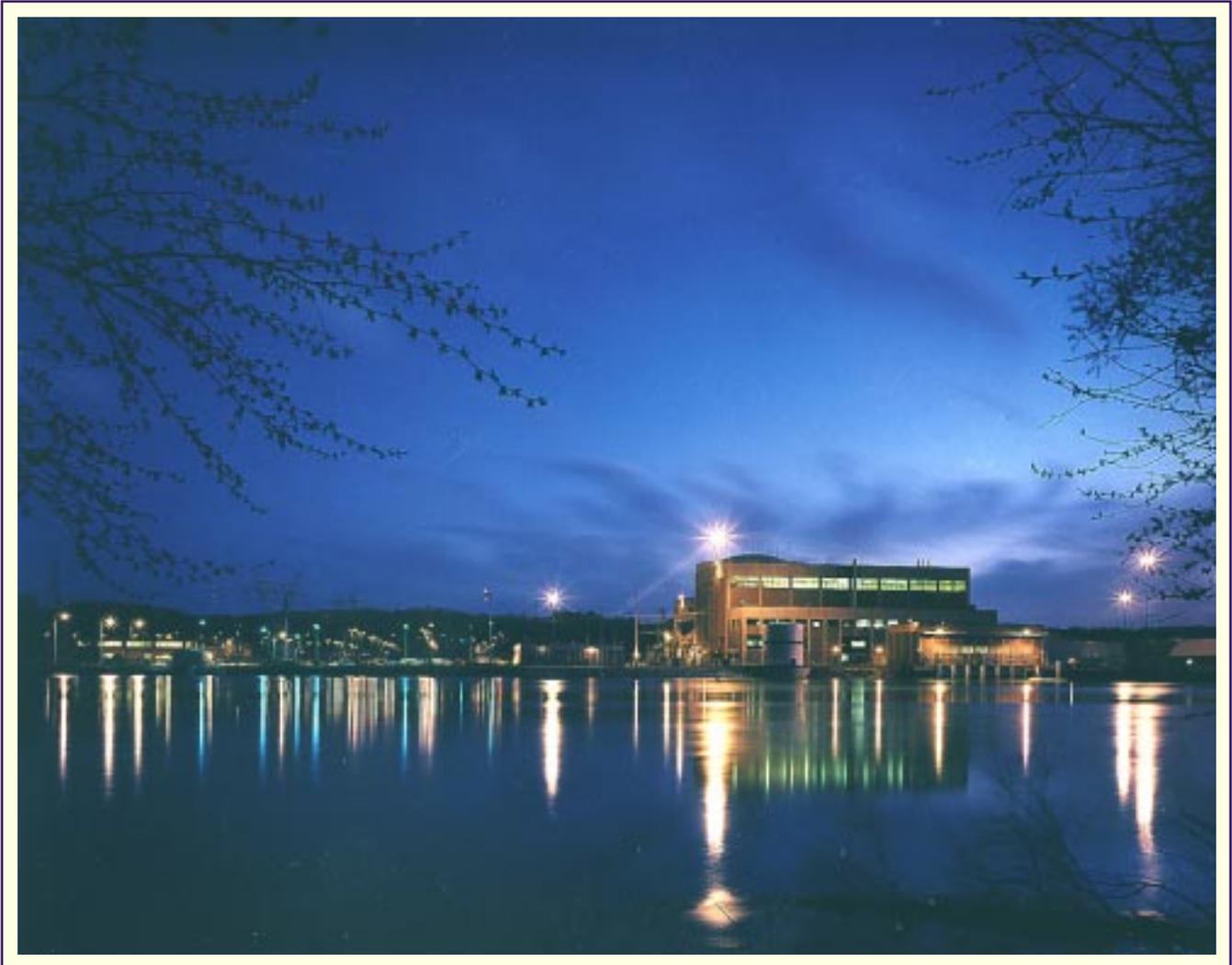




# *Office of the Inspector General*

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*U.S. Nuclear Regulatory Commission*



*Fort Calhoun Nuclear Power Station*

## *Semiannual Report*

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*April 1, 1999– September 30, 1999*

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# MEMORANDUM TO THE CHAIRMAN

On behalf of the Office of the Inspector General (OIG) for the U.S. Nuclear Regulatory Commission (NRC), I am pleased to submit this *Semiannual Report* to the U.S. Congress. This report summarizes significant OIG activities during the period from April 1, 1999, through September 30, 1999, in compliance with Sections 4 and 5 of the Inspector General Act of 1978, as amended.

During this reporting period, our office completed 5 performance and financial audits of the NRC's programs and operations. This work led the OIG to make several recommendations and suggestions to the NRC for program improvement. In addition, the OIG completed 38 investigations and 1 Event Inquiry, and made 27 referrals to NRC management. Finally, the OIG analyzed 13 contract audit reports issued by the Defense Contract Audit Agency.

As detailed later in this report, the audit and investigative activities carried out during this period, together with other initiatives that are still in progress, have specifically addressed 9 of the 10 most serious management challenges facing the NRC, which the OIG previously identified to Congress in December 1998.

In light of these successes, I want you to know that it is my great privilege to work with OIG employees who care so much about the important role that they play and about the agency that they so proudly serve. I would also like to express the OIG's appreciation for the ongoing support and interest of the NRC's senior staff. I look forward to continuing this cooperative professional relationship.

Sincerely,



Hubert T. Bell  
Inspector General

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# CONTENTS

<b>Executive Summary</b> .....	v
<b>The Office of the Inspector General</b> .....	1
Organization and Functions of the NRC's OIG .....	2
Strategic Goals of the NRC's OIG .....	3
10 Management Challenges Facing the NRC .....	4
<b>The Audit Program</b> .....	5
Audit Summaries .....	5
Results Act Review Plan .....	8
Audits in Progress .....	9
<b>The Investigative Program</b> .....	13
Investigative Case Summaries .....	13
Investigative Statistics .....	17
<b>Special Feature: The AIGI Deployed to Bosnia</b> .....	19
<b>Other Activities</b> .....	21
Regulatory Review .....	21
OIG Information and Planning Conference .....	22
Hotline Poster and Pamphlet .....	24
<b>Appendices</b> .....	25
Audit Listings .....	25
Audit Tables .....	28
Abbreviations .....	30
Reporting Requirements Index .....	32



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# EXECUTIVE SUMMARY

*The following two sections highlight selected audits and investigations completed during this reporting period. More detailed summaries appear in subsequent sections of this report.*

## AUDITS

- In 1994, the U.S. Nuclear Regulatory Commission (NRC) began to integrate the support of many of the agency's numerous computer systems into a single contract through the Comprehensive Information Systems Support Consolidation (CISSCO) program. In June 1998, the NRC's Office of the Inspector General (OIG) conducted a survey of the program, and subsequently reviewed the agency's controls over CISSCO funding activity in Fiscal Year (FY) 1999. These activities revealed that coordination and communication between the Offices of the Chief Financial Officer (OCFO) and the Chief Information Officer (OCIO) were not sufficient to ensure that the agency's accounting and funding requirements were met. As a result, the agency assembled a charter team of senior managers to address these concerns, and to develop and implement revised CISSCO procedures. In addition, the agency is reviewing the "lessons learned" to avoid similar coordination and communication problems in the future.
- The OIG initiated a survey of the NRC's Agencywide Documents Access and Management System (ADAMS), which revealed a need to take a more in-depth look at the project. In particular, this review focused on the schedule, performance, and cost of ADAMS. Although the OIG did not see any significant impediments to the delivery of ADAMS, a number of critical elements remain to be achieved before ADAMS is fully implemented. Nonetheless, it appears that these elements should be completed by the time ADAMS becomes the NRC's official record-keeping system, and the cost has not significantly increased over the projected level.
- The OIG received an anonymous allegation that substantial funds may have been expended for furnishing, redecorating, purchasing furniture, or making improvements to Commission offices, and these funds may have exceeded the \$5,000 statutory limitation. As a result, the OIG initiated a review to ascertain the veracity of the allegation. Through this review, the OIG found that the NRC is in compliance with laws and regulations regarding limits on expenditures of monies for Presidential appointees' offices, and these expenses are recorded and tracked during the complete term of each Presidential appointee. However, the OIG also found that the NRC needs to improve its accountability and controls for such funds.
- The Federal Managers' Financial Integrity Act (FMFIA), enacted in September 1982, requires Federal managers to establish a continuous process for evaluating, improving, and reporting on the internal controls and accounting systems for which they are responsible. In response, the NRC redesigned and streamlined its management control program in 1995. The redesigned

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program requires offices designated as the highest risk to submit management control plans and reasonable assurance letters to an Executive Committee for Management Controls. Each year, the OIG reviews the agency's management control plan. Although this review revealed that the NRC complied with the procedural requirements of the FMFIA during FY 1998, we reported the NRC's lack of a managerial cost accounting process as a material weakness. Such a process is required by Statement of Federal Financial Accounting Standards Number 4, "Managerial Cost Accounting Standards."

