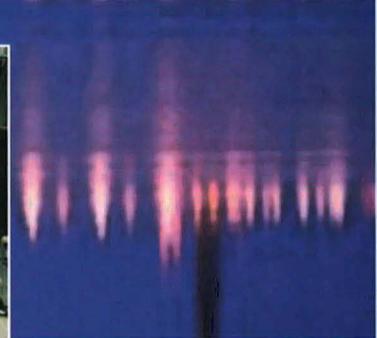
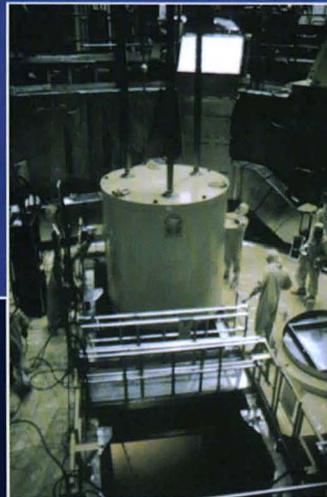
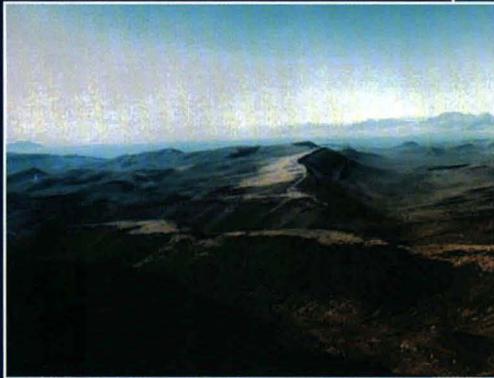
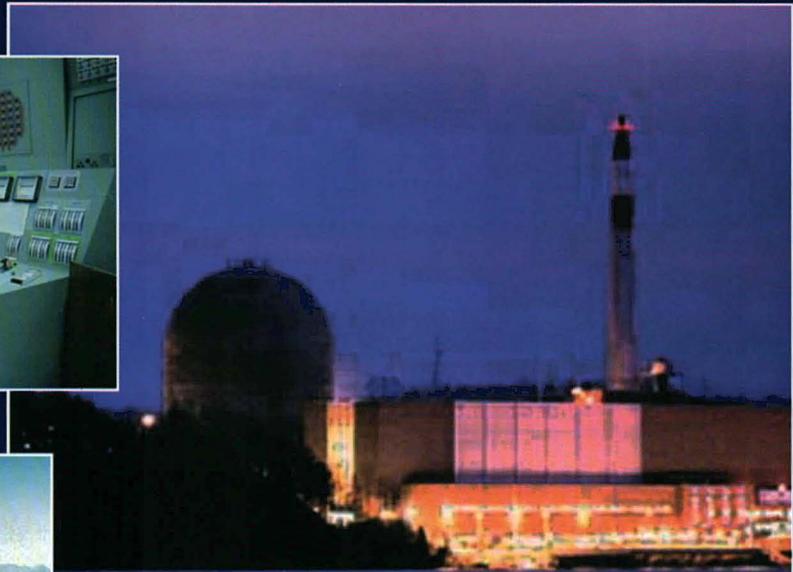




Office of the Inspector General

U.S. Nuclear Regulatory Commission



Semiannual Report

October 1, 2000 – March 31, 2001

NRC OIG VISION STATEMENT

We are agents of positive change striving for continuous improvement in our agency's management and program operations and in our own office.

Cover photographs clockwise from top left: A Nuclear Power Plant Control Room, Indian Point 2 Nuclear Power Station, Decommissioning at Fort St. Vrain Nuclear Plant, and an Aerial View of the Yucca Mountain Area.

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 October 1, 2000, through March 31, 2001, in compliance with Sections 4 and 5 of the Inspector General Act of 1978, as amended.

During this reporting period, our office completed six performance and financial audits and one special evaluation 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 19 investigations, and made 37 referrals to NRC management. Finally, the OIG analyzed 16 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 each of the most serious management challenges facing the NRC, which the OIG updated and identified to Congress in November 2000.

I would like to commend all OIG staff members for their diligent work and commitment to providing quality services to our stakeholders, including Congress and the public. The OIG looks forward to continuing to work effectively with the Commission, as well as the agency's management and staff at all levels, in our common goals of ensuring the effectiveness, efficiency, and integrity of the programs that ultimately protect the health and safety of the public.

Sincerely,



Hubert T. Bell
Inspector General

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EXECUTIVE SUMMARY

This section highlights selected audits and investigations completed during this reporting period. More detailed summaries appear in subsequent sections of this report.

AUDITS

- On November 22, 2000, the Inspector General (IG) provided Congress with his current list of the most serious management challenges facing the U.S. Nuclear Regulatory Commission (NRC). In addition, in order to better focus the list, the IG defined the term “management challenges,” and established criteria for modifying the list to add and remove challenges.
- The Office of the Inspector General (OIG) reviewed the NRC’s Web site privacy policy, and found that the agency complies with Federal policies. However, the NRC does not have written policy guidance in its directive system to establish controls over or to prohibit NRC and third parties from collecting personally identifiable information from visitors to the NRC’s Web site.
- The OIG obtained the services of an independent, external audit firm to perform, with OIG oversight, the annual audit of the NRC’s Fiscal Year (FY) 2000 financial statements. The independent auditors issued an unqualified opinion regarding the agency’s principal statements. Their opinion regarding management’s assertion about the effectiveness of internal controls concluded that the assertion was not fairly stated. Furthermore, the auditors’ report on the NRC’s compliance with laws and regulations disclosed three instances of noncompliance.

INVESTIGATIONS

- Together with the OIG for the U.S. Small Business Administration (SBA), the NRC’s OIG conducted a joint investigation on the basis of information that an NRC contractor, which had been awarded a contract under the 8(a) Small Business Competitive Contract Program (8(a) Program), owned a subsidiary company that also received benefits from the 8(a) Program. This investigation revealed that, upon being acquired by the parent company, the subsidiary promptly withdrew from the 8(a) Program in accordance with the SBA’s notification requirements and guidelines.
- After the NRC received complaints from several licensees, the OIG conducted an investigation concerning the conduct of an NRC inspector. This investigation revealed that the NRC inspector made intimidating remarks to the licensees’ employees, and created three false inspection reports. Administrative and possible criminal actions are pending against the inspector.
- The OIG conducted a joint investigation with the Montgomery County (Maryland) Police (MCP) Department on the basis of a complaint that a book of Maryland State Lottery “Scratch-Off” tickets had been stolen from the convenience store at NRC Headquarters. The OIG and MCP identified

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a suspect on the basis of an analysis of the serial numbers of winning tickets contained in the ticket book and the locations where the winning tickets were redeemed and cashed. The investigation culminated in the arrest of the suspect, who was later charged with theft of over \$500.00.

