

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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PUBLIC MEETING

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BRIEFING BY OIG ON SPECIAL EVALUATION

PUBLIC MEETING

U.S. Nuclear Regulatory Commission
One White Flint North
Rockville, Maryland

Tuesday, February 28, 1995

The Commission met in open session, pursuant to notice, at 10:00 a.m., Ivan Selin, Chairman, presiding.

COMMISSIONERS PRESENT:

- IVAN SELIN, Chairman of the Commission
- KENNETH C. ROGERS, Commissioner
- E. GAIL de PLANQUE, Commissioner

1 STAFF SEATED AT THE COMMISSION TABLE:

2 KAREN CYR, General Counsel

3 JOHN C. HOYLE, Acting Secretary

4 DAVID WILLIAMS, Inspector General

5 THOMAS BARCHI, Assistant Inspector General for

6 Audits

7 RUSSELL IRISH, Senior Auditor, OIG

8 ROBERT SHIDELER, Senior Level Assistant for

9 Policy, Planning and Reporting, OIG

10 JUDITH LEONHARDT, Auditor, OIG

11 SCOTT BUCHAN, Management Analyst, OIG

12 WILLIAM HILL, Technical Assistant, SECY

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P R O C E E D I N G S

[10:00 a.m.]

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3 CHAIRMAN SELIN: The Commission is pleased to
4 welcome our Inspector General, David Williams, and members
5 of his staff to brief us on the results of their special
6 evaluation of some key NRC decision making processes.

7 I'm really very happy to learn the results of this
8 evaluation because this is one that, as you might remember,
9 I requested after one of our hearings last year. While
10 preparing for testimony before a congressional subcommittee,
11 we became aware that the staff seemed to be having problems
12 in reconstructing what actions had been taken in response to
13 regulatory decisions in the 1984-1987 time period. I
14 concluded -- having to defend some steps without having my
15 hands on the documents to support things I was saying was an
16 uncomfortable position. So, I concluded that it would be
17 helpful to look at our current practices to see if we've
18 taken the steps necessary to put in place effective measures
19 to document these key regulatory decisions internally and to
20 ensure that the decisions are properly implemented as
21 appropriate by the staff.

22 So, we asked the Inspector General to consider
23 doing a rather unusual analysis. It's not an audit and it's
24 certainly not an investigation, it's a management review
25 basically using your expertise at reviews and at document

1 handling to diagnose our current internal agency processes
2 and procedures and to do this in a cooperative fashion with
3 other sources of expertise, the SECY's Office and the staff
4 itself.

5 We understand from your report that OIG has
6 conducted a quite comprehensive review and with the full
7 cooperation of the various offices involved, so we're very
8 interested in hearing the results.

9 Mr. Williams?

10 MR. WILLIAMS: Thanks, sir.

11 We're pleased for the opportunity to appear before
12 you and to explain our work. I did want to build on
13 something that you said, that it was truly an unusually
14 collaborative effort to -- Jim Taylor's staff was extremely
15 anxious to work with us and to help us to understand and it
16 was a very unusual joint effort and they certainly deserve
17 credit for having joined in.

18 I wanted to introduce the team that worked on it.
19 The first one I wanted to introduce is an excellent example
20 of the point I just made. Bill Hill is from the staff.
21 He's from the Office of SECY, as I'm sure you all recognize
22 him. He was a very important and useful member of the team
23 and helped us to understand what a valuable asset these
24 kinds of collaborative efforts are.

25 Bill worked on the team with Scott Buchan and all

1 the way at the other end of the table, Judy Leonhardt. That
2 was the team that worked for Russ Irish, who is the project
3 leader, who is seated next to me. Tom Barchi and Bob
4 Shideler, who you know, are with us today too. I wanted to
5 ask Tom to begin introducing the project and the results.

6 MR. BARCHI: I would echo our appreciation for the
7 chance to get with you this morning and talk with you about
8 the results of this particular effort. I would ask Russ
9 Irish to walk us through the briefing chart that you have in
10 front of you. At the end of that, I'd like to spend a
11 minute or two talking about this collaborative effort. We
12 found it to be a very productive arrangement. There are
13 some things I'd like to share with you about that. But
14 let's save that for the end and let's get to the meat of the
15 briefing and that would be Russ Irish.

16 Russ?

17 MR. IRISH: Good morning, Mr. Chairman. Good
18 morning, Commissioners.

19 During this part of the presentation what we want
20 to do is go over the results of our special evaluation by
21 discussing three primary areas. First will be the objective
22 in performing the evaluation, secondly the approach and the
23 criteria that we used for conducting the evaluation, and
24 finally our observations and our conclusions.

25 I'd like to start this part of the presentation by

1 telling you that overall we have a positive message for you
2 and we hope that you'll see this as we go through it.

3 Based on actions that were initiated recently,
4 particularly in the last year or two, we believe that
5 progress is being made in the areas that we evaluated. We
6 found that decisions are made today generally in a well
7 documented manner and they're also adequately retrievable.
8 We also found that the design of the processes facilitate
9 the recording of those decisions. There are some areas that
10 we think would warrant further management attention which
11 we'll discuss later. However, today's decision making
12 processes, either those that are in place or those that are
13 under development, should provide adequate support for
14 decisions made today and in the future. That's primarily
15 emphasized by the fact if those processes are then followed
16 by the staff.

17 After meeting with you, Mr. Chairman, to gain an
18 understanding of the request that you had made of us, we
19 developed a mission statement to define our objectives.
20 That mission statement was to conduct a special evaluation
21 to identify and evaluate NRC processes for communicating and
22 documenting key decisions having either programmatic or
23 agency-wide application.