## INVESTIGATIONS

- The OIG reviewed the NRC's regulation of the discharge of radioactive materials into sanitary sewer systems. This review revealed that the NRC has regulated licensees' disposal of radioactive materials into sanitary sewer systems in accordance with Title 10, Part 20, of the *Code of Federal Regulations* (10 CFR Part 20). Additionally, since 1994, the NRC has engaged in efforts to improve the regulation of radioactive materials discharged into sanitary sewer systems. As a result, the OIG saw no indication that the NRC has not adequately protected public health and safety.
- The OIG conducted an investigation into an allegation from NRC management that a resident inspector engaged in improper conduct while on official duty at a licensee's facility. This OIG investigation revealed that two NRC resident inspectors engaged in improper acts while on official duty at a

nuclear power plant, and these acts created the appearance of partiality and discredited the NRC. As a result of their actions, the two resident inspectors resigned from the NRC.

- The OIG investigated an allegation regarding an NRC contractor with an organizational conflict of interest that violated NRC contract provisions. Specifically, the NRC contractor was reviewing work performed for the nuclear industry, while acting as a subcontractor for another company that was performing work for the industry. Through interviews of former company officials and reviews of subpoenaed records, the OIG confirmed that for about a year and a half, the NRC contractor had a verbal agreement with another company to internationally market strainer blockage work. The contractor's agreement with the NRC strictly prohibited the contractor's affiliation with companies doing work for the nuclear industry.
- The OIG conducted an investigation into allegations of false travel voucher claims by an NRC employee. Through this investigation, the OIG determined that the NRC employee submitted travel vouchers with (1) false claims for more than 3,440 miles traveled in his privately owned automobile; (2) claims for lodging that could not be confirmed and lodging without receipts; (3) lodging receipts that had been altered and, in two instances, were in another individual's name; and (4) claims for unauthorized meals. As a result, the NRC employee resigned, and the agency recovered \$10,321 from the employee.

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# THE OFFICE OF THE INSPECTOR GENERAL

In passing the Inspector General (IG) Act of 1978, the U.S. Congress sought to ensure a level of integrity and efficiency that fulfills the American people's expectation for excellence and accountability in the Federal Government and its programs. In the 21 years since the Act was passed, the IG concept has proven to be of significant benefit to the Federal Government. Each year, billions of dollars are returned to the Government, or are better spent, as a result of recommendations from IG reports. Because of this success, the IG concept has gradually been expanded to most of the Federal agencies.

To accomplish their broad mandate, the IGs have substantial independence and authority to conduct audits and investigations of agency programs. They have direct access to agency records and materials; issue subpoenas for all necessary information, data, reports, and other documentary evidence; hire their own staffs; and request assistance from other Federal, State, and local government agencies. They also act as independent fact gatherers, often undertaking initiatives at the request of the agency head, and provide assessments in such areas as financial management systems and internal controls. In

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*Office of the Inspector General (OIG) senior management presents outgoing NRC Chairman Shirley A. Jackson with a plaque in appreciation of her strong support of the OIG during her tenure as Chairman. Standing from left to right are David C. Lee, Deputy Inspector General; Hubert T. Bell, Inspector General; Thomas J. Barchi, Assistant Inspector General for Audits; Chairman Shirley A. Jackson; Maryann L. Grodin, Counsel to the Inspector General; George A. Mulley, Senior Level Assistant for Investigative Operations; and Deborah S. Huber, Team Leader, Resource Management & Operations Support.*

such instances, the IGs and agency management pursue the same ultimate goal—efficient and effective program operation and service delivery.

The existence of the IGs also relieves agency program managers and executives from being solely responsible for gathering objective data and evidence in circumstances where wrongdoing is suspected and where intense scrutiny and controversy exist. In this capacity, an IG is the focal point of responsibility for conducting audits and investigations related to an agency's programs and operations.

In the case of the U.S. Nuclear Regulatory Commission (NRC), Congress established an independent Office of the Inspector General (OIG) through the 1988 amendment to the IG Act. Today, the OIG's primary mission is to assist the NRC by ensuring integrity, efficiency, excellence, and accountability in the agency's programs to regulate the civilian use of byproduct, source, and special nuclear materials in a manner that adequately protects the health and safety of the public, as well as the environment, while promoting the Nation's common defense and security. Specifically, the NRC's OIG supports the agency by carrying out its mandate to (1) independently and objectively conduct and supervise audits and investigations related to the NRC's programs and operations; (2) prevent and detect fraud, waste, and abuse; and (3) promote economy, efficiency, and effectiveness in the NRC's programs and operations. The OIG also keeps the NRC Chairman and members of Congress fully and currently informed about problems, recommends corrective actions, and monitors the NRC's progress in implementing such actions. In Fiscal Year (FY) 1999, the NRC's total budget authority was approximately \$470 million, which includes an appropriation of \$4.8 million for the OIG.

## **ORGANIZATION AND FUNCTIONS OF THE NRC'S OIG**

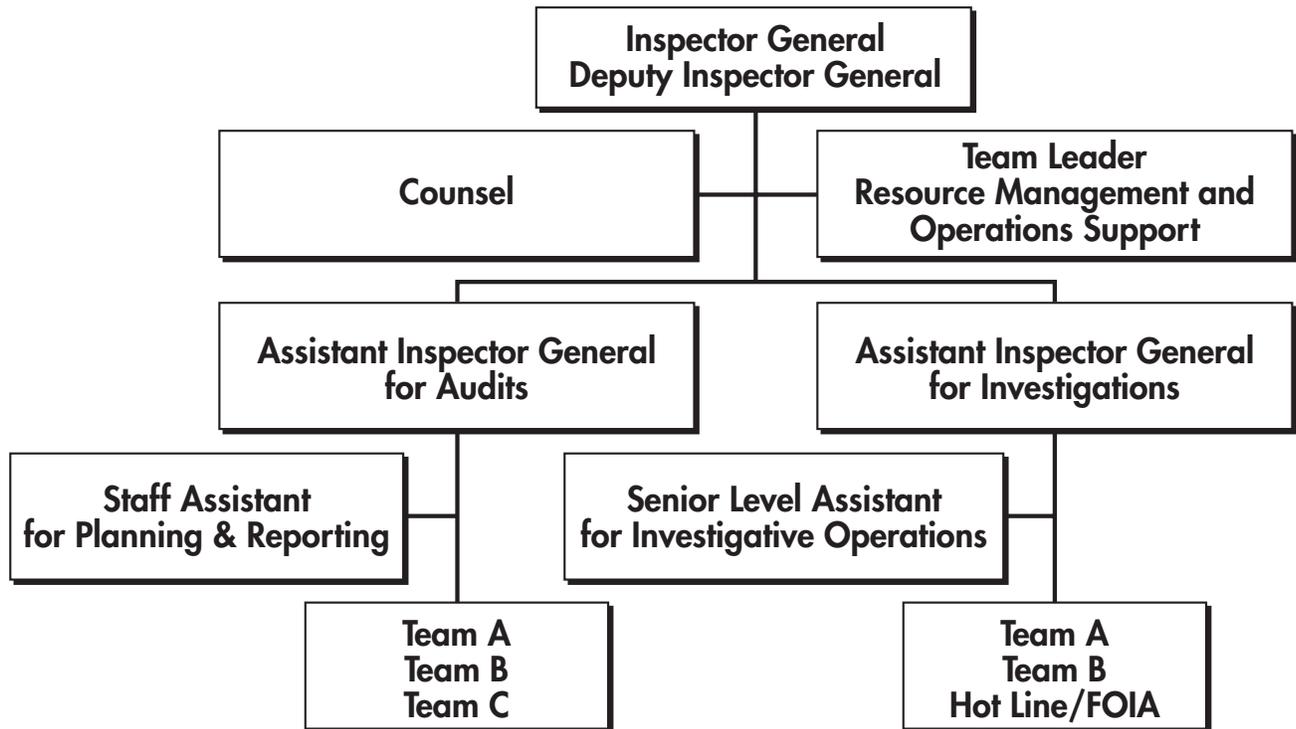
As shown in the organizational chart on the next page, the NRC's OIG includes an audit staff, an investigative staff, an independent counsel, and a resource management and operations support (RMOS) staff.

The OIG's audit staff conducts performance and financial audits, as well as special evaluations. In performance audits, the OIG focuses on the NRC's administrative and programmatic operations. Through financial audits, the OIG examines the NRC's internal control systems, transaction processing, and financial systems. In special evaluations, the OIG considers the implications of NRC programs that affect national issues.

The OIG's investigative staff conducts investigations and Event Inquiries (EIs). The staff investigates violations of law or misconduct by NRC employees and contractors, as well as allegations of fraud, waste, or abuse affecting NRC programs and operations. The staff also conducts EIs, which yield investigative reports documenting the examination of events or agency actions that do not specifically involve *individual* misconduct. Instead, these reports identify *institutional* weaknesses that led to or allowed the occurrence of a problem.

The OIG's Counsel provides legal advice and representation on issues arising during audits and investigations, functional organizational issues, and reviews existing and proposed legislation, regulations, and policies. The resulting commentary documents an objective analysis of regulatory vulnerabilities created within NRC programs and operations. The intent of these reviews is to assist the agency in prospectively identifying and preventing potential problems.

## **OIG ORGANIZATIONAL CHART**



The RMOS staff formulates and executes the OIG budget, administers an independent personnel program, prepares the OIG's *Semian-annual Report to Congress*, supports information technology within the OIG, coordinates strategic planning activities, and performs a variety of other support functions.