- The OIG conducted an investigation to monitor and support an investigation by the U.S. Department of Energy (DOE) into al-

leged billing irregularities involving work conducted for the NRC under a DOE contract with Idaho National Engineering and Environmental Laboratory (INEEL). The investigation involved an allegation that INEEL personnel were submitting bills to the NRC that did not accurately reflect work done on the NRC contract. The OIG investigation determined that the total contract charges to the NRC were proper.

THE OFFICE OF THE INSPECTOR GENERAL

In passing the Inspector General (IG) Act of 1978, 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 succeeding 23 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.

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; have ready access to agency

heads; issue subpoenas for all necessary information, data, reports, and other documentary evidence; administer oaths for taking testimony; 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 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.

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The National Committee for Employer Support of the Guard and Reserve honored Inspector General Hubert T. Bell at a luncheon at Fort McNair. Deputy Inspector General David C. Lee accepted a plaque on behalf of Mr. Bell. The citation on the plaque recognized Mr. Bell's outstanding service to the national defense through his continuing support of the National Guard and Reserve.

Today, the OIG's primary mission is to assist the NRC by ensuring integrity, efficiency, 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) 2001, the NRC's total budget authority is \$487 million, which includes an appropriation of \$5.5 million for the OIG.

ORGANIZATION AND FUNCTIONS OF THE NRC'S OIG

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 program is designed to provide assurance to the Chairman and to Congress that NRC programs and operations are working efficiently and effectively. Consequently, the audit staff conducts performance and financial audits, as well as special evaluations. Performance audits focus on the NRC's administrative and programmatic operations. Financial audits focus on the NRC's internal control systems, transaction processing, and financial systems. In special evaluations, the OIG considers the implications of NRC programs.

The mission of the OIG's investigative program is to perform investigative activities related to the integrity of the NRC's programs and operations. The majority of the OIG's investigations focus on violations of law or misconduct by NRC employees and contractors, as well as allegations of irregularities or abuses in NRC programs and operations. As a complement to the investigative function, the staff also conducts Event Inquiries, 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. In addition, the OIG investigative staff periodically performs root cause analyses and implements other preventive initiatives such as integrity awareness training.

The OIG's General Counsel (GC) provides independent legal advice on issues concerning criminal law and procedures, evidence, and Constitutional law as they relate to the OIG's investigative program. The GC also develops legal interpretations of appropriation law, financial management statutes and regulations, and procurement and funding rules in support of the OIG's audit program. In addition, the GC conducts and coordinates (as necessary) with other cognizant OIG staff in-depth reviews, and comments on existing and proposed legislation, regulations, directives, and policy issues that affect NRC programs and operations. The intent of these reviews is to assist the agency in prospectively identifying and preventing potential problems.

The RMOS staff formulates and executes the OIG budget, prepares the OIG's *Semiannual Report to Congress*, operates an independent personnel program, manages the OIG's contract audit program, administers the control of OIG funds, administers the information technology programs, coordinates strategic planning activities, and performs a variety of other support functions.

ABOUT THE NRC

The NRC was formed in 1975 to regulate the various commercial and institutional uses of nuclear energy, including nuclear power plants. The agency succeeded the Atomic Energy Commission, which previously held responsibility for both developing and regulating nuclear activities. Federal research and development for all energy sources, as well as nuclear weapons production, are now conducted by the U.S. Department of Energy (DOE).

Under its responsibility to protect public health and safety, the NRC has three principal regulatory functions. Specifically, the NRC (1) establishes standards and regulations, (2) issues licenses for nuclear facilities and users of nuclear materials, and (3) inspects facilities and users of nuclear materials to ensure compliance with the agency's requirements. These regulatory functions relate to both nuclear power plants and other uses of nuclear materials, including nuclear medicine programs at hospitals, academic activities at educational institutions, research, and such industrial applications as gauges and testing equipment, among others.

The NRC places a high priority on keeping the public informed of its work. Toward that end, the agency maintains a current Web site and a public document room. In addition, the agency holds public hearings, public meetings in local areas and at NRC offices, and a variety of discussions with individuals and organizations.

The NRC is headed by a five-member Commission. The Commissioners are appointed to 5-year terms by the President of the United States, with confirmation by the Senate. A Chairman is designated by the President.

The NRC staff numbers approximately 3,000, with roughly two-thirds of the employees working at the agency's headquarters in Rockville, Maryland. The remainder are primarily located in four regional offices or at resident inspector offices at each commercial nuclear power plant and some fuel cycle facilities.



A Public Meeting with the Chairman and Commissioners.

MANAGEMENT CHALLENGES FACING THE NRC

In December 1997, Congressman Armev requested that IGs independently identify the 10 most serious management problems in their respective agencies to help Congress target key problem areas for attention. The NRC's IG complied with the request in January 1998. For subsequent requests, Congress changed the term "problems" to "challenges."

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In December 1998, the IG revised his list of management challenges.

In a September 1999 letter, Congress asked the IG to again update this list and provide a description of the problems, previous work by the OIG and the U.S. General Accounting Office (GAO), and significant open audit recommendations. Further, the letter asked the IG to assess the agency’s efforts to resolve the issues; compare and contrast this year’s listing with those of previous years, with

some explanation; and identify programs that “have had questionable success in achieving results.” To gather sufficient information to respond to the Congressional request, the OIG conducted a special evaluation of the NRC’s most serious management challenges. The results of that evaluation are detailed in the next section of this *Semiannual Report*. The following table summarizes the seven most serious management challenges facing the NRC as of November 22, 2000.

NRC’s Most Serious Management Challenges as of November 22, 2000	
<p>Challenge 1 Development and implementation of an appropriate risk-informed and performance-based regulatory oversight approach</p>	<p>Challenge 5 Intra-agency communication (up, down, and across agency organizational lines)</p>
<p>Challenge 2 Identification, acquisition, and implementation of information technologies</p>	<p>Challenge 6 Regulatory processes that are integrated and continue to meet NRC’s safety mission in a changing external environment</p>
<p>Challenge 3 Administration of all aspects of financial management</p>	<p>Challenge 7 Maintenance of a highly competent staff to carry out NRC’s public health and safety mission (i.e., human capital management)</p>
<p>Challenge 4 Clear and balanced communication with external stakeholders</p>	<p> The challenges are <u>not</u> ranked in any order of importance</p>

THE AUDIT PROGRAM

To help the agency improve its effectiveness during this period, the OIG completed six performance and financial audits, and one Special Evaluation, which resulted in several recommendations and suggestions to NRC management. In addition, the OIG analyzed 16 contract audit reports issued by the U.S. Defense Contract Audit Agency (DCAA).

AUDIT SUMMARIES

Memorandum Report: The National Materials Program Steering Committee

On December 14, 2000, the OIG issued a Memorandum Report, which reflects the results of the OIG's ongoing observation of the National Materials Program Working Group. The NRC formed this working group to develop options for the Commission to use in addressing challenges related to the decreasing number of NRC materials licensees.

