



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

June 22, 2016

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Maureen E. Wylie */RA/*
Chief Financial Officer

Victor M. McCree */RA/*
Executive Director for Operations

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S REACTOR
BUSINESS LINES' COMPLIANCE WITH AGENCY NON-
FINANCIAL INTERNAL CONTROL GUIDANCE
(OIG-15-A-16)

Please see below a status update pertaining to the subject audit report of June 24, 2015, and the Office of the Inspector General (OIG) correspondence of February 4, 2016.

Recommendation 1

Implement NRC Management Directive and Handbook 4.4, Internal Control, non-financial internal control requirements.

Status

Agree. Staff has updated the template for the business line Internal Control Plans to better align with the current Nuclear Regulatory Commission (NRC) Management Directive (MD) and Handbook 4.4. After the Office of Management and Budget (OMB) issues the revised Circular A-123, *Management's Responsibility for Risk Management and Internal Control*, staff will update the MD and Handbook 4.4. OMB has postponed issuing the revised A-123 and has issued several interim drafts for Federal agency comments. Staff expects OMB to issue the revised A-123 by the end of Fiscal Year (FY) 2016. In the meantime, staff has proceeded to issue the *Interim Guidance for Programmatic Internal Control*. The Interim Guidance will be limited to superseding MD 4.4 Handbook, Section III, *Assessment of Internal Control over Program Operations (Non-Financial)*. The revision to MD 4.4 will address the updates to A-123.

CONTACT: David Holley, OCFO
301-415-7325

Houman Rasouli, OEDO
301-415-7536

Milestones:

- Issue *Interim Guidance for Programmatic Internal Control* – Completed ([ML16155A251](#))
- Update the Business Line Internal Control Plans – Completed (New Template [ML16155A232](#))
- OMB to issue the revised Circular A-123 – Expected in FY 2016 Q4 instead of Q2
- Update MD 4.4 and Handbook – March 2018

Recommendation 2

Implement steps that hold program managers and staff accountable for meeting their responsibility for adhering to internal control.

Status

Agree. On March 31, 2016, the agency established a Senior Management Council called the Programmatic Senior Assessment Team (PSAT), as identified in MD 4.4 for oversight of internal control over program operations.

Milestones:

- Establish a Senior Management Council – Completed (Memo and Charter [ML16067A159](#))

Recommendation 3

Develop internal control training and guidance to include mandatory standalone courses for managers and staff, and incorporate internal control responsibilities in the NRC formal developmental programs.

Status

Agree. On March 30, 2016, the Chief Financial Officer (CFO) issued a Yellow Announcement on the importance of internal control and enterprise risk management. The CFO also recorded a video message to the agency on March 25, 2016, regarding the importance of internal control and the agency's compliance with the Federal internal control requirements. The video is currently available on the Internal Control and Planning Branch (ICPB) SharePoint site ([CFO Internal Control Video](#) link). Regarding the standalone training course on internal control, staff have developed a draft version and are working to launch it in iLearn in September. Once complete, staff will issue a Yellow Announcement regarding the course availability that will also include the CFO video message discussed above. In addition, staff has scheduled speakers from OMB and the Government Accountability Office (GAO) to present at the NRC Executive Leadership Seminar series on September 19, 2016, on the topics of internal control, enterprise risk management, and GAO's Standards for Internal Control in the Federal Government (Green Book).

Milestones:

- Issue a Yellow Announcement on the importance of internal control and risk management – Completed ([YA-16-0035](#))
- Obtain approval from the NRC Human Capital Council to designate a standalone course

on internal control as one-time mandatory training for all staff, managers, and contractors – July 2016

- Update and launch the course in iLearn with Yellow Announcement announcing its availability along with a video message from the CFO – September 2016
- Work with OEDO and the Office of the Chief Human Capital Officer to bring speakers from the GAO and OMB to discuss internal control, enterprise risk management, and GAO's Green Book – September 2016
- OMB to issue the revised Circular A-123 – Expected in FY 2016 Q4 instead of Q2
- Incorporate a video of the GAO and OMB speakers into the NRC Supervisor Development Program, Nuclear Safety Professional Development Program, Leadership Potential Program, and Senior Executive Service Candidate Development Program – November 2016

cc: S. Zane, OIG
J. Gordon, OIG
P. Rades, OIG
R. Lewis, OEDO
J. Jolicoeur, OEDO

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- Update and launch the course in iLearn with Yellow Announcement announcing its availability along with a video message from the CFO – September 2016
- Work with OEDO and the Office of the Chief Human Capital Officer to bring speakers from the GAO and OMB to discuss internal control, enterprise risk management, and GAO’s Green Book – September 2016
- OMB to issue the revised Circular A-123 – Expected in FY 2016 Q4 instead of Q2
- Incorporate a video of the GAO and OMB speakers into the NRC Supervisor Development Program, Nuclear Safety Professional Development Program, Leadership Potential Program, and Senior Executive Service Candidate Development Program – November 2016

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ADAMS Accession No: ML16155A225

CFO-0009

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NAME	DHolley	RAllwein	BFicks	MCMuessle	VMMcCree	MEWylie
DATE	06/06/16	06/06/16	06/06/16	06/09/16	06/ 22/16	06/22/16