



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

OFFICE OF THE  
INSPECTOR GENERAL

September 1, 2015

MEMORANDUM TO: Mark A. Satorius  
Executive Director for Operations

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

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

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL  
SAFETY AND SAFEGUARDS, MEMORANDUM DATED  
AUGUST 21, 2015

Attached is the Office of the Inspector General (OIG) analysis and status of recommendation 1 as discussed in the agency's response dated August 21, 2015. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by July 29, 2016.

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

Attachment: As stated

cc: C. Haney, NMSS  
M. Galloway, OEDO  
B. Pham, OEDO  
J. Arildsen, OEDO  
J. Jolicoeur, OEDO  
EDO\_ACS\_Distribution

## Audit Report

### Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

#### Status of Recommendation

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

#### Agency Response

Dated August 21, 2015: Background

On May 31, 2007, the U.S. Nuclear Regulatory Commission's (NRC) Office of Nuclear Material Safety and Safeguards provided an initial response to the audit recommendation (ADAMS No. ML071490183). Since then, the NRC staff has continued to provide updates on the status of its activities, with the most recent update on September 23, 2014 (ADAMS No. ML14230A132).

#### Response

On October 7, 2011, the NRC staff issued SECY-11-0140, "Enhancements to the Fuel Cycle Oversight Process" (ADAMS No. ML111180705). In SECY-11-0140, the NRC staff provided three options to enhance the Fuel Cycle Oversight Process (FCOP) for Commission consideration. The NRC staff's recommendation, Option 1, is an FCOP framework that provides a structure that is similar to the ROP. Options 2 and 3 in SECY-11-0140 provide incremental enhancements to the existing oversight process. In the staff requirements memorandum to SECY-11-0140, dated January 5, 2012 (ADAMS No. ML120050322), the Commission approved the NRC staff's recommendation to implement Option 1 for enhancing the FCOP (hereinafter referred to as the revised FCOP (RFCOP)). Commission final approval is necessary prior to full implementation of the RFCOP.

## **Audit Report**

### **Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities**

#### **OIG-07-A-06**

#### **Status of Recommendation**

##### Recommendation 1 (cont.):

The Commission directed the NRC staff to develop a publicly available resource-loaded project plan that clearly establishes timelines and major milestones. The project plan provided to the Commission was revised in December 2014 (ADAMS No. ML14181A674). The Commission also directed the NRC staff to provide updates on its progress at least once a year. In July 2015, NMSS provided the Commission with the most recent annual update (ADAMS No. ML15168A054).

During the past year, the staff continued to complete milestones described in the RFCOP project plan (ADAMS No. ML14181A674). In April 2015, the staff established a working group to develop the fuel cycle Significance Determination Process (SDP). The goal of this working group is to develop a qualitative SDP that can be used as part of the RFCOP to assess the safety or security significance of inspection findings in an objective, predictable, repeatable, and transparent manner. The staff held three public meetings with the Nuclear Energy Institute and the fuel cycle licensees to discuss cornerstone development on February 25, 2015 (ADAMS No. ML15058A116); March 5, 2015 (ADAMS No. ML15075A090); and June 11, 2015 (ADAMS No. ML15174A117). Additionally, the staff completed and issued the cornerstone basis document for public comment (ADAMS No. ML15140A630).

The upcoming milestones for RFCOP include the Commission notation vote paper on cornerstones (January 11, 2016); the Commission notation vote paper requesting permission to perform the RFCOP pilot program (June 29, 2018); and the Commission notation vote paper on the RFCOP pilot results and the staff's recommendations for full RFCOP program implementation (August 23, 2019).

## Audit Report

### Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

#### Status of Recommendation

Recommendation 1 (cont.):

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

**Status:** Resolved.