Through its ongoing observation, the OIG noted that the relationship between the Working Group and an associated NRC Steering Committee impeded the group's efforts. While the Working Group's function was defined in its charter, the Steering Committee's role was undefined. To correct this, the OIG recommended that the agency (1) clearly define the role and responsibilities of the Working Group's Steering Committee, and (2) develop guidance for all agency steering committees to use in developing their respective roles and responsibilities.

At an exit meeting, NRC management agreed with the OIG's recommendations. Additionally, after receiving the discussion draft of this report, NRC management developed a charter for the National Materials Program Steering Committee, which was approved by the

NRC's Executive Director for Operations (EDO). (*Addresses Management Challenges #1, #4, and #6*)

Special Evaluation of NRC's Most Serious Management Challenges

In December 1997, Congressman Armev requested that IGs independently identify the 10 most serious management problems in their respective agencies to help Congress target key problem areas for attention. The NRC's IG complied with the request in January 1998. In requesting subsequent revisions of these lists, Congressional members changed the word "problems" to "challenges." In a September 1999 letter, Congress asked the IG to again update this list and provide a description of the problems, previous work by the OIG and GAO, and significant open audit recommendations. Further, the letter asked the IG to assess the agency's efforts to resolve the issues; compare and contrast this year's listing with those of previous years, with some explanation; and identify programs that "have had questionable success in achieving results."

This special evaluation report provides Congress with the requested information. To obtain this information and to better focus the list, the IG defined the term "management challenges," and established criteria for modifying the list to add and remove challenges. The IG also identified one open audit

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recommendation relating to the management challenge “administration of all aspects of financial management.”

In recognition of Congress’ interest in agency management issues, the NRC’s most recent strategic plan includes a crosswalk, which clearly shows the connection between the management challenges and steps that the agency is taking to address them. During the course of this evaluation, the IG provided Congress with his revised list of the NRC’s most serious management challenges on November 22, 2000. (*Addresses all Management Challenges*)

Memorandum Report: Review of NRC’s Web Site Privacy Policy: Internet Cookies

The OIG reviewed the NRC’s Web site privacy policy, and issued a related Memorandum Report. This report identifies that the NRC’s Web site privacy policy complies with Federal policies. Neither the NRC nor its third parties collect personally identifiable information concerning individuals who visit the agency’s Web site. Except for authorized investigations, and the gathering of site usage statistics, the NRC makes no attempt to identify individual users or their usage habits. The agency collects information for statistical purposes only. Specifically, this information includes the name of the domain; the type of browser and operating system used to access the site; and the date and time at which the user accessed the site. However, the NRC does not have written policy guidance in its directive system to establish controls over or to prohibit NRC and third parties from collecting personally identifiable information from visitors to the NRC’s Web site.

The OIG recommended that the agency include language in a Management Directive (MD) and in future NRC contracts to establish

management controls over or to prohibit NRC and third party contractors from collecting personally identifiable information from visitors to the NRC’s Web site. Management agreed with this recommendation, and informed the OIG of its plans to issue interim guidance to cover this area until the MD system is updated. (*Addresses Management Challenges #2 and #4*)

Review of NRC’s Quality Assurance Process for Official Documents

Inaccurate information by any Government agency can have harmful consequences for both the decision-making process that relies on such information and the public’s confidence in the agency. The OIG therefore initiated a review to determine whether the NRC has adequate processes in place to ensure that official NRC documents contain accurate information.

The NRC offices contacted during this review employ quality assurance measures to ensure accuracy in the documents that they generate; however, inconsistent practices increase the risk of releasing inaccurate information. Specifically, the role and responsibilities of the NRC’s document originators are unclear in the agency’s guidance pertaining to correspondence. The NRC can improve the quality of its official documents and better achieve its goal of increasing public confidence by (1) providing basic guidance to document originators regarding appropriate methods for verifying facts, and (2) clarifying existing guidance concerning both the role of originators and the document review process. In addition, the report recommended that the EDO take steps to heighten awareness concerning the importance of information accuracy.

At the exit conference, NRC managers agreed with the OIG’s findings and recommendations. During this discussion, both NRC managers and the OIG highlighted the

need for NRC staff to pay close attention to the language that they use in written documents, in order to avoid misinterpretation by the reader. (Addresses Management Challenges #4 and #5)

GPRA: Review of the FY 1999 Performance Report

The Chairman of the Senate Committee on Governmental Affairs requested a review of the NRC's FY 1999 Performance Report. The Government Performance and Results Act (GPRA) requires agencies to prepare three interrelated documents, including a long-term strategic plan, an annual performance plan, and an annual performance report. In March 2000, the NRC published its FY 1999 performance report which contained the results for 29 safety-related performance measures. This audit evaluated the performance data in the FY 1999 performance report.

At least 13 of the 29 safety-related performance measures and results that were reported in the FY 1999 performance report were either invalid or unreliable, as summarized in the following table.

In addition, the performance report did not adequately describe why the NRC failed to meet one performance goal. These problems were caused by inadequate management controls for ensuring the validity and reliability of the performance measures. Specifically, the NRC lacked formal procedures or policies for addressing data collection, reporting results, and assigning staff responsibilities. While the NRC is taking action to correct many of these deficiencies, some of the improvements to strengthen reliability will not be in place until after FY 2000. Consequently, the FY 2000 performance report will also have reliability problems.

The OIG recommended that the NRC's Chief Financial Officer (CFO) (1) develop the management control procedures needed to produce valid and reliable data, (2) implement these management controls immediately in interim policy guidance, and (3) institutionalize the controls in a Management Directive. (Addresses Management Challenges #3, #4, and #5)

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SUMMARY OF INVALID MEASURES		
Strategic Arenas	Total Number of Performance Measures	Number of Invalid Measures
Nuclear Reactor Safety	8	2
Nuclear Materials Safety	14	6
Nuclear Waste Safety	6	4
International Nuclear Safety Support	1	1
TOTAL	29	13

Memorandum Report: Review of NRC's Implementation of the Federal Manager's Financial Integrity Act (FMFIA) for Fiscal Year 2000

The FMFIA was enacted on September 8, 1982, in response to continuing disclosures of waste, loss, unauthorized use, and misappropriation of funds or assets associated with weak internal controls and accounting systems. 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. The FMFIA also requires that, each year, the head of each executive agency (subject to the FMFIA) submit a report to the President and Congress on the status of management controls and financial systems that protect the integrity of agency programs and administrative activities. The NRC makes its FMFIA assessment and report in its annual *Accountability Report*.