24 In performing the special evaluation, as already
25 mentioned by Mr. Barchi, we responded to your suggestion in

1 a collaborative effort. We developed our approach in a
2 manner that would allow us to provide observations for
3 management consideration and this was different from our
4 normal approach which is to provide findings and
5 recommendations.

6 At your request, we initiated our work in the
7 Office of Nuclear Materials Safety and Safeguards. We also
8 found during the beginning part of our work that there was
9 work going on in the Office of Nuclear Reactor Regulation
10 and the Office of State Programs. So, we did some initial
11 discovery work in those areas also. We became aware that
12 the actions that were initiated within NRR and in OSP were
13 possibly going to affect our scope of work. So, what we're
14 going to do is go through the NMSS findings and then go
15 through what we saw in NRR and OSP as far as the
16 observations we have.

17 In making this collaborative effort with NMSS, we
18 decided to identify and select decision processes as opposed
19 to specific incidences for review. We met with Mr. Bernero
20 and his senior managers from the branch chief level and up.
21 We discussed the approach that we intended to take and we
22 solicited the support, and I want to point out that we got a
23 great deal of support from them and it was 100 percent
24 collaborative as far as the way we operated with them.

25 We asked them to complete a survey regarding the

1 key decision making processes and through that survey they
2 identified 16 processes which cut across their office. We
3 then narrowed our selection down to eight of those processes
4 for in-depth review.

5 The processes that we did follow in NMSS included
6 the Division of Industrial Medical Nuclear Safety, the NMSS
7 allegation process which covers the entire office, the
8 materials licensing process and the materials event analysis
9 process. Those were the areas that were covered by Scott
10 Buchan.

11 In the Division of Waste Management, we evaluated
12 the high-level waste rulemaking process and the site
13 decommissioning management plan process. Those were the
14 areas that were covered by Bill Hill.

15 Finally, in the Division of Fuel Cycle Safety and
16 Safeguards, we reviewed the license renewal amendment
17 process, the export license review process, and the threat
18 assessment process. Judy Leonhardt covered those areas for
19 the team.

20 Prior to beginning this review, we determined that
21 we needed to ensure a consistent approach across all
22 divisions and all processes, so we developed three questions
23 that we felt needed to be answered comparing the decision
24 documentation associated with each of those processes. The
25 first question was does a record file exist. We wanted to

1 find out the formality or the informality of the types of
2 files that were in existence. We then asked, is the process
3 designed to facilitate the recording of decisions? Were
4 there perhaps some shortcomings in the processes themselves
5 that would now allow for a decision or part of a decision to
6 be recorded? Finally we looked at whether or not the
7 decision process actions were retrievable. We didn't
8 concentrate on whether or not it was computer retrievable,
9 NUDOCs retrievable, or personal file retrievable. We wanted
10 to know whether or not a history could be created on the
11 decisions made. As you are probably aware, we did not
12 evaluate the technical nature of those decisions as it's
13 outside of our scope.

14 With regard to the observations on the NMSS
15 processes, we have provided Mr. Bernero and his staff with
16 our observations. We also have met separately with each of
17 the division directors to discuss other observations which
18 we had but which did not fall into the overall mission of
19 this particular review. Our overall observations on the
20 NMSS processes indicate generally good news but, as we said
21 previously, we do have a couple of recommendations for
22 further management attention.

23 Additionally, we want to make sure that you
24 understand that we cannot tell you that decisions made some
25 years ago may not present some difficulty if their

1 historical support is needed. However, for today's
2 decisions, we feel comfortable about what we have to report.

3 We found that decisions are genuinely well
4 documented and adequately retrievable. While the Division
5 of Fuel Cycle Safety and Safeguards and the Division of
6 Waste Management have decisions documented in detail, the
7 Division of Industrial Medical Nuclear Safety decision
8 documentation diminishes in relationship to the safety
9 significance in the allegations and in the event analysis
10 processes. That may be something that's expected. Also
11 within IMNS, intermediate licensing process decisions are
12 not formally documented or retrievable, however the final
13 decision documents are retrievable. I'll elaborate on this
14 later on as we're talking about the process design.

15 With regard to the design of the processes, we
16 find that they generally facilitate recording of decisions.
17 This is the area that we have our observations in. Within
18 the Fuel Cycle Safety and Safeguards Division, the processes
19 that we reviewed appear to be sound. In the Division of
20 Industrial Medical and Nuclear Safety Division, we noted
21 that improvements have occurred in the allegation process.
22 They have started using the Allegation Review Board as part
23 of that process and that has strengthened how they handle
24 their allegations. Additionally within that division, they
25 have actions underway in the materials area through a

1 business process redesign effort that's currently underway.

2 With regard to the licensing process, we found
3 that there's a record file which contains the licensing
4 action request, any deficiency correspondence that may be
5 exchanged between the agency and the licensee, and then
6 ultimately the issued license or its amendment. However,
7 there's little documentation of the process as it's handled
8 up into those formal documents. That is, for example, if
9 there are deficiencies identified there's no record of how
10 that determination was made. Additionally, there is no
11 record to show the level of review performed prior to
12 issuing the license or the amendment.