### **STRATEGIC GOALS OF THE NRC'S OIG**

The OIG's strategic plan represents the culmination of an intensive effort in which the staff of all four organizational components drew on their collective experience and expertise to examine and redefine the purpose and future direction of the NRC's OIG. This plan presents the following strategic goals, which are essential to effectively realize the OIG's principal mission:

- To add value to the NRC's technical and administrative programs, OIG will identify opportunities for improvement in the agency and conduct activities for the purpose of preventing and detecting fraud, waste, and abuse in NRC's programs and operations.
- In order to keep our stakeholders well-informed, OIG will enhance its communication and liaison activities with OIG's customers, including NRC management, the U.S. Congress, Government agencies, the nuclear industry, and public entities.
- OIG will make value-added policy, legislative, and regulatory recommendations relating to the NRC's programs and operations.
- OIG will improve the effectiveness of its efforts in conducting activities for the

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purpose of preventing and detecting fraud, waste, and abuse in NRC's programs and operations by ensuring the economical, efficient, and effective operation of our office.

The OIG's goals and specific related objectives are implemented through its four organizational components (audits, investigations, legal counsel, and RMOS staff). Toward that end, the OIG prepares an annual plan, which identifies specific audits and evaluations, as well as investigative priorities, to achieve the goals and objectives defined in the strategic plan. Audit and investigative results, together with other OIG initiatives, determine the successful achievement of these goals and objectives.

## **10 MANAGEMENT CHALLENGES FACING THE NRC**

In response to a Congressional request in August 1998, and consistent with the goal of improving agency programs and operations, the OIG has developed and updated the following list of what it considers to be the 10 most serious management challenges facing the NRC:

- (1) Developing and Implementing a Risk-Informed, Performance-Based Approach to Regulatory Oversight
- (2) Developing Information Management Systems and Being Able to Anticipate and Measure the Benefits to be Gained
- (3) Responding to the Impact of Industry De-

### Regulation and License Transfers

- (4) Administering and Overseeing Agency Procurement Under Government Contracting Rules. Government Contracting Rules Allow the Opportunity for Fraud to Occur
- (5) Effectively Communicating with the Public and Industry
- (6) Maintaining an Unqualified Financial Statement Opinion in Light of New and Existing CFO Requirements
- (7) Ensuring that NRC's Processes, such as Spent Fuel Cask Certification and License Renewal, are Responsive to Industry Needs
- (8) Ensuring that NRC's Enforcement Program has an Appropriate Safety Focus and Reflects Improved Licensee Performance
- (9) Refocusing NRC's Research Program to Reflect a Mature Industry
- (10) Responding to External Influences for Changing NRC's Operations. For Example, the Ability to Meet NRC's Mission and Requirements of the Government Performance and Results Act (GPRA), as the Result of a Proposed Agency Reorganization, Poses a Significant Challenge to NRC.

The OIG's audits and investigative activities since March 1999, together with other initiatives that are still in progress, have specifically addressed challenges 1-8, and 10.

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# THE AUDIT PROGRAM

*To help the agency improve its effectiveness during this period, the OIG completed 5 performance and financial audits, which resulted in several recommendations and suggestions to NRC management. In addition, the OIG analyzed 13 contract audit reports issued by the Defense Contract Audit Agency (DCAA).*

## **AUDIT SUMMARIES**

### ***Controls Over Funding for CISSCO Need Improvement***

In 1994, the NRC's Office of Information Resources Management, now the Office of the Chief Information Officer (OCIO), began to integrate the support of many of the agency's numerous computer systems efforts into a single contract through the Comprehensive Information Systems Support Consolidation (CISSCO) program. Under the CISSCO strategy, a single contractor coordinates a variety of subcontractors to provide a wide range of services for the development, operation, maintenance, and support of applications software, as well as related system operations support.

To procure and manage the services required to implement the CISSCO program, the NRC contracted with the Federal Systems Integration and Management Center (FEDSIM) of the U.S. General Services Administration (GSA). GSA/FEDSIM contracted with Computer Sciences Corporation as the prime contractor to meet the needs of the CISSCO program.

Senior agency officials considered the CISSCO strategy unique and critical to the NRC's mission. In response to earlier OIG concerns, the Deputy Executive Director for Management stated that the Executive Director for Operations, the Chief Information Officer,

and the Chief Financial Officer would ensure that their respective staffs were "working together to guarantee the effective and efficient design, implementation, and operation of all agency information resources management projects."

In June 1998, the OIG conducted a survey of the program and subsequently reviewed the agency's controls over CISSCO funding activity. The OIG found that coordination and communication between the Office of the Chief Financial Officer (OCFO) and the OCIO were not sufficient to ensure that the agency's accounting and funding requirements were met. This insufficiency compounded the efforts required to produce acceptable financial records.

As a result of the OIG bringing these issues to the attention of OCFO and OCIO officials, the agency assembled a charter team of senior managers to address these concerns, and to develop and implement revised CISSCO procedures. While this team has addressed the OIG's concerns regarding CISSCO funding, the OIG remains concerned that the initial inability of OCFO and OCIO to constructively work together on CISSCO funding shows that these important offices were not communicating and coordinating as effectively as the offices agreed they should. The agency is reviewing the "lessons learned" to avoid similar problems in the future. (*Addresses Management Challenges #2 and #4*)

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### **The SRA Program Could Provide More Benefits**

As the NRC shifts to a risk-informed, performance-based regulatory approach, one important aspect of the transition is the Senior Reactor Analyst (SRA) program. This program is comprised of a core of individuals in headquarters and the regional offices that NRC has dedicated to perform activities related to risk-informed regulation. These SRAs contribute to the NRC's mission by analyzing events and providing risk assessments in important areas such as enforcement and inspection. The SRAs also add value to agency operations by providing the NRC staff with better risk insights. Nonetheless, the OIG found that the NRC can further enhance the SRA program to attain greater benefits by revisiting the SRA program objectives. Specifically, the NRC should ensure that the objectives are properly integrated into the agency's regulatory approaches, and should provide greater headquarters focus so that the best SRA practices are identified and used consistently.

*(Addresses Management Challenges #1 and #10)*

### **Review of NRC's Agencywide Documents Access and Management System (ADAMS) Project**

In November 1998, the OIG initiated a survey of the NRC's Agencywide Documents Access and Management System (ADAMS). In conducting this survey, the OIG interviewed ADAMS project staff and other agency officials, and analyzed project-related documentation, to gather information regarding the current status and planned implementation of the ADAMS project. On the basis of these activities, the OIG

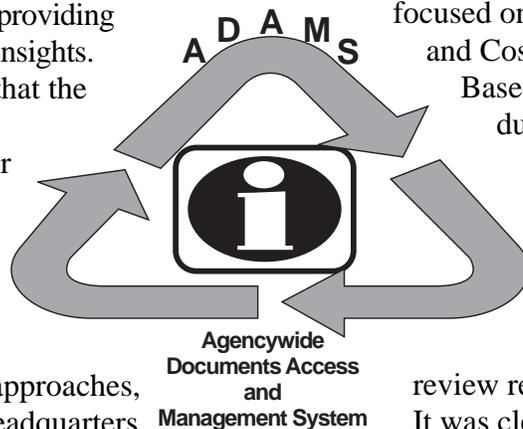
identified a need to take a more in-depth look at the project. Factors contributing to this conclusion included the inability to obtain a Project Action Plan as defined in the System Development and Life-Cycle Management Methodology, a comparison of the actual costs to budget, or a detailed testing program. In addition, the OIG had concerns about loss of expected functional capabilities, staff turnover, Nuclear Documents System migration, and funding.

Therefore, in January 1999, the OIG initiated a review of the ADAMS project, which focused on the Schedule, Performance, and Cost of the ADAMS project.

Based on the information provided during this review, the OIG did not see any significant impediments to the delivery of ADAMS, particularly based on the tentative revised schedules.

Nonetheless, the OIG's review reflected a "snapshot in time." It was clear that a number of critical elements remain to be achieved before ADAMS is fully implemented.

At this time, it appears that the schedule will be delayed by a few months, from October 1, 1999, to January 1, 2000. While the delivery of some functional requirements has been delayed, it appears that they should be in place by the time ADAMS becomes the NRC's official record-keeping system. It also appears that the cost has not significantly increased over the projected level. The OIG noted, however, that the agency has made some difficult decisions regarding cost/benefit to the agency; the OIG did not analyze the associated changes in the cost of ADAMS compared to the expected functionality. *(Addresses Management Challenges #2, #4, and #5)*



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### ***Review of NRC's Separation-Clearance Process for Exiting Staff and Contractors***

The OIG initiated a review of the NRC's separation-clearance process after learning of several instances in which local area network (LAN) accounts had not been deleted after employees and contractors separated from the agency. Moreover, the OIG identified one former employee who could still access an NRC LAN account and the files of the employee's former office.

The agency's separation-clearance process contains a step intended to trigger the termination of LAN accounts for employees who separate from the agency. However, the OIG was concerned that the step was not achieving its intended purpose, thereby exposing the NRC to the risks involved in unintentionally allowing former employees/contractors to access sensitive, non-public agency information. In addition, the OIG was concerned that other steps in the process might not be achieving their intended purposes. Consequently, our objectives for the audit were to determine (1) whether the agency was terminating employee/contractor access to the LAN in a timely manner after those individuals ended their employment with the NRC, and (2) whether other steps in the separation-clearance process were being fulfilled as intended.

