



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

**OFFICE OF THE
INSPECTOR GENERAL**

November 25, 2014

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
PROCESS FOR REVISING MANAGEMENT DIRECTIVES
(OIG-14-A-19)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR CORPORATE
MANAGEMENT MEMORANDUM DATED OCTOBER 24, 2014

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated October 24, 2014. Based on this response, recommendations 1-9 are in resolved status. Please provide an updated status of the resolved recommendations by April 15, 2015.

If you have any questions or concerns, please contact me at 415-5915 or Eric Rivera, Team Leader, at 415-7032.

Attachments: As stated

cc: M. Galloway, OEDO
K. Brock, OEDO
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Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 1:

Revise MD 1.1 to

- a. Elevate authority required for approving extensions. Extensions can only be granted by the Chairman, the Executive Director for Operations, the Chief Financial Officer, or their designees (no lower than Deputy Executive Directors for Operations, Assistant for Operations, or Deputy Chief Financial Officer), as appropriate.
- b. Include guidelines for resetting MD initial due dates. Require Executive Director for Operations, or designee, approval to reset initial due dates. Clearly state the parameters for resetting due dates.
- c. Clearly state the parameters and guidelines for granting extensions, and provide that even if an extension is granted, the authoring office will receive a "red" on the corporate measure scorecard unless they also meet the new MD 1.1 guidelines (recommendation 1.b) for having the initial due date reset.

Agency Response Dated
October 24, 2014:

Agree. The Office of Administration (ADM) is reviewing the MD extension process and has begun revising MD 1.1, "NRC Management Directives System," to incorporate changes to the MD revision process since the MD was last issued in 2011. ADM will issue the new policy and procedures for extensions in an EDO memo to offices by February 27, 2015. ADM will provide the draft MD for office comment by July 30, 2015. ADM will coordinate with the Executive Director for Operations and document the parameters and guidelines for granting extensions. The new policy and procedures will be captured in the revised MD 1.1 to ensure that the information in this recommendation is incorporated in agency-wide guidance. The target completion date to submit the MD for Chairman review and approval is March 31, 2016, to align with the current revision cycle. The point of contact (POC) for this initiative is Helen Chang.

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Status of Recommendations

Recommendation 1 (cont.)

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews the revised Management Directive 1.1, which

- (a) Elevates authority required for approving extensions. Extensions can only be granted by the Chairman, the Executive Director for Operations, the Chief Financial Officer, or their designees (no lower than Deputy Executive Directors for Operations, Assistant for Operations, or Deputy Chief Financial Officer), as appropriate.
- (b) Includes guidelines for resetting management directive initial due dates. Requires Executive Director for Operations, or designee, approval to reset initial due dates. Clearly states the parameters for resetting due dates.
- (c) Clearly states the parameters and guidelines for granting extensions, and provides that even if an extension is granted, the authoring office will receive a "red" on the corporate measure scorecard unless they also meet the new Management Directive 1.1 guidelines (recommendation 1.b) for having the initial due date reset.

Status: Resolved.

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Status of Recommendations

Recommendation 2: Require a suspense due date for final concurrence/approval by the Executive Director for Operations and Chairman when submitting MD concurrence packages to those offices, so that the MD can be tracked in the Office of the Executive Director for Operations' tracking system.

Agency Response Dated
October 24, 2014:

Agree. There is no guidance currently in MD 1.1 that provides for a suspense due date for action by the Executive Director for Operations and Chairman. ADM will revise MD 1.1 to align with the Commission's correspondence procedures and include a suspense due date for final concurrence and approval. The target completion date to revise MD 1.1, as described in ADM's response to Recommendation 1 is March 31, 2016, to align with the current revision cycle. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that requires a suspense due date for final concurrence/approval by the Executive Director for Operations and Chairman when submitting management directive concurrence packages to those offices, so that the management directive can be tracked in the Office of the Executive Director for Operations' tracking system.

Status:

Resolved.

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Status of Recommendations

Recommendation 3: Require MD author participation in ADM's MD revision "kickoff" meetings.

