

AUDIT REPORT

Audit of NRC's Process for Addressing Bankruptcy
of Materials Licensees

OIG-14-A-10 January 16, 2014



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

**OFFICE OF THE
INSPECTOR GENERAL**

January 16, 2014

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

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

SUBJECT: AUDIT OF NRC'S PROCESS FOR ADDRESSING
BANKRUPTCY OF MATERIALS LICENSEES
(OIG-14-A-10)

Attached is the Office of the Inspector General's (OIG) audit report titled *Audit of NRC's Process for Addressing Bankruptcy of Materials Licensees*.

The report presents the results of the subject audit. Following the December 19, 2013, exit conference, the agency provided informal comments, which OIG subsequently incorporated into the draft report as appropriate. The agency reviewed the changes to the report and opted not to provide formal comments.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at 415-5915 or Sherri Miotla, Team Leader, at 415-5914.

Attachment: As stated

EXECUTIVE SUMMARY

BACKGROUND

The Nuclear Regulatory Commission (NRC) regulates the civilian use of nuclear materials to protect public health and safety and the environment, and to promote the common defense and security. NRC's regulatory framework applies to domestic licenses for civilian uses of radioactive materials, and these NRC licensees' financial condition (i.e., bankruptcy) could affect the agency's ability to control licensed nuclear materials. Therefore, NRC's primary interest is ensuring that control of nuclear materials is maintained during an NRC licensee's period of bankruptcy.

Federal regulations require that NRC materials licensees immediately notify NRC of a voluntary or involuntary filing of bankruptcy by or against the licensee, or an entity controlling the licensee. Licensees must notify NRC when they file for bankruptcy so NRC can have reasonable assurance that appropriate measures to protect public health and safety have been or will be taken.

Once agency staff become aware of a bankrupt materials licensee, an NRC Bankruptcy Review Team (BRT) member will take the lead for the bankruptcy action. Some NRC staff serve as members of the BRT where they review and act on bankruptcy notifications as they occur. The member will keep the appropriate staff informed of the bankruptcy status, and ensure that licensed nuclear material is controlled while a licensee is in bankruptcy status. If appropriate, NRC will conduct a special inspection, use enforcement discretion for issuing enforcement actions, and/or request emergency assistance from other Federal agencies if there is an immediate threat to public health and safety.

OBJECTIVE

The audit objective was to determine if NRC has reasonable assurance that appropriate measures to protect the public health and safety have been or will be taken during bankruptcies involving materials licensees.

RESULTS IN BRIEF

NRC's Methods for Initially Learning of Bankrupt NRC Materials Licensees Could Be More Effective and Efficient

Once NRC becomes aware of bankrupt materials licensees, NRC ensures that appropriate measures are taken to protect public health and safety. However, OIG found that NRC's methods for initially learning of bankrupt materials licensees could be more effective and efficient.

Although NRC licensees are required to report bankruptcies to the agency, most do not and NRC's alternate ways for discovering bankrupt licensees fall short. Therefore, it is incumbent upon NRC to use effective and efficient methods to identify its bankrupt licensees. NRC has not (1) identified and used comprehensive source/s of bankrupt entities, and (2) developed guidance on staff's role in identifying bankrupt NRC materials licensees. Consequently, if NRC does not know about bankrupt materials licensees, the risk increases for nuclear materials to become uncontrolled and cause harm to the public. Additionally, without formal guidance, NRC staff are duplicating efforts, thereby wasting valuable agency resources.

RECOMMENDATIONS

This report makes recommendations to improve the agency's process for addressing bankruptcy of NRC materials licensees.

AGENCY COMMENTS

On December 5, 2013, the Office of the Inspector General (OIG) issued the discussion draft of this report to the Executive Director for Operations. OIG met with NRC management and staff on December 19, 2013, at an exit conference. The agency provided informal comments, which OIG subsequently incorporated into the draft report as appropriate. The agency reviewed the changes to the report and opted not to provide formal comments.