13 In the event analysis process, although the event
14 is responded to and resolution is documented by the region,
15 there's a policy implication review by headquarters which
16 does not have a formal evaluation or a tracking process
17 until it's significant enough to be placed on the monthly
18 operational events briefing agenda. We were told that NMSS
19 management will record their policy determination and their
20 own technical analysis of the event in what we call the
21 green log books that are retained in the offices of the
22 different managers. However, unless an issue is put on the
23 agenda, there's no way to officially determine why an issue
24 may not have been elevated. If at a future time an issue
25 becomes a focal point for someone either within or outside

1 of the agency, the office director would not know what
2 determination had been made which did not cause the issue to
3 be elevated. It would take some time to recreate the events
4 surrounding that particular issue. Additionally, if the
5 green log books leave with a person who ends their
6 employment with NRC, the decision process involving the
7 issue would be lost entirely.

8 In the Division of Waste Management --

9 CHAIRMAN SELIN: Excuse me. When I asked this
10 question originally, you've gone considerably further than
11 my original -- I was worried about generic decisions, not
12 specific licenses and specific events. The fact that you've
13 gone so quickly -- am I to read that the generic decisions
14 are pretty well documented? In other words, if we decide to
15 change the groundrules for inspections or that we're going
16 to focus on a different set of licensees, are these well
17 documented? Those are the ones I really care about. Not
18 that I don't care about the individual licenses and events,
19 but the ones that we really were concerned about were policy
20 decisions or generic decisions beyond that which concern a
21 specific event or specific licensee.

22 MR. IRISH: Within NMSS, we found that we have a
23 couple observations in some of our other work, which we'll
24 get to later.

25 MR. BARCHI: But as a whole what we're seeing is a

1 look at the processes with that in mind. It's very much a
2 forward look. In looking behind us at certain policy
3 decisions, as we've discussed, there are some indications
4 that things may not be as well documented in the past. But
5 the goal here that we're hearing from managers is here
6 forward when it comes to the generic that we do have the
7 policies and procedures in place.

8 CHAIRMAN SELIN: Thank you.

9 MR. IRISH: In the Division of Waste Management we
10 found that the high-level waste regulation process for Part
11 60 was extremely detailed and well supported.

12 With regards to the site decommissioning and
13 management plan process, one of the things we want to make
14 sure that everybody understands is that it's a very complex
15 issue. It's made up of many issues and it has a lot of
16 procedures and requirements entailed with it. We found,
17 however, that procedural guidance is fragmented and that
18 source requirements are located in many documents spread
19 throughout different parts of the agency. You have reg.
20 guides, you have policy decisions, you have procedures, you
21 have the site decommissioning management plan itself which
22 refers to a lot of these different documents.

23 With regard to this area, we found that junior
24 staff must rely on senior staff to a great deal in order for
25 the site decommissioning management plan to actually be

1 effective.

2 CHAIRMAN SELIN: Is there kind of a road map
3 available that says even if we don't have a single document
4 that covers the whole site decommissioning program, is there
5 a road map that says that this program is laid out in the
6 following eight documents?

7 MR. IRISH: The site decommissioning management
8 plan refers to now a lot of these various different referral
9 documents which they can go to. One of the things we found
10 that --

11 CHAIRMAN SELIN: Is it clear? Is it
12 comprehensive?

13 MR. IRISH: Bill?

14 MR. HILL: I think you'd be more comfortable if it
15 was more comprehensive. You're seeing a high-level document
16 that comes to the Commission as being used as an
17 implementing procedure and I think you expect to see a high-
18 level document separate and an implementing procedure that's
19 very thorough and you have to go to several different
20 documents and there are cross references. We made some
21 suggestions that they work on that.

22 CHAIRMAN SELIN: Okay. Thank you.

23 MR. IRISH: Another thing we saw in that area is
24 that some of the guidance that's contained within those
25 referral documents is outdated and potentially

1 contradictory.

2 CHAIRMAN SELIN: Well, the reason I focus on this
3 is that right now we have an enormous effort that
4 decommissions five or six sites a year. Now, clearly that
5 can't continue. That's intended as a pilot effort so that
6 it will become more institutionalized and more appropriate.
7 If we're in a situation where we continue to need this level
8 of high-level management just to get half a dozen
9 decommissionings a year, that's not tenable. So, it's very
10 important that the lessons be learned and boiled down and
11 put into some fairly straightforward document so that in the
12 future, and I'm talking about the near future, not the next
13 century, next millennium, excuse me, the junior staff
14 doesn't have to keep going back to senior management for
15 guidance on how to decommission one site every two months.
16 We can't afford that. That's not tenable. So, these
17 findings are really quite timely and quite relevant.

18 MR. BARCHI: We have shared that observation with
19 the staff and the reaction we got was similar to what you're
20 saying, that this is labor intensive and we need to be
21 looking at it.

22 MR. IRISH: However, one of the things we want to
23 point out to you is that along with the fact that we made
24 this observation we also find that that program relies on
25 the strength of the management experience, judgement and

1 particularly effective communication, and that's one of the
2 two other observations we wanted to make about our review.

3 We found that the communication within NMSS
4 divisions and between NMSS and the regions is integral in
5 their information process and in fact it strengthens their
6 decision making. There have been recent improvements that
7 have strengthened and improved those communications also.

8 In the area of fuel cycle safety and safeguards--
9

10 COMMISSIONER ROGERS: On that, what kind of things
11 do you see as most important in how to carry out that
12 communication? As you know, I'm always interested in how
13 well we're using electronic media for communications. Is
14 that an important assist here in this communication question
15 that you just touched on?