For FY 2000, the NRC complied with FMFIA requirements. Although the NRC is not reporting any material weaknesses, the OIG will continue to report two weaknesses, including

(1) the absence of a managerial cost accounting process, and (2) inadequate controls over the NRC's license fee development process. These are the same material weaknesses that were referenced in the OIG's FY 1999 reports on the FMFIA and financial statements. In FY 1999, the managerial cost accounting weakness also included an inability to aggregate pay

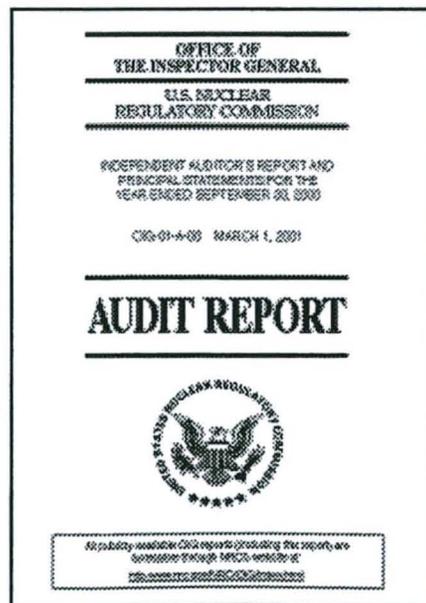
transactions to the strategic arena level. In FY 2000, the agency developed an interim data collection method that resolved this aspect of the material weakness.

The OIG first reported the lack of managerial cost accounting as a material weakness in its reports on the FMFIA and financial statements for FY 1998. The NRC is actively pursuing a resolution of this issue. Although the NRC advised the OIG that the agency took corrective actions for its license fee development process, these actions were not completed until the beginning of FY 2001. As a result, the condition remained in effect for the entire fiscal year. The OIG will assess the adequacy of the corrective actions during fiscal years 2001 and 2002.

The CFO and the EDO disagreed with the OIG's assertion that the lack of managerial cost accounting and management control deficiencies over fee development are material weaknesses. The OIG will continue to report these issues as material weaknesses until the agency implements corrective actions. (*Addresses Management Challenge #3*)

Independent Auditor's Report and Principal Statements for the Year Ended September 30, 2000

The Chief Financial Officers Act requires the OIG to annually audit the NRC's Principal Financial Statements. To meet this mandate, the OIG obtains the services of an independent, external audit firm to perform the audit, with OIG oversight. The independent auditors' report contains (1) the principal statements and the auditors' opinion on those statements, (2) the auditors' opinion on management's assertion about the effectiveness of internal



controls, and (3) a report on the NRC's compliance with laws and regulations. In addition, an appendix to the report contains written comments that the auditors obtained from the CFO.

Principal Statements: The auditors issued an unqualified opinion on the Balance Sheet, and the Statements of Changes in Net Position, Net Cost, Budgetary Resources, and Financing.

Internal Controls: In their opinion on management's assertion about the effectiveness of internal controls, the auditors concluded that management's assertion was not fairly stated. The auditors reached this conclusion because management did not identify the lack of managerial cost accounting and the lack of management controls for license fee development as material weaknesses (see *Review of NRC's Implementation of the Federal Manager's Financial Integrity Act for Fiscal Year 2000*, page 8). The auditors also identified one new reportable condition and closed four prior-year reportable conditions. The new condition concerns inadequate documentation of debt collection activities.

Laws and Regulations: The auditors' report on the NRC's compliance with laws and regulations disclosed three instances of noncompliance:

- The NRC did not comply with the Debt Collection Improvement Act of 1996.
- The NRC's license fee rates (established under Title 10, Part 170, of the *Code of Federal Regulations*, 10 CFR Part 170) are not based on full cost.
- The NRC did not implement managerial cost accounting, as required by Statement of Federal Financial Accounting Standard Number 4. This issue is a substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA).

The CFO generally agreed with the auditors' recommendations, and stated that corrective action has been taken or is underway. The OIG will follow up on the CFO's corrective action during the audit of the NRC's FY 2001 financial statements. (*Addresses Management Challenge #3*)

AUDITS IN PROGRESS

NRC's Safety Evaluation Process

In February 2000, an event occurred at the Indian Point 2 nuclear power plant involving a ruptured steam generator tube. In April 2000, a Congressional representative requested a thorough audit of recent safety evaluations to determine the adequacy of the NRC's process. As a result, OIG auditors initiated a review of the NRC's safety evaluation process. (*Addresses Management Challenges #1 and #6*)

Review of Un-Billed Subcontractor Costs

An NRC contractor identified over \$500,000 of subcontractor costs that had not been billed. In January 2001, the contractor submitted an invoice to the NRC. The OIG is assessing the validity and reliability of the data to support the unbilled costs. (*Addresses Management Challenge #3*)

Accountability and Control Over Non-Capitalized Information Technology Equipment

The OIG initiated this review to determine if (1) NRC policies governing the accountability and control over the agency's non-capitalized information technology (IT) equipment adhere to applicable laws and regulations; (2) these policies, as implemented, provide reasonable

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safeguards to deter and prevent loss through fraud, waste, or misuse; and (3) the official database for NRC property transactions reflects accurate information regarding the agency's non-capitalized IT equipment. (*Addresses Management Challenges #2 and #3*)

NRC's Dry Cask Storage Program

A permanent repository to accept commercial nuclear reactor spent fuel did not begin operations as anticipated. Meanwhile, commercial reactor licensees must find a way to store spent fuel. Dry casks, which are heavily shielded containers used to store radioactive material including spent fuel, are currently being used for interim storage, and their use is expected to grow considerably in the future. The NRC must approve designs for spent fuel dry cask storage systems, and has approved 13 cask designs with additional certifications planned. The OIG initiated this review to determine if the dry cask certification process is efficient and effective. (*Addresses Management Challenges #1 and #6*)

Impact on NRC of the Loss of Materials Licensees to Agreement States

A decreasing number of NRC licensees are bearing the burden of increasing fees to support the NRC's efforts, some of which benefit non-NRC licensees and Agreement States. Given the importance of maintaining an equitable fee structure, the OIG is reviewing the NRC's efforts to address the impacts of the loss of materials licensees to Agreement States. (*Addresses Management Challenges #3 and #6*)

Workforce Planning

One of the most serious management challenges facing the NRC is the maintenance of a highly competent staff to carry out the agency's public health and safety mission. One aspect of "human capital management," or "workforce planning," is aimed at achieving labor continuity so that when employees leave the agency, the NRC has developed candidates to fill those positions. The OIG initiated this review to evaluate the components of workforce planning, assess the agency's workforce planning efforts to date, and determine which offices are in the greatest need of workforce planning attention. (*Addresses Management Challenge #7*)

Phase III Review of NRC's Critical Infrastructure Assurance Program

The President's Council on Integrity and Efficiency (PCIE) is coordinating a broad-based effort among all OIGs to review the Nation's critical infrastructure assurance programs. A previous OIG audit, *NRC's Efforts to Protect Its Critical Infrastructure: Presidential Decision Directive 63* (Phase I of the Critical Infrastructure Protection Review), reviewed the adequacy of agency planning and assessment activities for protecting the agency's cyber-based (computer) infrastructures. During this audit, the OIG will review the adequacy of the agency's planning and assessment activities to protect critical, physical (non-cyber-based) infrastructures and, more specifically, the agency's plans, asset identification efforts, and initial vulnerability assessments. (*Addresses Management Challenge #2*)

SIGNIFICANT RECOMMENDATIONS NOT YET COMPLETED

NRC Compliance with the Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires that agencies shall establish a remediation plan when their financial systems do not comply with the provisions of the Act. The remediation plan is to include resources, remedies, and intermediate target dates to bring the agency's systems into compliance. An agency then has 3 years to implement its plan. Section 804(b) of the FFMIA requires that IGs who prepare semiannual reports to Congress must report instances and reasons when an agency has not met the intermediate target dates established in its remediation plan.