ABBREVIATIONS AND ACRONYMS

ADAMS	Agencywide Documents Access and Management System
BRT	Bankruptcy Review Team
CFR	Code of Federal Regulations
DOJ	Department of Justice
ENRD	Environmental and Natural Resources Division
NRC	Nuclear Regulatory Commission
OIG	Office of the Inspector General
U.S.C.	United States Code

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I. BACKGROUND

The Nuclear Regulatory Commission (NRC) regulates the civilian use of nuclear materials for commercial, industrial, academic, and medical uses to protect public health and safety and the environment, and to promote the common defense and security. NRC's regulatory framework applies to domestic licenses for civilian uses of radioactive materials, including approximately 4,100¹ research, medical, industrial, government, and academic materials licensees. There are two types of domestic licenses for users of nuclear materials: (1) specific licenses and (2) general licenses. A specific license is a document issued by NRC to a named person who has filed an application and is subject to routine inspections and other NRC requirements. A general license allows persons to receive and use a general licensed device containing byproduct or source material, if the device has been manufactured and distributed in accordance with a specific license issued by NRC. Examples of general licensed devices are gas chromatograph units, static eliminators, luminous exit signs, and in vitro laboratory kits.

Federal Regulations

The Atomic Energy Act of 1954, as amended, and NRC's regulations in Title 10 of the Code of Federal Regulations (10 CFR) are in place to assure that appropriate measures to protect public health and safety have been or will be taken. These regulations² require that NRC materials licensees—specific and some general licensees³—immediately notify NRC of a voluntary or involuntary filing of bankruptcy by or against the licensee, an entity controlling the licensee, or an affiliate of the licensee.

Bankruptcy Types Involving NRC Materials Licensees

Bankruptcy laws of the United States are located in Title 11 of the United States Code (11 U.S.C.), more commonly known as the Bankruptcy Code. The Bankruptcy Code describes the different types of bankruptcies; see Table 1 for the two types (Chapters 7 and 11) that most frequently involve

¹ The number of materials licenses includes approximately 2,900 specific licenses issued by NRC and 1,200 general licenses registered by NRC.

² 10 CFR 30.34(h)(1); 10 CFR 40.41(f)(1); and 10 CFR 70.32(a)(9)(i).

³ A general licensee holding devices meeting the criteria of 10 CFR 31.5(c)(13)(i) is subject to the bankruptcy notification requirement.

NRC licensees. Of those NRC materials licensees that file for bankruptcy, the majority file for Chapter 11 bankruptcy.

Table 1: Bankruptcy Code

Chapter of Bankruptcy Code	Definition
Chapter 7	Provides for "liquidation" (i.e., the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors). The debtor may enter Chapter 7 bankruptcy voluntarily or be forced by creditors to enter it involuntarily.
Chapter 11	Generally used to reorganize a business and allows the debtor to continue its business operations by a plan of reorganization with the goal of returning it to a viable state.

Source: Office of the Inspector General (OIG) generated from 11 U.S.C. and NUREG 1556, Volume 15

NRC Bankruptcy Guidance

NRC uses NUREG 1556, Volume 15,⁴ as guidance for reviewing NRC materials licensee bankruptcy notifications to ensure that bankruptcies are coordinated with appropriate NRC staff and that the necessary measures are taken during the time of a bankruptcy to protect public health and safety. This NRC guidance document is intended for NRC materials licensees, license applicants, and staff. It contains guidance for preparing a bankruptcy notification to NRC.

NRC Bankruptcy Process

In addition to headquarters and regional staff's primary duties, some staff serve as members of NRC's Bankruptcy Review Team (BRT). The BRT members, which represent various NRC offices, coordinate, review, and act on bankruptcy notifications as they occur. NRC's primary interest is ensuring that control of nuclear materials is maintained during the period of bankruptcy. Once agency staff become aware of a bankrupt materials licensee, a BRT member will take the lead for the bankruptcy action. This NRC staff member contacts licensee personnel to verify bankruptcy information, and ensures that the licensee submits the required written notification. The staff member will continue to keep the

⁴ NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses: Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses."

appropriate staff—usually through the BRT—informed of the bankruptcy status.

Control of Materials During Bankruptcy

A licensee's financial condition could affect its ability to control licensed nuclear material. Therefore, licensees must notify NRC when they file for bankruptcy so NRC can have reasonable assurance that appropriate measures to protect public health and safety have been or will be taken. These measures include:

- Maintaining security of licensed material and contaminated facilities.
- Assuring that licensed material is transferred only to properly authorized NRC or Agreement State⁵ licensees.
- Assuring that properly trained and experienced personnel are retained to implement appropriate radiation safety measures.