16 MR. IRISH: We did not go into in-depth as to what
17 forms of communication other than the fact that we saw that
18 the records existed on the exchanges of those communication.
19 For example, in the Fuel Cycle Safety and Safeguards area
20 dealing with the design base threat there was a great deal
21 of interaction between the regions and Headquarters in an
22 exchange of information and communication. From what we
23 heard, there was also a great deal of discourse between the
24 managers once these documents were going back and forth.

25 Within the senior management within Fuel Cycle

1 Safety and Safeguards we saw that they basically were down
2 in the cubicles working with their people. Their people had
3 free access to them. It was on open door policy as far as
4 how they dealt with those types of issues.

5 We also saw that in Industrial Medical Nuclear
6 Safety that more guidance has been given to the regions
7 since Doctor Paperiello was named as Director of that
8 division and that greatly seems to have improved the
9 communication flow between the region and Headquarters.

10 We also saw that the Technical Assistance Request
11 Program management has improved to the point that the timing
12 and the response time between Headquarters to the regions in
13 those areas has improved also.

14 The other observation that we wanted to make is
15 that in these times of scarce resources we recognize that
16 Mr. Bernero and his staff basically are going to have to
17 weigh any cost benefit associated with the types of
18 observations that we've made against the other issues that
19 are competing for their attention right now, and we want to
20 make sure that everybody recognizes that we realize that
21 it's a tough time right now with what's going on.

22 That generally covers the area dealing with NMSS.

23 As far as our observations in the Office of
24 Nuclear Reactor Regulation, we found that an NRR --

25 CHAIRMAN SELIN: Basically you're saying that

1 there's a question in your mind whether it's really worth
2 the additional investment to further improve these
3 processes? I don't mean just doing a job smarter as we've
4 talked in the SDMP, but that the next step in further
5 documenting may not be worth the cost? Is that the
6 implication of what you just said?

7 MR. IRISH: We aren't saying that. What we're
8 saying is we recognize, though, that in the battle for
9 resources the fact that they have to weigh and measure the
10 added value of doing additional steps is something in their
11 management formula they're going to have to consider as they
12 go through this. We're not in a position -- we didn't
13 evaluate that part of it, but we recognize that resources
14 has a major impact on how far they can or cannot go.

15 MR. WILLIAMS: Actually, in the example that
16 you've cited, it would be labor saving.

17 CHAIRMAN SELIN: I excluded that. That's not
18 tenable the way -- the SDMP is not tenable the way it is
19 now. I think we all recognize that.

20 MR. WILLIAMS: It's just that NMSS is enormously
21 busy and we wanted to show sensitivity to the need to
22 balance all of those --

23 CHAIRMAN SELIN: Your IG has a heart also.

24 MR. WILLIAMS: Exactly.

25 MR. BARCHI: And furthermore you told us not to

1 make recommendations, so in the spirit of collaborative
2 effort we didn't.

3 CHAIRMAN SELIN: Fair enough.

4 MR. IRISH: Going on, in NRR what we found is they
5 recently had reviewed their processes by which NRR receives
6 potential safety significant information. They established
7 a team and that team's charter was determined for each
8 information pathway whether or not an audit trail or a
9 regulatory footprint that would allow the Agency to retrieve
10 the basis of the staff's actions did exist. That team's
11 report contained several recommendations to improve the
12 level of documentation necessary for capturing the staff's
13 timeliness of review and the basis for the planned actions
14 in response to the emerging potentially safety significant
15 issues. That team's report also cautioned of the need to
16 assess resource impact versus the value added as far as the
17 regulatory process.

18 With regard to that team's review, overall we
19 found that their methodology was well constructed, that the
20 analyses were of reasonable scope and depth and the work
21 objectively pointed out both strengths and weaknesses. We
22 feel that the report's recommendations, if they are carried
23 out, should strengthen the NRR process for documenting
24 safety significant issues. However, one thing that we did
25 note is that the NRR team did not test the adequacy of

1 documentation for some of those processes reviewed and
2 therefore we did run some tests of our own.

3 We looked at the regulatory footprint of the NRR
4 decisions regarding the boiling water reactor drywell
5 corrosion issue and also the plant licensing commitments.
6 In a previous audit report you may recall that we noted a
7 change in the policy from proactive to reactive inspections
8 dealing with substandard parts and in all these cases we
9 note that as these issues evolved over many years regulatory
10 footprints were not easily retrievable.

11 Additionally, we attempted to review the support
12 for the decision to go from process or program-based
13 inspections to performance-based inspections and we were
14 told that it would require a significant resource effort to
15 document that decision.

16 We've met with Mr. Russell, the Director of NRR,
17 to share these observations and he basically told us that he
18 recognizes that past decisions may not have been well
19 documented and that basically the regulatory footprint
20 guidance that he's developing currently is going to be
21 applied to future decisions and not involve a look back at
22 the old decisions.

23 CHAIRMAN SELIN: Well, that's okay in the sense
24 that you don't have to go back to find the documents for
25 each of the last 12 years, but there at least has to be a

1 summary of what the policy is today even if we can't go back
2 and say how did we get from there to here.

3 We need for these major pieces to have NRR say,
4 "Here's where we stand today. Maybe we can't document what
5 has been a gradual and positive move from what's roughly
6 called compliance-oriented to performance-oriented
7 inspection, but we do need -- and as of today, here is our
8 policy on performance-oriented inspection. We have a
9 baseline to which we can add as we go to the future. We
10 can't just say, "Everybody knows today's policy and then
11 here's the detailed changes."

