



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

**OFFICE OF THE
INSPECTOR GENERAL**

December 9, 2013

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF NRC'S
REGULATION OF NUCLEAR FUEL CYCLE FACILITIES
(OIG-07-A-06)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL
SAFETY AND SAFEGUARDS, MEMORANDUM DATED
NOVEMBER 18, 2013

Attached is the Office of the Inspector General (OIG) analysis and status of recommendation 1 as discussed in the agency's response dated November 18, 2013. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by September 30, 2014.

If you have any questions or concerns, please call me at 415-5915 or Sherri Miotla, Team Leader, at 415-5914.

Attachment: As stated

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

Audit Report

Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

Status of Recommendation

Recommendation 1: Fully develop and implement a framework for the Fuel Cycle Facility Oversight Program (FCFOP) that is consistent with a structured process, such as the Reactor Oversight Process (ROP).

Agency Response Dated
November 18, 2013:

Background

On May 31, 2007, the Office of Nuclear Material Safety and Safeguards (NMSS) provided an initial response (ADAMS Accession No. ML071490183) to an OIG request for an update on the status of Recommendation 1. The staff provided several updates on the status of its activities, with the most recent being dated August 26, 2011 (ADAMS Accession No. ML112130059).

Response

On October 7, 2011, the U.S. Nuclear Regulatory Commission (NRC) staff issued SECY-11-0140, "Enhancements to the Fuel Cycle Oversight Process," (ADAMS Accession No. ML111180705). In SECY-11-0140, the NRC staff provided three options to enhance the Fuel Cycle Oversight Process (FCOP) for Commission consideration. The NRC staff's recommendation, Option 1, is an FCOP framework that provides a structure that is similar to the Reactor Oversight Process. Options 2 and 3 in SECY-11-0140 provide incremental enhancements to the existing oversight process. In the staff requirements memorandum to SECY-11-0140, dated January 5, 2012 (ADAMS Accession No. ML120050322), the Commission approved the NRC staff's recommendation to implement Option 1 for enhancing the FCOP. In addition, the Commission had several comments on how the NRC staff should implement the enhancements to the FCOP. The comments from the Commission relate to a project plan, the

Audit Report

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OIG-07-A-06

Status of Recommendation

Recommendation 1 (cont.):

implementation of the incentives for licensees to maintain effective corrective action programs, the cornerstones, the definition of performance deficiency, the fuel cycle significance determination process, the pilot program, and progress updates. Commission final approval is necessary prior to full implementation of a revised FCOP.

The Commission directed the NRC staff to develop a publicly available resource-loaded project plan that clearly establishes timelines and major milestones. On July 17, 2012, NMSS provided the project plan (ADAMS Accession No. ML12167A230) to the Commission for information. The project plan provides the estimated resources and task completion dates.

The Commission also directed the NRC staff to provide updates on its progress at least once a year. On July 25, 2013, NMSS provided to the Commission the most recent annual update (ADAMS Accession No. ML13200A210). As referenced in the Commission update, on July 10, 2013, Louisiana Energy Services (LES) became the first operating fuel facility licensee to request use of its Corrective Action Program as the basis for treating Severity Level IV violations as non-cited violations. On August 7, 2013, staff issued a request for additional information (RAI) (ADAMS Accession No. ML13214A290). LES provided responses to these RAIs, by letters dated September 10, 2013, and October 16, 2013. NMSS is currently evaluating the RAI responses.

During the last year, the staff has engaged the public and industry stakeholders at public meetings, and requested public comment on development activities associated with the revised FCOP. In addition, NMSS staff has worked closely with Region II, Office of Nuclear Reactor Regulation, Office of Nuclear Security and Incident Response, Office of Enforcement, and Office of New Reactors staff members to implement the revised FCOP project plan. Consistent with Commission direction, progress on the revised FCOP has

Audit Report

Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

Status of Recommendation

Recommendation 1 (cont.):

been commensurate with its lower priority when compared to that of emergent work such as post-Fukushima response actions (e.g., Honeywell facility Confirmatory Order and restart evaluation). The staff is currently in the process of updating the revised FCOP overall project plan, which it will share with external stakeholders in early 2014. Continued progress on corrective action plans, more-than-minor definition, and performance deficiency definition is planned in 2014, and the staff will provide another update to the Commission in July/August 2014.

OIG Analysis:

The proposed corrective actions continue to address the intent of OIG's recommendation. Recommendation 1 will be closed when NRC provides evidence that it has fully developed and implemented a framework for the Fuel Cycle Facility Oversight Program.

Status:

Resolved.