NRC's primary goal for overseeing bankruptcies is to ensure that licensed nuclear material is controlled while a licensee is in bankruptcy status. If appropriate, NRC will conduct a special inspection, use enforcement discretion for issuing enforcement actions, and/or request emergency assistance from other Federal agencies if there is an immediate threat to public health and safety.

II. OBJECTIVE

The audit objective was to determine if NRC has reasonable assurance that appropriate measures to protect the public health and safety have been or will be taken during bankruptcies involving materials licensees. Appendix A of this report contains information on the audit scope and methodology.

⁵ An Agreement State is a U.S. State that has signed an agreement with NRC authorizing the State to regulate certain uses of radioactive materials within the State. NRC relinquishes to such States portions of its regulatory authority to license and regulate radioactive nuclear materials.

III. FINDING

NRC's Methods for Initially Learning of Bankrupt NRC Materials Licensees Could Be More Effective and Efficient

Once NRC becomes aware of bankrupt materials licensees, NRC ensures that appropriate measures are taken to protect public health and safety. OIG auditors observed noteworthy practices performed by headquarters and regional staff during the course of the audit (see Appendix B for a list of these practices). However, OIG found that NRC's methods for initially learning of bankrupt materials licensees could be more effective and efficient.

Although NRC licensees are required to report bankruptcies to the agency, most do not and NRC's alternate ways for discovering bankrupt licensees fall short. It is incumbent upon NRC to use effective and efficient methods to identify its bankrupt licensees. NRC has not (1) identified and used comprehensive source/s of bankrupt entities, and (2) developed guidance on staff's role in identifying bankrupt NRC materials licensees. Consequently, if NRC does not know about bankrupt materials licensees, the risk increases for nuclear materials to become uncontrolled and cause harm to the public. Additionally, without formal guidance, NRC staff are duplicating efforts, thereby wasting valuable agency resources.

NRC Should Have Effective and Efficient Methods To Identify Bankrupt Licensees

NRC should use effective and efficient methods for identifying bankrupt materials licensees. Federal regulations put the burden of bankruptcy notification on materials licensees; however, the majority of licensees do not report their bankruptcy to NRC. OIG reviewed NRC's documentation of 41 bankrupt materials licensees the agency was aware of to identify how NRC learned of those bankruptcies. Of the 41 bankruptcies,⁶ 68 percent were not self-reported by licensees. Because most licensees do not self-report, it is incumbent upon NRC to employ alternate activities to identify bankrupt materials licensees.

⁶ For the purpose of the audit, the audit team reviewed those NRC materials licensees that filed for bankruptcy between March 2008 and July 2013.

NRC's principles of good regulation require regulatory actions that are effective, efficient, and timely. Therefore, to achieve greater effectiveness and efficiency, it is necessary for the agency to rely on adequate methods for identifying bankrupt materials licensees and communicate those well-defined methods in agency guidance to help staff understand and carry out their responsibilities. Further, timely recognition of bankruptcies is critical for NRC to ensure early and thorough attention to situations that could adversely affect the control of nuclear materials.

Methods for Identifying Bankrupt Licensees Could Be More Effective and Efficient

NRC's methods for discovering bankrupt materials licensees are not as effective or efficient as they could be. NRC is aware that the majority of materials licensees do not self-report their bankruptcies as required. As such, NRC relies on other activities it has in place to help identify bankrupt licensees. Because these activities were established for reasons other than identifying bankrupt licensees, NRC does not obtain all the information it needs in a timely manner and there is some confusion regarding staff members' roles, often causing duplication of their efforts.

NRC's Methods for Identifying Bankruptcies

The methods NRC relies upon to identify bankruptcies do not provide timely and complete information. NRC primarily discovers bankrupt materials licensees through the following methods:

- Fee collection process.
- Materials inspections.
- A listing of bankruptcies from the Department of Justice (DOJ).

Further, and to a lesser extent, NRC staff also review the news or receive reports from a third party (e.g., other materials licensees) as sources for identifying bankrupt NRC licensees.

