



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

**OFFICE OF THE
INSPECTOR GENERAL**

January 19, 2017

MEMORANDUM TO: Victor M. McCree
Executive Director for Operations

FROM: Dr. Brett M. Baker */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
IMPLEMENTATION OF FEDERAL CLASSIFIED
INFORMATION LAWS AND POLICIES (OIG-16-A-17)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR REACTOR AND
PREPAREDNESS PROGRAMS, MEMORANDUM DATED
JANUARY 10, 2017

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated January 10, 2017. Based on this response, recommendations 1 (b), 1(c), and 3 remain resolved and recommendations 1(a), 1(d), 1(e), 1(f), and 2 are now closed. Please provide an updated status of the resolved recommendations by April 3, 2017.

If you have any questions or concerns, please call me at (301) 415-5915, or Beth Serepca, Team Leader at (301) 415-5911.

Attachment: As stated

cc: R. Lewis, OEDO
H. Rasouli, OEDO
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Audit Report

AUDIT OF NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

OIG-16-A-17

Status of Recommendations

Recommendation 1 (a): Finalize and provide records management training for authorized classifiers.

Agency Response Dated
January 10, 2017:

The Office of the Chief Information Officer (OCIO) and the Office of Nuclear Security and Incident Response (NSIR), in coordination with the Office of Administration (ADM), issued Yellow Announcement (YA)-16-0063, "Classified Records Management Training Available in iLearn," on May 31, 2016. This YA informed staff that the Web-based training course entitled "Classified Records Management Training" (Knowledge Asset ID_243145) is available for completion in iLearn. This new course explains the records retention schedules and the policies and procedures for long-term retention of the agency's classified holdings, to include the three phases of the classified record's lifecycle. Additionally, the course identifies the roles and responsibilities of Records Management and Classification Management personnel at every point throughout the classified record's lifecycle.

Beginning fiscal year 2017, before an individual can be designated the owner of a General Services Administration (GSA)-approved security container or gain access to the combination of a GSA-approved security container, the individual must complete the "Classified Records Management Training" course in iLearn and biennially thereafter. Existing GSA-approved security container owners have been assigned the "Classified Records Management Training" course in iLearn with a required completion date of December 16, 2016, and biennially thereafter. To date, 133 U.S. Nuclear Regulatory Commission (NRC) staff have completed the "Classified Records Management Training" course in iLearn.

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OIG-16-A-17

Status of Recommendations

Recommendation 1 (a) (con't):

Target Completion Date: The actions associated with this recommendation have been completed.

OIG Analysis:

OIG reviewed the course in ILearn and determined that it met the requirement to finalize and provide records management training for authorized classifiers. This recommendation is therefore considered closed.

Status:

Closed.

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Status of Recommendations

Recommendation 1 (b): Complete the current inventories of classified information in safes and secure storage areas.

Agency Response Dated
January 10, 2017:

ADM and NSIR, in collaboration with OCIO, issued "Requirement for Offices and Regions to Implement GSA-Approved Container Security Plans", dated April 8, 2016. The memorandum required that all classified record holders develop a generic security plan for GSA-approved containers, to include compiling and subsequently verifying a local catalog of a container's classified contents on an annual basis, no later than August 1, 2016. Progress has been made on the staff's activities directed by the OCIO memorandum. To date, the staff has submitted 172 security plans for GSA-approved security containers to ADM and NSIR, to include local catalogs of the container's classified contents. Through this effort, the staff excessed 35 GSA-approved security containers to the NRC warehouse for temporary storage. ADM and NSIR continue to monitor implementation of this requirement for the approximately 133 GSA-approved security containers with approved extension requests. Additionally, in accordance with the security plan for GSA-approved security containers, NSIR and ADM will ensure that the security container owner conducts a periodic review of the contents of the container and compiles or verifies a local catalog of all the classified contents of the container at least once per calendar year. On September 28, 2016, Management Directive 12.1, "NRC Facility Security Program," was issued and requires all GSA-approved containers to have an approved security plan.

Independent of the GSA-Approved Container Security Plans, existing security plans for approved open storage areas will be revised to require room custodians to compile and subsequently verify a local catalog of their rooms' contents on an annual basis.

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Status of Recommendations

Recommendation 1 (b) (cont.)

Target Completion Date: Staff will revise the existing security plans for approved open storage areas to include a local catalog by December 31, 2017.

OIG Analysis: The proposed actions meet the intent of the recommendation. OIG will close this recommendation when OIG receives verification that the inventories for classified information in safes and secure areas have been completed.

Status: Resolved.

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Status of Recommendations

Recommendation 1 (c) Develop declassification training to prepare and authorize declassifiers.

