of OIG products/activities completed that have a high impact on improving NRC's safety program.
2. Percent of audit recommendations agreed to by agency.
3. Final agency action within 2 years on audit recommendations.
4. Percent of agency actions taken in response to issued investigative reports.
5. Complete active cases in less than 18 months on average.
6. Closed investigations that resulted in a referral for action to the Department of Justice, State or local law enforcement officials, or relevant administrative authority.
7. Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.

Strategic Goal 2: Security

Enhance NRC's efforts to increase security in response to an evolving threat environment.

1. Percent of OIG products/activities completed that have a high impact on improving NRC's security program.
2. Percent of audit recommendations agreed to by agency.
3. Final agency action within 2 years on audit recommendations.
4. Percent of agency actions taken in response to issued investigative reports.
5. Complete active cases in less than 18 months on average.
6. Closed investigations that resulted in a referral for action to the Department of Justice, State or local law enforcement officials, or relevant administrative authority.
7. Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.

Strategic Goal 3: Corporate Management

Improve the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

1. Percent of OIG products/activities completed that have a high impact on improving NRC's corporate management program.
2. Percent of audit recommendations agreed to by agency.
3. Final agency action within 2 years on audit recommendations.

4. Percent of agency actions taken in response to issued investigative reports.
5. Complete active cases in less than 18 months on average.
6. Closed investigations that resulted in a referral for action to the Department of Justice, State or local law enforcement officials, or relevant administrative authority.
7. Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.