In general, the audit revealed that the NRC's separation-clearance process appears to prevent employees from terminating their employment without repaying debts owed to the NRC. However, the process does not directly trigger termination of LAN accounts at headquarters, and fails to ensure the consistent, timely termination of LAN accounts when employees and contractors stop working for the NRC.

The OIG also noted an absence of clear guidance on the separation-clearance process in general, and the LAN-related steps in particular. In fact, agency guidance on the topic is sometimes conflicting. Thus, the OIG believes that the manner in which the separation-clearance process is carried out and the lack of clear guidance contribute to the failure to delete LAN accounts in a timely manner. In addition, the process is duplicative in parts, and some clearing officials do not carry out the process as NRC managers expect or as guidance prescribes. The OIG believes that these problems result from a lack of specific written guidance, as well as the fact that no single office takes responsibility for guiding the process and ensuring maximum efficiency.

The OIG's audit report made four recommendations to improve the agency's separation clearance process and to ensure that it remains current with agency operations.

### ***Review of Expenses Associated with Furnishing, Redecorating, Purchasing Furniture or Making Improvements to Commission Offices***

During December 1998, the OIG received an anonymous allegation that substantial funds may have been expended for furnishing, redecorating, purchasing furniture, or making improvements to NRC Commission offices, and these funds may have exceeded the \$5,000 statutory limitation established by the Congress for Presidential appointees. As a result, the OIG initiated a review to determine whether the NRC complies with the applicable laws and regulations, and whether these associated expenses are recorded and tracked during the complete term of office for each Presidential appointee.

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Through this review, the OIG found that (1) the NRC is in compliance with laws and regulations regarding limits on expenditures of monies for Presidential appointees' offices, (2) these expenses are recorded and tracked during the complete term of each Presidential appointee, and (3) the NRC needs to improve its accountability and controls for funds spent on Presidential appointees' offices. As a result, the OIG's report provides three recommendations to improve the NRC's management controls and provide further accountability for documenting and justifying the basis for important decisions in this area.

***Review of NRC's Implementation of the Federal Managers' Financial Integrity Act for Fiscal Year 1998***

Continuing disclosures of Federal waste, loss, unauthorized use, and misappropriation of funds or assets associated with weak internal controls and accounting systems resulted in the passage of the Federal Managers' Financial Integrity Act (FMFIA) in September 1982. The FMFIA requires Federal managers to establish a continuous process for evaluating, improving, and reporting on the internal controls and accounting systems for which they are responsible.

In response, the NRC redesigned and streamlined its management control program in 1995, in accordance with the National Performance Review recommendations and the 1995 revision to Circular A-123 by the Office of Management and Budget (OMB). The redesigned program requires offices designated as the highest risk to submit management control plans and reasonable assurance letters to an Executive Committee for Management Controls. The Executive Director for Operations is Chairman of the Executive Committee.

The OIG conducts an annual review to assist the NRC in evaluating its management control program. As a result of the latest review, the OIG found that the NRC complied with the procedural requirements of the FMFIA during FY 1998. However, the OIG disagreed with the agency's determination that the lack of managerial cost accounting is not a material weakness, and we reported this material weakness. Managerial cost accounting is intended to be an integral process for managing Government operations, and it is a vital component for implementing the GPRA. Such a process is required by Statement of Federal Financial Accounting Standards Number 4, "Managerial Cost Accounting Standards," issued by the Federal Accounting Standards Advisory Board (FASAB) in July 1995. The original effective date was for reporting periods beginning after September 30, 1996. However, because of concerns raised by the Chief Financial Officers Council, the FASAB amended the effective date for periods beginning after September 30, 1997 (FY 1998). (*Addresses Management Challenges #4 and #6*)

***RESULTS ACT REVIEW PLAN***

In 1993, Congress passed the GPRA, which mandated that Federal agencies must establish strategic plans and prepare annual performance plans. The first performance plans, due for FY 1999, are to establish measurable goals that define accomplishments expected during the year. The GPRA also requires agencies to submit annual reports to Congress comparing actual performance to the goals expressed in the performance plan. The first of these reports, for FY 1999, is due on March 1, 2000.

The GPRA does not require IGs to audit agency performance information. However, the Chief Financial Officers Act of 1990 requires

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IGs to annually audit their agency's financial statements. The implementing guidance, OMB Bulletin 98-08, "Audit Requirements for Federal Financial Statements," requires that financial statement audits must include *an examination of performance data* to provide reasonable assurance that "transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management."

The OIG adopted a two-tiered approach to reviewing the NRC's performance information:

- For financial statement reporting purposes (first tier), the OIG will review and evaluate the data used to support the NRC's **broad outcome goals**. Specifically, OMB Bulletin 98-08 requires the OIG to "obtain an understanding of the components of internal control relating to the existence and completeness of assertions relevant to the performance measures included in the Overview of the Reporting Entity." The Bulletin states that the objective of this work is to report deficiencies in the design of internal control, rather than plan the financial statement audit. With this requirement and objective in mind, the OIG examined the control process for several performance measures, and concluded that there were no deficiencies to report.
- To meet the intent and spirit of the GPRA (second tier), the OIG will examine the data supporting the NRC's **output measures** as part of regularly scheduled audit activity conducted under the auspices of the Issue Area Manager program. Under this program, senior staff designated as Issue Area Managers are assigned responsibility for keeping abreast of major agency programs

and activities. As part of the audit planning process, the OIG will select specific output measures for examination.

To the extent possible, reviews conducted under each tier will examine the data systems used, and determine the accuracy and reliability of the data used to support reported outcome goals and output measures. The OIG believes that this approach satisfies the requirements of the Chief Financial Officer Act of 1990, as well as the intent and spirit of the GPRA.

## **AUDITS IN PROGRESS**

### ***NRC's License Fee Development Process Needs Improvement***

The NRC is required to recover 100 percent of its budget authority, less the Nuclear Waste Fund and General Fund appropriations, by collecting fees from its licensees. To meet this requirement, the NRC assesses two types of fees. First, the NRC assesses user charges under the authority of the Independent Offices Appropriation Act of 1952 (IOAA). Second, the NRC assesses annual fees, under the authority of the Omnibus Budget Reconciliation Act of 1990, as amended.

In the FY 1998 audit of the NRC's financial statements, the OIG identified an IOAA non-compliance in the license fee development process. As a result, the OIG initiated an in-depth review of the NRC's license fee development methodology. The objectives of this review are to determine (1) if the overall process complies with pertinent laws and regulations, and (2) whether the agency has adequate management controls over the fee development process. (*Addresses Management Challenges #3 and #7*)

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### ***NRC's Preparation for Implementing 10 CFR Part 2, Subpart J***

The Nuclear Waste Policy Act of 1982 requires that the NRC approve or disapprove a license application from the U.S. Department of Energy (DOE) for construction of a high-level waste repository within 3 to 4 years of receiving DOE's application. To help meet this deadline, the NRC enacted a rule requiring the development of a Licensing Support Network (LSN) to reduce the time needed for discovery during the license hearing process. The OIG initiated a followup audit related to the NRC's efforts on the LSN. The objective of this audit is to determine whether the NRC is taking adequate measures to ensure that all aspects of Title 10, Part 2, Subpart J, of the *Code of Federal Regulations* (10 CFR 2J) will be implemented within the time constraints imposed by the rule. (Addresses Management Challenges #2 and #5)

### ***Special Evaluation of the Role and Structure of NRC's Commission***

The OIG initiated a special evaluation of the role and structure of the Commission. Specifically, the overall objective of this evaluation is to determine if the Commission is operating as effectively as it can to fulfill its mission. (Addresses Management Challenge #10)

### ***Audit of NRC's Financial Statements for Fiscal Year 1999***

The Chief Financial Officers Act of 1990 requires the NRC to issue audited financial statements each year. The OIG's objectives for this audit are to render opinions on (1) whether the FY 1999 financial statements fairly present the agency's financial position, and (2) management's assertion about the effectiveness of the agency's internal controls. A third

objective is to report on the NRC's compliance with applicable laws and regulations. (Addresses Management Challenge #6)

### ***NRC's Controls Over Work Performed Under the Comprehensive Information Systems Support Consolidation (CISSCO) Program***

The OIG resumed its review of the NRC's controls over work performed under CISSCO, which was suspended in order to complete a review of the NRC's controls over CISSCO funding. The overall objectives of this review are to determine whether the NRC is ensuring that quality assurance measures are adequate, products are received in a timely manner, projects are completed at a reasonable cost, and the NRC is evaluating the effectiveness of using GSA/FEDSIM. (Addresses Management Challenges #2 and #4)

### ***Review of the Development and Implementation of NRC's Integrated Financial Management System (STARFIRE)***

The OIG initiated a review of the NRC's integrated financial management system. The broad objectives of this review are to (1) assess the methodology for developing and implementing the system, and (2) determine the cost, schedule, and expected performance of the new system. (Addresses Management Challenges #4 and #6)

### ***Audit of NRC's Operating Licensing Program***

The OIG previously completed a survey of the NRC's Operating Licensing Program, which resulted in the development of audit objectives pertaining to operator licensing. The objectives of this audit are to determine (1) the circumstances and criteria under which the NRC will exercise its discretion and reject a licensee's determination to prepare, proctor, and grade the written examinations and prepare the operating

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tests; (2) how the pilot program results support the decision to implement a new examination process for licensees on a voluntary basis; and (3) if operating licenses for power reactors are renewed as required. (*Addresses Management Challenge #7*)

### ***Audit of NRC's Decommissioning Fund Program***

The OIG completed a survey of the NRC's Decommissioning Fund Program. On the basis of this survey, the OIG identified issues within the power reactor area to pursue further. The

objectives of this audit are to (1) determine the adequacy of the NRC's analysis of licensees' status reports on decommissioning funding, (2) the actions taken as a result of that analysis, (3) and the NRC's "minimum-amount" formulas for estimating decommissioning costs. (*Addresses Management Challenge #3*)

### ***Review of Travel Reimbursements***

The OIG initiated a review of the NRC's travel reimbursements. The objective of the review is to determine whether the NRC has adequate controls over travel reimbursements.