12 So there's a third position. One is to try to
13 recreate the past step by step. The second is to ignore it.
14 And the third is to just say, "Well, as of today here's the
15 position on each of these major policies even though we
16 can't go back and tell you when we made each of the subparts
17 of that," and document those and then build transaction by
18 transaction on those forward looking. So I hope that that's
19 the position NRR will take on at least the two policies that
20 you've brought up and maybe a couple of others that are
21 equally important.

22 MR. WILLIAMS: We agree that would be a very
23 useful -- for all sorts of applications, that would be a
24 very useful document for some trends and position papers.

25 MR. IRISH: Regarding our observations of the

1 Office of State Programs, we recognize that OSP is currently
2 participating in the NRC Integrated Materials Performance
3 and Evaluation Program and that is a result of
4 recommendations made in a recent GAO report. We found that
5 they have developed five poor performance indicators and
6 that they've tested those in a pilot program in 1994 and
7 that the staff is preparing their summary findings and that
8 they're basically scheduled for a Commission briefing next
9 week with you.

10 They also have developed a draft policy statement
11 dealing with the adequacy, compatibility as well as the
12 termination and suspension for agreement states and that was
13 published in August of '94 and the staff is analyzing
14 comments received and is preparing to provide you with the
15 final policy procedures for approval there.

16 In our opinion, it appears that OSP has undertaken
17 a very ambitious exhaustive agenda and that they're heading
18 in the right direction and when completed that there will be
19 significant program changes in that office. From what we
20 saw, we believe they're hitting on the right fundamental
21 questions and we seem to like what we're hearing at this
22 point. However, we recognize that they're probably about a
23 year to a year and a half away from concluding that work.

24 CHAIRMAN SELIN: I would make the same comment. I
25 think it would probably be equally appropriate. Maybe we

1 can't go back again in detail sort of what the guidelines
2 were for proving a new program or how we got there, but at
3 least we ought to have a, as of today, statement on here's
4 how new applications -- applications for new agreements are
5 to be dealt with or here's how -- I assume that you found
6 that people are conscious of a need to at least document
7 current policies and then keep transactions. Is that a fair
8 assumption?

9 MR. IRISH: Yes. That falls right into our
10 overall message that we want to give to you today and that's
11 that we believe the program offices have heard and are
12 responding to your concern regarding the need for improving
13 the communication and the documentation for those key
14 decisions. The evaluation that we did basically indicates
15 that both NRR and NMSS have taken or have actions underway
16 in those areas and also that OSP is in the midst of this
17 long-term effort of evaluating how it does business and we
18 also feel that that will result in revisions to their
19 current decision making processes.

20 We again want to make sure that you note that our
21 generally positive evaluation doesn't mean that the isolated
22 events may not occur and those challenges will always be
23 there as far as historical types of issues. It also doesn't
24 mean that singular issues that come up today or in the
25 future may not fall through the cracks that may pose a

1 challenge, but that from what we saw if the offices continue
2 to do what they're doing, develop these programs and follow
3 through and do what they say they're going to do, we have
4 reasonable assurance that the decisions made today and in
5 the future will be properly documented for the issues that
6 you're concerned about.

7 As far as the observations we've made in NMSS and
8 based on the efforts that are underway in NRR and in OSP,
9 we're not planning to do any future work in this area right
10 now. What we want to do is we're going to monitor it,
11 provide our insights unofficially and then if we decide to
12 come back at a future date when things are further along and
13 want to get into actually seeing how they're doing, we'll
14 put that into our schedule.

15 Lastly, we are going to be providing an
16 information report to the program office with regards to the
17 results of this review.

18 So, as far as the presentation, that's what we
19 have in the way of our evaluation and I'd like to turn it
20 back over to Mr. Barchi.

21 CHAIRMAN SELIN: Very professional presentation.
22 Thank you.

23 MR. BARCHI: Thank you. Appreciate that.

24 I just wanted to offer a couple comments on this
25 arrangement, this collaborative effort. I do want to stress

1 we found it to be a very productive way to work. It
2 certainly leveraged our limited resources in a way that I
3 think served everyone's needs. We certainly want to express
4 our sincere appreciation again for the Office of the
5 Secretary and allowing Bill to work with us. He is a bright
6 individual and brought a lot of good insights into our
7 organization to the table.

8 One thing that we've observed as a result of this
9 is that there seems to be a more meaningful dialogue between
10 ourselves and middle level managers in our organization and
11 I think that's healthy because there were things that we
12 observed that we may not have shared with you all today
13 because they didn't rise to this level, but nonetheless were
14 important to those folks in their day to day operations.
15 Again, all of those things go to strengthening our
16 organization.

17 I think it can be summed up by saying that in
18 discussions with Doctors Knapp and Paperiello they've
19 indicated other areas that they have an interest in knowing
20 more about. What we're looking for is to strike a similar
21 collaborative effort where working with their resources,
22 uniting if you will to two resources together to get at some
23 of these issues. We think there's some real production that
24 can be achieved that way. At the same time, maintaining our
25 independence because that's what we bring to the table.

1 So, the long and the short of it is we saw this as
2 a very productive assignment and we appreciated the chance
3 to do it.

