



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

March 7, 2018

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

FROM: Daniel H. Dorman */RA/*
Acting Deputy Executive Director for Materials, Waste,
Research, State, Tribal, Compliance,
Administration and Human Capital Programs
Office of the Executive Director for Operations

SUBJECT: AUDIT OF THE U. S. NUCLEAR REGULATORY COMMISSION'S
DECOMMISSIONING FINANCIAL ASSURANCE INSTRUMENT
INVENTORY (OIG-18-A-09)

This memorandum responds to your February 8, 2018, memorandum transmitting the subject audit report. We appreciate the Office of the Inspector General's (OIG) audit of the U.S. Nuclear Regulatory Commission's (NRC) Decommissioning Funds Program and associated recommendation for enhancement of certain activities within that program.

The audit resulted in one overall recommendation to update and improve the guidance for maintaining the instruments.

OIG Recommendation:

Update guidance to reflect current practices, including, but not limited to:

- A. Define what is to be kept in the files and/or safe and implement the guidance.
- B. Define the filing methodology for the safe (e.g., by licensee, site, license, or instrument).
- C. Require supporting documentation of completion of every step in the Office of Nuclear Material Safety and Safeguards (NMSS) and the Office of Nuclear Reactor Regulation (NRR) evaluations.
- D. Describe procedural steps for NRR to complete the evaluations or state expectations for NRR to complete the same steps as NMSS.
- E. Require written follow-up from the NMSS and NRR evaluations by the auditee to the evaluator, to ensure any identified discrepancies are corrected.
- F. Require NMSS and NRR evaluation reports and the Inventory List to be marked Official Use Only, as appropriate.

CONTACT: Christopher A. McKenney, NMSS/DUWP
(301) 415-6663

G. Require segregation of duties between the person in NMSS who maintains the Inventory List and the person who completes the annual evaluation.

NRC Response:

The staff agrees with this recommendation.

Management Directive (MD) 8.12, "Decommissioning Financial Assurance Instrument Security Program," provides the guidance on maintaining and auditing the NRC's financial instrument inventory by headquarters and the Regions.

Planned Actions: MD 8.12 will be updated to address the OIG recommendation. To allow for a functional test of the revised approach and directions, a draft revision of MD 8.12 will be developed and utilized for the fiscal year (FY) 2018 internal and external audits. Based on the results of the functional test, a revised draft will be completed by December 31, 2018. The updated MD will be finalized by June 30, 2019, to allow for use in the FY 2019 internal audit.

The target date for completion is June 30, 2019. If you have any questions, please contact me at (301) 415-1705 or John Tappert at (301) 415-7319.

cc: Chairman Svinicki
Commissioner Baran
Commissioner Burns
SECY

AUDIT OF THE U. S. NUCLEAR REGULATORY COMMISSION'S DECOMMISSIONING
FINANCIAL ASSURANCE INSTRUMENT INVENTORY (OIG-18-A-09) **DATE** March 7, 2018

OEDO-18-00054

ADAMS Accession No.: ML18039A542 pkg.

***via email**

OFFICE	NMSS/DUWP	NMSS/DUWP	NRR/DRP*	NRR/DRP*
NAME	CMcKenney	JTappert	ABowers	LLund (MJ Ross for)
DATE	02/ 22 /18	02/ 23 /18	02/ 28 /18	03/ 01 /18
OFFICE	OGC*	NMSS, D	EDO	
NAME	TCampbell	MDapas	DDorman	
DATE	02/ 27 /18	03/ 05 /18	03/ 07 /18	