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# THE INVESTIGATIVE PROGRAM

*During this reporting period, the OIG received 117 allegations, initiated 32 investigations and 3 Event Inquiries, and closed 39 cases and Event Inquiries. In addition, the OIG made 27 referrals to NRC management.*

## **INVESTIGATIVE CASE SUMMARIES**

### ***Alleged NRC Failure to Effectively Regulate***

The OIG had previously investigated concerns submitted by a State's local government representative regarding the NRC's lack of enforcement action against an NRC licensee for the contamination of a public sewer system in the State's regional district. The local government representative believed that the licensee was responsible for the contamination of a sewage treatment plant via discharge of radioactive material into the sewer system. In that investigation, the OIG determined that the NRC appropriately regulated the licensee with respect to contamination of a regional sewer district.

The government official's concerns with respect to the licensee prompted the OIG to review the NRC's overall regulation regarding the discharge of radioactive materials into sanitary sewer systems. This OIG review revealed that the NRC has regulated licensees' disposal of radioactive materials into sanitary sewer systems in accordance with the requirements of 10 CFR Part 20. Before January 1994, under 10 CFR 20.303, the NRC allowed licensees to discharge small quantities of insoluble particulate material into sanitary sewer systems. This NRC regulation was revised in 1994 to prohibit the

release of radioactive insoluble particulate material. The OIG learned that, since the implementation of the revised regulation, there have been no reported incidents of sewer system or treatment plant contamination. Additionally, since 1994, the NRC has engaged in efforts to improve the regulation of radioactive materials discharged into sanitary sewer systems. *(Addresses Management Challenge #1)*

### ***Inappropriate Use of Official Title and Failure to Obtain Management Concurrence on Correspondence with Foreign Government Agency***

The OIG conducted an investigation into an allegation that an NRC employee may have made improper disclosures to officials of a foreign government without the knowledge and approval of NRC management. The manager of the NRC employee had discovered correspondence between the NRC employee and a representative of the foreign government, as well as information that the employee may have been inappropriately compensated by the foreign government for travel expenses during a personal trip to that country. The OIG's investigation resulted in the following conclusions:

- (1) The NRC employee violated the "Standards of Ethical Conduct for Employees of the Executive Branch" (5 CFR Part 2635) by

*(continued on next page)*

using his NRC position as well as official NRC stationery in personal correspondence with representatives from the foreign government.

- (2) The employee did not follow the NRC's Management Directive on "Correspondence Management" and did not follow the requirement to obtain NRC management concurrence in outgoing foreign correspondence.
- (3) The information contained in the correspondence authored by the NRC employee was not sensitive in nature or restricted from disclosure to foreign governments.
- (4) The NRC employee's personal foreign trip did not violate the provisions of the "Standards of Ethical Conduct for Employees of the Executive Branch."

*(Addresses Management Challenge #5)*

### ***Alleged Improper Destruction of Records***

The OIG investigated an allegation that NRC Regional staff withheld records that should have been released under a Freedom of Information Act/Privacy Act (FOIA/PA) request. Specifically, the OIG was informed that an NRC Regional employee filed a FOIA/PA request with the NRC Region, and the Region withheld certain records detailing investigations into complaints about the employee. In addition, the NRC employee alleged that these records were improperly destroyed.

The OIG learned that there were two incidents involving the employee that may have been documented—one in 1992 or 1993, and another in 1994. The OIG also determined that sometime prior to the Region's relocation in April 1997, a Regional official directed the destruction of the Region's investigative files that

were more than 2 years old. The rationale for this directive was the Regional official's belief that such records were only subject to a 2-year retention period. However, the OIG learned that the destruction of these records was not in accordance with the provisions of the NRC's Management Directive (MD) 3.53 and 36 CFR, Chapter XII, Part 1228. In addition, the Region did not have a disposition schedule for its investigative files, and the Regional official failed to document the destruction. Additionally, the OIG learned that the Regional staff did not conduct an adequate search of the files when responding to the FOIA request.

### ***Improper Conduct by NRC Inspectors***

The OIG initiated an investigation in response to an allegation from NRC management that a resident inspector engaged in improper conduct while on official duty at a nuclear power plant. This investigation revealed that two resident inspectors engaged in the following improper acts while on official duty, thereby creating the appearance of partiality and discrediting the NRC:

- An NRC inspector anonymously sent an unsolicited and sexually suggestive note to a workstation assigned to one of the licensee's female employees. (The recipient of this note found it to be lewd and offensive.)
- An NRC inspector knowingly engaged in an improper flirtatious relationship with a female employee of an NRC licensee.
- Both NRC inspectors attended social functions that were predominantly intended for licensee employees over which the NRC inspectors exercised their official responsibilities. Both inspectors had advance knowledge that these functions would primarily be attended by licensee employees.

- 
- An NRC inspector engaged in an improper sexual relationship with a female licensee employee.
  - An NRC inspector left sexually suggestive notes and gave personal gifts of nominal value to female employees of the licensee.
  - Both NRC inspectors failed to notify Regional management about the known misconduct and violation of NRC policies at the licensee's facility.

As a result of their actions, the two resident inspectors resigned from the NRC.

#### ***Misuse of Government Credit Card and False Travel Claims***

The OIG conducted two investigations as a result of information that an NRC employee had been making questionable charges and cash withdrawals with his Government-issued American Express (AMEX) credit card and submitting false travel claims.

Through its first investigation, the OIG determined that, from January 1997 through July 1998, the NRC employee improperly used his Government-issued AMEX credit card for 50 unauthorized ATM cash withdrawals totaling \$9,773.00. The employee also used his credit card to make numerous personal purchases, such as shoes, clothing, airline tickets, jewelry, and groceries, unrelated to government travel.

The OIG investigation also revealed that the employee was delinquent in paying the expenses incurred by using his AMEX card. Specifically, the employee was in arrears every month between January 1997 and July 1998, at times as much as \$2,000–\$3,000.

In another OIG investigation into false travel voucher claims submitted by this em-

ployee, the OIG determined that, from October 1995 through December 1998, the employee submitted 18 travel vouchers totaling \$11,061.15. In each of these 18 travel vouchers, the employee claimed he drove his personally owned automobile when, in fact, the employee rented a Government contract vehicle for each of these trips. As a result, the employee was reimbursed \$6,244.24 in mileage when he should have been reimbursed \$3,342.74 for rental car expenses.

Consequently, the employee reimbursed the agency \$11,000.00 for the false claims and resigned from Government service. (*Addresses Management Challenge #4*)

#### ***Organizational Conflict of Interest by NRC Contractor***

The OIG investigated an allegation regarding an NRC contractor with an organizational conflict of interest that violated NRC contract provisions. Specifically, the NRC contractor was allegedly reviewing work performed for the nuclear industry, while acting as a subcontractor for another company that was performing work for the industry. The NRC's contract strictly prohibited the contractor's affiliation with such companies.

The OIG determined that, over the past 7 years, the NRC contractor had become the NRC's primary contractor for providing technical support on all boiling water reactor emergency core cooling systems strainer blockage and pressurized-water reactor sump pump debris blockage safety concerns and related safety issues. As a result of its contract with the NRC, the contractor had access to the NRC's predecisional information and proprietary information from competing companies.

*(continued on next page)*

Through interviews of former company officials and reviews of subpoenaed records, the OIG confirmed that, for about the last year and a half, the NRC contractor had a verbal agreement with another company to internationally market strainer blockage work. The OIG's investigation revealed that the contractor's relationship with the company violated the organizational conflict of interest provisions of the NRC contract. However, because the NRC was satisfied with the work performed under the contract, there was no financial loss to the Government. The OIG therefore presented this matter to the Assistant United States Attorney, who declined prosecution. (*Addresses Management Challenge #4*)

***False Claims Submitted for Official Travel by Region II Employee***

The OIG initiated an investigation into allegations of travel fraud by an NRC employee. Specifically, the employee allegedly submitted travel expense vouchers claiming excessive mileage using a privately owned vehicle; and false lodging receipts. In addition, the employee submitted two change-of-station travel vouchers that contained false lodging expenses.