4 CHAIRMAN SELIN: Let me ask you -- I mean, as you
5 know, I've always felt that agencies that don't take
6 advantage of the enormous eyes and ears effort of the
7 Inspectors General are foolish. They're wasting very
8 important resources. But was this efficient? Did you find
9 that -- I guess you said you leveraged your resources. You
10 didn't find you had to waste a whole lot of time in
11 coordinating, it would have been just easier to do it
12 yourself when it got down to these --

13 MR. BARCHI: Up front it was not as efficient as
14 if it were a normal audit, but in the long run it proved to
15 be more efficient and more efficient in terms of what we're
16 all striving for, which is a sharing of information and
17 sharing it in a way that it was a constructive and not a
18 confrontational. So, my sense is that this is an efficient
19 way of going about it. What we have to rely on though, and
20 I need to stress this, is the receptivity on the part of our
21 managers to work with us and be willing to make those kinds
22 of investments up front. Frankly, initially folks look at
23 you like, "Wait a minute. I've got a full plate already.
24 The last thing I am able to do is free someone up to work
25 with you." On the other hand, our feeling is if we jointly

1 have identified targets of opportunity that will assist
2 them, there's something in it for them and the investment
3 will be forthcoming. The more success that we can gain
4 obviously out of this, the more enticing it will be in the
5 future for our senior managers.

6 MR. WILLIAMS: I'd like to build on that, if I
7 could. The front end investment, part of it was because it
8 was a new kind of product for us, but it was very
9 worthwhile. I don't know of a time when I've felt more
10 confident in our understanding of NMSS than I do now. It's
11 strictly as a result of Carl Paperiello and Mal Knapp's
12 investment in us.

13 CHAIRMAN SELIN: I'm sure they're going to be
14 delighted to hear the IG has increased into how they
15 operated.

16 MR. BARCHI: But that's not say we've mastered it.
17 Always remember that.

18 CHAIRMAN SELIN: But on a serious note, do you
19 have the feeling that the people contributed, you know the
20 non-IG people who work with you are not sort of maybe a
21 little more oriented to doing the next step by themselves?
22 Was this a productive in that sense?

23 MR. BARCHI: Yes, I believe they are. It's been
24 particularly interesting working with Bill in that he can
25 help us understand "the culture of our organization," and

1 all organizations have culture. The more we can understand
2 that and the more we can work effective in that "culture,"
3 the better we are. So, yes, I think they learned a lot
4 about us and hopefully we've learned more about them.

5 MR. HILL: I might add they are excellent people.
6 I'd like to thank them for the opportunity to work with them
7 and they have an excellent organization.

8 CHAIRMAN SELIN: Commissioner Rogers?

9 COMMISSIONER ROGERS: Yes. I think this has been
10 a very encouraging report.

11 You mentioned when you first started looking at
12 NMSS that you identified 16 different processes for decision
13 making. In a sense, could one say that that encompasses --
14 that those 16 processes for decision making really do
15 encompass essentially all the work that NMSS is supposed to
16 accomplish? I mean could looking at that organization say,
17 "This is what that organization does, it carries through on
18 these 16 different processes and that's it?" In other
19 words, could one subsume everything about its activities
20 into -- could you break it down into 16 processes which
21 really completely describe the activities of NMSS? Is that
22 what you're saying?

23 MR. IRISH: I don't think we would want to go on
24 record that way only because of the fact that when we put
25 out the survey and had our meeting with them, we described

1 that we wanted to get at these primary processes similar to
2 what you said, Mr. Chairman, with regards to the generic
3 types of issues. What they attempted to do is some of these
4 types of decision making processes overlapped the divisions,
5 so they assigned to different divisions the survey
6 completion of that particular process as it related to that
7 division, although it may be a process that's similarly
8 followed in another division.

9 COMMISSIONER ROGERS: Sure, but that's exactly
10 what I'm trying to get at. In other words, if you took
11 another slice at the way of looking at the activities of
12 NMSS, and NMSS is just the example, it could be one of the
13 other ones, but you basically say that what this does, what
14 this organization does carries out these 16 processes. Now,
15 it's organized in a certain way to do that and these
16 processes may cut across those organizational lines, but
17 basically the work of that division or unit, whatever you
18 want to call it, is to carry out these 16 processes.
19 Therefore, one could then go another step and begin to see,
20 well, what are the resources then that are necessary to
21 carry out these 16 processes and how do those resources then
22 actually fit to the resources that exist in the unit

23 MR. BARCHI: The simple answer to that is by and
24 large yes. The bulk of the actions and responsibilities and
25 activities that NMSS covers and as David has mentioned they

1 are a vast array, probably could be boiled down, most of
2 them, into these 16 processes. Now, there may be some other
3 activities or processes out there that are subsets of this,
4 but our sense is that by and large the bulk of the
5 activities would fall into those 16 activities or 16
6 processes.

7 MR. WILLIAMS: We had the luxury of going beyond
8 just a significant sampling. But we fell short of every
9 single thing.

10 MR. BARCHI: Yes, we didn't look at --

11 COMMISSIONER ROGERS: Well, the reason I think
12 this is important is that this is another way of analyzing
13 the efficiency of what we do. If we can identify that what
14 we do is we carry out these processes, then we can look to
15 see what the resources are that are being used to carry
16 those out and whether we're doing it in the most efficient
17 way. So, I think that this has been a very important
18 activity, but I think it could be the first step, just the
19 first step, towards a total look at how we conduct our work
20 at NRC. If we can view it as the performance of certain
21 processes that lead to regulatory decisions, then one could
22 begin to look to see whether the efficiency with which each
23 of those processes is carried out is acceptable or not.

24 So, I think it gives us potentially a new powerful
25 tool in a sense. It's not new, but it's a powerful tool to

1 look at the efficiency of our entire organization.