On March 1, 1999, the OIG reported a substantial noncompliance with the FFMIA because the NRC had not implemented a cost accounting process as required by Statement of Federal Financial Accounting Standards Number 4. The NRC's OCFO submitted a remediation plan dated July 19, 1999, and a revised plan dated November 17, 1999. Full implementation of cost accounting was scheduled for May 2001. The agency has revised that date, and now plans to implement cost accounting by October 1, 2001. The NRC is preparing another revision to the remediation plan to reflect the revised date. The delay is primarily attributable to problems in implementing the NRC's payroll and time and labor system, which is integral to achieving the agency's cost accounting objectives.

At this time, the NRC still anticipates meeting the required 3-year implementation window. The OIG will continue to monitor the agency's progress and report, as needed, in future semiannual reports.

THE INVESTIGATIVE PROGRAM

During this reporting period, the OIG received 136 allegations, initiated 27 investigations, and closed 19 cases. In addition, the OIG made 37 referrals to NRC management.

INVESTIGATIVE CASE SUMMARIES

Suspected Small Business Administration Fraud by an NRC Contractor

Together with the OIG for the U.S. Small Business Administration (SBA), the NRC's OIG conducted a joint investigation concerning possible fraud related to an NRC contract awarded under the 8(a) Small Business Competitive Contract Program (8(a) Program). A small business set-aside is an acquisition exclusively or partially reserved for the participation of small business concerns pursuant to the Small Business Act. It restricts the competition to small business concerns that qualify under the applicable standards.

During the investigation, the OIG learned that an NRC contractor, which had been awarded a competitive 8(a) Program contract valued at \$2.1 million, owned a subsidiary company that also received benefits from the 8(a) Program. SBA rules prohibit more than 20-percent ownership of one 8(a) Program contractor by another 8(a) Program contractor while the subsidiary business continues to receive competitive contracts and benefits from the 8(a) Program.

The OIG determined that both the parent and subsidiary companies made appropriate and timely notification to the SBA regarding their changes in 8(a) Program eligibility. Furthermore, the subsidiary company withdrew from the 8(a) Program upon its acquisition by

the parent company. Consequently, the OIG determined that there was no intent to defraud the Government by either company. (*Addresses Management Challenge #3*)

Misuse of Government Travel Cards by NRC Employees and an NRC Manager

The OIG conducted three investigations following a review of NRC travel account summary records. That review indicated that three NRC employees may have used their Government Citibank Visa credit cards to make personal purchases.

The OIG investigation disclosed that one NRC employee used the Government credit card to complete 32 personal purchases totaling \$1,351.33. A second NRC employee used the Government credit card to complete 33 personal purchases totaling \$1,001.62. The third employee, an NRC manager, used the Government credit card to complete seven personal purchases totaling \$363.80. All three NRC employees admitted misusing their Government credit card to make personal purchases in violation of NRC and Government directives. The United States Attorney's Office declined criminal prosecution of the three NRC employees in lieu of administrative actions by the NRC.

Falsification of Inspection Reports by an NRC Inspector

The OIG conducted an investigation after several NRC licensees complained that an NRC
(continued on next page)

inspector had made intimidating remarks during inspections of their facilities. According to the licensees, during inspections, the inspector made threatening statements about arresting a radiation safety officer, about revoking materials licenses, as well as other clearly inappropriate comments.

The OIG investigation revealed that the inspector had, in fact, made intimidating remarks to NRC licensees, and that he also manufactured three false inspection reports. The OIG determined that this inspector cited several licensees with written violations of NRC regulations that, in fact, did not exist. Consistent with NRC regulations, the inspector would be required to file duplicate copies of the written violations in the official NRC files. However, the OIG found that the inspector created false inspection reports indicating that there were no violations as a result of these inspections, and entered these reports in the official NRC file. Administrative and possible criminal actions are pending against the inspector. (*Addresses Management Challenges #4 and #6*)

Threatening Telephone Calls to the Home of an NRC Resident Inspector

The OIG conducted an investigation after an NRC resident inspector at a nuclear power plant in Tennessee reported that he received a threatening and obscene telephone call at his residence from an unknown caller. The resident inspector was concerned that the threat was related to his official duties.

The OIG investigation identified and located the suspect, who admitted to the OIG that he had placed more than 100 harassing telephone calls to various numbers from his residence while under the influence of alcohol. The OIG determined that the suspect's call to the resident inspector was purely random, and was unrelated to the inspector's NRC employment.

The District Attorney's Office having jurisdiction declined to prosecute the matter. (*Addresses Management Challenge #6*)

Theft of Lottery Tickets from NRC Convenience Store

The OIG and the Montgomery County (Maryland) Police (MCP) Department conducted a joint investigation on the basis of a complaint that a book of Maryland State Lottery "Scratch-Off" tickets had been stolen from the convenience store located in the NRC Headquarters building. The store is operated by its owner, who is legally blind.

The OIG and MCP identified a suspect on the basis of an analysis of the serial numbers of winning tickets contained in the ticket book and the locations where the winning tickets were redeemed and cashed. Additionally, a criminal history check determined that there was an outstanding extraditable arrest warrant for the suspect in the District Court of Washington, DC.

The OIG and MCP located and arrested the suspect as a fugitive from justice, and transported him to the MCP Detention Center to await extradition to the Washington Metropolitan Police Department (MPD). While in custody, the suspect admitted to the theft of the lottery tickets from the NRC convenience store. The MCP remanded custody of the suspect to the MPD, and referred charges against the suspect to the Maryland District Court for theft over \$500.00.