Fee Collection

NRC can learn of bankrupt materials licensees through its annual fee⁷ collection process. Upon becoming an NRC licensee, an entity is obligated to pay an annual fee⁸ for its license. If a licensee does not pay its fee on time, that may signal to NRC that the licensee is in bankruptcy. While this method is a source for identifying bankrupt NRC materials licensees, it could take more than a year before NRC confirms that a licensee is in bankruptcy.

When an NRC materials licensee is delinquent in paying its license fee, NRC begins the process to collect fees due to the agency. As shown in Table 2, if a licensee is more than 30 days delinquent in paying its annual fee, NRC mails a dunning notice to the licensee informing the licensee that its license fee was not paid. If, after 61 days, the licensee still does not pay its annual fee, an NRC contractor contacts the licensee by email or phone to determine why the licensee has not paid its annual license fees. If the agency cannot make contact with the licensee, the appropriate NRC regional inspector may visit the licensee's site. Consequently, approximately 476 days can pass before NRC makes its first attempt at contacting the licensee in person by a regional inspector.

⁷ 10 CFR Part 171, "Annual Fees for Reactor Operating Licenses and Fuel Cycle Licenses and Materials Licenses, Including Holders of Certificates of Compliance, Registrations, and Quality Assurance Program Approvals and Government Agencies Licensed by the NRC," subjects most NRC licensees to annual fees.

⁸ Annual fees for NRC materials licensees that are less than \$100,000 should be billed on the anniversary date of the license, and annual fees that are \$100,000 or more should be billed quarterly.

Table 2: Timeline for NRC's Billing Process for the Collection of Materials Licensees' Annual Fees

Action	Number of Days From Initial Action ⁹ (approximate)	Number of Days From Issuance of Invoice (approximate)	Accrued Number of Days (approximate)
Invoice is sent to licensee for annual license fee collection	365	0	365
First notice - dunning letter sent to licensee	30	30	395
Second notice - phone call and/or email to licensee	31	61	426
Regional inspectors requested to assist in contacting the licensee	50	111	476
Order process begins to revoke license	10	121	486

Source: OIG generated

Materials Inspections

NRC also learns of materials licensee bankruptcies through its inspection process. When conducting an inspection, an NRC inspector may learn that a licensee is currently in, or about to file for, bankruptcy. An NRC inspector may also learn of a licensee's bankruptcy by discovering the licensee's facility is shut down and/or abandoned when the inspector arrives to conduct the inspection. While learning about bankruptcies through the inspection process is useful, it may not always be timely as specific licensees are inspected anywhere from every 9 months to 6 years¹⁰ depending on the type of license. In addition, NRC does not typically inspect general licensees.

⁹ Either issuance of license or previous action.

¹⁰ NRC Inspection Manual Chapter 2800, "Materials Inspection Program," suggests that the minimum frequency for an inspection is 9 months (1 year minus 25 percent). The maximum frequency for an inspection is 6 years (5 years plus 1 year).

DOJ Bankruptcy List

DOJ represents the Federal Government in cases involving certain bankrupt entities. To determine which cases it needs to represent for the Government, DOJ sends a list of bankrupt entities to Federal agencies like NRC. The DOJ organization that provides the bankruptcy list to NRC is the Environmental and Natural Resources Division (ENRD). As such, its work focuses on industrial and manufacturing companies because those companies have the greatest potential to have an impact on the environment. In creating its list, ENRD's search parameters did not include medical or academic organizations. After meeting with OIG in June 2013, ENRD proactively began including some hospitals and medical facilities that declare bankruptcy on the NRC list based on ENRD's reviews of publications and notices to the Environmental Protection Agency. If ENRD officials learn of a bankruptcy that is noteworthy to NRC, they will send that information sooner than the monthly list that is typically emailed to NRC. Even though ENRD now includes some hospitals and medical facilities on the list that it sends to NRC, the list does not contain all companies that file for bankruptcy. In fact, NRC receives information on less than 1 out of 20 bankruptcies occurring across the Nation monthly.

