



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

March 26, 2018

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

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

Victor M. McCree */RA/*
Executive Director for Operations

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S REACTOR
BUSINESS LINES' COMPLIANCE WITH AGENCY NON-
FINANCIAL INTERNAL CONTROL GUIDANCE (OIG-15-A-16)

Please see below a status update pertaining to the subject audit report of June 25, 2015, and the Office of the Inspector General correspondence of March 16, 2017.

Recommendation 1

Implement the U.S. Nuclear Regulatory Commission (NRC) Management Directive and Handbook 4.4, Internal Control, non-financial internal control requirements.

Status

Agree. The agency has documented in the Business Line Internal Control Plans its non-financial internal control approach for planning, assessing risk, testing, and taking corrective actions. Additionally, the agency has revised Management Directive (MD) 4.4, Enterprise Risk Management and Internal Control, to align with the updated requirements in the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. The revised MD 4.4 establishes an Enterprise Risk Management governance and communication structure that supports a proactive approach to non-financial internal control, and is integrated into the agency's strategic planning and Quarterly Performance Review processes.

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Milestones:

- Issue *Interim Guidance for Programmatic Internal Control* – Completed (Agencywide Document Access and Management System (ADAMS) ML16155A251)
- Update the Business Line Internal Control Plans – Completed (New Template, ADAMS ML16155A232)
- OMB to issue the revised Circular A-123 – Completed ([Issued by OMB](#), July 15, 2016)
- Update MD 4.4 and Handbook – Completed ([Issued by NRC](#), December 14, 2017; ADAMS ML17312B109)

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

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 (OIG-15-A-16), DATED: March 26, 2018

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