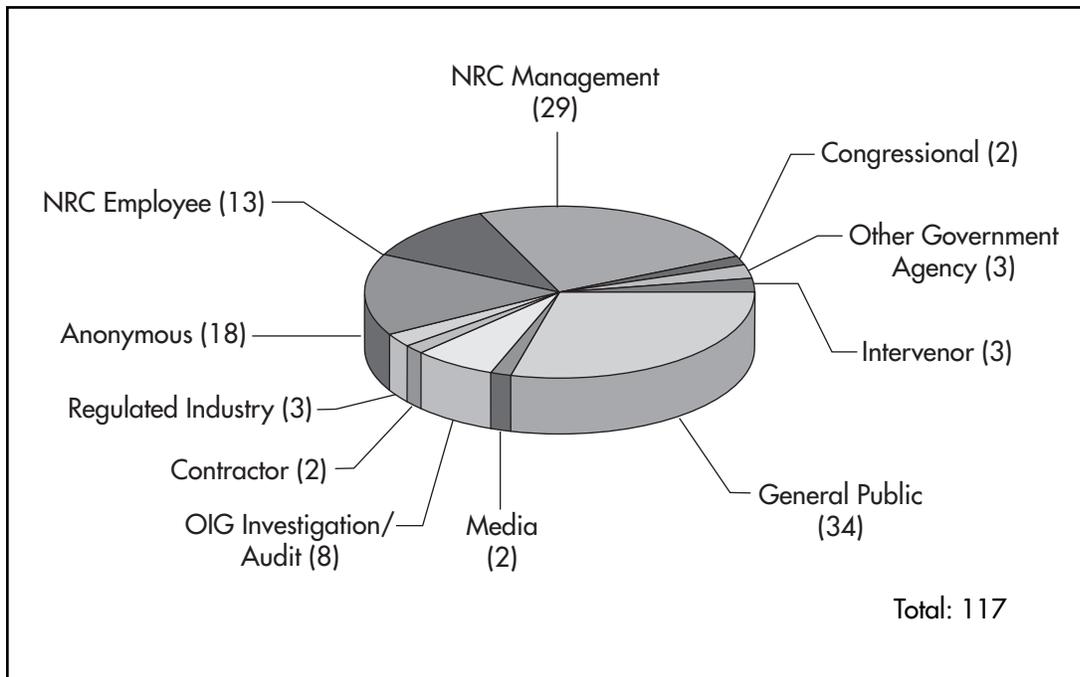
During its investigation, the OIG reviewed 16 travel vouchers, submitted over a 20-month period, in which the employee claimed that he drove his privately owned automobile more than 3,440 miles in excess of the allowable trip mileage. In addition, two vouchers contained lodging receipts for which the hotel staff claimed they had no record of the individual staying at the hotel, and one of these receipts had been altered. The hotel had issued receipts on two occasions at the insistence of the guest and charged the lodging to the guest's credit card account.

The OIG also found that the change-of-station vouchers revealed fraudulent claims for food and lodging expenses. The vouchers contained altered lodging receipts, and, in two instances, the receipts were in someone else's name. Additionally, the OIG determined that the NRC employee used his Government-issued AMEX credit card for personal use on several occasions.

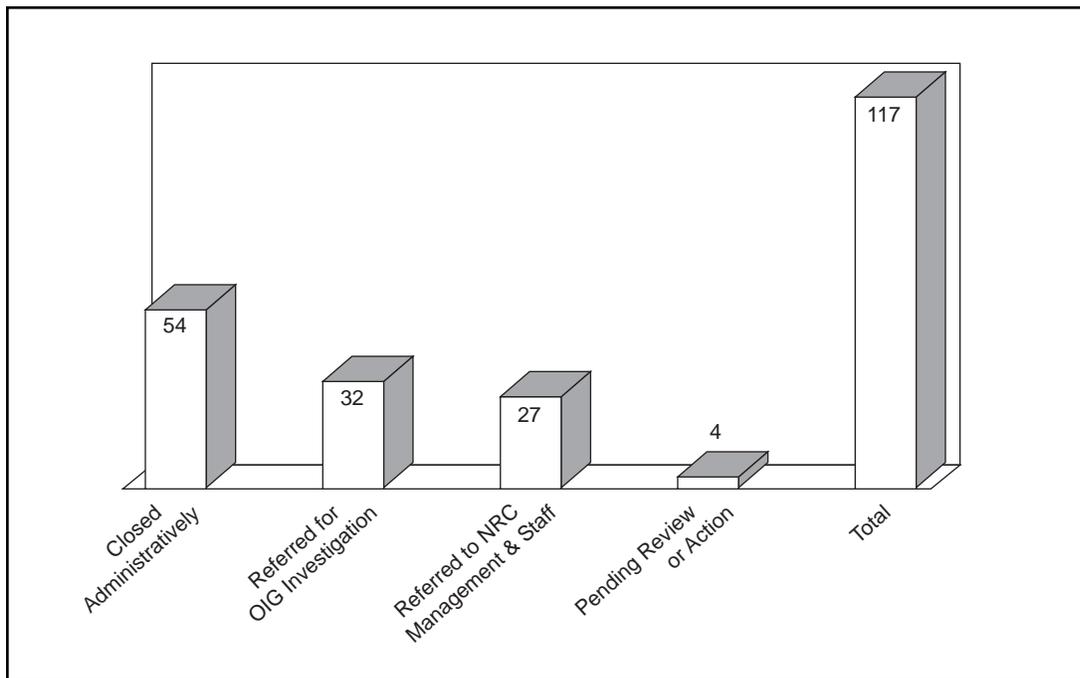
As a result of this investigation, the NRC employee resigned from the agency, and the agency recovered \$10,321 from the employee.

## INVESTIGATIVE STATISTICS

### Source of Allegations—April 1, 1999 through September 30, 1999



### Disposition of Allegations—April 1, 1999 through September 30, 1999



### Status of Investigations

DOJ Referrals	14
DOJ Declinations	14
Pending DOJ Action	0
Indictments and Arrests	0
Convictions	0
PFCRA Referrals	0
PFCRA Recoveries	0
Other Recoveries	\$26,567.76
NRC Administrative Actions:	
Terminations and Resignations	6
Suspensions and Demotions	6
Other Administrative Actions	7
Counseling	16

### Summary of Investigations

<b>Classification of Investigations</b>	<b>Carryover</b>	<b>Opened Cases</b>	<b>Closed Cases</b>	<b>Cases In Progress</b>
A - Conflict of Interest	5	4	4	5
B - Internal Fraud	3	0	3	0
C - External Fraud	4	2	5	1
D - False Statements	2	5	3	4
E - Theft	0	0	0	0
F - Misuse of Government Property	1	0	1	0
G - Employee Misconduct	5	4	7	2
H - Management Misconduct	6	4	7	3
I - Technical Allegations – Other	6	7	6	7
J - Whistleblower Reprisal	1	1	2	0
<b>Total Investigations</b>	<b>33</b>	<b>27</b>	<b>38</b>	<b>22</b>
<b>Total Event Inquiries</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>

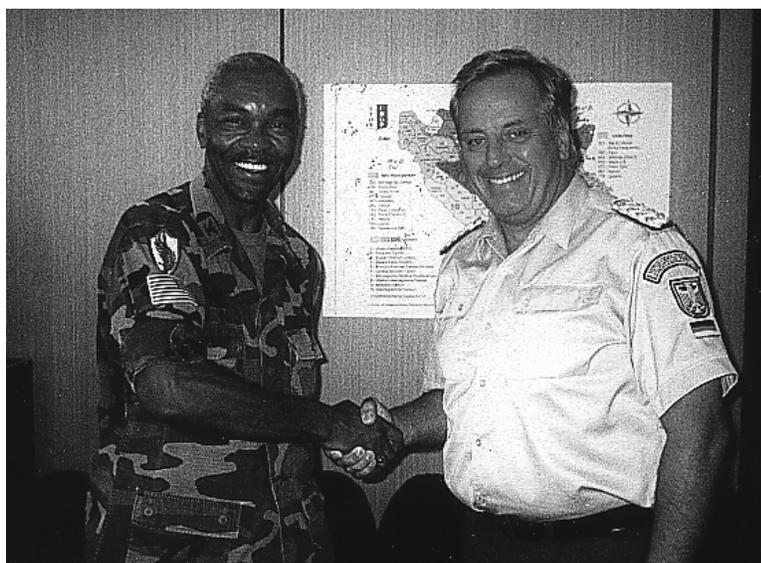
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# SPECIAL FEATURE: THE AIGI DEPLOYED TO BOSNIA

*The NRC's Assistant Inspector General for Investigations, James Childs, was mobilized as an Army Reserve Civil Affairs Officer with the 354<sup>th</sup> Civil Affairs Brigade, Riverdale, Maryland, in support of peacekeeping operations in Bosnia-Herzegovina (BIH). Childs, who is a Colonel in the Army Reserve, served as part of the Combined Joint Civil-Military Task Force, North Atlantic Treaty Organization (NATO) Peace Stabilization Forces (SFOR), Sarajevo, BIH, from January 1999 through September 1999.*

The Combined Joint Civil-Military Task Force was composed of over 400 specialists from over 30 NATO and non-NATO countries. These specialists included law enforcement officers, lawyers, doctors, economists, agricultural experts, public facility experts, environmental engineers, public educators, and business specialists. The primary mission of the task force was to coordinate rebuilding the infrastructure and common institutions of the country, reestablishing the economy, synchronizing the civil-military effort, and reestablishing public security and rule of law in BIH.

