



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

**OFFICE OF THE  
INSPECTOR GENERAL**

May 2, 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  
VENDOR INSPECTION PROGRAM (OIG-10-A-20)

**REFERENCE:** ACTING DIRECTOR, OFFICE OF NEW REACTORS,  
MEMORANDUM DATED APRIL 7, 2017

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated April 7, 2017. Based on this response, recommendations 5, 6, and 7 remain in resolved status. Recommendations 1, 2, 3, 4, 8, 9, and 10 were previously closed. Please provide an updated status of the resolved recommendations by October 9, 2017. If you have questions or concerns, please call me at (301) 415-5915, or Paul Rades, Team Leader, at (301) 415-6228.

Attachment: As stated

cc: R. Lewis, OEDO  
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**Document Location: G:\AUDIT\10-A-20 Vendor Inspector Program\Followup\OIG response to agency's 04072017(BXK).docx**

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## Audit Report

### AUDIT OF NRC'S VENDOR INSPECTION PROGRAM

#### OIG-10-A-20

#### Status of Recommendations

Recommendation 5: Align NRC guidance and regulations to clarify acceptance methods for commercial-grade dedication (CGD).

Agency Response Dated  
April 7, 2017:

Actions taken and planned:

The staff continues to make progress on its efforts to resolve issues related to Title 10 of the *Code of Federal Regulations* (10 CFR) Part 21, "Reporting of Defects and Noncompliance." This progress includes specifying acceptance methods for CGD for both power and nonpower nuclear power plant applications. Accordingly, the staff continues working with stakeholders in a public process to support the development of industry guidance documents that will potentially be found acceptable by the NRC. The NRC's acceptability for use would be accomplished through two draft regulatory guides (DGs): DG-1291, "Evaluating Deviations and Reporting Defects and Noncompliance," and DG-1292, "Dedication of Commercial-Grade Items for Use in Nuclear Power Plants."

Regarding the development of DG-1292, in June 2012, the Nuclear Energy Institute (NEI) submitted Electric Power Research Institute (EPRI) 3002002982, "Plant Engineering: Guideline for the Acceptance of Commercial-Grade Design and Analysis Computer Programs Used in Nuclear Safety-Related Applications" to the NRC for review and approval. The staff completed its review of the EPRI document and concluded that it is an acceptable means of demonstrating compliance with the NRC regulations. The staff issued DG-1292, which proposes the endorsement of EPRI 3002002982, for public comment in Volume 81 of the *Federal Register*, page 44,670 (81 FR 44670), on July 8, 2016.

## Audit Report

### AUDIT OF NRC'S VENDOR INSPECTION PROGRAM

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#### Status of Recommendations

Recommendation 5 (cont'd):

The comment period ended on September 6, 2016. The staff addressed the public comments and sent them to the Office of Nuclear Regulatory Research (RES) in December 2016. The staff plans to issue the final regulatory guide (RG 1.164) in spring 2017.

Target Completion Date: The staff issued DG-1292 on July 8, 2016, and plans to issue the final regulatory guide (RG 1.164) in the spring of 2017.

Point of Contact: Antoinette Sakadales, NRO/DCIP/QVIB-3  
301-415-6441

OIG Analysis:

This recommendation remains resolved. OIG will close this recommendation after RG 1.164 has been issued and OIG verifies that the guidance clarifies acceptance methods for CGD.

**Status:**

Resolved.

## Audit Report

### AUDIT OF NRC'S VENDOR INSPECTION PROGRAM

OIG-10-A-20

#### Status of Recommendations

Recommendation 6: Issue regulatory guidance to clarify sampling expectations for CGD.

Agency Response Dated  
April 7, 2017:

Actions taken and planned:

As noted in the NRC staff's update to Recommendation 5, the staff continues to make progress on its efforts to clarify 10 CFR Part 21. The staff has been working with stakeholders through a public process to support the development of industry guidance documents that the NRC will potentially find acceptable for use in demonstrating compliance with NRC regulations. The NRC's acceptance of the documents for this purpose would be accomplished through DG-1291 and DG-1292.