Agency Response Dated
October 24, 2014:

Agree. ADM will issue an NRC announcement to all staff through the NRC announcement system. The NRC announcement will be communicated to the NRC staff in a manner and timeline that is in keeping with ADM policy for obtaining management approval for an NRC announcement. [ADM will revise MD 1.1 to clarify that the author of an MD to be revised is required to attend the "kickoff" meeting for the revision initiative.] The target completion date for the NRC announcement of the requirement is June 30, 2015, and the target completion date to revise MD 1.1, as described in ADM's response to Recommendation 1 is March 31, 2016, to align with the current revision cycle. The POC for this initiative is Helen Chang.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that requires management directive author participation in ADM's management directive revision "kickoff" meetings.

Status: Resolved.

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Status of Recommendations

Recommendation 4: Develop and implement a performance measure that effectively evaluates MD revision timeliness for MDs that begins with the kickoff meeting and ends with the issuance date of the MD. In addition, provide the reported results quarterly to the Office of the Executive Director for Operations and office directors.

Agency Response Dated
October 24, 2014:

Agree. ADM will develop and coordinate this measure with the offices and regions prior to presenting it to the Office of the Executive Director for Operations for implementation. ADM is currently developing a new SharePoint system that will track and report the performance measure from the kickoff meeting through MD issuance. The target completion date to finalize and implement the new corporate measure and reporting requirements is March 31, 2016. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews (1) documentation that describes and requires implementation of a performance measure that effectively evaluates management directive revision timeliness for management directives from the kickoff meeting until issuance of the management directive, and (2) proof that the results are being provided to OEDO and office directors quarterly.

Status:

Resolved.

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Status of Recommendations

Recommendation 5: Develop and implement an effective process to link MDs to yellow policy announcements at the time offices issue the yellow policy announcements.

Agency Response Dated
October 24, 2014:

Agree. ADM will develop and implement a process to link MDs to yellow policy announcements at the time offices issue the yellow policy announcements. The target completion date for this new process is September 30, 2015. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that describes and requires implementation of an effective process to link management directives to yellow policy announcements at the time offices issue the yellow policy announcements.

Status:

Resolved.

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Status of Recommendations

Recommendation 6: Develop and implement an adequate mechanism to track yellow policy announcements.

Agency Response Dated
October 24, 2014:

Agree. ADM will develop and implement a process to track yellow policy announcements. The target completion date for this new tracking system, including process and procedures, is January 30, 2016. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that describes and requires implementation of an adequate mechanism to track yellow policy announcements.

Status:

Resolved.

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Status of Recommendations

Recommendation 7: Require yellow policy announcement owners to detail in the yellow policy announcement the MDs affected and the specific sections affected within these MDs.

Agency Response Dated
October 24, 2014: Agree. ADM will include this new requirement in its rewrite of MD 3.16, "NRC Announcement Program," and develop a procedure that ensures that the author of each yellow policy announcement details the portion(s) of an MD(s) affected by the policy change in the yellow policy announcement itself. The target completion date for the new process is January 30, 2016. The POC for this initiative is Helen Chang.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that requires yellow policy announcement owners to detail in the yellow policy announcement the management directives affected and the specific sections affected within these management directives.

Status: Resolved.

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Status of Recommendations

Recommendation 8: Revise the list of "Related Policy Documents" for each MD to include only yellow policy announcements issued after the current MD version date.

Agency Response Dated
October 24, 2014:

Agree. ADM will revise the list of "Related Policy Documents" so that the list displays yellow policy announcements issued after the current MD version date. The target completion date for the new process is January 30, 2016. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews the revised list of "Related Policy Documents" for each management directive, which includes only yellow policy announcements issued after the current management directive version date.

Status:

Resolved.

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Status of Recommendations

Recommendation 9: Revise MD 3.16 to require an expiration date for yellow policy announcements.

Agency Response Dated
October 24, 2014:

Agree. ADM will revise MD 3.16, "NRC Announcement Program," to ensure that the information identified in Recommendations 7, 8, and 9 is incorporated in agency-wide guidance. ADM will provide the draft MD for office comment by October 30, 2015. The target completion date for the new process requiring an expiration date is June 30, 2016. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews the revised Management Directive 3.16, which requires an expiration date for yellow policy announcements.

Status:

Resolved.