As Chief of the Law Enforcement Support Team for the International Police Task Force (IPTF), Childs served as the SFOR Commander's senior interface with the United Nations' IPTF. IPTF is the United Nation's civilian police operation established under the Dayton Peace Accords to assist the parties in fulfilling their public security obligations. The IPTF task force consists of 2,057 professional law enforcement officers from 44 countries working in over 60 police stations throughout BIH. Combining his military and civilian law enforcement skills, Childs played a key role in



*James E. Childs greets Commissioner Dettel Buwitt, Commissioner of the United Nations International Police Task Force of Germany, upon arrival in Bosnia-Herzegovina.*

*(continued on next page)*

initiating civil-military projects to assist in infrastructure improvements at police institutions throughout Bosnia-Herzegovina. He was responsible for coordinating and facilitating SFOR's evacuation of the International Police Task Force police officers during periods of unrest or disorder, coordinating Peace Stabilization Forces security support for IPTF weapons inspections of police stations, and serving as SFOR's senior representative in the IPTF Mission Incident Command Center. Childs served as the SFOR Commander's senior representative within SFOR and the international community in Sarajevo on critical issues such as establishment of multi-ethnic police departments, protection of displaced persons and returnees, and establishment of a viable customs police and a judicial protection unit in BIH.

The deployment was a unique opportunity for Childs to contribute toward a lasting peace in Bosnia-Herzegovina. Although there is an air

of normalcy in many areas, not far from Childs' Army compound was the huge cemetery on the former Olympic training field where Sarajevo's dead were buried at night to avoid snipers during the war. Reminders of the destruction and tragedy of the war remain. While democratic policing is taking hold, Childs' assessment is that much remains to be accomplished. Today, Bosnia is a place where people are trying to heal the war wounds, return to a normal life, and catch up with what is happening in the rest of the world. While the experience was challenging and gratifying, Childs is happy to be back with his family and all of his associates at the OIG. Childs attributes the support of his family, his associates at the OIG, and the Family Support Group of his Reserves Unit for his successful completion of this assignment. The Inspector General and the entire OIG staff welcomed Childs home in a special ceremony on September 7, 1999.

*Jim Childs stands in front of a bunker at the mountains overlooking Sarajevo in Bosnia. This bunker was used by SERBS during the war in 1992-1995.*



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# OTHER ACTIVITIES

## **REGULATORY REVIEW**

The Inspector General Act, 5 U.S.C. App. 3, Section 4(a)(2), requires the OIG to review existing and proposed legislation and regulations, and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency of programs and operations administered by the agency. The OIG conducts its regulatory reviews by examining agency documents reflecting regulatory, statutory, and policy actions. Proposed actions and revisions to existing documents are measured against standards of fraud potential, efficiency, and effectiveness, as well as requirements of the Inspector General Act. The review also encompasses issues raised in OIG investigations, audits, and prior regulatory commentaries.

The goals of the regulatory review program are to assist in the prevention and detection of fraud, waste, and abuse within the agency. It is also intended to advise agency managers of the importance of considering aspects of agency policy and procedures that impact the OIG's mission-related functions and responsibilities. In addition, comments are used to address issues related to preserving the independence and integrity of the OIG under its statutory precept. These objectives are met through formal memoranda, as well as collegial meetings and discussions.

From April 1, 1999, through September 30, 1999, the OIG reviewed more than 200 agency documents, including approximately 125 documents issued by the Office of the Secretary (SECYs) and 100 Federal Register Notices, regulatory actions, and statutes. The OIG provided the

following commentaries on some of the most significant issues.

Two commentaries focused on the importance of the independence of the OIG functions, as provided under the IG Act. Section 3(a) of that Act places severe limitations on any agency action that would prevent the IG from initiating, carrying out, or completing any audit or investigation. Within the NRC, Management Directives serve as the immediate reference for organizational functions and operations. Therefore, review and comment on the precise language of the instructions contained in them is essential to ensure consistency with applicable statutes and regulations. This is particularly important when the directive provisions potentially impact the independence or integrity of the OIG's mission.

OIG comments on draft Management Directive 13.4, "Transportation Management," and Management Directive 3.13, "Printing," both relayed the need for provisions addressing the independent authority of the IG. In the case of MD 13.4, this required specifying the authority of the IG with regard to the use of home-to-work transportation. Likewise, the language in MD 3.13 needed revision to ensure the independent authority of the IG in obtaining essential support services.

Successive drafts of MD 3.4, "Release of Information to the Public," have each been the subject of regulatory comments over the past 4 years. During this reporting period, the OIG reviewed two versions of this directive. The most important aspect of the OIG's remarks

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related recommendations from the audit report titled “NRC Controls to Prevent the Inadvertant Release of Sensitive Information,” which suggested including a complete cross-reference identifying all directives addressing the issue of sensitive information.

The most substantive commentary during this period was provided in response to draft MD 8.11, “Review Process For 10 CFR 2.206 Petitions.” In this case also, the OIG had previously commented in 1995 on earlier versions of the directive. Focused on the need for clarity in guiding citizen interest groups wishing to submit petitions under the directive’s process, the 1995 regulatory commentary identified language that would be more precise and complete. Following up on that essential aspect of the directive, the 1999 commentary suggested including adequate and objective criteria upon which petitioners could rely to gauge whether their petitions would be accepted for processing under 10 CFR 2.206 procedures. In addition, the OIG advised that the MD needs to include details on the process employed once a petition is accepted.

Reflecting a concern identified to Congress as one of the “10 Most Serious Management Challenges Facing the U.S. Nuclear Regulatory Commission,” the OIG urged the agency to improve the notice and contact provisions to ensure that petitioners receive timely and complete responses. Additional emphasis on equity between petitioners and licensees was noted as an area that could be improved, specifically by a provision allowing petitioners an opportunity to answer licensee’s responses to their petitions.

Finally, the OIG provided technical direction correcting the description distinguishing its jurisdiction from that of the Office of Investigations for purposes of allegation reporting.

Following the OIG comments, several meetings convened to discuss the draft directive 8.11. Positive, collegial dialogue resulted in mutual understanding of the factual and policy-related concerns premising the comments, and concluded with an enhanced product.

In another instance of effective collaboration, the OIG worked with the agency to revise its “Debarment and Suspension” procedures. Fixing on the need for prompt reporting of wrongdoing, the procedures were amended to clearly identify responsibility to notify the OIG within the “Debarment and Suspension” process.

The OIG also provided comments regarding the agency’s draft “Policy Statement on Staff Meetings Open to The Public: Revision of Section D.” Again citing the “Ability to Effectively Communicate With the Public and Industry” as one of the agency’s “10 Most Serious Management Challenges...,” the OIG expressed concern regarding the general tenet of the proposed policy change, which reflects curtailed notice procedures. Specifically, the commentary enumerated discrete deficiencies in the decreased notice procedures, and concluded that taking the proposed action would be imprudent.

## **OIG INFORMATION AND PLANNING CONFERENCE**

The OIG held its annual Information and Planning Conference on September 14, 1999. The theme for this year’s conference was “Changes, Challenges, and Opportunities in the New Millennium.” The conference was open to the public, and offered a keynote speaker and five panel presentations.



*Chairman Greta Joy Dicus presenting her keynote address at the Office of the Inspector General annual Information and Planning Conference*

The conference began with opening remarks by Inspector General Hubert T. Bell, who then introduced the keynote speaker, Chairman Greta Dicus. Chairman Dicus discussed License Renewal, Radiation Standards, and Year 2000 (Y2K) readiness in the context of changes, challenges, and opportunities, the theme of the conference.

J. William Gadsby of the National Academy of Public Administration (NAPA) followed, with an informative presentation of NAPA's role in the Federal Government, and its goal to promote efficiency in Government performance.

The second panel offered discussions on issues surrounding license renewal, and presented two points of view. The NRC's viewpoint was represented by Chris Grimes, Branch Chief of License Renewal and Standardization, Office of Nuclear Reactor Regulation, while Barth Doroshuk, President and Chief Operating Officer of Baltimore Gas and Electric, provided the industry's viewpoint as the first of the industry to receive renewal of its license.

The next panel, entitled "Cyber Crimes: Investigative and Audit Techniques," offered

perspectives from both audit and investigative staffs. The discussions were delivered by two representatives of the Office of the Inspector General, Department of Defense, namely Cecilia Miggins, Office of Audit, and J. Brian Davis, Defense Criminal Investigation Service. It was very informative to learn how these two offices have made a collaborative effort to ensure that evidence is preserved by acquiring an understanding of each office's duties and requirements.

The "Year 2000, Ready, Set..." panel was presented by Joseph Giitter and Joseph Himes, two NRC staff members from Incident Response Operations. They offered their insight and comprehensive knowledge of the NRC's preparedness for the Y2K.

The last panel addressed the controversy surrounding radiation standards. The panel presentations were given by Michael Boyd, U.S. Environmental Protection Agency (EPA); John Greeves, Office of Nuclear Material Safety and Safeguards, NRC; and Ralph Beedle, Nuclear Energy Institute. These speakers offered three

*(continued on next page)*

points of view on the radiation standards issue, which resulted in a stimulating discussion with regard to the varying radiation standards of the NRC and EPA.