Overbilling of an NRC Contract by a Department of Energy Contractor

The OIG conducted an investigation to monitor and support an investigation by the U.S. Department of Energy (DOE) into alleged billing irregularities involving work conducted

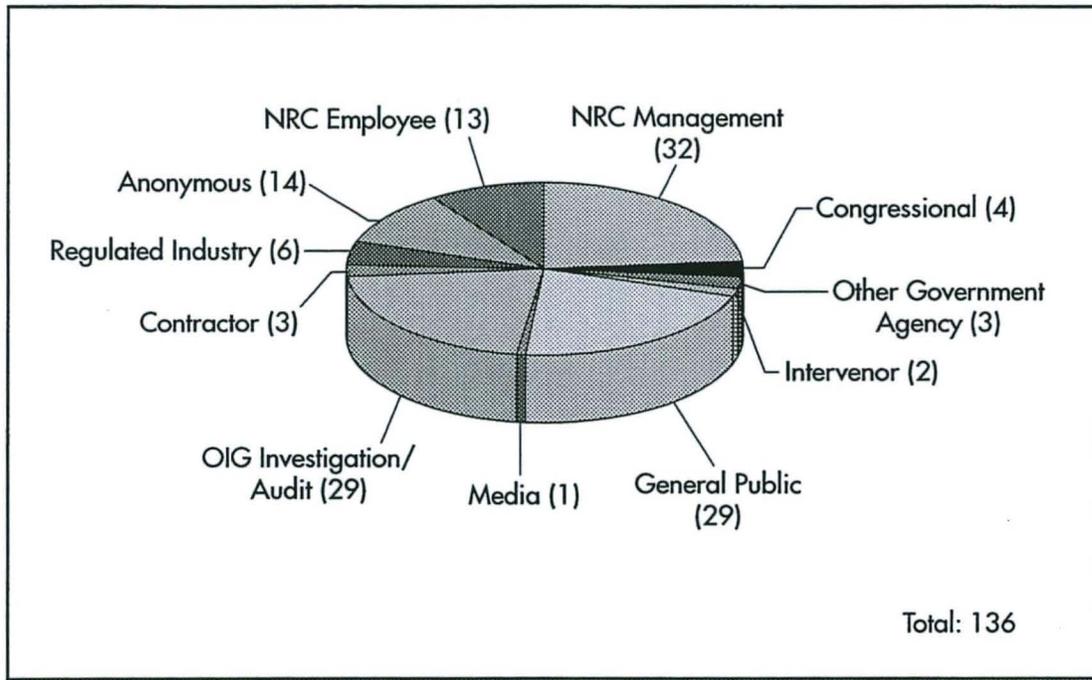
for the NRC under a DOE contract with Idaho National Engineering and Environmental Laboratory (INEEL). The investigation involved an allegation that INEEL personnel were improperly charging tasks under an NRC job code. This practice resulted in bills being submitted to the NRC that did not accurately reflect the work done for the NRC. The billing irregularities were brought to the attention of the Government by an internal audit performed by the contractor.

The OIG investigation determined that the inaccurate bills submitted by INEEL personnel did not inflate the total contract charges to the NRC for work performed on the contract. Also, the investigation disclosed that the NRC staff was not aware of billing irregularities until notified by the DOE contractor. (*Addresses Management Challenge #3*)

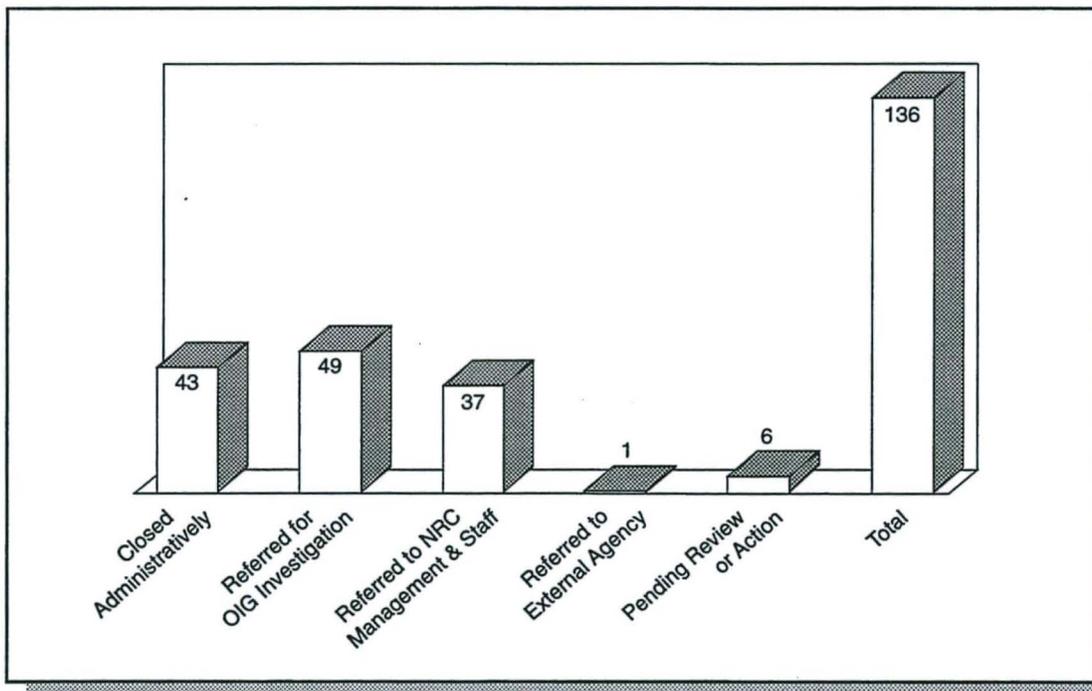
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INVESTIGATIVE STATISTICS

Source of Allegations — October 1, 2000 through March 31, 2001



Disposition of Allegations — October 1, 2000 through March 31, 2001



Status of Investigations

DOJ Referrals	11
State/Local Referrals	0
Acceptance for Prosecution	2
Prosecutions Declined	9
Pending DOJ Action	0
Indictments and Arrests	2
Convictions	0
PFCRA Referrals	0
PFCRA Recoveries	0
Other Recoveries	0
NRC Administrative Actions:	
Terminations and Resignations	1
Suspensions and Demotions	2
Other Administrative Actions	9
Counseling	6

Summary of Investigations

<i>Classification of Investigations</i>	<i>Carryover</i>	<i>Opened Cases</i>	<i>Closed Cases</i>	<i>Cases In Progress</i>
A - Conflict of Interest	2	1	1	2
B - Internal Fraud	0	0	0	0
C - External Fraud	6	7	2	11
D - False Statements	2	2	1	3
E - Theft	0	2	1	1
F - Misuse of Government Property	4	8	5	7
G - Employee Misconduct	2	2	4	0
H - Management Misconduct	3	2	1	4
I - Technical Allegations — Other	3	2	4	1
J - Whistleblower Reprisal	0	1	0	1
Total Investigations	22	27	19	30
Total Event Inquiries	3	2	0	5
Investigative Initiatives	6	17	6	17

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 NRC Management Directives requiring submission of all draft legislation, regulations, and policies to the OIG facilitates this statutory review. The OIG conducts its regulatory reviews by examining submitted documents reflecting regulatory, statutory and policy actions. Proposed actions and revisions are measured against standards that evaluate the potential for fraud, as well as efficiency and effectiveness. The review also encompasses issues raised in OIG investigations, audits, and prior regulatory commentaries.

The primary objectives of the regulatory review program are to systematically examine agency actions, and to establish a dialogue to eliminate vulnerability to fraud, waste, and abuse within the agency. It also serves 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 and discussions. In order to more effectively track agency responses to regulatory review comments, the OIG now requests written replies within 90 days, with either a substantive reply or the status of issues raised by the OIG.

From October 1, 2000, through March 31, 2001, the OIG reviewed more than 150 agency documents, including approximately 75 documents issued by the Office of the Secretary (SECYs) and 75 *Federal Register* notices, regulatory actions, and statutes. The most significant commentaries are summarized in the following paragraphs.