NRC Staff's Role in Identifying Bankruptcies

NRC's process for identifying materials licensees is not as efficient as it could be because staff are performing duplicative tasks. Because the list of bankrupt companies from DOJ contains bankrupt organizations from across the country and is not inclusive to only NRC materials licensees, NRC's BRT members must review the list to determine which companies, if any, are NRC licensees. DOJ emails the list of new bankruptcies to its NRC contact each month. The NRC contact, a BRT member, forwards the email to the rest of the BRT members to ascertain if NRC has any interest. Multiple NRC staff members (in headquarters and Regions¹¹ I, III, and IV) conduct Internet and other searches to determine if any of the listed companies are NRC licensees. There is no written guidance on the type of search to perform when identifying bankrupt materials licensees. Instead, it is up to each staff member to determine the sources of information to examine and the extent of the review to perform. Multiple

¹¹ Auditors did not interview staff in Region II because Region I oversees all materials licensees in Region II.

staff members are duplicating search efforts using the Internet and agency databases, including:

- Google.
- ADAMS.¹²
- General Licensing Tracking System.¹³
- Web-Based Licensing.¹⁴
- A 3-year-old list¹⁵ known as the “Alpha List.”

Specifically, agency staff across NRC perform the same reviews to determine if any of the companies on the DOJ list are NRC licensees. Depending on how many companies are on the DOJ list, each staff member could take several hours to complete the search for bankrupt licensees.

Improvement Needed in Identifying Bankrupt Licensees

NRC has not (1) identified and used comprehensive source/s of bankrupt entities as part of its process for identifying bankrupt NRC licensees, and (2) developed guidance on staff's role for identifying bankrupt materials licensees.

Employing comprehensive source/s of up-to-date and complete information that identify bankrupt entities would better position NRC to know about bankruptcies that affect the agency as soon as they happen. Moreover, the sooner NRC becomes aware of a bankrupt materials licensee, the faster the agency can take the appropriate steps to ensure that the nuclear materials are properly controlled. Although agency staff believe that there are very few bankrupt materials licensees, they have no

¹² Agencywide Documents Access and Management System (ADAMS) is NRC's official recordkeeping system that contains vast libraries or collections of documents related to the agency's regulatory activities.

¹³ General Licensing Tracking System is an NRC database that stores information about general licensed devices and general licensees.

¹⁴ Web-Based Licensing is an NRC database that stores information about specific licensees accessible to NRC staff.

¹⁵ In 2010, NRC stopped using a program through the National Institutes of Health that provided an alphabetized list of NRC materials licensees due to the development of NRC's current licensing tracking system, Web-Based Licensing System.

reliable method to confirm that belief. OIG used a free public bankruptcy Web site that lists organizations that are currently in bankruptcy. OIG's one-time search yielded an NRC licensee currently in bankruptcy of which NRC was not aware.

Further, concerning staff's role in reviewing the DOJ list, staff are duplicating efforts because there is no guidance describing what needs to be done. For example, NRC's current bankruptcy-related guidance¹⁶ does not provide staff with explicit directions on who should review bankruptcy information or how the review should be conducted for identifying NRC bankrupt materials licensees. Establishing agencywide guidance would assist in avoiding unnecessary duplication of effort.

NRC Risks Not Knowing About Bankrupt Material Licensees and Is Not Efficiently Using Its Resources

Given the agency's current approach to identifying bankrupt licensees, NRC risks not knowing about bankrupt materials licensees, which increases the risk of materials becoming uncontrolled and causing harm to the public. Additionally, without formal guidance, NRC staff are duplicating efforts, thereby wasting valuable agency resources.

Uncontrolled materials associated with bankrupt licensees can compromise public health and safety. OIG searched NRC's Nuclear Materials Events Database¹⁷ and identified five bankruptcy-related events that occurred over a 13-year period involving NRC materials licensees. These events reflected lost or a loss of control of nuclear materials reported across the United States because of bankruptcy. For example, a coal company that went bankrupt lost control of a gauge containing 0.5 Curies of Cesium-137. In another case, a gauge containing a 0.1 Curies Cesium-137 source was found at a licensee's facility during environmental cleanup after the licensee went into bankruptcy and abandoned the property. The longer it takes for NRC to learn of a bankrupt licensee, the greater the risk to public health and safety. Additionally, a person exposed to sources such as these can receive a dose that exceeds NRC's regulatory limits and could, in some circumstances, receive a radiation injury.

¹⁶ NUREG 1556, Volume 15.

