

August 28, 2014

MEMORANDUM TO: Stephen D. Dingbaum  
Assistant Inspector General for Audits  
Office of the Inspector General

FROM: Brian E. Holian, Acting Director */RA/ RLorson for BHolian*  
Office of Federal and State Materials  
and Environmental Management Programs

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S  
10 CFR PART 31 GENERAL LICENSING PROGRAM  
(OIG-12-A-21)

The purpose of this memorandum is to provide an update on the status of the agency's actions in response to the recommendations contained in the Office of the Inspector General's (OIG) audit of the U.S. Nuclear Regulatory Commission (NRC) oversight of the 10 CFR Part 31 General License (GL) Program. This status report highlights the staff's actions. The following updates are provided for each recommendation.

#### Recommendation 1

Develop and implement procedures for NRC to provide information clearly describing all applicable regulatory requirements each time an NRC general licensed device is distributed to an NRC general licensee.

#### Status

To support the implementation of Recommendation 1, the staff completed changes to the General Licensing Tracking System (GLTS) software, developed a procedure (Agencywide Document and Management System (ADAMS) Accession No. ML13261A199) for inclusion in the GLTS User's Manual (ADAMS Accession No. ML13260A486), finalized tables of applicable regulations for general licensed devices (GLDs), and prepared a template cover letter for mailing the applicable regulations to GLs who are recipients of a new device.

To implement this recommendation, the staff completed a change request to the GLTS software to: (1) allow searches of the GLTS database for a specified time period, (2) identify all new initial recipients of GLDs containing radioactive materials listed in 10 CFR Part 20, Appendix E, and (3) facilitate efficient production of mailing labels and logs.

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Using the procedure, the staff has continued searching the GLTS database to create a list of GLs who received new GLDs. Over the past year, approximately 800 letters containing the applicable regulatory requirements have been mailed to new general licensees under NRC jurisdiction. From the 800 letters, the staff received feedback and questions from 12 licensees. The licensees' feedback or questions were more about NRC's database and information about the general licensed device they possess, than safety and security of the device or compliance with regulatory requirements. The issuance of the 800 letters constituted an effort of 604 hours at an approximate cost of \$50,000.

As noted in our September 26, 2013, response to this audit finding, the staff analyzed the efficacy of our approach described in Recommendation 1. To determine the effect of the letters on the safety of general licensed devices, the staff evaluated the materials events over the past year to determine if there has been a decrease that can be attributed to the issuance of the letters. Over the past 4 years there has been an average of 143 material events per year reported under NRC jurisdiction. Approximately 6 percent of the total number of events per year is related to general licensees. Specifically, there have been 10 events between July 2010 and June 2011, 6 events between July 2011 and June 2012, 8 events between July 2012 and June 2013, and 8 events between July 2013 and June 2014, related to general licensees. While the number of events related to general licensees is still low, the number of events from general licensees has not decreased since the staff has been sending the letters with applicable regulatory requirements.

The event data shows that the number of events has been low and consistent over the past few years, demonstrating that there has not been a major concern regarding the safety of general licenses. Therefore, the staff has determined that issuing these letters at a cost of \$50,000 per year does not provide a discernable safety benefit. Therefore, the staff intends to stop sending correspondence with the regulatory requirements to new general licensees and will continue to rely on the regulatory requirements under Part 32 of the *Code of Federal Regulations* where distributors of generally licensed devices are required to provide general licensees with a copy of all the regulatory requirements. However, the staff will continue to monitor materials events for any adverse trends. If a noteworthy increase in events is observed, the staff will review the need for additional communications with NRC general licensees.

The staff updated the NRC Web site by incorporating tables with information about all applicable regulatory requirements for general licensees. The link is <http://www.nrc.gov/materials/miau/general-use.html#1>. The staff considers this action to be completed.

The staff also committed to incorporate the tables of applicable regulatory requirements for GLDs into NUREG-1556, Volume 16, "Program-Specific Guidance About License Authorizing Distribution to General Licensees." The tables will be included in the next revision which is expected to be issued in February 2016.

## Recommendation 2

Develop and implement procedures for NRC to periodically re-inform existing general licensees of applicable regulatory requirements.

Status

The staff reviewed the implementation of Recommendation 1 to develop a cost effective and efficient procedure to periodically re-inform existing general licensees of applicable regulatory requirements. At the present time, there are approximately 17,500 general licensees under NRC jurisdiction. Considering that the effort to issue 800 letters at an approximate cost of \$50,000 and that the number of events related to general licensees is low and constant, the staff determined that it is not cost effective to issue 17,500 letters (at an approximate cost of \$1.05 million) to periodically re-inform existing general licensees of applicable regulatory requirements. Therefore, the staff intends to not periodically send correspondences with the regulatory requirements to all general licensees. As stated in Recommendation 1, the staff will continue to monitor materials events for any adverse trends. If a noteworthy increase in events is observed, the staff will review the need for additional communications with NRC general licensees. The staff considers this action to be completed.

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