As stated in the "Objectives" section of Management Directive 1.1, the purpose of the NRC's Management Directive System is to effectively communicate policies, objectives, responsibilities, authorities, requirements, guidance, and information to NRC employees. This type of objective and specific direction is a critical element in avoiding fraud and abuse in agency programs and operations. Therefore, the NRC's OIG expends significant effort in reviewing and commenting on these directives.

During this period, a revision to Management Directive 14.1, "Travel," raised concerns that the OIG discussed at length with agency officials. Specifically, the language of the revision failed to specify any criteria for approval of premium class travel under the category of "mission of the agency." The OIG raised the concern that implementation guidance is essential for approval of this type of expenditure. This issue is undergoing further review by the agency.

Another comment addressed concerns related to Management Directive 8.1, "Abnormal Occurrence Reporting Procedure." Specifically, the OIG identified areas that need clarification, with specific emphasis on the status of Agreement States and the roles of agency officials in the reporting procedures.

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The agency revised the draft directive to refine its provisions regarding Agreement States, and added information to specify the responsibilities of agency officials.

Publication of complex or controversial Management Directives entails repeated, long-term editing and revision. Draft versions of Management Directive 8.11, the "Review Process for 10 CFR 2.206 Petitions," has been reviewed and subjected to comments by the OIG in 1995, 1999, and again during this reporting period. The common elements of the OIG's comments have been the need for clarity and equity. Clear communication is an issue of prime importance to the agency, evidenced by inclusion as one of the "Most Serious Management Challenges Facing the U.S. Nuclear Regulatory Commission." Therefore, the OIG recounted that improved notice and contact provisions to ensure that petitioners receive timely and complete responses are essential for the petition process to have credibility. The current comment focused on protecting petitioners' identities in cases where disclosure could potentially result in retaliation. In this case, the agency failed to revise the directive to correct this vulnerability.

The OIG also commented on the agency's draft revision to the "Citizen Guide." Here, the OIG provided entirely new language for the section that describes the Office of the Inspector General.

In addition, the OIG provided comments regarding the revised version of NRC Inspection Manual Chapter 0801, "Program Feedback." Specifically, the OIG's review of this document revealed inconsistencies between position description responsibilities, which appeared to be arbitrarily restricted by reference to budget limitations. The OIG also expressed concern that ambiguous or overly restrictive direction could inadvertently compromise safety issues.

The OIG also provided observations and suggestions to the President's Council on

Integrity and Efficiency (PCIE). Four of these related to guidance documents that were submitted by the Association of Inspectors General. Several related documents addressed proposed legislation, including endorsement of statutory law enforcement authority. The OIG also provided an assessment of the *PCIE Strategic Plan*, offering comments that encourage emphasis on the core mission functions of the IGs.



THE OIG PARTICIPATES IN NRC CRIME PREVENTION/SECURITY AWARENESS PRESENTATION

On December 5, 2000, the OIG participated in a very comprehensive Crime Prevention and Security Awareness presentation sponsored by the NRC Office of Administration. This session was filled with a variety of hints on how individuals can reduce their chances of becoming crime victims by understanding the risks and knowing the "little things that can make a big difference in crime prevention."

James M. Coady, an OIG Sr. Criminal Investigator, began his remarks with some revealing statistics regarding laptop security. For example, Mr. Coady noted that 1 out of 10 notebook computers will be stolen, and only 10 percent of those stolen will ever be recovered. Most of the notebook computers will be broken up for parts.

Mr. Coady stated that laptops are theft targets because they are small and easily

concealed, and the people carrying them are often tired, busy, or distracted. To avoid theft, he suggested leaving laptops in car trunks, rather than in the car itself; carrying them in sports bags, rather than computer bags; not leaving them in the open in a hotel; and not putting them in a taxi trunk with other luggage. Computers should be treated as though they are cash, he said, and those carrying them should be wary anytime they put them down.

Mr. Coady also described the top 10 current Internet scams, which are (1) Internet auction fraud, (2) Internet service provider scams, (3) adult services credit card fraud, (4) pay-per-call scams, (5) Web design and promotions, (6) work-at-home schemes, (7) multi-level marketing or pyramid schemes, (8) travel and vacation fraud, (9) health care fraud, and (10) investment schemes.

The Crime Prevention/Security Awareness Presentation generated a very positive response, so much so that the sponsoring office received many requests for more repeat sessions.

DEVELOPING THE AUDIT REPORT THROUGHOUT THE AUDIT PROCESS

In this fast-paced age, the busy executive needs to understand an audit report with one rapid reading.

The product of an audit is a report. To be effective, it should present the subject matter objectively, and be written in a manner that fosters management acceptance of the recommendations. All reports should emphasize opportunities for future improvements, rather than criticism of the past.

In its ongoing effort to make audits as useful as possible to NRC management, the OIG

sponsored a 4-day seminar presented by Wayne A. Knoll, PhD, a professor of English at Georgetown University. The emphasis was that audit work does not add value unless it is reported in a clear and concise manner that can be easily understood by both program managers and those unfamiliar with the audited subject.

Dr. Knoll reviewed a sample of audit reports in detail, and found them to be effective. However, he offered several suggestions to improve the report format and strengthen the message. For example, he suggested using deductive reasoning, and concentrating on keeping the message focused on what needs to be improved. He also suggested using more graphs, charts, pictures, and tables — a graph or picture being worth a thousand words. Dr. Knoll also met with each auditor one-on-one, to comment on their written products. The consensus of all who participated is that Dr. Knoll's seminar will improve the quality of the OIG's audit reports.

If you have comments or suggestions for further audit report improvements, contact OIG Audits at 301-415-5915, or email sdd@nrc.gov.

HUBERT T. BELL, KEYNOTE SPEAKER AT THE BLACK HISTORY MONTH OBSERVANCE AT THE U.S. IMMIGRATION AND NATURALIZATION SERVICE IN WASHINGTON, DC

Hubert T. Bell, the NRC's Inspector General, served as keynote speaker at the Black History Month Observance at the U.S. Immigration and Naturalization Service, Washington District Office, on February 14, 2001. Mr. Bell began his speech by stating that "Black History Month is a time to reflect on

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Hubert T. Bell, Inspector General (first row, far right) as keynote speaker at the Black History Month Observance at the U.S. Immigration and Naturalization Service in Washington, DC.

those whose lives and deeds helped to make our country and our world great, and to create the opportunities and the freedoms we now enjoy. But it is also a time to look ahead, and to ask ourselves whether the path we're on is the right path, the one for which so many great African American men and women worked and sacrificed, including a very true man of history — the Reverend Martin Luther King, Jr.”

Mr. Bell continued by saying that he is convinced that nothing poses a greater and more direct threat to the future of the African American community than drugs and violence. He followed with some thought-provoking statistics:

- 15 children a day, ages 19 and under, are killed in gun homicides, suicides, and unintentional shootings.
- 2 in 25 high school students are wounded every day.