Regarding the development of DG-1292, NEI submitted EPRI 3002002982 to the NRC for review and approval. The staff completed its review of the EPRI document and concluded that it is an acceptable means of demonstrating compliance with NRC regulations. The staff issued DG-1292, which proposes the endorsement of EPRI 3002002982, for public comment in the *Federal Register* (81 FR 44670) on July 8, 2016. The comment period ended on September 6, 2016. The staff addressed public comments and sent them to RES in December 2016. The staff plans to issue the final regulatory guide (RG 1.164) in spring 2017.

Target Completion Date: Completed. The staff issued DG-1292 on July 8, 2016, and plans to issue the final regulatory guide (RG 1.164) in the spring of 2017.

Point of Contact: Antoinette Sakadales, NRO/DCIP/QVIB-3  
301-415-6441

## **Audit Report**

### **AUDIT OF NRC'S VENDOR INSPECTION PROGRAM**

**OIG-10-A-20**

#### **Status of Recommendations**

Recommendation 6 (Cont'd):

**OIG Analysis:** This recommendation remains resolved. OIG will close this recommendation after RG 1.164 has been issued and OIG verifies that the guidance clarifies sampling expectations for CGD.

**Status:** Resolved.

## Audit Report

### AUDIT OF NRC'S VENDOR INSPECTION PROGRAM

OIG-10-A-20

#### Status of Recommendations

Recommendation 7: Issue regulatory guidance describing a process that NRC considers acceptable for compliance with Part 21.

Agency Response Dated  
April 7, 2017:

Actions taken and planned:

The staff continues to work with stakeholders through a public process to support the development of industry guidance documents that the NRC will potentially find acceptable for use in demonstrating compliance with NRC regulations. The NRC's acceptance of these documents for this purpose would be accomplished through DG-1291 and DG-1292.

Regarding the development of DG-1291, in February 2016, NEI submitted guidance document NEI 14-09, Revision 1, "Guidelines for Implementation of 10 CFR Part 21 Reporting of Defects and Noncompliance" to the NRC for review and approval. The staff has completed its review of NEI 14-09 and determined that it is an acceptable means of demonstrating compliance with NRC regulations. This document will provide adequate guidance to implement the requirements of 10 CFR Part 21 and will supersede NUREG-0302, Revision 1, "Remarks Presented (Questions/Answers Discussed) at Public Regional Meetings to Discuss Regulations (10 CFR Part 21) for Reporting of Defects and Noncompliance: July 12–26, 1977," issued October 1977. This approach is consistent with SECY-11-0032, "Consideration of the Cumulative Effects of Regulation in the Rulemaking Process," dated March 2, 2011 and SECY-11-0135, "Staff Plans to Develop the Regulatory Basis for Clarifying the Requirements in Title 10 of the *Code of Federal Regulations* Part 21, 'Reporting of Defects and Noncompliance,'" dated September 29, 2011. The Office of Nuclear Reactor Regulation (NRR) staff is currently reviewing DG-1291. The staff plans to issue DG-1291 for public comment in the summer of 2017, and the final regulatory guide in the spring of 2018.

## Audit Report

### AUDIT OF NRC'S VENDOR INSPECTION PROGRAM

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#### Status of Recommendations

Recommendation 7 (Cont'd):

Regarding the development of DG-1292, NEI submitted EPRI 3002002982 to the NRC for review and approval. The staff completed its review of the EPRI document and concluded that it is an acceptable means of demonstrating compliance with NRC regulations. The staff issued DG-1292, which proposes the endorsement of EPRI 3002002982, for public comment in the *Federal Register* (81 FR 44670) on July 8, 2016. The comment period ended on September 6, 2016. The staff addressed public comments and sent them to RES in December 2016. The staff plans to issue the final regulatory guide (RG 1.164) in the spring 2017.

Target Completion Date: The staff plans to issue DG-1291 for public comment in the summer of 2017, and the final regulatory guide in the spring of 2018.

Point of Contact: Antoinette Sakadales, NRO/DCIP/QVIB-3  
301-415-6441

OIG Analysis:

This recommendation remains resolved. OIG will close this recommendation after staff have issued RG 1.164 and the regulatory guide based on DG-1291. Closure will be contingent upon OIG verification that the guidance articulates a process that NRC considers acceptable for Part 21 compliance.

Status:

Resolved.