¹⁷ The Nuclear Materials Events Database is the system NRC uses to track events and monitor nuclear materials trends across the country.

The way that NRC staff members review the DOJ bankruptcy list is not an efficient use of resources. Duplication of effort is costly and prevents staff from doing other safety-related work. Senior managers question the amount of time and resources staff dedicate to this task, when other staff members are performing the same tasks. By not devising a method to review the list more efficiently, NRC is missing an opportunity for cost savings.

Recommendations

OIG recommends that the Executive Director for Operations:

1. Identify and use comprehensive source/s of bankrupt entities, as part of NRC's process for identifying bankrupt NRC licensees.
2. Develop guidance on staff's role for identifying bankrupt NRC materials licensees.

IV. AGENCY COMMENTS

On December 5, 2013, the Office of the Inspector General (OIG) issued the discussion draft of this report to the Executive Director for Operations. OIG met with NRC management and staff on December 19, 2013, at an exit conference. The agency provided informal comments, which OIG subsequently incorporated into the draft report as appropriate. The agency reviewed the changes to the report and opted not to provide formal comments.

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The audit objective was to determine if NRC has reasonable assurance that appropriate measures to protect the public health and safety have been or will be taken during bankruptcies involving materials licensees.

SCOPE

We conducted this performance audit at NRC headquarters (Rockville, MD) and three NRC regional offices (Region I, King of Prussia, PA; Region III, Lisle, IL; and Region IV, Arlington, TX) from March 2013 through October 2013. OIG also interviewed DOJ personnel in Washington, DC. Internal controls related to the audit objective were also reviewed and analyzed. Throughout the audit, auditors were aware of the possibility or existence of fraud, waste, or misuse in the program.

METHODOLOGY

The audit team reviewed relevant criteria, including the Atomic Energy Act of 1954, as amended; NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses: Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses"; and 10 CFR Part 30, "Rules of General Applicability to Domestic Licensing of Byproduct Materials." OIG also reviewed NRC enforcement policies and inspection procedures.

OIG auditors compiled a universe of bankruptcy notifications. The bankruptcy notifications consisted of bankruptcies either identified by OIG searches or provided to OIG by agency staff. All of the bankruptcies were NRC materials licensees that filed for bankruptcy between March 2008 and July 2013 and of which NRC became aware.

At NRC headquarters, auditors interviewed BRT members to gain an understanding of their roles and responsibilities as they relate to bankruptcy of materials licensees. Interviews were conducted with staff from the Office of Federal and State Materials and Environmental Management Programs, Office of the Chief Financial Officer, Office of

Nuclear Security and Incident Response, Office of the General Counsel, and NRC Regions I, III, and IV. Auditors also interviewed DOJ staff to gain an understanding of the coordination between DOJ and NRC involving the identification of bankrupt NRC materials licensees.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

The audit work was conducted by Sherri Miotla, Team Leader; Andrea Ferkile, Audit Manager; Kevin Nietmann, Senior Technical Advisor; Tony Lipuma, Senior Assistant for Audit Operations; Taylor Butch, Management Analyst; and Dia Bhatia, Student Management Analyst.

NRC GOOD PRACTICES

OIG observed the following tasks, methods, and activities related to NRC's bankruptcy processes during interviews with staff from headquarters, Regions I, III, and IV:

1. Coordination with Agreement States: Staff share information regarding bankrupt materials licensees within an Agreement States' jurisdiction with the responsible Agreement State and vice versa.
2. Reminders to Licensees During Inspections: During routine inspections, inspectors remind NRC materials licensees of their reporting requirements, including the licensees' obligation to immediately report their bankruptcy filing to NRC.
3. ADAMS Bankruptcy Folders: Staff created a technique to track bankruptcies in ADAMS by creating folders to hold information. The ADAMS tracking method serves as a good timeline, provides bankruptcy related information to all agency staff, and is a way to show closure to a bankruptcy proceeding.
4. Consolidated Checklist: Staff created a condensed version of key questions from NUREG 1556, Volume 15, regarding the security of materials (e.g., quantity and location). After learning about the bankruptcy, NRC sends the questions to licensees during its first contact. The checklist is specific to bankruptcy and the questions on the checklist seek to assess the functionality of a licensee's health and safety practices during the time of the bankruptcy.