- 7.9 percent of high school students have carried a gun in the last 30 days.
- Firearm homicide is the leading cause of death for black men between the ages of 15 and 34.
- An African American boy born this year has a 1 in 27 chance of death by homicide.

Mr. Bell also stated that it is a daunting but necessary challenge for us to make a difference in the lives of young African American men and women because they are our future. Drugs and violence are threatening that very precious future. Each person today must get involved, and make it a personal crusade to make a difference by drawing inspiration

from the legacy of Dr. King and the many others who came before us. We need to help those who want to get off drugs, and arrest those who manufacture and sell them. We must continue to address the problem of chronic, hard-core drug use, since this cycle fuels the demand for drugs in this country. We need to make more drug treatment available to help the drug users piece their lives back together. Most of all, we must put even greater emphasis on drug education and prevention to help reach our young people before drugs take over their lives.

Mr. Bell concluded his speech by proclaiming that real change is coming, if we only have the courage to make it happen. He went on to assert that, in the spirit of Dr. Martin Luther King's words, *“I look forward to a time when we will hear more about cooperation than alienation, more about hopefulness than helplessness, more about fair play than gun play, and more about routine acts of courage than random acts of violence.”*

APPENDICES

AUDIT LISTINGS

Internal Program Audit and Special Evaluation Reports

Date	Title	Audit Number
12/14/00	<i>Memorandum Report: The National Materials Program Steering Committee</i>	OIG-01-A-01
01/31/01	<i>Special Evaluation of NRC's Most Serious Management Challenges</i>	OIG-01-A-04
01/16/01	<i>Memorandum Report: Review of NRC's Web Site Privacy Policy: Internet Cookies</i>	OIG-01-A-08
02/23/01	<i>Review of NRC's Quality Assurance Process for Official Documents</i>	OIG-01-A-02
02/23/01	<i>Government Performance and Results Act: Review of the Fiscal Year 1999 Performance Report</i>	OIG-01-A-03
02/23/01	<i>Memorandum Report: Review of NRC's Implementation of the Federal Manager's Financial Integrity Act for Fiscal Year 2000</i>	OIG-01-A-07
03/01/01	<i>Independent Auditors' Report and Principal Statements for the Year Ended September 30, 2000</i>	OIG-01-A-06

Contract Audit Reports

OIG Issue Date	Contractor/ Contract Number	Questioned Costs	Funds Put to Better Use
10/12/00	Beckman and Associates, Inc. NRC-03-98-021	0	0
11/21/00	Advanced Technologies and Laboratories RS-NMS-00-014	0	0
11/30/00	Battelle Pacific Northwest Division RS-NMS-00-014	0	0
12/06/00	S. Cohen & Associates RS-NMS-00-014	0	0
12/08/00	Link Technologies, Inc. RS-NMS-00-014	0	0
12/15/00	Risk Engineering, Inc. NRC-04-96-037	0	0
02/02/01	Comprehensive Health Services, Inc. RS-HR-99-291	0	0
02/02/01	Energy Research, Inc. NRC-04-92-045 NRC-04-92-046	0 0	0 0
02/15/01	CEXEC Inc./Sytel Corporation NRC-33-96-194	0	0
02/15/01	CEXEC Inc./Sytel Corporation NRC-33-96-194	0	0
02/15/01	Sytel, Inc. NRC-33-96-194	0	0

Contract Audit Reports (continued)

OIG Issue Date	Contractor/ Contract Number	Questioned Costs	Funds Put to Better Use
03/05/01	The IT Group NRC-26-91-292	0	0
03/05/01	The IT Group NRC-26-91-292	0	0
03/26/01	FMF Corporation RS-HR-99-291	0	0
03/26/01	Southwest Research Institute NRC-02-97-001		
	NRC-02-97-009	0	0
	NRC-02-98-002	0	0
	NRC-02-98-007	0	0
03/26/01	The Arora Group, Inc. RS-HR-99-291	0	0

AUDIT TABLES

During this reporting period, the OIG analyzed 16 contract audit reports issued by the DCAA.

Table I. Post-Award Findings

OIG Reports Containing Questioned Costs October 1, 2000 – March 31, 2001			
Reports	Number of Reports	Questioned Costs (Dollars)	Unsupported Costs (Dollars)
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

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

Table II. Pre-Award Findings

**OIG Reports Issued with Recommendations
That Funds Be Put to Better Use
October 1, 2000 – March 31, 2001**

Reports	Number of Reports	Dollar Value of Funds
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:		
(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

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

ABBREVIATIONS

CFO	Chief Financial Officer (NRC)
CFR	<i>Code of Federal Regulations</i>
DCAA	U.S. Defense Contract Audit Agency
DOE	U.S. Department of Energy
EDO	Executive Director for Operations (NRC)
EI	Event Inquiry
FFMIA	Federal Financial Management Improvement Act of 1996
FMFIA	Federal Manager's Financial Integrity Act
FY	Fiscal Year
GAO	U.S. General Accounting Office
GC	General Counsel (OIG)
GPRA	Government Performance and Results Act
IG	Inspector General
INEEL	Idaho National Engineering and Environmental Laboratory
IT	information technology
MCP	Montgomery County (Maryland) Police Department
MD	Management Directive(s)
MPD	Washington Metropolitan Police Department
NRC	U.S. Nuclear Regulatory Commission
OCFO	Office of the Chief Financial Officer (NRC)
OIG	Office of the Inspector General
PCIE	President's Council on Integrity and Efficiency
RMOS	Resource Management and Operations Support (OIG)
SBA	U.S. Small Business Administration
SECY	Office of the Secretary of the Commission (NRC)

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.

CITATION	REPORTING REQUIREMENTS	PAGE
Section 4(a)(2)	Review of Legislation and Regulations	19–20
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	5–9, 13–15
Section 5(a)(2)	Recommendations for Corrective Action	7–9
Section 5(a)(3)	Prior Significant Recommendations Not Yet Completed	11
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	13, 14
Section 5(a)(5)	Information or Assistance Refused	None
Section 5(a)(6)	Listing of Audit Reports	23–25
Section 5(a)(7)	Summary of Significant Reports	5–9, 13–15
Section 5(a)(8)	Audit Reports — Questioned Costs	26
Section 5(a)(9)	Audit Reports — Funds Put to Better Use	27
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 the OIG Disagreed	None



THE NRC OIG HOTLINE

The OIG established a toll-free number (1-800-233-3497) to provide NRC employees, contractors, and others with direct access to the OIG's Hotline Program. Hotline procedures and guidelines were carefully developed to ensure the confidentiality (unless totally unavoidable) of NRC employees wishing to report incidents of possible fraud, waste, and abuse within the NRC. Trained OIG staff are available to answer calls Monday through Friday, between 9 AM and 4 PM (eastern standard time).



Individuals may also provide information to hotline personnel by writing to the following address:

**U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program
Mail Stop T-5 D28
Washington, DC 20555-0001**