2 MR. BARCHI: We certainly would want to lock NMSS
3 in though. My sense is that it would be appropriate for
4 NMSS staff to comment on how they review the 16 processes
5 and add to, if they're so inclined, that list of processes
6 that, in fact, we may not have or through this collaborative
7 effort may not have identified. Our purpose in doing this
8 was to try and identify the key processes. We simply
9 couldn't look at all of them and our notion here was working
10 with them, let's try to identify where we are the most
11 vulnerable.

12 So, I wouldn't want to say this morning to you
13 that indeed these are all --

14 COMMISSIONER ROGERS: That you've absolutely
15 covered everything.

16 MR. BARCHI: Right.

17 COMMISSIONER ROGERS: No, I understand.

18 MR. BARCHI: And it would be appropriate for them
19 to comment, but we're pretty comfortable with it.

20 COMMISSIONER ROGERS: But what it seemed to me you
21 were saying is basically you've captured the bulk in a sense
22 in those 16 and maybe some other things outside that that
23 one has to look at. If that was not too hard to identify,
24 those 16 were not too hard to identify, that they were
25 already in a sense pretty obvious, that means the approach

1 that I'm suggesting here, it might not be too difficult to
2 pursue in any of our units.

3 MR. WILLIAMS: The way that you described it was a
4 good one. It's a good starting point. We're just a little
5 nervous because we didn't construct it for a purpose --

6 COMMISSIONER ROGERS: Oh, I understand.

7 MR. WILLIAMS: -- and may want to shake --

8 COMMISSIONER ROGERS: But it suggests another
9 follow-on process that could be, I think, very powerful and
10 very useful to us.

11 MR. WILLIAMS: I think so too. That's
12 interesting.

13 COMMISSIONER ROGERS: I've got a kind of negative
14 here in that I noticed the use of the term "regulatory
15 footprint." I react rather negatively to that. I think
16 that that's a pejorative term.

17 MR. BARCHI: By the way, it's not our phrase.

18 COMMISSIONER ROGERS: I know it isn't.

19 MR. BARCHI: Let me put the disclaimer on it right
20 away.

21 COMMISSIONER ROGERS: I know you didn't invent it
22 and it's starting to crop up in a number of different
23 communications to us and in the press and so on, so forth.
24 I think what you're talking about is a paper trail, isn't it
25 really, the old fashioned paper trail?

1 MR. WILLIAMS: Right.

2 COMMISSIONER ROGERS: That's a nice neutral term.
3 I'd like us to take the position that we don't use that
4 term, "regulatory footprint." I think it's got a lot of
5 different possible meanings to it, everything from paper
6 trail to the lead foot of the government on somebody's neck.
7 All right? I would suggest that we make every effort to not
8 use that term because I don't think it's a well defined
9 term. I think it has many meanings in this town these days
10 and I would suggest that we avoid it in our lexicon.

11 MR. WILLIAMS: You're approaching us at a good
12 time. I think that's the first time we've used it, so it
13 will be an easy habit to break.

14 CHAIRMAN SELIN: Commissioner de Planque?

15 COMMISSIONER de PLANQUE: I'd like to ask a
16 question that you may not have explored, so I understand if
17 you can't answer it. One of the things you pointed out was
18 that in the SDMP program things were fragmented and it's
19 very resource intensive. Do you see in NMSS in general a
20 process whereby they look to see what the resource
21 requirements will be in the future if some of the
22 regulations that are now under consideration are carried
23 out? I give as an example the D&D regulation as opposed to
24 the SDMP. Do you see a process whereby there's an intent to
25 look at the resource requirements for carrying out such a

1 regulation?

2 MR. IRISH: The only comment I could make on that
3 which is outside of the scope of the review that we did is
4 that as the issue were monitored for the Division of Waste
5 Management or Waste Issues and getting a good sense for how
6 things are done there, they do have a process that they do
7 go through on their resource development that I'm aware of
8 which in my opinion is very in-depth, down to the fractions
9 of hundreds of dollars and down to hours of FTE commitments
10 as far as trying to establish and estimate out what they're
11 doing.

12 Again, we'd invite you to talk with the office
13 about it, but I'm aware of the fact that they seem to plan
14 ahead and recognize what's coming out, at least in the
15 opinions I have.

16 MR. BARCHI: But it needs to be underscored that
17 as you mentioned we really didn't undertake that kind of an
18 in-depth assessment and I think it would be -- we wouldn't
19 be providing you with good information if we offered a
20 commentary, other than what Russ has addressed.

21 COMMISSIONER de PLANQUE: Because often times we
22 look at the impact of new regulations on our licensees, but
23 I'm not sure we fully explore what the impact is on our own
24 resources.

25 MR. BARCHI: Now, certainly given NPR 2 and the

1 charter of NPR 2, I believe we're going to be faced with
2 doing just that though. So, if we haven't done it in the
3 past, my sense is we're about to have to do it.

4 MR. WILLIAMS: Maybe for fee recovery or just
5 because the Office of Administration and Personnel and
6 Payroll are all doing better. We found in other work a real
7 strengthening in the area that they're able to pinpoint in a
8 way that they couldn't when we first arrived, that kind of
9 utilization.

10 COMMISSIONER de PLANQUE: Okay. Well, I thought
11 the report was very well done and I thank you for it.

12 CHAIRMAN SELIN: Let me just come back to
13 Commissioner Rogers' question about the process. My
14 assumption is that these were all program processes, that
15 they're the end products. You're not looking at how NMSS
16 makes decisions on letting contracts or hiring people. So,
17 in a sense, it's the mission of NMSS. But even if it turns
18 out to be both comprehensive and efficient so it's not
19 double counting, there's still a lot of support functions
20 that wouldn't be included.