Question-and-answer sessions were conducted at the conclusion of Chairman Dicus' keynote address, and after each panel presentation. Questions asked by the audience sought clarification of the issues. The closing remarks were given by the Inspector General.

The OIG believes that information obtained during the conference was useful in developing the OIG's Fiscal Year 2000 Annual Plan. The conference was a huge success and generated a lot of interest. NRC attendance was good, and included such distinguished guests as Commissioners McGaffigan and Merrifield.

## **HOTLINE POSTER AND PAMPHLET**

Continuing in its ongoing educational efforts, the NRC's OIG published a "Call the Hotline" pamphlet, and updated its Hotline poster. The pamphlet describes how the Hotline is an easy way for Government employees, licensee/utility employees, contractors, or private citizens to confidentially report suspicious activities, which may include fraud, waste, or abuse; mismanagement of agency programs; or danger to the public health and safety. The pamphlet stresses the fact that every person calling the Hotline and report-

ing a concern is taken seriously. Each complaint is thoroughly reviewed, and action is taken if fraud, waste, or abuse is suspected. The pamphlet also explains who operates the Hotline, when someone should call, what types of concerns should be reported, and what can be expected when an individual places a call to the Hotline.

The Hotline poster was revised to highlight the toll-free phone number and Hotline Program address that anyone can use to contact the OIG about possible fraud, waste, or abuse. The poster and the pamphlet were distributed to all NRC employees, licensees, and contractors.



## **U.S. Nuclear Regulatory Commission Office of the Inspector General**

# **HOTLINE**

**If you suspect Fraud, Waste, or  
Abuse by an NRC Employee or  
Contractor  
Call 1-800-233-3497  
or Write**

## **Hotline Program**

**USNRC/OIG  
Mail Stop T5D28  
Washington, DC 20555**

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# APPENDICES

## **AUDIT LISTINGS**

### *Internal Program Audit and Special Evaluation Reports*

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<b>Date</b>	<b>Title</b>	<b>Audit Number</b>
5/11/99	<i>Controls Over Funding for CISSCO Need Improvement</i>	OIG/98A-18
5/26/99	<i>The SRA Program Could Provide More Benefits</i>	OIG/99A-03
5/7/99	<i>Review of NRC's Agencywide Documents Access and Management System (ADAMS) Project</i>	OIG/99A-04
7/20/99	<i>Review of NRC's Separation-Clearance Process for Exiting Staff and Contractors</i>	OIG/99A-06
7/12/99	<i>Review of Expenses Associated With Furnishing, Redecorating, Purchasing Furniture, or Making Improvements to Commission Offices</i>	OIG/99A-08

## Contract Audit Reports

OIG Issue Date	Contractor/ Contract Number	Questioned Costs	Funds Put to Better Use
4/9/99	Brown & Root Inc./Halliburton, Inc. NRC-26-87-420	0	0
4/26/99	Comex Corporation/Parameter NRC-03-93-026	0	0
5/12/99	Advanced Systems Technology, Inc. NRC-04-91-047 NRC-04-96-039	0 0	0 0
5/20/99	Tetra Tech, Inc. RS-NMS-99-003	0	0
6/7/99	Cexec, Inc. NRC-33-93-186	0	0
6/7/99	Cexec, Inc. NRC-33-93-186	0	0
6/28/99	Business Promotion Consultants NRC-10-94-158	0	0
6/29/99	Halliburton NUS/Brown & Root NRC-26-87-420	0	0
6/29/99	International Technologies NRC-26-91-292	0	0
9/30/99	Princeton Resources Associates RS-RES-99-042	0	0
9/30/99	Scientech, Inc. NRC-02-87-004 NRC-04-87-397 NRC-04-87-398 NRC-04-88-095 NRC-04-89-049 NRC-04-89-067 NRC-04-90-030 NRC-04-90-056 NRC-04-90-059 NRC-04-90-070 NRC-04-91-068	0 0 0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0 0

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**Contract Audit Reports (continued)**

<b>OIG Issue Date</b>	<b>Contractor/ Contract Number</b>	<b>Questioned Costs</b>	<b>Funds Put to Better Use</b>
9/30/99	Scientech, Inc. NRC-02-87-004	0	0
	NRC-04-87-397	0	0
	NRC-04-88-095	0	0
	NRC-04-89-067	0	0
	NRC-04-90-030	0	0
	NRC-04-90-059	0	0
	NRC-04-90-070	0	0
	NRC-04-91-068	0	0
	NRC-04-92-045	0	0
9/30/99	Scientech, Inc. NRC-02-87-004	0	0
	NRC-03-93-031	0	0
	NRC-04-87-397	0	0
	NRC-04-88-095	0	0
	NRC-04-89-067	0	0
	NRC-04-90-030	0	0
	NRC-04-90-059	0	0
	NRC-04-90-070	0	0
	NRC-04-91-068	0	0
	NRC-04-92-045	0	0
	NRC-04-93-049	0	0
	NRC-04-93-064	0	0

## AUDIT TABLES

During this reporting period, the OIG analyzed 13 contract audit reports issued by the DCAA.

**Table I. – Post-Award Findings**

<b>OIG Reports Containing Questioned Costs April 1, 1999 – September 30, 1999</b>			
<b>Reports</b>	<b>Number of Reports</b>	<b>Questioned Costs (Dollars)</b>	<b>Unsupported Costs (Dollars)</b>
A. For which no management decision had been made by the commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0*	0	0
<i>Subtotal (A + B)</i>	0	0	0
C. For which a management decision was made during the reporting period:			
(i) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision had been made by the end of the reporting period	0	0	0
E. For which no management decision was made within 6 months of issuance	0	0	0

\* Eleven post-award audit reports disclosed zero funds with questioned or unsupported costs.

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**Table II. – Pre-Award Findings**

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**OIG Reports Issued with Recommendations  
That Funds Be Put to Better Use  
April 1, 1999 – September 30, 1999**

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<b>Reports</b>	<b>Number of Reports</b>	<b>Dollar Value of Funds</b>
A. For which no management decision had been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0*	0
<i>Subtotal (A + B)</i>	0	0
C. For which a management decision was made during the reporting period:	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision had been made by the end of the reporting period	0	0
E. For which no management decision was made within 6 months of issuance	0	0

*\*Two pre-award audit reports disclosed that either zero funds were available for better use, or that no contract was awarded.*

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## **ABBREVIATIONS**

ADAMS	Agencywide Documents Access and Management System
AMEX	American Express
BIH	Bosnia-Herzegovina
CFO	Chief Financial Officer (NRC)
CFR	<i>Code of Federal Regulations</i>
CISSCO	Comprehensive Information Systems Support Consolidation
DCAA	U.S. Defense Contract Audit Agency
DOE	U.S. Department of Energy
EI	Event Inquiry
EPA	U.S. Environmental Protection Agency
FASAB	Federal Accounting Standards Advisory Board
FEDSIM	Federal Systems Integration and Management Center
FMFIA	Federal Managers' Financial Integrity Act
FOIA/PA	Freedom of Information Act/Privacy Act
FY	Fiscal Year
GPRA	Government Performance and Results Act
GSA	U.S. General Services Administration
IG	Inspector General
IOOA	Independent Offices Appropriation Act of 1952
IPTF	International Police Task Force
LAN	local area network
LSN	Licensing Support Network
MD	Management Directive

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NAPA	National Academy of Public Administration
NATO	North Atlantic Treaty Organization
NRC	U.S. Nuclear Regulatory Commission
OCFO	Office of the Chief Financial Officer (NRC)
OCIO	Office of the Chief Information Officer (NRC)
OIG	Office of the Inspector General
OMB	Office of Management and Budget
RMOS	Resource Management and Operations Support
SFOR	Peace Stabilization Forces
SRA	Senior Reactor Analyst
T&A	time and attendance
Y2K	Year 2000

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## REPORTING REQUIREMENTS INDEX

*The Inspector General Act of 1978, as amended (1988), specifies reporting requirements for semiannual reports. This index cross-references those requirements to the applicable pages where they are fulfilled in this report.*

<b>CITATION</b>	<b>REPORTING REQUIREMENTS</b>	<b>PAGE</b>
Section 4(a)(2)	Review of Legislation and Regulations .....	21–22
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies .....	5–8, 13–16
Section 5(a)(2)	Recommendations for Corrective Action .....	5–8
Section 5(a)(3)	Prior Significant Recommendations Not Yet Completed .....	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities .....	16
Section 5(a)(5)	Information or Assistance Refused .....	None
Section 5(a)(6)	Listing of Audit Reports .....	25–27
Section 5(a)(7)	Summary of Significant Reports .....	5–8, 13–16
Section 5(a)(8)	Audit Reports--Questioned Costs .....	28
Section 5(a)(9)	Audit Reports--Funds Put to Better Use .....	29
Section 5(a)(10)	Audit Reports Issued Before Commencement of the Reporting Period for Which No Management Decision Has Been Made .....	None
Section 5(a)(11)	Significant Revised Management Decisions .....	None
Section 5(a)(12)	Significant Management Decisions With Which OIG Disagreed .....	None