



OFFICE OF THE
CHIEF FINANCIAL
OFFICER

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

January 3, 2018

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

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NUCLEAR
REGULATORY COMMISSION'S PROCESS FOR CALCULATING
LICENSE FEES (OIG-13-A-02)

This is a status update in response to the Office of the Inspector General's Audit Report, "Audit of NRC's Process for Calculating License Fees" (OIG-13-A-02) dated October 24, 2012.

Recommendation 1

The Office of the Chief Financial Officer (OCFO) should prepare and document an annual Fee Rule validation on the hourly rate (budget vs. cost analysis) and make adjustments as needed to the fee calculation process.

Status

Agree. OCFO plans to execute the validation of the hourly rate by quarter three of fiscal year (FY) 2018. The revised key milestones for this recommendation are listed on the next page. OCFO, Division of Planning and Budget (DPB) successfully accomplished the first key milestone of understanding the previous methodology used to validate the hourly rate for the annual fee rule. In addition, OCFO has completed the second milestone, development of the Fees Validation Report (Report). Specifically, DPB performed the following procedures (milestones one and two):

- Conducted interviews and meetings with key agency staff responsible for calculating license fees from FY 2009 to present.
- Performed a detailed review of the procedures and corresponding spreadsheets for FY 2009 budget vs. cost analysis validation.

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- Reviewed and analyzed the origin of the cost accounting data in the hourly validation analysis conducted prior to the implementation of the Financial Accounting and Integrated Management Information System (FAIMIS).
- Collaborated with financial system staff to evaluate data from the previous cost accounting system and developed a Report from FAIMIS.
- Performed user acceptance testing (UAT).

Staff noticed during UAT that the parameters programmed into the report were not able to produce accurate data. Progress was delayed in performing the research necessary to update the parameters because of competing workload priorities in OCFO. Since the last status report dated April 12, 2017, staff has resumed the research necessary to revise the parameters in order to develop a report that will provide the data necessary to perform the validation. For milestone three, once the revised report satisfactorily completes UAT, OCFO will perform the analysis. After that, for the fourth milestone, OCFO will document the new procedures for long-term implementation of this recommendation.

Previously reported accomplishments for the third and fourth milestones were predicated on an available staff person to perform the analysis. A staff person was assigned and has been analyzing the initial report parameters and the milestones have been updated to reflect the new timeline.

KEY MILESTONES

DATE

- | | |
|---------------------------------------------------------------|----------------|
| 1. Understanding previous methodology | January 2015 |
| 2. Coordinating with FAIMIS staff to create necessary reports | September 2015 |
| 3. Create and perform analysis | March 2018 |
| 4. Document process for annual validation | April 2018 |

cc: S. Zane, OIG
J. Storch, OIG
R. Lewis, OEDO
J. Jolicoeur, OEDO

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