



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

December 23, 2016

MEMORANDUM TO: Brett M. Baker
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Maureen E. Wylie **/RA Mary C. Muessle acting for/**
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 July 13, 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. The Office of Management and Budget (OMB) issued the revised Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, in mid-July and the staff is working on updating the MD 4.4 and Handbook. In the meantime, staff has issued the *Interim Guidance for Programmatic Internal Control*. The Interim Guidance is limited to superseding MD 4.4 Handbook, Section III, *Assessment of Internal Control over Program Operations (Non-Financial)* and Section V, *Assurance Certifications, Chairman's Statement, and Internal Requirements*. The revision to MD 4.4 will address the updates to A-123.

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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–Completed (Issued July 15, 2016 [OMB A-123](#))
- Update MD 4.4 and Handbook – March 2018

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 mandatory standalone training course on internal control, it was made available in iLearn on October 20, 2016, and a Yellow Announcement was issued the same day. In addition, speakers from OMB and the Government Accountability Office (GAO) presented at the NRC to the executive leadership on October 27, 2016, on the topics of internal control, enterprise risk management, and GAO's Standards for Internal Control in the Federal Government (Green Book). A video of the OMB and GAO speakers was made and in the process of being closed captioned. It is anticipated to be completed and incorporated into the various NRC leadership programs in January 2017.

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 – Completed – August 2, 2016
- Update and launch the course in iLearn with Yellow Announcement announcing its availability along with a video message from the CFO – Completed October 20, 2016 [ML16272A307](#)
- 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 – Completed October 27, 2016
- OMB to issue the revised Circular A-123 – (Issued July 15, 2016 [OMB A-123](#))

- 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 – January 2017.

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

- 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 – January 2017.

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