Agency Response Dated
January 10, 2017:

NSIR, in coordination with the Office of the Chief Human Capital Officer, is currently developing Web-based declassification training to prepare and authorize declassifiers at the agency, to include a new iLearn course identification number to administer and document declassifier training. Documentation will include training certifications and notifications of suspended declassification authority. NSIR staff requires additional time to complete this recommendation and has extended the target completion date from December 31, 2016, to March 31, 2017.

Target Completion Date: Staff will complete this action by March 31, 2017.

OIG Analysis:

The proposed actions meet the intent of the recommendation. This recommendation will be closed when OIG receives confirmation that training was developed to prepare and authorize declassifiers.

Status:

Resolved.

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Status of Recommendations

Recommendation 1 (d): Develop an updated declassification guide.

Agency Response Dated
January 10, 2017:

The current NRC's declassification guide that is approved by the Information Security Classification Appeals Panel (ISCAP) expires on December 31, 2017. Per letter dated April 5, 2016, the NRC's revised declassification guide must be submitted to the ASCAP no later than December 31, 2016, for review and approval. NSIR revised the agency's declassification guide for submission to the ISCAP. NSIR revised the format of the declassification guide to align with the template for the agency's classification guides and incorporated additional topics in order to facilitate declassification reviews.

Target Completion Date: The actions associated with this recommendation have been completed.

OIG Analysis: OIG reviewed the declassification guide and determined that it was updated. This recommendation is therefore considered closed.

Status: Closed.

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AUDIT OF NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

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Status of Recommendations

Recommendation 1 (e): Identify classified records requiring transfer to National Archives and Records Administration and complete the transfers.

Agency Response Dated
January 10, 2017:

OCIO and NSIR, collaborated on the development of "OCIO Office Procedure for Disposition of Records Containing Classified Information and/or Safeguards Information". The office procedure identifies the processes to determine which of the agency's classified holdings should be transferred to Federal Records Centers (FRCs) and the necessary steps to complete the transfers. Effective January 1, 2017, OCIO and NSIR utilize the office procedure to disposition agency records containing classified information and/or Safeguards Information and initiate transfers to FRCs, as necessary.

Target Completion Date: The actions associated with this recommendation have been completed.

OIG Analysis:

OIG reviewed the ADAMS document and determined that the records requiring transfer have been identified and transferred. This recommendation is therefore considered closed.

Status:

Closed.

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AUDIT OF NRC'S IMPLEMENTATION OF FEDERAL CLASSIFIED INFORMATION LAWS AND POLICIES

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Status of Recommendations

Recommendation 1 (f): Complete the Office Instruction for performing mandatory declassification reviews.

Agency Response Dated
January 10, 2017:

NSIR developed "NSIR Office Procedure for Processing Mandatory Declassification Review Requests". The office procedure identifies the processes for receiving, planning, conducting, and providing results of mandatory declassification review (MOR) requests. Effective December 2016, NSIR utilizes the office procedure to process MOR requests received by the agency.

Target Completion Date: The actions associated with this recommendation have been addressed.

OIG Analysis:

OIG reviewed the Office Instruction and determined that the agency is using it to perform mandatory declassification reviews. This recommendation is therefore considered closed.

Status:

Closed.

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Status of Recommendations

Recommendation 2: Develop procedures for how to disposition NRC classified records that other agencies have equity in.

Agency Response Dated
January 10, 2017:

OCIO and NSIR collaborated on the development of "OCIO Office Procedure for Disposition of Records Containing Classified Information and/or Safeguards Information" (ADAMS Accession No. ML16201A321). The office procedure identifies the process of identifying classified records that other agencies have equity in, and the necessary steps to liaison with other agencies to complete a review of their agency's equities. Effective January 1, 2017, OCIO and NSIR utilize the office procedure to disposition agency records containing classified information and/or Safeguards Information and initiate transfers to FRCs, as necessary.

Target Completion Date: The actions associated with this recommendation have been completed.

OIG Analysis: OIG reviewed the Office Procedure and determined that it addressed how to dispose of NRC classified records that other agencies have equity in. This recommendation is therefore considered closed.

Status: Closed.

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Status of Recommendations

Recommendation 3: Develop guidance for derivative classifiers to apply records management principles to documents created and stored electronically.

Agency Response Dated
January 10, 2017:

NSIR, in coordination with OCIO, is currently developing a guidance document regarding the creation and maintenance of electronic classified records and will disseminate this information to all derivative classifiers. The guidance document will include marking instructions for classified records in the electronic environment and the application of records management principles to documents created and stored electronically. NSIR staff requires additional time to complete this recommendation and has extended the target completion date from December 31, 2016, to March 31, 2017. Additional time is necessary for NSIR to implement a more efficient and effective file management solution for official agency records that reside on the agency's classified information technology systems.

Target Completion Date: Staff will complete this action by March 31, 2017.

OIG Analysis: The proposed actions meet the intent of the recommendation. OIG will close the recommendation after verifying that guidance for derivative classifiers to apply records management principles to documents created and stored electronically was developed.

Status: Resolved.