



CHIEF FINANCIAL  
OFFICER

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

November 2, 2017

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

FROM: Maureen E. Wylie */RA/ Ben Ficks (for)*  
Chief Financial Officer

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.  
NUCLEAR REGULATORY COMMISSION'S INTERNAL  
CONTROLS OVER FEE REVENUE (OIG-15 A-12)

Please see below a status update pertaining to the subject audit report of March 19, 2015, and the Office of the Inspector General (OIG) correspondence of December 7, 2016.

Recommendation 1

Establish policies and procedures to centralize the control of TAC setup.

Status

Agree. The Office of the Chief Financial Officer (OCFO) implemented the Cost Activity Code (CAC) system as the central authoritative source for creating and managing CAC codes, effective October 1, 2017. To support the transition, OCFO updated the interim CAC guidance. The agency policy and procedures in Management Directive 10.43, Time and Labor Reporting, will be updated in Fiscal Year (FY) 2018 after the implementation of the new CAC system and new CAC policies and procedures.

Milestones:

1. Centralize in the OCFO the control of setup for CACs that are non-billable, non-docket – Complete (Interim CAC Guidance, [ML15328A273](#), and Yellow Announcement, [YA-16-0016](#), 02/19/2016).
2. Provide guidance and conduct CAC system user training about: the procedures for CAC setup, the data exchange in relation to the program office workload management systems, and the OCFO approval/governance role – Complete (Integrated Training Documents for CAC System and Human Resources Management System (HRMS), [ML17299A170](#), and Yellow Announcement, [YA-17-0074](#), 08/16/2017).

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3. Establish policies and procedures to centralize the control of CAC setup for billable, docket-related, and/or project-related CACs – Draft Update to Interim CAC Guidance, 08/30/2017, [ML17215A939](#)) – Extend final to 1/31/2018.
4. Update Management Directive 10.43, Time and Labor Reporting – Extend to 03/31/2018.

### Recommendation 2

Design and implement internal controls that would allow user access in HRMS to TACs related only to their job functions.

#### Status

Agree. The OCFO implemented internal controls that allow user access in HRMS to CACs related only to their job functions and only as assigned by a supervisor in the CAC system.

#### Milestones:

1. Analyze alternative system capabilities for CAC system – Complete ([ML16302A108](#), 07/25/2016).
2. Conduct outreach to support a control conscious environment regarding CAC usage – Complete (Communication Plan, [ML17138A243](#), 05/19/2017).
3. Design and complete automated internal controls – Complete (Alignment on controls, [ML17299A788](#), 02/16/2017 and 04/12/2017; [Network Announcement](#), 09/25/2017; CACS-HRMS User Preferences Overall Approach, [ML17293A040](#), 10/17/2017).
4. Implement the use of automated internal controls – Complete (Yellow Announcements [YA-17-0070](#), 08/04/2017, and [YA-17-0088](#), 09/28/2017).
5. Provide training for HRMS users and approving officials – Complete (Integrated Training Documents for CAC System and HRMS, [ML17299A170](#), and Yellow Announcement, [YA-17-0074](#), 08/16/2017).

### Recommendation 3

Standardize and link TACs to specific tasks.

#### Status

Agree. During FY 2013 to FY 2015, Phase 1 of CAMP standardized the non-billable, non-docket CACs at the budget product level.

During FY 2016, Phase 2 collaborated with related data initiatives of the Master Data Management Program and Replacement Reactor Program System to resolve open data assumptions and gain alignment on the data structure for the billable CAC and the Enterprise Project Identifier (EPID), a new data element. Offices prepared for the change by reviewing billable CACs to determine what could be closed and what required conversion to the new data structure.

During FY 2017, staff developed the standard set of billable and docket-related CACs and linked them to specific tasks/activities in the regulatory process. All billable CACs required a Docket and EPID as part of the labor cost data string. OCFO collaborated with offices to align on the types of EPIDs to support program management and external reporting. This action included implementing a recommendation from the License Fee Billing Business Process Improvement, March 2014 ([ML14128A019](#)), to convert inspection hours to a CAC basis. Through standardization, the agency uses one project-activity data structure to track both licensing and inspection hours.

The OCFO implemented the standard CAC-Docket-EPID coding structure, effective October 1, 2017.

#### Milestones:

1. Standardize the non-billable, non-docket CACs – Complete (FY 2016 CAC Inventory, [ML16019A150](#), 10/06/2015).
2. Align on the data structure and business rules for the billable CAC and EPID – Complete ([ML17299A826](#), 11/15/2016, and [ML17300A049](#), 02/17/2017).
3. Define the standard set of billable CACs and link to specific tasks/activities in the regulatory process – Complete (FY 2018 CAC Inventory, [ML17299A416](#); FY 2018 EPID Inventory, [ML17299A445](#); Billable CAC Crosswalk from CAC to CAC-Docket-EPID, [ML17299A529](#), inventories as of 10/25/2017).
4. Standardize the non-billable, docket-related CACs – Complete (See inventory above).
5. Develop a systems migration plan for moving CAC data from NRR RPS TACS to the OCFO CAC system, and for transitioning to the standard set of billable CACs – Complete ([ML17292B061](#), 06/28/2017).
6. Provide training for HRMS users and approving officials – Complete ([Training Document Library](#) and Yellow Announcement, [YA-17-074](#), 08/16/2017).
7. Implement the timecard use of billable CACs that are standardized and linked to specific tasks – Complete (Yellow Announcement, [YA-17-0070](#), 08/04/2017).

#### Recommendation 4

Design and implement a plan to improve the TAC validation process.

#### Status

Agree. OCFO staff will work with an intra-agency workgroup to implement a standardized fee billing validation process. The action was extended to FY 2018 for completion after the implementation of the CAC coding structure changes and the CAC system implementation.

#### Milestones:

1. Design a plan to standardize and improve the staff hours validation process – Complete ([ML17290A261](#), 10/16/2017).
2. Design and complete a more effective quarterly validation report – Extend to 10/01/2018.
3. Provide guidance and training for the standard validation process – Extend to 10/01/2018.
4. Implement the improved CAC validation process – Extend to 10/01/2018.

Recommendation 5

Develop and implement a project manager and resident inspector overhead allocation methodology that will produce accurate, timely, and reliable overhead cost data for invoicing.

Status

Closed ([ML16048A015](#), 02/17/2016).

Recommendation 6

Design and implement procedures and processes that provide sufficient contractor information on the validation reports for NRC project managers and resident inspectors to identify and validate the specific tasks performed and related reimbursable contractor costs.

Status

Closed ([ML15153A399](#), 06/02/2015).

Recommendation 7

Design and implement procedures and processes that provide sufficient contractor information on invoices for licensees and applicants to identify the specific tasks performed and related reimbursable contractor costs.

Status

Closed ([ML16048A015](#), 02/17/2016).

cc: S. Zane, OIG  
E. Rivera, OIG  
J. Jolicoeur, OEDO

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