21 MR. WILLIAMS: Certainly.

22 CHAIRMAN SELIN: I think this is terrific. I'm
23 glad it worked out reasonably well and hope it becomes a
24 useful tool to be used with discretion and care, but that
25 there will be other places to use it because as I've said

1 over and over again, it's really very inefficient to have
2 such expert people spend too much time understanding the
3 agency and only have them in audits and investigations and
4 not have them also feedback in more positive ways before
5 things get to the point where they have to be audited,
6 investigate to improve our processes as well.

7 MR. WILLIAMS: We appreciate it.

8 CHAIRMAN SELIN: So, thank you very much.

9 MR. WILLIAMS: Thank you.

10 [Whereupon, at 10:47 a.m., the above-entitled
11 meeting was concluded.]

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CERTIFICATE

This is to certify that the attached description of a meeting of the U.S. Nuclear Regulatory Commission entitled:

TITLE OF MEETING: BRIEFING BY OIG ON SPECIAL EVALUATION
PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Tuesday, February 28, 1995

was held as herein appears, is a true and accurate record of the meeting, and that this is the original transcript thereof taken stenographically by me, thereafter reduced to typewriting by me or under the direction of the court reporting company

Transcriber: Carol Lynch

Reporter: Peter Lynch



OFFICE OF THE INSPECTOR GENERAL

**SPECIAL EVALUATION:
KEY DECISION MAKING PROCESSES**

FEBRUARY 28, 1995

OIG SPECIAL EVALUATION

- ▶ Objective
- ▶ Methodology and Criteria
- ▶ Observations
 - I: NMSS
 - II: NRR
 - III: OSP
- ▶ Benefits of Special Evaluation

OBJECTIVE

Conduct a special evaluation to identify and evaluate NRC processes for communicating and documenting key decisions having a programmatic or agency-wide application.

METHODOLOGY & CRITERIA

METHODOLOGY:

- ▶ Special Evaluation is a collaborative effort with observations for management consideration instead of findings and recommendations
- ▶ Evaluate NMSS first, then consider NRR and OSP
- ▶ Collaborative effort with NMSS
- ▶ Reviewed 8 NMSS decision-making processes, at least 2 from each Division

METHODOLOGY & CRITERIA

CRITERIA USED TO COMPARE DECISION DOCUMENTATION:

- ▶ Does a record file(s) exist?
- ▶ Is the process designed to facilitate recording decisions?
- ▶ Are the decision process actions retrievable?

I: OBSERVATIONS ON NMSS PROCESSES REVIEWED

Documentation and Retrievability of Decisions:

- ▶ Decisions are generally well documented and adequately retrievable.
 - FCSS and DWM document decisions in detail.
 - IMNS decision documentation diminishes in relationship to safety significance.
 - IMNS intermediate licensing/amendment decisions are not formally documented or retrievable.

I: OBSERVATIONS ON NMSS PROCESSES REVIEWED

Design of Processes:

- ▶ Design of the processes generally facilitate recording decisions.
 - FCSS processes reviewed appear sound.
 - IMNS allegations process improved since OIG's last review.
 - IMNS materials licensing process will fundamentally change as a result of the Business Process Redesign Project currently underway.

I: OBSERVATIONS ON NMSS PROCESSES REVIEWED

Design of Processes, continued:

- ▶ Design of the processes generally facilitate recording decisions.
 - DWM high level waste rulemaking process is detailed and well supported.
 - DWM site decommissioning management plan process has fragmented procedures and relies on strength of management experience and communication.

I: OBSERVATIONS ON NMSS PROCESSES REVIEWED

Other Observations:

- ▶ Communication, within NMSS divisions and between NMSS and the regions, is integral to the information process and strengthens NMSS decision making.
- ▶ NMSS management will need to consider resource requirements in making any improvement to their processes.

II: OIG OBSERVATIONS ON NRR ACTIONS

Recent NRR Review:

- ▶ Chartered to determine the regulatory footprint for processes from which NRR receives potential safety significant information.
 - Methodology was well constructed; scope was reasonable, and conclusions were objective.
 - Recommendations made should strengthen NRR processes.

II: OIG OBSERVATIONS ON NRR ACTIONS

- ▶ OIG tested regulatory footprint for NRR decisions regarding BWR drywell corrosion, plant licensing commitments, substandard parts, and reactor inspection philosophy.
 - As issues evolved over many years, footprints were not easily retrievable.
 - Director recognizes that past decisions may not have well documented regulatory footprints.
 - Regulatory footprint guidance will be used for future decisions, and will not be a "look back".

III: OIG OBSERVATIONS ON OSP ACTIONS

- ▶ Participation in Integrated Materials Performance Evaluation Program is changing OSP operational role.

- ▶ Policy statement revising major programmatic issues is being prepared for Commission approval.
 - Termination and suspension of Agreement States.

 - Definition of adequate and compatible.

III: OIG OBSERVATIONS ON OSP ACTIONS

- ▶ OSP is in the midst of significant changes and has undertaken an ambitious agenda that is headed in the right direction.
- ▶ OIG will monitor OSP's progress and consider audit work in the future.

BENEFITS OF SPECIAL EVALUATION

- ▶ Collaborative Effort between NMSS and OIG
- ▶ SECY 's Contribution - Rotational Assignment
- ▶ Enhanced Communication Between NMSS and OIG